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TOWN OF CLAYTON, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 1998
WITH SUPPLEMENTAL INFORMATION SCHEDULES

Reissued -

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor or controller, and is available for public inspection. The report is available for public inspection at the Town of Clayton, Louisiana, Town Auditor's Office, 200 North Main Street, at the office of the parish clerk of court.

Revised Date: **MAR 7 1998**

TOWN OF CLAYTON, LOUISIANA
YEAR ENDED JUNE 30, 1998
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SECTION I - GENERAL PURPOSE FINANCIAL STATEMENTS

SWITZER, HOPKINS & MANGE

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Honorable Wilbert Washington, Mayor
and Members of the Board of Aldermen
Town of Clayton, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Clayton, Louisiana as of June 30, 1998, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Town'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 Government Auditing Standards, issued by the comptroller General of the United States; and the provisions of Office of Management and Budget circular A-128, Audits of State and Local Governments. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purpose of additional analysis and are not a required part of the general purpose financial statements of the Town of Clayton, Louisiana. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is 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 reports dated February 12, 1999 on our consideration of the Town of Clayton's internal control structure and on its compliance with laws and regulations.

As discussed in Note K to the financial statements, the capital projects fund was omitted from the audit report as of June 30, 1998 and dated February 12, 1999. This audit report includes the capital projects fund.

Ferriday, Louisiana
February 12, 1999
March 5, 1999

Switzer, Hopkins & Mange

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OFFICES IN NATCHEZ, MISSISSIPPI

TOWN OF CLAYTON, LOUISIANA

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1998

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
			1998	1997
Revenues:				
Taxes (Note B)	\$ 63,531	\$ -	\$ -	\$ 66,073
Licenses and permits	4,437	-	4,437	4,224
Intergovernmental	1,600	-	1,600	1,600
Charges for services	180	-	180	180
Fines and forfeits	6,207	-	6,207	9,584
Miscellaneous	7,212	916	8,228	4,474
Federal grants	-	-	58,195	3,669
Total revenues	<u>83,167</u>	<u>916</u>	<u>142,378</u>	<u>89,804</u>
Expenditures:				
General government	17,016	-	17,016	14,283
Police department	14,297	-	14,297	13,729
Street department	5,790	-	5,790	18,975
Garbage collection	48,401	-	48,401	49,229
Capital outlay	-	-	57,774	3,669
Debt service:				
Principal retirement	-	2,000	-	2,000
Interest and fiscal charge	-	1,300	-	1,400
Total expenditures	<u>85,504</u>	<u>3,300</u>	<u>57,774</u>	<u>103,285</u>
(Deficiency) of revenues over expenditures	(2,337)	(2,384)	521	(13,481)
Other financing sources (uses)				
Operating transfers (out)	4,470	(6,000)	-	(39)
Operating transfers in	<u>4,470</u>	<u>(6,000)</u>	<u>-</u>	<u>5,039</u>
Excess (deficiency) of revenues and other financing sources over expenditures	2,133	(8,384)	521	(8,481)
Fund balances, beginning	2,312	40,813	-	263,618
Expenditures capitalized	-	-	-	3,669
Fixed assets transferred to utility fund	-	-	-	(215,681)
Fund balances, ending	<u>\$ 4,445</u>	<u>\$ 32,429</u>	<u>\$ 521</u>	<u>\$ 43,125</u>

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES-BUDGET AND ACTUAL
 GENERAL, DEBT SERVICE FUNDS AND CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 1998

	General Fund			Debt Service Fund Types			Capital Projects Fund		
	Budget	Actual	Variance- (Unfavorable)	Budget	Actual	Variance- (Unfavorable)	Budget	Actual	Variance- (Unfavorable)
Revenues:									
Taxes	\$ 66,500	\$ 63,531	\$ (2,969)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	4,000	4,437	437	-	-	-	-	-	-
Intergovernmental	1,600	1,600	-	-	-	-	-	-	-
Charges for services	180	180	-	-	-	-	-	-	-
Fines	10,200	6,207	(3,993)	-	-	-	-	100	100
Miscellaneous	425	7,212	6,787	916	916	-	58,195	58,195	-
Total revenues	82,905	83,167	262	916	916	-	58,195	58,295	100
Expenditures:									
Current-									
General government	18,809	17,016	1,793	-	-	-	-	-	-
Public safety-									
Police	19,714	14,297	5,417	-	-	-	-	-	-
Streets	10,000	5,790	4,210	-	-	-	-	-	-
Garbage collection	44,240	48,401	(4,161)	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	57,774	57,774	-
Debt service-									
Principal retirement	-	-	-	2,000	2,000	-	-	-	-
Interest and fiscal charges	-	-	-	1,300	1,300	-	-	-	-
Total expenditures	92,763	85,504	7,259	3,300	3,300	-	57,774	57,774	-
Excess of revenues over (under) expenditures	(9,858)	(2,337)	7,521	(2,384)	(2,384)	-	421	521	100
Other financing sources (uses):									
Operating transfers (out)	-	-	-	(6,000)	(6,000)	-	-	-	-
Operating transfers in	12,000	4,470	(7,530)	-	-	-	-	-	-
	12,000	4,470	(7,530)	(6,000)	(6,000)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	2,142	2,133	(9)	(8,384)	(8,384)	-	421	521	100
Fund balances, beginning	2,312	2,312	-	40,813	40,813	-	-	-	-
Fund balances, ending	\$ 4,454	\$ 4,445	\$ (9)	\$ 32,429	\$ 32,429	\$ -	\$ 421	\$ 521	\$ 100

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY-ENTERPRISE FUND
 YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	(Memorandum Only) <u>1997</u>
Operating revenues:		
Charges for services (Note J)	\$ <u>194,209</u>	\$ <u>185,954</u>
Operating expenses:		
Gas purchases	47,966	54,649
Salaries	40,939	36,608
Material and supplies	18,524	15,030
Depreciation	52,592	53,913
Repairs to system	12,282	13,378
Miscellaneous	11,628	14,738
Truck and tractor expense	2,440	2,807
Utilities and telephone	15,316	13,461
Office supplies	2,722	3,781
Payroll taxes	5,026	3,157
Insurance	18,711	16,314
Legal and accounting	4,200	2,200
Bad debt expense	<u>3,941</u>	<u>2,137</u>
Total expenses	<u>236,287</u>	<u>232,173</u>
Operating income (loss)	(42,078)	(46,219)
Nonoperating revenues (expenses):		
Interest income	1,779	1,870
Other income	4,467	1,858
Interest expense	<u>(3,401)</u>	<u>(3,611)</u>
Total nonoperating revenues (expenses)	<u>2,845</u>	<u>117</u>
(Loss) before operating transfers	(39,233)	(46,102)
Operating transfers from indebtedness fund	<u>1,500</u>	<u>(5,000)</u>
Net (loss)	(37,733)	(51,102)
Fund equity, beginning	<u>956,506</u>	<u>1,007,608</u>
Fund equity, ending	<u>\$ 918,773</u>	<u>\$ 956,506</u>

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA

COMPARATIVE STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	(Memorandum Only) <u>1997</u>
Cash flows from operating activities:		
Cash received from customers	\$ 196,637	\$ 188,220
Cash payments to suppliers for goods and services	(149,040)	(139,542)
Cash payments to employees for services	<u>(40,939)</u>	<u>(36,608)</u>
Net cash provided (used) by operating activities	<u>6,658</u>	<u>12,070</u>
Cash flows from non-capital financing activities:		
Other income	4,516	(642)
Operating transfers from other funds	1,500	(5,000)
Increase (decrease) in consumer deposits	<u>955</u>	<u>(55)</u>
Net cash provided by non-capital financing activities	<u>6,971</u>	<u>(5,697)</u>
Cash flows from capital and related activities:		
Interest paid on notes	(2,927)	(4,094)
Principal paid on notes	<u>(4,000)</u>	<u>(4,000)</u>
	<u>(6,927)</u>	<u>(8,094)</u>
Cash flows from investing activities:		
Investment income	<u>1,707</u>	<u>1,719</u>
Net increase (decrease) in cash and cash equivalents	8,409	(2)
Cash and cash equivalents at July 1, 1997	<u>65,754</u>	<u>65,756</u>
Cash and cash equivalents at June 30, 1998	<u>\$ 74,163</u>	<u>\$ 65,754</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:		
Operating (loss)	\$ (42,078)	\$(46,219)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	52,592	53,913
Changes in assets and liabilities:		
Decrease in accounts receivable	2,428	2,266
Increase (decrease) in accounts payable	<u>(6,284)</u>	<u>2,110</u>
Net cash provided (used by operating activities)	<u>\$ 6,658</u>	<u>\$ 12,070</u>

The following notes are in integral part of these statements.

TOWN OF CLAYTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Clayton, Louisiana was incorporated under the provisions for the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Clayton, Louisiana conform 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.

1. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

2. Fund Accounting

The accounts of the Town of Clayton are organized on the basis of funds and account groups each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUND TYPES -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

TOWN OF CLAYTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary Fund Types

Enterprise fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-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. The enterprise fund includes water, gas and sewerage operations.

3. Property, Plant and Equipment and Long-Term Liabilities

The accounting and reporting treatment applied to the property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund type operations are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases and decreases in net current assets. Accordingly, they are said to present a summary of sources and used of available spendable resources during a period.

Property, plant and equipment used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Town has elected to not capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks and drainage improvement. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary fund is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Improvements	50 years
Equipment	5 to 20 years

All property, plant and equipment are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

TOWN OF CLAYTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes, is considered "measurable" when in the hands of collecting governments and is recognized as revenue at the time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when incurred.

5. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

a. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.

b. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

c. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

e. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.

f. All budgetary appropriations lapse at the end of each fiscal year.

TOWN OF CLAYTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

g. Budgets for the General, and Debt Service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

6. Inventories

Inventories of materials and supplies are considered to be expenditures at the time of purchase. Amounts on hand at the financial statement date are therefore, not included on the balance sheet.

7. Allowance for Uncollectible Accounts

Allowance for uncollectible accounts receivable in the enterprise fund was -0- at June 30, 1998.

8. Reserves of Fund Equity

The Town records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves used by the Town.

	<u>Balance at June 30, 1998</u>
a. Debt Service Fund Reserved for debt service	\$ <u>24,000</u>
b. Enterprise Fund Reserved for debt service	\$ <u>24,956</u>

9. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been represented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

10. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview 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 cash flows 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.

11. Encumbrances

The Town of Clayton does not use encumbrance accounting.

TOWN OF CLAYTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Compensated Absences

The Town's policy for vacation and sick leave allows 10 days paid for vacation and 10 days paid for sick leave. Any unused days at the end of the calendar year will be lost. At June 30, 1998, all full time employees had sick days remaining unused and all vacation days had been used. The liability for unused days is recorded in the General and Enterprise Funds.

NOTE B - PROPERTY TAXES

Property taxes are levied in December and payable by June 15, of the following year. A list of property taxes due the Town is prepared by the Concordia Parish Assessor, but the Town is responsible for billings and collections. The Town's millage is 3.88 mills which is dedicated to the general fund.

NOTE C - PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

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

Water gas system	\$ 555,628
Sewer system	878,547
Buildings	10,279
Trucks	11,330
Equipment	61,699
Total	<u>1,517,483</u>
Less accumulated depreciation	<u>(608,330)</u>
Net	<u>\$ 909,153</u>

NOTE D - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in the general fixed assets account group:

	<u>Balance</u> <u>6-30-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-98</u>
Land	\$ 8,425	-	-	\$ 8,425
Equipment	<u>147,624</u>	-	-	<u>147,624</u>
Total	<u>\$ 156,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,049</u>

NOTE E - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Town of Clayton for the year ended June 30, 1998:

	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Revenue</u> <u>Bonds</u>	<u>Total</u>
Bonds payable at June 30, 1997	\$ 26,000	\$ 70,000	\$ 96,000
Bonds retired	<u>2,000</u>	<u>4,000</u>	<u>6,000</u>
Bonds payable at June 30, 1998	<u>\$ 24,000</u>	<u>\$ 66,000</u>	<u>\$ 90,000</u>

Bonds payable at June 30, 1998 are comprised of the following issues:

TOWN OF CLAYTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE E - CHANGES IN LONG-TERM DEBT - CONTINUED

General obligation bonds:

\$30,000 1970 serial bonds due in annual installments of \$1,000 through January 1, 2010; interest at 5% \$ 12,000

\$30,000 1970 sewer district serial bonds due in annual installments of \$1,000 through January 1, 2010; interest 5% 12,000
\$ 24,000

Revenue bonds:

\$140,000 1970 sewer serial bonds due in annual installments of \$3,000 to \$7,000 through January 1, 2010; interest at 5% \$ 66,000

The annual requirements to amortize all debt outstanding as of June 30, 1998 including interest payments are as follows:

Year Ended June 30	General Obligation Bonds	Revenue Bonds	Interest	Total
1999	\$ 2,000	\$ 4,000	\$ 4,500	\$ 10,500
2000	2,000	5,000	4,200	11,200
2001	2,000	5,000	3,850	11,850
2002	2,000	5,000	3,500	10,500
2003	2,000	5,000	2,750	9,750
Thereafter	<u>14,000</u>	<u>42,000</u>	<u>9,150</u>	<u>65,150</u>
TOTAL	<u>\$ 24,000</u>	<u>\$ 66,000</u>	<u>\$ 27,950</u>	<u>\$ 117,950</u>

NOTE F - RETIREMENT COMMITMENTS

The Town of Clayton employees are all members of the social security system and are members of no other retirement plan. The expense of the social security is reflected in payroll taxes in the various statements of income.

NOTE G - RESTRICTED ASSETS PROPRIETARY FUND TYPE

Certain assets were restricted for debt service and customer deposits. These assets consisted of the following:

Amortization and Redemption fund	\$ 30,000
Customer deposits	18,560
Bond reserve fund	3,700
Bond depreciation and contingency fund	<u>10,111</u>
	<u>\$ 62,371</u>

NOTE H - PROPRIETARY FUND BOND INDENTURE RESTRICTIONS

The Town's proprietary fund bonds are governed by bond indenture, the terms of which are summarized as follows:

- (1) The Town shall maintain a reserve fund with a minimum balance of \$3,700.

TOWN OF CLAYTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE H - PROPRIETARY FUND BOND INDENTURE RESTRICTIONS - CONTINUED

- (2) The Town shall maintain a depreciation and contingency fund into which monthly deposits of \$30 will be made. Annual deposits of \$360 will be required for each of the next five years.
- (3) The Town shall maintain a amortization fund of sufficient balances to pay bonds and interest as they mature.

As of June 30, 1998 the Town was in compliance with each of these restrictions.

NOTE I - CASH AND CASH EQUIVALENTS

Under state law, the city 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 principal offices in Louisiana.

At June 30, 1998, the Town had cash and cash equivalents according to the book balances totaling \$109,934 as follows:

Demand deposits	\$ 48,247
Time deposits	61,687
	<u>\$ 109,934</u>

Under state law, these deposits, or the resulting bank balances, 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. Cash and cash equivalents (bank balances) at June 30, 1998 of \$111,822 are secured as follows:

Federal deposit insurance	<u>\$ 111,822</u>
---------------------------	-------------------

NOTE J - OTHER ENTERPRISE FUND DISCLOSURES

Enterprise fund sales were as follows:

Gas sales	\$ 101,666
Water sales	51,923
Sewerage fees	40,620
Total	<u>\$ 194,209</u>

Enterprise fund working capital is as follows at June 30, 1998:

Current assets	\$ 102,906
Current liabilities	8,726
Net working capital	<u>\$ 94,180</u>

NOTE K - SUMMARY OF GRANTS - OMITTED FROM ORIGINAL AUDIT

Funding from the following grant was received for the year ended June 30, 1998:

<u>Funding Source and Program</u>	<u>CFDA Number</u>	<u>6-30-98 Revenues</u>	<u>Expenditures</u>
Community Development Block Grant - Wastewater System Improvements	14.219	<u>\$ 58,195</u>	<u>\$ 57,774</u>

SECTION II - SUPPLEMENTAL INFORMATION SCHEDULES

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF CLAYTON, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Cash	\$ 3,342	\$ 4,340
Receivables:		
Accounts	<u>3,657</u>	<u>4,634</u>
Total assets	<u>6,999</u>	<u>8,974</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	1,058	952
Other accrued expenses	1,496	2,044
Note payable	-	3,666
Total current liabilities	<u>2,554</u>	<u>6,662</u>
Fund balance	<u>4,445</u>	<u>2,312</u>
Total liabilities and fund balance	<u>\$ 6,999</u>	<u>\$ 8,974</u>

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998

With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		Variance- Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 66,500	\$ 63,531	\$ (2,969)	\$ 66,073
Licenses and permits	4,000	4,437	437	4,224
Intergovernmental	1,600	1,600	-	1,600
Charges for services	180	180	-	180
Fines	10,200	6,207	(3,993)	9,584
Miscellaneous	425	7,212	6,787	3,588
Total revenues	<u>82,905</u>	<u>83,167</u>	<u>262</u>	<u>85,249</u>
Expenditures:				
General government	18,809	17,016	1,793	14,283
Police department	19,714	14,297	5,417	13,729
Street department	10,000	5,790	4,210	18,975
Garbage collection	44,240	48,401	(4,161)	49,229
Total expenditures	<u>92,763</u>	<u>85,504</u>	<u>7,259</u>	<u>96,216</u>
Excess of revenues over (under) expenditures	(9,858)	(2,337)	7,521	(10,967)
Other financing sources (uses)				
Operating transfers in	12,000	4,470	(7,530)	5,039
	<u>12,000</u>	<u>4,470</u>	<u>(7,530)</u>	<u>5,039</u>
Excess (deficiency) of revenues over expendi- tures and other uses	2,142	2,133	(9)	(5,928)
Fund balance, beginning	<u>2,312</u>	<u>2,312</u>	<u>-</u>	<u>8,240</u>
Fund balance, ending	<u>\$ 4,454</u>	<u>\$ 4,445</u>	<u>\$ (9)</u>	<u>\$ 2,312</u>

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 1998

With Comparative Actual Amounts for Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)	<u>1997 Actual</u>
General government:				
Salaries	\$ -	\$ 969	\$ (969)	\$ 1,062
Mayor's salary	2,400	2,000	400	1,800
Aldermen fees	6,000	5,000	1,000	4,500
Payroll taxes	1,724	1,921	(197)	3,179
Publication expense	500	483	17	211
Other expenses	2,775	3,574	(799)	1,263
Insurance	4,510	2,069	2,441	1,657
Office expense	900	1,000	(100)	611
Total	<u>18,809</u>	<u>17,016</u>	<u>1,793</u>	<u>14,283</u>
Police department:				
Salaries	10,800	10,385	415	10,385
Automobile expense	8,314	3,712	4,602	3,344
Supplies, uniforms, etc.	600	200	400	-
Total	<u>19,714</u>	<u>14,297</u>	<u>5,417</u>	<u>13,729</u>
Street department:				
Street lights	10,000	5,790	4,210	3,827
Repairs	-	-	-	15,148
Total	<u>10,000</u>	<u>5,790</u>	<u>4,210</u>	<u>18,975</u>
Garbage collection:				
Salaries	27,445	22,691	4,754	27,702
Truck expense	4,300	7,951	(3,651)	3,928
Maintenance	4,100	4,838	(738)	4,089
Miscellaneous	2,200	4,468	(2,268)	3,785
Insurance	6,195	8,453	(2,258)	9,725
Total	<u>44,240</u>	<u>48,401</u>	<u>(4,161)</u>	<u>49,229</u>
Total	<u>\$ 92,763</u>	<u>\$ 85,504</u>	<u>\$ 7,259</u>	<u>\$ 96,216</u>

The following notes are an integral part of these statements.

DEBT SERVICE FUNDS

Sewer District #1 - To accumulate monies for payment of 1970 \$30,000 Public
Improvement Sewer Bonds.

Town Tax Bonds - To accumulate monies for payment of 1970 \$30,000
Public Improvement Bonds
(Sewer Public Improvement).

TOWN OF CLAYTON, LOUISIANA
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 1998

With Comparative Totals for June 30, 1997

	<u>Sewer District #1</u>	<u>Sewer Public Improvement</u>	<u>Totals 1998</u>	<u>1997</u>
<u>ASSETS</u>				
Cash	\$ <u>16,150</u>	\$ <u>16,279</u>	\$ <u>32,429</u>	\$ <u>40,813</u>
<u>FUND BALANCES</u>				
Reserved for debt service	12,000	12,000	24,000	26,000
Available for other purposes	<u>4,150</u>	<u>4,279</u>	<u>8,429</u>	<u>7,471</u>
Total fund balances	\$ <u>16,150</u>	\$ <u>16,279</u>	\$ <u>32,429</u>	\$ <u>20,471</u>

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA
DEBT SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1998
With Comparative Totals for June 30, 1997

	<u>Sewer District #1</u>	<u>Sewer Public Improvements</u>	<u>Totals 1998</u>	<u>1997</u>
Revenue:				
Interest income	\$ 458	\$ 458	\$ 916	\$ 886
Total revenue	<u>458</u>	<u>458</u>	<u>916</u>	<u>886</u>
Expenditures:				
Bonds paid	1,000	1,000	2,000	2,000
Interest paid	650	650	1,300	1,400
Total expenditures	<u>1,650</u>	<u>1,650</u>	<u>3,300</u>	<u>3,400</u>
(Deficiency) of revenues over expenditures	(1,192)	(1,192)	(2,384)	(2,514)
Other financing (uses)				
Operating transfers (out)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(6,000)</u>	<u>-</u>
Deficiency of revenues over expenditures and other uses	(4,192)	(4,192)	(8,384)	(2,514)
Fund balance, beginning	<u>18,592</u>	<u>22,221</u>	<u>40,813</u>	<u>43,327</u>
Fund balance, ending	<u>\$ 14,400</u>	<u>\$ 18,029</u>	<u>\$ 32,429</u>	<u>\$ 40,813</u>

The following notes are an integral part of these statements.

CAPITAL PROJECTS FUND

TOWN OF CLAYTON, LOUISIANA
CAPITAL PROJECTS FUND

BALANCE SHEET
JUNE 30, 1998

	Grant 107-700161 LCDBG Wastewater Systems <u>Improvements</u>
<u>ASSETS</u>	
Cash - restricted	\$ 521
Total assets	<u>521</u>
<u>LIABILITIES AND FUND EQUITY</u>	
<u>Liabilities</u>	<u>-</u>
Fund Equity:	
Reserved for capital improvements	\$ <u>521</u>

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1998

	<u>Grant 107-700161 LCDBG Wastewater System Improvements</u>
Revenues:	
Grant income	\$ 58,195
Other income	100
Total revenues	<u>58,295</u>
Expenditures:	
Construction costs	1,040
Engineering	48,758
Administrative	7,976
Total expenditures	<u>57,774</u>
Excess of revenues over expenditures	521
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u>\$ 521</u>

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1998

	107-700161 LCDBG Wastewater System Improvements		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Grant income	\$ 58,195	\$ 58,195	\$ -
Other income	-	100	100
Total revenue	<u>58,195</u>	<u>58,295</u>	<u>100</u>
Expenditures:			
Construction costs	1,040	1,040	-
Engineering	48,758	48,758	-
Administrative	7,976	7,976	-
Total expenditures	<u>57,774</u>	<u>57,774</u>	<u>-</u>
Excess of revenues over expenditures	421	521	100
Fund balance, beginning	100	-	-
Fund balance, ending	<u>\$ 521</u>	<u>\$ 521</u>	<u>\$ 100</u>

The following notes are an integral part of these statements.

GENERAL LONG-TERM DEBT
ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

TOWN OF CLAYTON, LOUISIANA

STATEMENT OF GENERAL LONG-TERM DEBT

JUNE 30, 1998

With Comparative Totals for June 30, 1997

	<u>Sewer District #1</u>	<u>Sewer Public Improvements</u>	<u>Totals 1998</u>	<u>1997</u>
<u>AMOUNT AVAILABLE AND TO PROVIDE FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT</u>				
Amount available in debt service funds for debt retirement	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 24,000</u>	<u>\$ 26,000</u>
<u>GENERAL LONG--TERM DEBT PAYABLE</u>				
Bonds payable	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 24,000</u>	<u>\$ 26,000</u>

The following notes are an integral part of these statements.

TOWN OF CLAYTON, LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR ENDED JUNE 30, 1998

COMPENSATION PAID ALDERMEN

The schedule of compensation paid to aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the alderpersons is included in the Legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:405 (G), the aldermen have passed an ordinance that sets their compensation at \$100.00 per month.

TOWN OF CLAYTON, LOUISIANA
SCHEDULE OF COMPENSATION ALDERMEN
FOR THE YEAR ENDED JUNE 30, 1998

Mr. William Hall	\$ 1,200
Mrs. Gail Duncan	1,200
Mr. Willie Lee Evans	1,200
Mrs. Debra Minor	1,200
Mrs. Irene Jefferson	1,200
Total	<u>\$ 6,000</u>

SECTION III - COMPLIANCE/INTERNAL CONTROL

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA
ROXANNE B. JAMES, CPA

JOHN M. JONES, CPA 1921 - 1983

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Wilbert Washington, Mayor
and Members of the Board of Aldermen
Town of Clayton, Louisiana

We have audited the general purpose financial statements of the Town of Clayton, Louisiana for the year ended December 31, 1998 and have issued our report thereon dated February 12, 1999. 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.

Compliance

As part of obtaining reasonable assurance about whether the Town of Clayton, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that are required to be reported under Government Auditing Standards.

Finding - Audit Report Completion Date

We noted that the audit report was due by December 31, 1998, but was not completed until approximately six weeks later.

Recommendation

In the future the audit should be delivered within six months after close of the year.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Towns of Clayton, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter 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

The Honorable Wilbert Washington, Mayor
and Members of the Board of Aldermen
Page Two

to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Towns of Clayton, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding - Segregation of Duties

We noted that the Town does not have adequate segregations of duties in accounting in the office. We recommend that an attempt be made to strengthen internal control problems created by having few employees.

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 misstatements 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 none of the reportable conditions described above is a material weakness.

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

Ferriday, Louisiana
February 12, 1999

Switzer, Hopkins & Mang

WILBERT WASHINGTON
MAYOR

ROGERS HOLLINS, JR.
MARSHALL

MRS. SADIE G. JONES
CLERK

Town of Clayton

P.O. BOX 277
CLAYTON, LOUISIANA 71326
318-757-8540

12 February, 1999

ALDERMEN:
WILLIE LEE EVANS
GAIL DUNCAN
WILLIAM HALL
IRENE JEFFERSON
DEBRA MINOR

Switzer, Hopkins & Mange
P. O. Box 1518
Ferriday, LA 71334


Dear Mr. Hopkins:

In regard to the segregation of duties internal control problem discussed in our audit for the year ended June 30, 1998, there is nothing we can do or plan to do about the problem. We have only one employee and do not plan to hire another employee. There is not any way to segregate duties when you have only one employee.

Also in regard to the audit completion date, we will have the audit completed by the due date of six months after the end of our fiscal year.

Please let me know if you have any questions.

Sincerely,


Wilbert Washington
Mayor