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VILLAGE OF WILSON, LOUISIANA  
GENERAL PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date.

FEB 10 1999

VILLAGE OF WILSON, LOUISIANA  
 GENERAL PURPOSE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 1998  
 WITH SUPPLEMENTAL INFORMATION SCHEDULES

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GENERAL PURPOSE FINANCIAL STATEMENTS

JOHN D. BUTLER & COMPANY  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  

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(504) 775-4982

Independent Auditor's Report

December 2, 1998

The Honorable Earl Ravencraft, Mayor  
and Board of Alderpersons  
Village of Wilson, Louisiana  
P. O. Box 40  
Wilson, Louisiana 70789

We have audited the accompanying general-purpose financial statements of the Village of Wilson, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Wilson's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

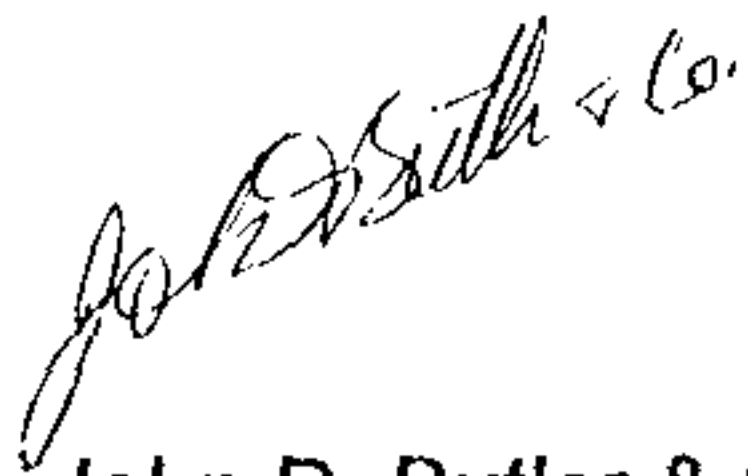
The Honorable Jewel E. Ravencraft, Mayor  
and the Board of Alderpersons  
December 2, 1998  
page 2

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Wilson, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 1998 on our consideration of the Village of Wilson, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Also, the other accompanying schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 1998 on our consideration of the Village of Wilson, Louisiana's internal control over financial reporting and a report dated December 2, 1998 on its compliance with laws and regulations.



John D. Butler & Company  
A Professional Accounting Corporation



**VILLAGE OF WILSON, LOUISIANA  
COMBINED BALANCE SHEET - ALL FUND TYPES  
AND ACCOUNT GROUPS  
JUNE 30, 1998**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>	<u>Account Groups</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
<b><u>ASSETS</u></b>					
Cash & cash equivalents	\$ 36,473.01	\$ 55,627.91	\$ 20,171.06	\$ .00	\$ 112,271.98
Accounts receivable (net of allowance for uncollectibles)	.00	.00	24,224.72	.00	24,224.72
Due from other gov't. agencies	.00	.00	58,962.52	.00	58,962.52
Restricted assets:					
Cash & cash equivalents	.00	.00	76,014.91	.00	76,014.91
Fixed assets (net, where applicable, of accumulated depreciation)	.00	.00	1,100,695.08	125,381.29	1,226,076.37
Accrued interest receivable	241.78	558.20	780.49	.00	1,580.47
Franchise tax receivable	2,741.53	.00	.00	.00	2,741.53
Tobacco tax receivable	955.70	.00	.00	.00	955.70
Sales tax receivable	.00	6,330.14	.00	.00	6,330.14
<b><u>TOTAL ASSETS</u></b>	<b><u>40,412.02</u></b>	<b><u>62,516.25</u></b>	<b><u>1,280,848.78</u></b>	<b><u>125,381.29</u></b>	<b><u>1,509,158.34</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b>Liabilities:</b>					
Accounts payable	1,991.69	397.36	2,498.88	.00	4,887.93
Construction payable	.00	.00	58,961.89	.00	58,961.89
Deferred revenue	3,728.72	.00	.00	.00	3,728.72
Payables from restricted assets:					
Customer deposits	.00	.00	13,331.82	.00	13,331.82
<b>Total Liabilities</b>	<b>5,720.41</b>	<b>397.36</b>	<b>74,792.59</b>	<b>.00</b>	<b>80,910.36</b>
<b>Fund Equity:</b>					
Contributed capital	1,942.39	.00	1,085,739.26	.00	1,087,681.65
Investment in general fixed assets	.00	.00	.00	125,381.29	125,381.29
Retained earnings:					
Reserved for repairs & replacement	.00	.00	54,504.73	.00	54,504.73
Unreserved & undesignated	.00	.00	65,812.20	.00	65,812.20
Fund Balance:					
Unreserved & undesignated	32,749.22	62,118.89	.00	.00	94,868.11
<b>Total Fund Equity</b>	<b>34,691.61</b>	<b>62,118.89</b>	<b>1,206,056.19</b>	<b>125,381.29</b>	<b>1,428,247.98</b>
<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>	<b><u>40,412.02</u></b>	<b><u>62,516.25</u></b>	<b><u>1,280,848.78</u></b>	<b><u>125,381.29</u></b>	<b><u>1,509,158.34</u></b>

The accompanying notes are an integral part of this statement.

**VILLAGE OF WILSON, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b><u>REVENUES</u></b>			
Occupational licenses	\$ 3,770.72	\$ .00	\$ 3,770.72
Franchise fees	13,572.63	.00	13,572.63
State revenue sharing	2,563.00	.00	2,563.00
Tobacco tax	3,822.80	.00	3,822.80
Interest income	1,675.15	2,548.43	4,223.58
Fines	20,323.75	.00	20,323.75
Insurance rebates	1,943.90	.00	1,943.90
Sales tax revenues	.00	33,527.08	33,527.08
Miscellaneous	829.00	.00	829.00
	<hr/>	<hr/>	<hr/>
Total Revenues	48,500.95	36,075.51	84,576.46
<b><u>EXPENDITURES</u></b>			
General government	37,922.34	.00	37,922.34
Public safety:			
Police	14,091.11	.00	14,091.11
Fire	608.76	.00	608.76
Public works	.00	38,199.40	38,199.40
Capital outlay	1,926.63	.00	1,926.63
	<hr/>	<hr/>	<hr/>
Total Expenditures	54,548.84	38,199.40	92,748.24
Deficiency of Revenues over Expenditures	(6,047.89)	(2,123.89)	(8,171.78)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	19,899.70	.00	19,899.70
Operating transfers out	.00	(19,899.70)	(19,899.70)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	19,899.70	(19,899.70)	.00
Excess of (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	13,851.81	(22,023.59)	(8,171.78)
Fund Balance, beginning	18,897.41	84,142.48	103,039.89
	<hr/>	<hr/>	<hr/>
Fund Balance, ending	32,749.22	62,118.89	94,868.11

The accompanying notes are an integral part of this statement.



**VILLAGE OF WILSON, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL -  
 GENERAL AND SPECIAL REVENUE FUND TYPES  
 YEAR ENDED JUNE 30, 1998**

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Occupational license	\$ 6,300	\$ 3,770.72	\$ (2,529.28)	\$ 0	\$ .00	\$ .00
Franchise fees	15,000	13,572.63	(1,427.37)	0	.00	.00
State revenue sharing	3,600	2,563.00	(1,037.00)	0	.00	.00
Tobacco tax	3,600	3,822.80	222.80	0	.00	.00
Interest income	1,800	1,675.15	(124.85)	0	2,548.43	2,548.43
Fines	12,000	20,323.75	8,323.75	0	.00	.00
Sales tax revenues	0	.00	.00	31,200	33,527.08	2,327.08
Insurance rebate	0	1,943.90	1,943.90	0	.00	.00
Miscellaneous	0	829.00	829.00	0	.00	.00
<b>Total Revenues</b>	<b>42,300</b>	<b>48,500.95</b>	<b>6,200.95</b>	<b>31,200</b>	<b>36,075.51</b>	<b>4,875.51</b>
<b>EXPENDITURES</b>						
General government	28,865	37,922.34	(9,057.34)	0	.00	.00
Public safety:						
Police	12,905	14,091.11	(1,186.11)	0	.00	.00
Fire	650	608.76	41.24	0	.00	.00
Public works	0	.00	.00	34,600	38,199.40	(3,599.40)
Capital outlay	4,000	1,926.63	2,073.37	0	.00	.00
<b>Total Expenditures</b>	<b>46,420</b>	<b>54,548.84</b>	<b>(8,128.84)</b>	<b>34,600</b>	<b>38,199.40</b>	<b>(3,599.40)</b>
Deficiency of Revenues over Expenditures	(4,120)	(6,047.89)	(1,927.89)	(3,400)	(2,123.89)	1,276.11
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	9,500	19,899.70	10,399.70	0	.00	.00
Operating transfers out	0	.00	.00	0	(19,899.70)	(19,899.70)
<b>Total Other Financing Sources (Uses)</b>	<b>9,500</b>	<b>19,899.70</b>	<b>10,399.70</b>	<b>0</b>	<b>(19,899.70)</b>	<b>(19,899.70)</b>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	5,380	13,851.81	8,471.81	(3,400)	(22,023.59)	(18,623.59)
Fund Balance, beginning	18,897	18,897.41	.41	84,142	84,142.48	.48
Fund Balance, ending	24,277	32,749.22	8,472.22	80,742	62,118.89	(18,623.11)

The accompanying notes are an integral part of this statement.

**VILLAGE OF WILSON, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNING - PROPRIETARY FUND TYPES  
YEAR ENDED JUNE 30, 1998**

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**OPERATING REVENUES**

Water sales	\$ 57,967.54
Sewer fees	21,088.00
Miscellaneous income	<u>45.00</u>
Total Operating Revenue	79,100.54

**OPERATING EXPENSES**

Personal services	16,636.09
Employee & related expenses	24,639.22
Occupancy	13,608.74
Administrative	7,660.65
Depreciation	<u>19,180.20</u>
Total Operating Expenses	<u>81,724.90</u>

Operating Loss (2,624.36)

**NON-OPERATING REVENUES (EXPENSES)**

Interest income	<u>3,740.54</u>
-----------------	-----------------

Net Income 1,116.18

Depreciation on sewer system  
acquired by grant 14,908.47

Retained earnings, unreserved, beginning 49,787.55

Retained earnings, unreserved, ending 65,812.20

The accompanying notes are an integral part of this statement.

**VILLAGE OF WILSON, LOUISIANA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES**  
**YEAR ENDED JUNE 30, 1998**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 64,930.59
Cash paid to employees for services	(25,657.56)
Cash paid to suppliers for goods & services	<u>(35,681.90)</u>
Net Cash Provided by Operating Activities	3,591.13
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
	.00
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash received from grant	338,280.71
Acquisition/construction of capital assets	<u>(339,477.51)</u>
Net Cash Used in Capital and Related Financing	(1,196.80)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	<u>3,740.54</u>
Net Cash Provided By Investing Activities	<u>3,740.54</u>
Net Increase in Cash and Cash Equivalents	6,134.87
Cash and Cash Equivalents, Beginning of Year	<u>90,051.10</u>
Cash and Cash Equivalents, End of Year	<u>96,185.97</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	(2,624.36)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	19,180.20
Changes in assets and liabilities:	
(increase) in accounts receivable	(14,365.07)
increase in accounts payable	1,205.24
increase in customer deposits	<u>195.12</u>
Total adjustments	<u>6,215.49</u>
Net Cash Provided by Operating Activities	<u>3,591.13</u>

The accompanying notes are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

**VILLAGE OF WILSON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998**

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**INTRODUCTION**

The Village of Wilson, Louisiana (hereafter referred to as the Village) was created under the provisions of the Lawrason Act, Louisiana Revised Statute No. 33:321, in 1960. Therefore, it operates under a Mayor-Board of Aldermen form of government.

The Mayor and three Alderpersons are elected at large every four years by the citizens of the Village. They are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants.

The Village is situated in the northwest part of East Feliciana Parish. It is approximately 28.5 square miles in size with a population of 848 persons. Within the boundaries are approximately 10 miles of roads maintained by the Village. It is currently servicing 298 water customers and employs 8 persons.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting and reporting practice of the village conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Village includes all funds and account groups which are controlled by or dependent on the Village was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Village of Wilson, Louisiana exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Village.



**VILLAGE OF WILSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 1998**

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**Fund Accounting:** The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

Funds of the Village are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund is the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise funds - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Basis of Accounting:** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resource measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental fund types. The Village maintains its books on the cash basis during the year.

**VILLAGE OF WILSON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998**

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All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

The following revenue sources have been treated as susceptible to accrual under the modified accrual basis:

Taxes - Includes franchise, tobacco and sales.

**Budgets and Budgetary Accounting:** The Village adopts an annual budget for the General Fund, Special Revenue Fund and Enterprise Fund. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board of Alderpersons. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis. A balanced budget is required.

**Cash, Cash Equivalents and Investments:** Cash includes amounts in demand deposits, interest bearing demand deposits, and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. There are no investments except for certificates of deposit which are considered cash equivalents in the accompanying financial statements.

**Restricted Assets:** Certain proceeds of enterprise funds are classified as restricted assets on the balance sheet because their use is limited. Components of these assets are as follows:

	<u>Customer Deposits</u>	<u>Major Repair/ Replacement</u>	<u>Total</u>
Cash	\$ 10,655.72	\$ 85.63	\$ 10,741.35
Certificates of Deposit	<u>9,155.20</u>	<u>56,118.36</u>	<u>65,273.56</u>
	<u>19,810.92</u>	<u>56,203.99</u>	<u>76,014.91</u>

**VILLAGE OF WILSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 1998**

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**Fixed Assets:** Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized in the General Fixed Assets Account Group. Public domain or infrastructures are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated assets are valued at their estimated fair value in the date of donation.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method with the following and useful lives:

Water System	50 years
Office equipment	4 years
Equipment	5 years
Sewer system	50 years

Depreciation of contributed assets is charged against contributed capital as opposed to retained earnings.

**Compensated Absences:** The Village does not have compensated absences.

**Long-Term Obligations:** Long-term obligations expected to be financed from governmental funds are reported in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be refinanced from proprietary fund operations are accounted for in those funds. At June 30, 1998, the Village had no long-term debt.

**Fund Equity:**

Fund equity includes the following:

1. Contributed Capital is recorded in proprietary funds for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.
2. Reserves represents those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.
3. Designated Fund Balances represents tentative plans for future use of financial resources.



**VILLAGE OF WILSON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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**Interfund Transactions:** All interfund transactions, except quasi-external transactions, are reported as operating transfers.

**Sales Taxes:** Sales taxes are levied by the Police Jury of East Feliciana Parish and allocated to the Village according to their population.

**Total Columns on Combined Statements:** Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The cash and cash equivalents on hand at June 30, 1998, are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Petty cash	\$ .00	\$ 20.00
Demand deposits	24,001.52	18,648.67
Time deposits	68,099.40	77,517.30
	<u>92,100.92</u>	<u>96,185.97</u>

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1998, the Village had \$190,531.28 in deposits. These deposits are secured from risk by \$200,000 of federal deposit insurance and \$150,000 of pledged securities as follows:

General Fund	\$ 37,736.45
Special Revenue Fund	55,809.25
Enterprise Fund	<u>96,985.58</u>
	<u>190,531.28</u>
 Feliciana Bank & Trust Co.	 <u>350,000.00</u>

**VILLAGE OF WILSON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 1998**

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3 - RECEIVABLES**

The following is a summary of receivables at June 30, 1998:

<u>Class</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ .00	\$ .00	\$ 24,224.72	\$ 24,224.72
Accrued interest	241.78	558.20	780.49	1,580.47
Taxes:				
Franchise	2,741.53	.00	.00	2,741.53
Tobacco	955.70	.00	.00	955.70
Sales	.00	6,330.14	.00	6,330.14
Other	.00	.00	58,962.52	58,962.52
<b>Total</b>	<b><u>3,939.01</u></b>	<b><u>6,888.34</u></b>	<b><u>83,967.73</u></b>	<b><u>94,795.08</u></b>

Utility meters are read on the 15<sup>th</sup> of each month and bills computed and mailed by the 25<sup>th</sup> of each month. The amount of water used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. It is included in Accounts Receivable in the accompanying financial statements at \$2,493.63.

An allowance for bad debts is determined by a percentage based on prior year's experience. At June 30, 1998, the allowance was calculated as \$387.58 in the Enterprise Fund.

**NOTE 4 - FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 16,005.59	\$ .00	\$ .00	\$ 16,005.59
Buildings	19,637.51	.00	.00	19,637.51
Equipment	62,686.53	1,926.63	.00	64,613.16
Vehicles	25,125.03	.00	.00	25,125.03
<b>Total</b>	<b><u>123,454.66</u></b>	<b><u>1,926.63</u></b>	<b><u>.00</u></b>	<b><u>125,381.29</u></b>



**VILLAGE OF WILSON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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A summary of proprietary property, plant and equipment at June 30, 1998, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water plant	\$ 143,802.55	\$ 338,280.08	\$ .00	\$ 482,082.63
Equipment	18,779.88	1,197.43	.00	19,977.31
Sewer system	745,423.33	.00	.00	745,423.33
 Total	 <u>908,005.76</u>	 <u>339,477.51</u>	 <u>.00</u>	 <u>1,247,483.27</u>
Less: accumulated depreciation				<u>(146,788.19)</u>
Net				<u>1,100,695.08</u>

**NOTE 5 - EMPLOYEE RETIREMENT SYSTEM**

The Village pays social security and medicare on its employees. No other system of retirement is currently in place.

**NOTE 6 - ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at June 30, 1998:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$ 1,991.69	\$ 397.36	\$ 2,498.88	\$ 4,887.93
Construction	.00	.00	58,961.89	58,961.89
	<u>1,991.69</u>	<u>397.36</u>	<u>61,460.77</u>	<u>63,849.82</u>

**NOTE 7 - COMPENSATED ABSENCES**

The Village had no compensated absences at June 30, 1998.

**NOTE 8 - LEASES**

No capital leases exist as of June 30, 1998.

**VILLAGE OF WILSON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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**NOTE 9 - CHANGES IN LONG-TERM DEBT**

The Village had no debt at the beginning or end of this fiscal year.

**NOTE 10 - INTERFUND TRANSACTIONS**

Transfers to and from funds during the year were as follows:

	<u>In</u>	<u>Out</u>
General	\$ 19,899.70	\$ .00
Special Revenue	<u>.00</u>	<u>19,899.70</u>
 Total	 <u>19,899.70</u>	 <u>19,899.70</u>

**NOTE 11 - INTERGOVERNMENTAL RECEIVABLES - PAYABLES**

The following is a summary of the intergovernmental transactions due to/from other governments at June 30, 1998:

Proprietary Funds:	
Waterworks	\$ <u>58,962.52</u>

**NOTE 12 - DEFERRED REVENUE**

Deferred revenue is as follows at June 30, 1998:

Occupational licenses	\$ <u>3,728.72</u>
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The Village operates in a fiscal year while occupational licenses are issued for a calendar year. Funds received for the period 7/01/98 to 12/31/98 was \$3,728.72.

**NOTE 13 - CHANGES IN CONTRIBUTED CAPITAL**

The following is a summary of changes in contributed capital:

	<u>Enterprise Fund</u>
Balance, beginning of year	\$ 762,366.39
Contributions from grant	338,281.34
Depreciation	<u>(14,908.47)</u>
 Balance, end of year	 <u>1,085,739.26</u>

**VILLAGE OF WILSON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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**NOTE 14 - RESERVED AND DESIGNATED RETAINED EARNINGS**

Retained earnings of proprietary fund types are reserved for the following:

Repairs and replacements	\$ <u>54,504.73</u>
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**NOTE 15 - PROPRIETARY FUND SEGMENT INFORMATION**

The Village maintains one enterprise fund which provided water and sewer services. Segment information for the year ended June 30, 1998, is as follows:

Operating revenues	\$ 57,967.54
Depreciation	19,180.20
Operating loss	(2,624.36)
Current capital contributions	338,281.34
Fixed asset additions	339,477.51
Net working capital	105,361.11
Total equity	1,206,056.19
Total assets	1,280,848.78

**NOTE 16 - RELATED PARTY TRANSACTIONS**

There were no related party transactions that came to our attention during our audit.

**NOTE 17 - LITIGATION**

There is no litigation that came to our attention that would require disclosure in the accompanying financial statements.

**NOTE 18 - STATEMENT OF CASH FLOWS FOR PROPRIETARY FUNDS**

For purposes of the Statement of Cash Flows, for proprietary fund types, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. The cash and cash equivalents as stated on the Statement of Cash Flows is as follows:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Water	\$ 76,014.91	\$ 12,448.10	\$ 88,463.01
Sewer	<u>.00</u>	<u>7,722.96</u>	<u>7,722.96</u>
Total	<u>76,014.91</u>	<u>20,171.06</u>	<u>96,185.97</u>

**VILLAGE OF WILSON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1998**

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**NOTE 19 - YEAR 2000 CONSIDERATIONS**

The Village could be adversely effected if its servicer's computer systems and other date-sensitive equipment do not properly process data from and after January 1, 2000. Even with appropriate steps to address this issue, there are no assurances that these steps will be sufficient to avoid all adverse effects.

**NOTE 20 - SUBSEQUENT EVENTS**

There were no subsequent events that would have a material impact on the accompanying financial statements.

SUPPLEMENTAL INFORMATION SCHEDULES



**VILLAGE OF WILSON, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS  
YEAR ENDED JUNE 30, 1998**

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Mayor Jewel E. Ravencraft	\$ 6,142.50
Aldерwoman Barbara Hayes	1,299.47
Aldерwoman Betty Sterling	1,299.47
Aldерwoman Ione Palmer	<u>1,299.47</u>
 Total	 <u>10,040.91</u>

**VILLAGE OF WILSON, LOUISIANA  
 PROPRIETARY FUNDS  
 SCHEDULE OF OPERATING EXPENSES  
 YEAR ENDED JUNE 30, 1998**

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<u>Personal Services:</u>	
Repairs	\$ 5,446.46
Bad debts	2,229.54
Other taxes & licenses	593.49
Sewer testing fees	1,160.75
Chemicals & supplies	<u>7,205.85</u>
Total Personal Services	16,636.09
<u>Employee &amp; Related Expenses:</u>	
Insurance	3,078.46
Salaries	20,049.27
Payroll taxes	1,432.13
Training & seminars	<u>79.36</u>
Total Employee & Related Expenses	24,639.22
<u>Occupancy:</u>	
Insurance	1,319.34
Utilities & telephone	<u>12,289.40</u>
Total Occupancy	13,608.74
<u>Administrative:</u>	
Bank charges	23.00
Dues & subscriptions	342.03
Professional fees	4,022.00
Office expense	742.32
Postage	1,018.60
Computer service	<u>1,512.70</u>
Total Administrative	7,660.65
<u>Depreciation:</u>	
Depreciation - water	4,271.73
Depreciation - sewer	<u>14,908.47</u>
Total Depreciation	<u>19,180.20</u>
Total Operating Expenses	<u>81,724.90</u>

**VILLAGE OF WILSON, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 1998**

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<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Housing and Urban Development:		
Pass-Through Louisiana Division of Administration		
Community Development Block Grant	N/A	
Contract No. 770-0101		\$ <u>338,280.71</u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF WILSON, LOUISIANA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 1998**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Wilson, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

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A PROFESSIONAL ACCOUNTING CORPORATION  
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BAKER, LOUISIANA 70704-0030  

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

December 2, 1998

The Honorable Jewel E. Ravencraft, Mayor  
and the Board of Alderpersons  
P. O. Box 40  
Wilson, Louisiana 70789

We have audited the general purpose financial statements of the Village of Wilson, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 2, 1998.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Village of Wilson, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



The Honorable Jewel E. Ravencraft, Mayor  
and the Board of Alderpersons  
December 2, 1998  
page 2

In planning and performing our audit of the general purpose financial statements of the Village of Wilson, Louisiana, for the year ended June 30, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design or relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Wilson, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs under "Section II Financial Statement Findings."

A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Village of Wilson, Louisiana, in a separate letter dated December 2, 1998.

This report is intended for the information of the Board of Alderpersons, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

December 2, 1998

The Honorable Jewel E. Ravencraft, Mayor,  
and the Board of Alderpersons  
Village of Wilson, Louisiana  
P. O. Box 40  
Wilson, Louisiana 70789

We have audited the general purpose financial statements of the Village of Wilson, Louisiana, as of and for the year ended June 30, 1998 and have issued our report thereon dated December 2, 1998.

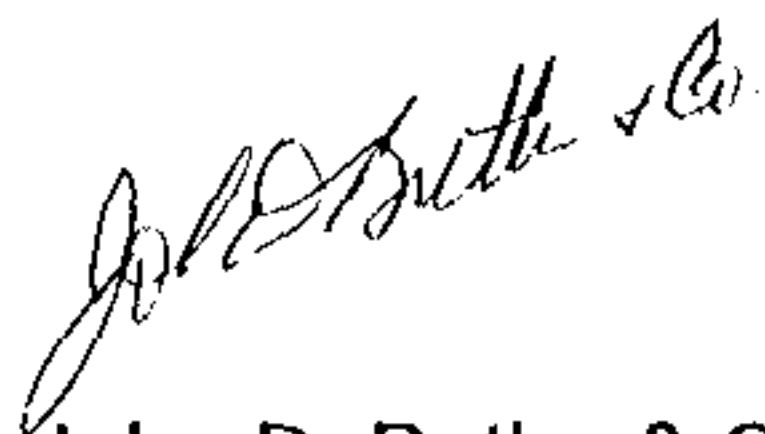
We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Wilson, Louisiana, is the responsibility of the Village of Wilson, Louisiana's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Village of Wilson, Louisiana's, compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The Honorable Jewel E. Ravencraft, Mayor  
and the Board of Alderpersons  
December 2, 1998  
page 2

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Alderpersons, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



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A Professional Accounting Corporation

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO THE FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE PROGRAM-SPECIFIC AUDIT  
OPTION UNDER OMB CIRCULAR A-133

December 2, 1998

The Honorable Jewel E. Ravencraft, Mayor,  
and the Board of Alderpersons  
Village of Wilson, Louisiana  
P. O. Box 40  
Wilson, Louisiana 70789

Compliance

We have audited the compliance of the Village of Wilson, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 compliance supplement that are applicable to U.S. Department of Housing and Urban Development Community Development Block Grant Contract No. 770-0101 for the year ended June 30, 1998. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Village of Wilson's management. Our responsibility is to express an opinion on Village of Wilson's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; The Standards Applicable to Financial Audits Contained in *Government Auditing Standards*, Issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the U.S. Department of Housing and Urban Development's



The Honorable Jewel E. Ravencraft, Mayor  
and the Board of Alderpersons  
December 2, 1998  
page 2

Community Development Block Grant occurred. An audit includes examining, on a test basis, evidence about Village of Wilson, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Village of Wilson, Louisiana's compliance with those requirements.

In our opinion, Village of Wilson, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to its U.S. Department of Housing and Urban Development's Community Development Block Grant for the year ended June 30, 1998. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 98-1 in Section III.

#### Internal Control Over Compliance

The management of Village of Wilson, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Village of Wilson, Louisiana's internal control over compliance with requirements that could have a direct and material effect on its U. S. Department of Housing and Urban Development's Community Development Block Grant in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended for the information of the audit committee, management, legislative auditor of the State of Louisiana, the U.S. Department of Housing and Urban Development, and the State of Louisiana Division of Administration. However, this report is a matter of public record and its distribution is not limited.

  
John D. Butler & Company  
A Professional Accounting Corporation





**VILLAGE OF WILSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 1998**

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**Section II      Financial Statement Findings**

**98-1    WATER/SEWER RECEIVABLES**

There are no policies or procedures in place to require monthly reconciliation of receivables. The computer service used to print monthly statements includes as past due the amount remitted by the clerk without any consideration of collections since the prior billing. There is also limited oversight of the single employee responsible for billing, collections and reporting.

As a result of the above, past due amounts can be written off without proper authority, and the safeguarding of cash is jeopardized. The Utility Clerk admitted to writing off her balance as well as the balances of two other employees, one of which is a relative. She stated, however, that she did so with approval from the Mayor. Upon inquiry, the Mayor contested that he gave such authority. The estimated cost of these write-offs, based on average monthly billings, is \$800.

It is recommended that a cash receipts journal be maintained by someone other than the clerk that records payments and deposits cash. A reconciliation should be made on a monthly basis indicating past due amounts at the beginning, sales and collections during the month and past due amounts at the end. It should be prepared by the clerk but reviewed and initialed by someone else. The past due report submitted to the alderpersons each month should include the prior month's accounts indicating payment dates during the month.

**98-2    WATER/SEWER COLLECTIONS**

Also as a result of the lack of control mentioned in Finding 98-1, the integrity of collections is jeopardized. Upon testing of water sales, it was discovered that the collections were \$12,688 less than expected based on beginning/ending receivables and sales.

In keeping with the provisions of our engagement contract, we notified the East Feliciana Parish Sheriff and District Attorney as well as the Legislative Auditor of possible illegal activity in writing on December 23, 1998. We also met with Allen Brown, Assistant Legislative Auditor and Director of Investigative Audit, to present our findings on this same day. An investigation will be conducted by his staff.

Continued

**VILLAGE OF WILSON, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
YEAR ENDED JUNE 30, 1998**

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**Section III      Federal Award Findings and Questioned Costs**

**98-3    MONITORING VISIT**

On June 10, 1998, a monitoring visit was made by the Division of Administration's Office of Community Development on the Village of Wilson's FY 1996 LCDBG Program. Items noted in the visit where a finding of deficiency was noted were as follows:

- Financial Management
- Labor Standards
- Public Improvements
- Fair Housing/Equal Opportunity
- Acquisition
- Citizen Participation
- Disclosure Reporting
- Procurement

Although the number of items were large, all findings were cleared by corrective action and documented by a letter dated August 3, 1998 by the State of Louisiana's Division of Administration Office of Community Development. However, these findings are reported here because the Village was not in compliance at June 30, 1998.

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**MANAGEMENT LETTER**

December 2, 1998

The Honorable Jewel E. Ravencraft, Mayor  
Village of Wilson, Louisiana  
P. O. Box 40  
Wilson, Louisiana 70789

Dear Mayor,

We have audited the financial statements of the Village of Wilson, Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated December 2, 1998.

*During the course of our examination, we became aware of the following matters which represent suggestions for improved internal controls.*

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**MANAGEMENT POINTS**

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M98.1      ACCOUNTS RECEIVABLE WRITE-OFFS

**Criteria:** It is important that all transactions are evidenced by proper authority.

**Condition:** Accounts receivables are being written off without approval from someone outside of the reporting and collections department.

**Cause:** There are no written policies and procedures.

**Effect:** Internal control over assets is weakened through lack of proper authorization.

**Recommendation:** A list of accounts considered uncollectible including the customer's name, reason for write-off and amount should be provided to the Mayor and/or Board for approval prior to write-off. This list should include a designated area at the bottom for evidence that the list was reviewed and the write-off approved with a date.

**Reply:** Proper authorization procedures will be put in place.



The Honorable Jewel E. Ravencraft, Mayor  
Village of Wilson, Louisiana  
December 2, 1998  
page 2

#### M98.2 TICKETS

**Criteria:** The Village is responsible for the disposition of tickets written by its deputy.  
**Condition:** There is no tracking system for the issuance of ticket books to the deputy or the return of the tickets and their disposition. Tickets are bundled with those paid during the month.

**Cause:** There are no written policies and procedures.

**Effect:** There is no control over ticket books. Also, the revenue expected from this source is not determinable.

**Recommendation:** Ticket books should be kept locked until disbursed by the clerk, and a log maintained to include the numbers issued, to whom and the date. Tickets returned should be filed in sequential order with the disposition of the ticket evidenced, i.e. paid, suspended, etc.

**Reply:** A recap sheet to trace ticket numbers will be put in place.

We recommend that management address the foregoing issues as an improvement to operations. We are available to further explain these suggestions or help implement the recommendations.

#### M98.3 BUDGET VARIANCES

**Criteria:** Sound financial management includes operating within a budget and periodically reviewing the variance between actual and budget.

**Condition:** The general and special revenue funds exceeded budgeted expenditures by 18% and 10%, respectively.

**Cause:** The procedure for reviewing the budget/actual performance is not being followed.

**Effect:** Financial decisions are compromised.

**Recommendation:** A budget to actual comparison report should be reviewed at the board meetings at least quarterly.

**Reply:** LA RS 39:1310 states that the chief executive shall monitor revenues and control expenditures and any variance of 5% or more shall be reported to the elected officials in writing. However, LA RS 39:1306 states that the Louisiana Local Government Budget Act shall apply only to those political subdivisions with general and special revenue fund expenditures totaling \$250,000 or more. Even though this act does not apply to the Village, the Mayor and Alderpersons have agreed that a budget and strict policy for periodic review will be adopted.

Sincerely,



John D. Butler & Company  
A Professional Accounting Corporation

**VILLAGE OF WILSON, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 1998**

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**Section I Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

Due to the level of revenues received by the Village of Wilson, Louisiana for the year ended June 30, 1997, a compilation and agreed-upon procedures were performed as opposed to an audit. The following were reported in the Independent Accountant's Report on Applying Agreed-Upon Procedures:

(1) Related Party	To consider not doing business with businesses of related parties	Resolved
(2) Budget Adoption	To adopt operating budget prior to July 1st	Resolved
(3) Budget Variances	To adopt procedure for reviewing variances each month	Reference M98.3 in Management's Corrective Action Plan



**VILLAGE OF WILSON, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 1998**

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**Section I Internal Control and Compliance Material to the Financial Statements**

**98.1 WATER/SEWER RECEIVABLES**

The Village is planning to obtain a computer that will track the receivables on a monthly basis at which time a policy will be put into place to require monthly reconciliations. The completion date is anticipated as February 1, 1999.

**98.2 WATER/SEWER COLLECTIONS**

The Village will cooperate fully with the investigation to be conducted by the Legislative Auditor's office. It is anticipated that this will be completed in mid-January, 1999. Also, the Utility Clerk has been suspended without pay until the investigation is completed. This action was taken in the latter part of December, 1998.

**Section II Internal Control and Compliance Material to Federal Awards**

None Reported

**Section III Management Letter**

M98.1 Accounts Receivable Write-Offs	<i>Contact:</i> Linda Barrett, Town Clerk <i>Plan:</i> Proper authorization procedures will be put in place. <i>Completion Date:</i> January 1, 1999
M98.2 Tickets	<i>Contact:</i> Linda Barrett, Town Clerk <i>Plan:</i> A recap sheet to trace ticket numbers will be put in place. <i>Completion Date:</i> January 1, 1999
M98.3 Budget Variances	<i>Contact:</i> Earl Ravencraft, Mayor <i>Plan:</i> A budget to actual comparison will be submitted to the alderpersons at the monthly meetings of the board. <i>Completion Date:</i> 1/99