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TOWN OF ELTON, LOUISIANA

Financial Report

Year Ended December 31, 2002

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Release Date 8/6/03

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MANAGEMENT LETTER

The Honorable Roger Laughlin, Mayor,
and Members of the Board of Aldermen
Town of Elton, Louisiana

We have completed our audit of the general purpose financial statements of the Town of Elton for the year ended December 31, 2002 and submit the following suggestion for your information and consideration in improving the efficiency and effectiveness of the operations of the Town of Elton's office.

The Town should review its procedures regarding adjustment of fines in city court. Per the Town's policy, only the magistrate who is a local attorney, can reduce fines with cause. The mayor should not be involved in the process.

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC
Certified Public Accountants

Elton, Louisiana
June 4, 2003

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INDEPENDENT AUDITORS' REPORT

The Honorable Roger D. Laughlin, Mayor
and Members of the Board of Aldermen
Town of Elton, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Elton, Louisiana, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Elton, Louisiana'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 auditing standards, and the standards generally accepted in the United States of America 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 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 above present fairly, in all material respects, the financial position of the Town of Elton, Louisiana, as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 4, 2003 on our consideration of the Town of Elton's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The supplementary information on pages 26-67 is presented for purposes of additional analysis and is *not a required part of the general purpose financial statements of the Town of Elton, Louisiana.* Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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The financial information, for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Town of Elton, Louisiana.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
June 4, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN OF ELTON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 2002

	Governmental Fund Types				Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	General Fixed Assets	General Long-Term Debt	2002	2001
ASSETS AND OTHER DEBITS									
Cash	$15,704	$ 30,520	$ -	$ -	$ 12,603	$ -	$ -	$ 58,827	$ 826,882
Cash with paying agent	-	-	61,533	-	-	-	-	61,533	-
Interest-bearing deposits	-	188,639	228,833	790,623	65,282	-	-	1,273,377	183,287
Receivables -									
Taxes	4,630	10,922	6,085	-	-	-	-	21,637	21,220
Accounts	-	-	-	-	22,949	-	-	22,949	21,844
Grants	-	137,365	-	22,795	-	-	-	160,160	227,500
Due from other funds	696	-	8,228	9,377	-	-	-	18,301	115,578
Due from other governmental units	2,337	-	-	-	-	-	-	2,337	2,468
Restricted assets:									
Interest-bearing deposits	-	-	-	-	108,366	-	-	108,366	89,625
Land	-	-	-	-	-	77,858	-	77,858	77,858
Buildings	-	-	-	-	-	374,881	-	374,881	289,131
Improvements other than buildings	-	-	-	-	-	649,404	-	649,404	385,313
Equipment	-	-	-	-	-	265,624	-	265,624	213,861
Utility property, plant and equipment	-	-	-	-	3,603,768	-	-	3,603,768	3,589,578
Accumulated depreciation	-	-	-	-	(1,233,417)	-	-	(1,233,417)	(1,167,794)
Amount available in debt service funds	-	-	-	-	-	-	219,560	219,560	62,000
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	978,440	978,440	380,000
Total assets and other debits	$23,367	$367,446	$304,679	$822,795	$2,579,551	$1,367,767	$1,198,000	$6,663,605	$5,318,351

(continued)

TOWN OF ELTON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
December 31, 2002

	Governmental Fund Types				Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	General Fixed Assets	General Long-Term Debt	2002	2001
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	$ 6,036	$ -	$ -	$ 22,795	$ 10,501	$ -	$ -	$ 39,332	$ 40,896
Contracts payable	-	-	-	-	-	-	-	-	319,340
Retainage payable	-	-	-	-	-	-	-	-	41,700
Due to other governments	-	21,590	-	-	2,237	-	-	23,827	178,279
Due to other funds	8,228	-	9,377	-	696	-	-	18,301	115,578
Payable from restricted assets -									
Revenue bonds	-	-	-	-	25,000	-	-	25,000	23,000
Accrued interest	-	-	-	-	769	-	-	769	996
Customers' deposits	-	-	-	-	33,771	-	-	33,771	33,549
Revenue bonds payable	-	-	-	-	53,000	-	-	53,000	78,000
General obligation bonds payable	-	-	-	-	-	-	48,000	48,000	62,000
Certificates of indebtedness payable	-	-	-	-	-	-	1,150,000	1,150,000	380,000
Total liabilities	14,264	21,590	9,377	22,795	125,974	-	1,198,000	1,392,000	1,273,338
Equity and other credits:									
Contributed capital (net of accumulated amortization)	-	-	-	-	2,048,628	-	-	2,048,628	2,097,893
Investment in general fixed assets	-	-	-	-	-	1,367,767	-	1,367,767	966,163
Retained earnings -									
Reserved for debt retirement	-	-	-	-	31,442	-	-	31,442	30,537
Unreserved	-	-	-	-	373,507	-	-	373,507	323,997
Total retained earnings	-	-	-	-	404,949	-	-	404,949	354,534
Fund balances -									
Reserved for debt service	-	-	295,302	-	-	-	-	295,302	65,781
Designated for street improvements	-	30,626	-	800,000	-	-	-	830,626	28,845
Unreserved, undesignated	9,103	315,230	-	-	-	-	-	324,333	531,797
Total fund balances	9,103	345,856	295,302	800,000	-	-	-	1,450,261	626,423
Total fund equity	9,103	345,856	295,302	800,000	2,453,577	1,367,767	-	5,271,605	4,045,013
Total liabilities and fund equity	$23,367	$367,446	$304,679	$822,795	$2,579,551	$1,367,767	$1,198,000	$6,663,605	$5,318,351

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended December 31, 2002

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only) 2002	2001
Revenues:						
Taxes	$ 73,126	$ 147,375	$ 23,603	$ -	$ 244,104	$ 236,051
Licenses and permits	39,542	-	-	-	39,542	36,570
Intergovernmental	48,546	29,700	-	71,551	149,797	332,721
Community grant revenue	-	764,295	-	-	764,295	1,010,000
Fines and forfeits	45,624	-	-	-	45,624	30,638
Miscellaneous	25,627	2,939	4,363	789	33,718	34,107
Total revenues	232,465	944,309	27,966	72,340	1,277,080	1,680,087
Expenditures:						
Current -						
General government	112,974	111,793	15,223	-	239,990	150,993
Public safety:						
Police	146,210	-	-	-	146,210	140,694
Highways and streets	103,500	-	-	-	103,500	66,531
Parks and recreation	2,723	-	-	-	2,723	2,629
Animal control	5,069	-	-	-	5,069	5,098
Debt service -						
Principal retirement	-	-	44,000	-	44,000	65,000
Interest	-	-	21,806	-	21,806	5,563
Capital outlay	22,859	531,604	-	79,428	633,891	1,168,838
Total expenditures	393,335	643,397	81,029	79,428	1,197,189	1,605,346
Excess (deficiency) of revenues over expenditures	(160,870)	300,912	(53,063)	(7,088)	79,891	74,741
Other financing sources (uses):						
Proceeds from issuance of debt	-	-	-	800,000	800,000	380,000
Operating transfers in	166,844	-	282,584	-	449,428	264,790
Operating transfers out	(10,000)	(491,074)	-	(4,407)	(505,481)	(263,490)
Total other financing sources (uses)	156,844	(491,074)	282,584	795,593	743,947	381,300
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,026)	(190,162)	229,521	788,505	823,838	456,041
Fund balances, beginning	13,129	536,018	65,781	11,495	626,423	170,382
Fund balances, ending	$ 9,103	$ 345,856	$ 295,302	$ 800,000	$ 1,450,261	$ 626,423

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
Year Ended December 31, 2002

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	$ 74,500	$ 73,126	$ (1,374)	$ 143,200	$ 147,375	$ 4,175
Licenses and permits	42,000	39,542	(2,458)	-	-	-
Intergovernmental	46,780	48,546	1,766	29,700	29,700	-
Community grant revenues	-	-	-	910,000	764,295	(145,705)
Fines and forfeits	47,000	45,624	(1,376)	-	-	-
Miscellaneous	17,800	25,627	7,827	8,500	2,939	(5,561)
Total revenues	228,080	232,465	4,385	1,091,400	944,309	(147,091)
Expenditures:						
Current -						
General government	117,295	112,974	4,321	56,700	111,793	(55,093)
Public safety:						
Police	149,025	146,210	2,815	-	-	-
Highways and streets	105,070	103,500	1,570	-	-	-
Parks and recreation	2,850	2,723	127	-	-	-
Animal control	7,340	5,069	2,271	-	-	-
Capital outlay	15,815	22,859	(7,044)	526,000	531,604	(5,604)
Total expenditures	397,395	393,335	4,060	582,700	643,397	(60,697)
Excess (deficiency) of revenues over expenditures	(169,315)	(160,870)	8,445	508,700	300,912	(207,788)
Other financing sources (uses):						
Operating transfers in	182,500	166,844	(15,656)	-	-	-
Operating transfers out	(10,000)	(10,000)	-	(242,105)	(491,074)	(248,969)
Total other financing sources (uses)	172,500	156,844	(15,656)	(242,105)	(491,074)	(248,969)
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,185	(4,026)	(7,211)	266,595	(190,162)	(456,757)
Fund balances, beginning	13,129	13,129	-	536,018	536,018	-
Fund balances, ending	$ 16,314	$ 9,103	$ (7,211)	$ 802,613	$ 345,856	$(456,757)

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA

Comparative statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type
Years Ended December 31, 2002 and 2001

	2002	2001
Operating revenues:		
Charges for services -		
Water charges	$115,646	$112,375
Sewer service charges	88,546	88,517
Sanitation charges	61,671	57,601
Miscellaneous	7,877	9,084
Total operating revenues	273,740	267,577
Operating expenses:		
Water department	116,467	137,077
Water depreciation	30,051	30,463
Sewer department	80,182	90,396
Sewer depreciation	35,572	35,248
Sanitation department	64,544	65,078
Total operating expenses	326,816	358,262
Operating loss	(53,076)	(90,685)
Nonoperating revenues (expenses):		
Interest income	2,997	6,740
Interest and fiscal charges	(4,823)	(5,933)
Total nonoperating income (expenses)	(1,826)	807
Net loss before operating transfers	(54,902)	(89,878)
Operating transfers in (out):		
Operating transfers in	56,053	8,700
Operating transfers out	-	(10,000)
Total operating transfers in (out)	56,053	(1,300)
Net income (loss)	1,151	(91,178)
Add: Depreciation of fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	49,264	49,264
Increase (decrease) in retained earnings	50,415	(41,914)
Retained earnings, beginning	354,534	396,448
Retained earnings, ending	$404,949	$354,534

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Fund Type
Years Ended December 31, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Operating loss	$ (53,076)	$ (90,685)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation	65,623	65,711
Changes in current assets and liabilities:		
Decrease (increase) in accounts receivable	(1,105)	539
Increase (decrease) in accounts payable	(8,256)	8,603
Increase in due to other governments	75	60
Total adjustments	56,337	74,913
Net cash provided (used) by operating activities	3,261	(15,772)
Cash flows from noncapital financing activities:		
Operating transfers (to) from other funds	56,053	(1,300)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(14,190)	-
Principal paid on revenue bond maturities	(23,000)	(22,000)
Interest paid on revenue bonds	(5,050)	(6,150)
Increase in meter deposits	221	1,694
Net cash used by capital and related financing activities	(42,019)	(26,456)
Cash flows from investing activities:		
Purchase of investments	(164,272)	(54,666)
Proceeds from maturities of investments	54,666	101,358
Interest received on interest-bearing deposits	2,997	6,741
Net cash provided (used) by investing activities	(106,609)	53,433

(continued)

TOWN OF ELTON, LOUISIANA

Comparative Statement of Cash Flows (Continued)
Proprietary Fund Type
Years Ended December 31, 2002 and 2001

	2002	2001
Net increase (decrease) in cash and cash equivalents	(89,314)	9,905
Cash and cash equivalents, beginning of period	111,293	101,388
Cash and cash equivalents, end of period	$ 21,979	$ 111,293
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	$ -	$ 25,394
Cash - restricted	-	17,036
Interest-bearing deposits - unrestricted	76,334	95,658
Interest-bearing deposits - restricted	89,625	64,658
Less: Certificates of deposit with a maturity over three months when purchased	(54,666)	(101,358)
Total cash and cash equivalents	111,293	101,388
Cash and cash equivalents, end of period -		
Cash - unrestricted	12,603	-
Interest-bearing deposits - unrestricted	65,282	76,334
Interest-bearing deposits - restricted	108,366	89,625
Less: Certificates of deposit with a maturity over three months when purchased	(164,272)	(54,666)
Total cash and cash equivalents	21,979	111,293
Net increase (decrease)	$ (89,314)	$ 9,905

The accompanying notes are an integral part of this statement.

(1) Summary of Significant Accounting Policies

The Town of Elton was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Elton conform to generally accepted accounting principles as applicable to governments. The Town applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Elton is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Elton for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and

   a. The ability to impose its will on that organization and/or

   b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.

2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

As required by generally accepted accounting principals, these financial statements present the Town of Elton (the primary government) and its component units. By applying the above criteria, there are no component units of the Town of Elton.

B. Fund Accounting

The accounts of the Town 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 comprise 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. Account groups are a reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The various funds and account groups are grouped, in the financial statements in this report, into five 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.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

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

Capital Projects Funds –

Capital projects funds are used to account for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds.

Proprietary Fund Type –

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; 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. The Town of Elton's enterprise fund is the Utility Fund.

Account Groups -

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Fund.

General Long-Term Debt Account Group

This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

C. 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 measurement 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. Sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on deposits. Franchise fees, licenses and permits, and fines are recognized when received because they are not objectively measurable.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at December 31, 2002 and 2001.

D. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets 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 or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets 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 not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. No depreciation has been provided on general fixed assets.

All purchased fixed assets are stated at historical cost or estimated historical costs if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

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

Utility System and Improvements	30-70 years
Equipment	5-10 years

E. Budget and Budgetary Accounting

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

1. Prior to December 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the period commencing the following January 1.

2. 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.

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

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

5. 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.

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

7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

G. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

H. Bad Debts

Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at December 31, 2002 and 2001.

I. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment; therefore, no liability has been recorded in the accounts as of December 31, 2002 and 2001.

J. Capitalization of Interest Expense

It is the policy of the Town of Elton to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. No interest was capitalized for the years ended December 31, 2002 and 2001.

K. Total Columns and 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.

L. 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 presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

M. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally separated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

N. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

O. Restricted Assets

The Utility Fund based on certain bond covenants, is required to establish and maintain amounts of resources (consisting of cash and temporary investments) that can be used to service outstanding debt.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2002, the Town had cash and interest-bearing deposits (book balances) totaling $1,440,570 as follows:

Demand deposits	$ 58,827
Money market accounts and certificates of deposit	1,381,743
Total	$1,440,570

These deposits are stated at cost, which approximates market. 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 bank. 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. Deposit balances (bank balances) at December 31, 2002 were secured as follows:

Bank balances	$1,534,273
Federal deposit insurance	$ 500,000
Pledged securities (Category 3)	1,034,273
Total FDIC insurance and pledged securities	$1,534,273

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessors of Jefferson Davis and Allen Parishes. Town property tax revenues are budgeted in the year billed.

For the year ended December 31, 2002, taxes of 14.44 mills were levied on property with assessed valuations totaling $3,098,951 and were dedicated as follows:

General corporate purposes	6.24 mills
Debt Service purposes:	
Sewer department	4.10 mills
Town sewer	4.10 mills
	14.44 mills

Total taxes levied were $44,750. Taxes receivable at December 31, 2002 and 2001 were $10,715 and $10,880, respectively.

(4) Interfund Receivables and Payables

	Interfund Receivable	Interfund Payable
General Fund	$ 696	$ 8,228
Special Revenue Funds	-	-
Debt Service Funds	8,228	9,377
Capital Projects Funds	9,377	-
Enterprise Fund	-	696
Totals	$ 18,301	$ 18,301

(5) Due from Other Governmental Units

The amount due from other governmental units consisted of the following at December 31, 2002:

	Total
Amount due from State of Louisiana for beer taxes earned for the fiscal year ending December 31, 2002	$ 852
Amount due from State of Louisiana for video poker revenue earned for the months of November and December, 2002	1,485
	$2,337

(6) Fixed Assets

A summary of changes in general fixed assets follows:

	Balance 01/01/02	Additions	Deletions	Balance 12/31/02
Land	$ 77,858	$ -	$ -	$ 77,858
Buildings	289,131	85,750	-	374,881
Improvements other than buildings	385,313	264,091	-	649,404
Equipment	213,861	51,763	-	265,624
Total general fixed assets	$966,163	$401,604	$ -	$1,367,767

A summary of proprietary fund type property, plant and equipment at December 31 follows:

	2002	2001
Water department:		
Land	$ 10,000	$ 10,000
Plant and lines	1,295,917	1,295,917
Equipment	32,276	31,381
Autos and trucks	11,250	11,250
Office equipment	16,056	16,056
Total	1,365,499	1,364,604
Sewer department:		
Plant and lines	2,191,347	2,191,347
Equipment	43,507	30,212
Autos and trucks	2,700	2,700
Office equipment	715	715
Total	2,238,269	2,224,974
Less: Accumulated depreciation	(1,233,417)	(1,167,794)
Net Utility Fund property, plant and equipment	$2,370,351	$2,421,784

(7) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31:

	2002	2001
Revenue bond sinking fund	$ 9,696	$ 10,197
Revenue bond reserve fund	27,641	25,969
Capital additions and contingency fund	19,874	18,367
Customers' deposits	51,155	35,092
Total restricted assets	$108,366	$ 89,625

(8) Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2002.

	General Obligation Bonds	Certificates of Indebtedness	Revenue Bonds	Total
Long-term debt payable, January 1, 2002	$ 62,000	$ 380,000	$ 101,000	$ 543,000
Long-term debt issued	-	800,000	-	800,000
Long-term debt retired	(14,000)	(30,000)	(23,000)	(67,000)
Long-term debt payable, December 31, 2002	$ 48,000	$1,150,000	$ 78,000	$ 1,276,000

Long-term debt payable at December 31, 2002, is comprised of the following individual issues:

General Obligation Bonds:

$224,000 Sewerage District No. 1 sewer bonds dated October 22, 1980; due in annual installments of $12,000 to $18,000 through October 22, 2005; interest at 5 percent; payable from ad valorem taxes	$ 48,000

Certificates of Indebtedness:

$380,000 certificates of indebtedness dated July 1, 2001; due in semi-annual installments of $15,000 to $25,000 through July 1, 2011; interest starting at 4.65 percent and increasing to 5.30 percent from July 1, 2001 through July 1, 2011; payable from sales taxes.	$ 350,000
$800,000 certificates of indebtedness dated October 1, 2002; due in semi-annual installments of $30,000 to $75,000 through July 1, 2008; interest starting at 3.65 percent and increasing to 4.05 percent from January 1, 2003 through July 1, 2008; payable from Coushatta Community Grant funds.	800,000
Total Certificate of Indebtedness	$ 1,150,000

Revenue Bonds:

$394,000 Sewer Utility Bonds dated October 22, 1980; due in annual installments of $22,000 to $27,000 through October 22, 2005; interest at 5 percent	$ 78,000

The annual requirements to amortize all debt outstanding at December 31, 2002 are as follows:

Year Ending December 31,	General Obligation Bonds		Certificates of Indebtedness		Revenue Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2003	$ 14,000	$2,400	$ 125,000	$ 39,939	$25,000	$3,900	$ 210,239
2004	16,000	1,700	160,000	42,116	26,000	2,650	248,466
2005	18,000	900	170,000	35,781	27,000	1,350	253,031
2006	-	-	180,000	28,693	-	-	208,693
2007	-	-	190,000	21,131	-	-	211,131
2008 - 2012	-	-	325,000	26,191	-	-	351,191
	$48,000	$5,000	$1,150,000	$193,851	$78,000	$7,900	$1,482,751

(9) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the 1975 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2002 collections $73,651; 2001 collections $68,447) are dedicated to the following purposes:

> Opening, constructing, paving, resurfacing, and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment and furnishings therefore; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana, title to which all shall be in the public.

Proceeds of a 1 percent sales and use tax (accounted for in the 1991 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (2002 collections $73,724; 2001 collections $68,448) are dedicated to the following purpose:

Maintenance, repair and upkeep of the streets in the Town of Elton, Louisiana and payment of the 2001 certificates of indebtedness.

(10) Flow of Funds; Restrictions on Use - Utilities Revenues

Revenue Bond

Under the terms of the Sewer Utility Revenue indenture dated October 22, 1980, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the sewer utility system, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Sewer Utility Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there shall have been accumulated in the reserve account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Sewer Utility Depreciation and Contingency Fund" at the rate of $118 each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

(11) Employee Retirement

All employees of the Town of Elton participate in the Social Security System. For the years ended December 31, 2002 and 2001, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employees). The Town's contribution during the years ended December 31, 2002 and 2001 amounted to $18,576 and $14,803, respectively.

(12) Segment Information for the Enterprise Fund

The Town of Elton maintains one enterprise fund with three departments that provide water, sewer and sanitation services. Segment information for the year ended December 31, 2002, was as follows:

	Water Department	Sewer Department	Sanitation Department	Total Enterprise Fund
Operating revenues	$123,523	$ 88,546	$61,671	$273,740
Operating expenses	146,518	115,754	64,544	326,816
Operating loss	$ (22,995)	$ (27,208)	$ (2,873)	$ (53,076)

(13) Contributed Capital

Amounts contributed to the Utility Fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

The sources of contributed capital used to acquire and construct facilities of the enterprise fund are as follows:

	Municipality	Federal Grants	State Grants	Total
Total contributed capital	$ 314,952	$ 2,050,360	$ 15,000	$ 2,380,312
Less: Accumulated amortization	-	331,017	667	331,684
Net contributed capital	$ 314,952	$ 1,719,343	$ 14,333	$ 2,048,628

(14) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2002 follows:

Roger D. Laughlin, Mayor	$15,600
Aldermen:	
Durffey Fontenot, Jr.	2,550
George Foster, Jr.	2,550
Clarence Lemoine, Jr.	2,550
Sherman Ortego	2,550
Mary Woods	2,350
	$28,150

(15) Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage for each of those risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses to the Town.

(16) Pending Litigation

There were several lawsuits pending against the Town of Elton involving monetary liability at December 31, 2002; however management and counsel believe insurance coverage is sufficient to pay any claims.

(17) Water Contract

Under a contract dated January 1, 2002, the Town of Elton is required to purchase its water from the East Allen Parish Waterworks District until December 31, 2002. During the fiscal year ended December 31, 2002, the Town's water purchases amounted to $48,620. These purchases included $3,933 owed at December 31, 2002 for water purchased for the month of December.

SUPPLEMENTARY INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

AND

ACCOUNT GROUPS

GENERAL FUND

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

TOWN OF ELTON, LOUISIANA
General Fund

Comparative Balance Sheet
December 31, 2002 and 2001

	2002	2001
ASSETS		
Cash	$ 15,704	$ 15,472
Receivables:		
Taxes	4,630	4,860
Due from other funds	696	20,696
Due from other governmental units	2,337	2,468
Total assets	$ 23,367	$ 43,496
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 6,036	$ 22,139
Due to other funds	8,228	8,228
Total liabilities	14,264	30,367
Fund balances:		
Unreserved, undesignated	9,103	13,129
Total liabilities and fund balances	$ 23,367	$ 43,496

TOWN OF ELTON, LOUISIANA
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual
Year Ended December 31, 2002
With Comparative Actual Amounts for Year Ended December 31, 2001

	2002			
	Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual
Revenues:				
Taxes	$ 74,500	$ 73,126	$ (1,374)	$ 76,044
Licenses and permits	42,000	39,542	(2,458)	36,570
Intergovernmental	46,780	48,546	1,766	60,465
Fines and forfeits	47,000	45,624	(1,376)	30,638
Miscellaneous	17,800	25,627	7,827	23,333
Total revenues	228,080	232,465	4,385	227,050
Expenditures:				
Current -				
General government	117,295	112,974	4,321	108,232
Public safety - police	149,025	146,210	2,815	140,694
Highways and streets	105,070	103,500	1,570	66,531
Parks and recreation	2,850	2,723	127	2,629
Animal control	7,340	5,069	2,271	5,098
Capital outlay	15,815	22,859	(7,044)	27,118
Total expenditures	397,395	393,335	4,060	350,302
Deficiency of revenues over expenditures	(169,315)	(160,870)	8,445	(123,252)
Other financing sources (uses):				
Operating transfers in	182,500	166,844	(15,656)	127,166
Operating transfers out	(10,000)	(10,000)	-	-
Total other financing sources (uses)	172,500	156,844	(15,656)	127,166
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,185	(4,026)	(7,211)	3,914
Fund balances, beginning	13,129	13,129	-	9,215
Fund balances, ending	$ 16,314	$ 9,103	$ (7,211)	$ 13,129

TOWN OF ELTON, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)
Year Ended December 31, 2002
With Comparative Actual Amounts for Year Ended December 31, 2001

	2002			
	Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual
Taxes:				
Ad valorem	$ 19,500	$ 19,166	$ (334)	$ 18,851
Franchise tax	55,000	53,960	(1,040)	57,193
Total taxes	74,500	73,126	(1,374)	76,044
Licenses and permits:				
Occupational licenses	42,000	39,542	(2,458)	36,570
Intergovernmental:				
State of Louisiana -				
State revenue sharing	6,000	5,901	(99)	6,031
Beer taxes	4,300	4,090	(210)	3,088
Video poker	18,900	17,735	(1,165)	17,149
Supplemental pay	10,800	14,040	3,240	10,800
Grants	2,880	2,880	-	19,497
Jeff Davis Parish Police Jury	3,900	3,900	-	3,900
Total intergovernmental	46,780	48,546	1,766	60,465
Fines and forfeits	47,000	45,624	(1,376)	30,638
Miscellaneous:				
Interest income	300	258	(42)	326
Fire protection fees	6,500	6,476	(24)	6,378
Other	11,000	18,893	7,893	16,629
Total miscellaneous	17,800	25,627	7,827	23,333
Total revenues	$228,080	$232,465	$ 4,385	$227,050

TOWN OF ELTON, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended December 31, 2002
With Comparative Actual Amounts for Year Ended December 31, 2001

	2002			
	Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual
Current:				
General government -				
Coroner fees	$ 500	$ 350	$ 150	$ 1,422
Dues and subscriptions	850	920	(70)	1,233
Fire assessments	6,500	6,476	24	6,378
Insurance	26,510	19,813	6,697	22,082
Janitorial supplies	3,500	3,651	(151)	3,899
Legal and professional	10,000	10,441	(441)	6,135
Mayor's expense	2,000	2,226	(226)	1,398
Miscellaneous	850	2,355	(1,505)	2,247
Office expenditures	5,450	7,087	(1,637)	7,243
Payroll taxes	3,185	3,234	(49)	3,003
Publishing and recording	1,400	623	777	385
Rent - fire hydrant	3,900	3,900	-	3,900
Salaries	41,600	41,229	371	36,749
Telephone	3,500	2,937	563	3,202
Meetings, workshops, and conventions	650	604	46	314
Repairs and maintenance	900	1,341	(441)	2,541
Utilities	6,000	5,787	213	6,101
Total general government	117,295	112,974	4,321	108,232
Public safety - police -				
Auto expenditures	10,000	4,337	5,663	12,943
Insurance	7,000	6,988	12	6,809
Salaries	96,200	99,135	(2,935)	92,243
Miscellaneous	150	574	(424)	286
Payroll taxes	9,600	7,652	1,948	7,410
Prisoners' expenditures	2,000	2,720	(720)	1,850
Supplies	2,700	3,000	(300)	3,689
Repairs and maintenance	15,000	15,150	(150)	8,950
State court costs	1,500	1,493	7	1,002
Training academy	1,200	1,799	(599)	239
Telephone	3,000	2,630	370	4,156
Uniforms	675	732	(57)	1,117
Total public safety	149,025	146,210	2,815	140,694

(continued)

TOWN OF ELTON, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended December 31, 2002
With Comparative Actual Amounts for Year Ended December 31, 2001

	2002			
	Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual
Highways and streets -				
Auto expenditures	2,200	2,037	163	2,365
Insurance	2,000	2,292	(292)	554
Miscellaneous	100	254	(154)	764
Payroll taxes	2,670	2,811	(141)	669
Repairs and maintenance	50,000	45,461	4,539	38,027
Salaries	34,900	35,959	(1,059)	8,550
Supplies	600	580	20	425
Utilities	12,600	14,106	(1,506)	15,177
Total highways and streets	105,070	103,500	1,570	66,531
Parks and recreation -				
Miscellaneous	-	-	-	-
Repairs and maintenance	1,600	1,537	63	577
Utilities	1,250	1,186	64	2,052
Total parks and recreation	2,850	2,723	127	2,629
Animal control -				
Insurance	250	273	(23)	242
Payroll taxes	290	290	-	275
Salaries	3,800	3,740	60	3,000
Supplies	3,000	766	2,234	1,581
Total animal control	7,340	5,069	2,271	5,098
Capital outlay:				
General government -				
Equipment	425	-	425	3,995
Public safety - police				
Equipment	8,750	9,287	(537)	23,123
Improvements	6,640	-	6,640	-
Highways and streets -				
Equipment	-	11,442	(11,442)	-
Animal control -				
Equipment	-	2,130	(2,130)	-
Total capital outlay	15,815	22,859	(7,044)	27,118
Total expenditures	$397,395	$393,335	$ 4,060	$350,302

SPECIAL REVENUE FUNDS

1975 Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishing thereof; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana.

1991 Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the maintenance, repairs, and upkeep of streets in the Town of Elton, Louisiana.

Coushatta Tribe Community Grant Fund

To assist in the construction, maintenance and repair of Elton public schools and to assist with the purchase of books, equipment and supplies to further the educational needs of students attending Elton public schools; to provide fire protection to the reservation of the Coushatta Tribe of Louisiana; to assist in the furnishing of municipal police services; to assist in the construction, maintenance and repair of municipal infrastructure and housing.

TOWN OF ELTON, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
December 31, 2002
With Comparative Totals for December 31, 2001

	1975 Sales Tax	1991 Sales Tax	Coushatta Tribe Community Grant Fund	Totals 2002	Totals 2001
ASSETS					
Cash	$ 5,355	$ 25,165	$ -	$ 30,520	$ 525,529
Interest-bearing deposits	-	-	188,639	188,639	55,420
Grant receivable	-	-	137,365	137,365	227,500
Taxes receivable	5,461	5,461	-	10,922	10,340
Total assets	$ 10,816	$ 30,626	$ 326,004	$ 367,446	$ 818,789
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governments	$ -	$ -	$ 21,590	$ 21,590	$ 176,117
Due to 2001 Capital Projects	-	-	-	-	86,654
Due to General Fund	-	-	-	-	20,000
Total liabilities	-	-	21,590	21,590	282,771
Fund balances:					
Designated for street improvements	-	30,626	-	30,626	28,845
Unreserved, undesignated	10,816	-	304,414	315,230	507,173
Total fund balances	10,816	30,626	304,414	345,856	536,018
Total liabilities and fund balances	$ 10,816	$ 30,626	$ 326,004	$ 367,446	$ 818,789

TOWN OF ELTON, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual
Year Ended December 31, 2002
With Comparative Actual Amounts for Year Ended December 31, 2001

	1975 Sales Tax			1991 Sales Tax		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable
Revenues:						
Taxes	$ 71,600	$ 73,651	$ 2,051	$ 71,600	$ 73,724	$ 2,124
Intergovernmental - state grant	-	-	-	-	-	-
Community grant revenue	-	-	-	-	-	-
Miscellaneous - interest	-	-	-	6,000	456	(5,544)
Total revenues	71,600	73,651	2,051	77,600	74,180	(3,420)
Expenditures:						
Current -						
General government:						
Repairs and maintenance	-	-	-	-	-	-
Professional fees	3,500	2,100	1,400	3,500	1,850	1,650
Collection fees	2,000	1,663	337	2,000	1,663	337
Miscellaneous	100	44	56	100	2	98
Total general government	5,600	3,807	1,793	5,600	3,515	2,085
Capital outlay -						
Highways and streets:						
Bridge repair	-	-	-	-	-	-
Building						
Equipment and improvements	-	-	-	-	-	-
General government:						
Equipment and improvements	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Land	-	-	-	-	-	-
Public safety - police and fire:						
Equipment - police	-	-	-	-	-	-
Equipment - fire	-	-	-	-	-	-
Culture and recreation:						
Building - roof	-	-	-	-	-	-
Improvements	-	-	-	-	-	-
Public schools	-	-	-	-	-	-
Total capital outlay	-	-	-	-	-	-
Total expenditures	5,600	3,807	1,793	5,600	3,515	2,085
Excess of revenues over expenditures	66,000	69,844	3,844	72,000	70,665	(1,335)
Other financing sources (uses):						
Operating transfers to General Fund	(65,000)	(68,000)	(3,000)	-	-	-
Operating transfers to Utility Fund	(10,500)	(10,500)	-	-	-	-
Operating transfers to Debt Service Fund	-	-		(49,105)	(73,291)	(24,186)
Operating transfers to Capital Projects Fund	-	-	-	-	-	-
Operating transfer from Capital Projects Fund	-	-	-	-	4,407	4,407
Total other financing sources (uses)	(75,500)	(78,500)	(3,000)	(49,105)	(68,884)	(19,779)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(9,500)	(8,656)	844	22,895	1,781	(21,114)
Fund balances, beginning	19,472	19,472	-	28,845	28,845	-
Fund balances, ending	$ 9,972	$ 10,816	$ 844	$ 51,740	$ 30,626	$ (21,114)

Coushatta Tribe Community Grant Fund			2002 Totals			
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	2001 Actual
$ -	$ -	$ -	$ 143,200	$ 147,375	$ 4,175	$ 136,895
29,700	29,700	-	29,700	29,700	-	-
910,000	764,295	(145,705)	910,000	764,295	(145,705)	1,010,000
2,500	2,483	(17)	8,500	2,939	(5,561)	3,891
942,200	796,478	(145,722)	1,091,400	944,309	(147,091)	1,150,786
44,500	103,453	(58,953)	44,500	103,453	(58,953)	24,728
-	-	-	7,000	3,950	3,050	5,330
-	-	-	4,000	3,326	674	3,093
1,000	1,018	(18)	1,200	1,064	136	1,254
45,500	104,471	(58,971)	56,700	111,793	(55,093)	34,405
-	-	-	-	-	-	48,001
-	85,750	(85,750)	-	85,750	(85,750)	-
310,000	259,288	50,712	310,000	259,288	50,712	-
-	-	-	-	-	-	73,439
-	-	-	-	-	-	31,214
-	-	-	-	-	-	40,000
29,000	28,904	96	29,000	28,904	96	30,830
54,600	45,858	8,742	54,600	45,858	8,742	54,600
-	-	-	-	-	-	3,792
5,000	4,803	197	5,000	4,803	197	-
127,400	107,001	20,399	127,400	107,001	20,399	127,400
526,000	531,604	(5,604)	526,000	531,604	(5,604)	409,276
571,500	636,075	(64,575)	582,700	643,397	(60,697)	443,681
370,700	160,403	(210,297)	508,700	300,912	(207,788)	707,105
(117,500)	(98,844)	18,656	(182,500)	(166,844)	15,656	(117,166)
-	(35,553)	(35,553)	(10,500)	(46,053)	(35,553)	(8,700)
-	(209,293)	(209,293)	(49,105)	(282,584)	(233,479)	(50,970)
-	-	-	-	-	-	(86,654)
-	-	-	-	4,407	4,407	-
(117,500)	(343,690)	(226,190)	(242,105)	(491,074)	(248,969)	(263,490)
253,200	(183,287)	(436,487)	266,595	(190,162)	(456,757)	443,615
487,701	487,701	-	536,018	536,018	-	92,403
$ 740,901	$ 304,414	$ (436,487)	$ 802,613	$ 345,856	$ (456,757)	$ 536,018

DEBT SERVICE FUNDS

Public Improvement Bonds dated 10/22/80

To accumulate monies for payment of the 1980 $224,000 Public Improvement Sewer Bonds. Debt Service is financed by the levy of a specific ad valorem tax.

Certificates of Indebtedness, Series 2001

To accumulate monies for payment of the 2001 $380,000 Certificates of Indebtedness. Debt service is financed by the levy of a 1% sales and use tax.

Certificates of Indebtedness, Series 2002

To accumulate monies for payment of the 2002 $800,000 Certificates of Indebtedness. Debt service is financed by the Coushatta Community Grant.

TOWN OF ELTON, LOUISIANA
Debt Service Funds

Combining Balance Sheet
December 31, 2002
With Comparative Totals for December 31, 2001

	1980 Public Improvement Bond	2001 Certificates of Indebtedness	2002 Certificates of Indebtedness	Totals 2002	Totals 2001
ASSETS					
Interest-bearing deposits	$ 57,273	$ -	$ 171,560	$ 228,833	$ 51,533
Cash with paying agent	-	23,820	37,713	61,533	-
Receivables					
Taxes	6,085	-	-	6,085	6,020
Due from other funds	8,228	-	-	8,228	8,228
Total assets	$ 71,586	$ 23,820	$ 209,273	$ 304,679	$ 65,781
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Capital Projects Fund	$ -	$ -	$ 9,377	$ 9,377	$ -
Fund balances:					
Reserved for debt service	71,586	23,820	199,896	295,302	65,781
Total liabilities and fund balances	$ 71,586	$ 23,820	$ 209,273	$ 304,679	$ 65,781

TOWN OF ELTON, LOUISIANA
Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2002
With Comparative Totals for Year Ended December 31, 2001

	1980 Public Improvement Bond	2001 Certificates of Indebtedness	2002 Certificates of Indebtedness	Totals 2002	Totals 2001
Revenues:					
Taxes -					
Ad valorem	$ 23,603	$ -	$ -	$ 23,603	$ 23,112
Miscellaneous -					
Interest on deposits	1,115	-	3,248	4,363	1,861
Total revenues	24,718	-	3,248	27,966	24,973
Expenditures:					
Current -					
General government:					
Miscellaneous	-	785	405	1,190	-
Professional fees	1,813	-	12,220	14,033	8,356
Total general government	1,813	785	12,625	15,223	8,356
Debt service -					
Principal retirement	14,000	30,000	-	44,000	65,000
Interest	3,100	18,686	20	21,806	5,563
Total debt service	17,100	48,686	20	65,806	70,563
Total expenditures	18,913	49,471	12,645	81,029	78,919
Excess (deficiency) of revenues over expenditures	5,805	(49,471)	(9,397)	(53,063)	(53,946)
Other financing sources:					
Operating transfers in	-	73,291	209,293	282,584	50,970
Excess (deficiency) of revenues and other sources over expenditures	5,805	23,820	199,896	229,521	(2,976)
Fund balances, beginning	65,781	-	-	65,781	68,757
Fund balances, ending	$ 71,586	$ 23,820	$ 199,896	$ 295,302	$ 65,781

CAPITAL PROJECTS FUND

Louisiana Community Development Block Grant Fund (LCDBG)

To account for the administration of grant funds received from the State of Louisiana Division of Administration for housing rehabilitation.

Drainage Improvements Fund

To account for the $800,000 proceeds from the 2002 Certificates of Indebtedness to be used for drainage improvements.

TOWN OF ELTON, LOUISIANA
Capital Projects Funds

Combining Balance Sheet
December 31, 2002
With Comparative Totals for December 31, 2001

	LCDBG Grant Fund	Drainage Improvements Fund	Totals 2002	Totals 2001
ASSETS				
Cash	$ -	$ -	$ -	$ 285,881
Interest-bearing deposit	-	790,623	790,623	-
Grant receivable	22,795	-	22,795	-
Due from other funds	-	9,377	9,377	86,654
Total assets	$ 22,795	$ 800,000	$ 822,795	$ 372,535
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 22,795	$ -	$ 22,795	$ -
Contracts payable	-	-	-	319,340
Retainage payable	-	-	-	41,700
Total liabilities	22,795	-	22,795	361,040
Fund balances:				
Designated	-	800,000	800,000	11,495
Total liabilities and fund balances	$ 22,795	$ 800,000	$ 822,795	$ 372,535

TOWN OF ELTON, LOUISIANA
Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2002
With Comparative Totals for Year Ended December 31, 2001

	LCDBG Grant Fund	Drainage Improvement Fund	Totals 2002	Totals 2001
Revenues:				
Intergovernmental revenue - federal grant	$ 71,551	$ -	$ 71,551	$ 272,256
Miscellaneous - interest	-	789	789	5,022
Total revenues	71,551	789	72,340	277,278
Expenditures:				
Capital outlay -				
Construction costs	-	7,852	7,852	710,965
Cost relocation	58,633	-	58,633	-
Administration and other	12,918	25	12,943	21,479
Total expenditures	71,551	7,877	79,428	732,444
Deficiency of revenues over expenditures	-	(7,088)	(7,088)	(455,166)
Other financing sources (uses):				
Operating transfers in	-	-	-	86,654
Operating transfers out		(4,407)	(4,407)	-
Proceeds from issuance of debt	-	800,000	800,000	380,000
Total other financing sources (uses)	-	795,593	795,593	466,654
Excess of revenues and other sources over expenditures and other uses	-	788,505	788,505	11,488
Fund balances, beginning	-	11,495	11,495	7
Fund balances, ending	$ -	$ 800,000	$ 800,000	$ 11,495

ENTERPRISE FUND

Utility Fund -
To account for the provision of water, sewer and sanitation (garbage) services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing related debt service, and billing and collection.

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Balance Sheet
December 31, 2002 and 2001

	2002	2001
ASSETS		
Current assets:		
Cash	$ 12,603	$ -
Interest-bearing deposits	65,282	76,334
Receivables -		
Accounts	22,949	21,844
Total current assets	100,834	98,178
Restricted assets:		
Revenue bond and interest sinking fund -		
Interest-bearing deposits	9,696	10,197
Revenue bond reserve fund -		
Interest-bearing deposits	27,641	25,969
Capital additions and contingencies fund -		
Interest-bearing deposits	19,874	18,367
Customers' deposits -		
Interest-bearing deposits	51,155	35,092
Total restricted assets	108,366	89,625
Property, plant and equipment, at cost, net of accumulated depreciation (2002 $1,233,417; 2001 $1,167,794)	2,370,351	2,421,784
Total assets	$2,579,551	$2,609,587

	2002	2001
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	$ 10,501	$ 18,757
Due to other funds	696	696
Due to other governmental units	2,237	2,162
Total current liabilities (payable from current assets)	13,434	21,615
Current liabilities (payable from restricted assets) -		
Revenue bonds payable	25,000	23,000
Interest payable	769	996
Customers' deposits	33,771	33,549
Total current liabilities (payable from restricted assets)	59,540	57,545
Long-term liabilities -		
Revenue bonds payable	53,000	78,000
Total liabilities	125,974	157,160
Fund equity:		
Contributed capital -		
Federal government, net of accumulated amortization	1,719,343	1,768,358
State government, net of accumulated amortization	14,333	14,583
Municipality	314,952	314,952
Total contributed capital	2,048,628	2,097,893
Retained earnings -		
Reserved for revenue bond retirement	31,442	50,152
Unreserved	373,507	304,382
Total retained earnings	404,949	354,534
Total fund equity	2,453,577	2,452,427
Total liabilities and fund equity	$2,579,551	$2,609,587

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Years Ended December 31, 2002 and 2001

	2002	2001
Operating revenues:		
Charges for services -		
Water charges	$ 115,646	$ 112,375
Sewer charges	88,546	88,517
Sanitation charges	61,671	57,601
Miscellaneous	7,877	9,084
Total operating revenues	273,740	267,577
Operating expenses:		
Water department	146,518	167,540
Sewer department	115,754	125,644
Sanitation department	64,544	65,078
Total operating income (expenses)	326,816	358,262
Operating loss	(53,076)	(90,685)
Nonoperating revenues (expenses):		
Interest income	2,997	6,740
Interest and fiscal charges	(4,823)	(5,933)
Total nonoperating income (expenses)	(1,826)	807
Loss before operating transfers	(54,902)	(89,878)
Operating transfers in (out):		
Operating transfers in	56,053	8,700
Operating transfers out	-	(10,000)
Total operating transfers in (out)	56,053	(1,300)
Net income (loss)	1,151	(91,178)
Add: Depreciation of fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	49,264	49,264
Increase (decrease) in retained earnings	50,415	(41,914)
Retained earnings, beginning	354,534	396,448
Retained earnings, ending	$ 404,949	$ 354,534

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Operating Expenses by Department
Years Ended December 31, 2002 and 2001

	2002	2001
Water department:		
Bad debts	$ 1,623	$ -
Bank charges	586	250
Depreciation	30,051	30,463
Insurance	3,376	3,274
Legal and professional fees	4,264	1,825
Office	2,506	2,922
Payroll taxes	3,066	2,708
Repairs and maintenance	10,781	32,830
Salaries	40,436	37,340
Supplies	-	3,329
Truck	431	971
Utilities	778	1,047
Water purchases	48,620	50,581
Total water department	146,518	167,540
Sewer department:		
Bad debts	1,137	1,089
Bank charges	169	269
Depreciation	35,572	35,248
Insurance	3,745	3,854
Legal and professional fees	4,491	2,162
Miscellaneous	704	-
Office	100	128
Payroll taxes	1,022	993
Repairs and maintenance	24,139	37,902
Supplies	5,683	1,469
Salaries	13,487	15,845
Sewer analysis	3,673	1,812
Utilities	21,832	24,873
Total sewer department	115,754	125,644

(continued)

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Operating Expenses by Department (Continued)
Years Ended December 31, 2002 and 2001

	2002	2001
Sanitation department:		
Bad debts	1,220	-
Bank charges	130	318
Collection fees	63,194	64,760
Total sanitation department	64,544	65,078
Total operating expenses	$326,816	$358,262

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
Years Ended December 31, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Operating loss	$ (53,076)	$ (90,685)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation	65,623	65,711
Changes in current assets and liabilities:		
Decrease (increase) in accounts receivable	(1,105)	539
Increase (decrease) in accounts payable	(8,256)	8,603
Increase in due to other governments	75	60
Total adjustments	56,337	74,913
Net cash provided (used) by operating activities	3,261	(15,772)
Cash flows from noncapital financing activities:		
Operating transfers (to) from other funds	56,053	(1,300)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(14,190)	-
Principal paid on revenue bond maturities	(23,000)	(22,000)
Interest paid on revenue bonds	(5,050)	(6,150)
Increase in meter deposits	221	1,694
Net cash used by capital and related financing activities	(42,019)	(26,456)
Cash flows from investing activities:		
Purchase of investments	(164,272)	(54,666)
Proceeds from maturities of investments	54,666	101,358
Interest received on interest-bearing deposits	2,997	6,741
Net cash provided (used) by investing activities	(106,609)	53,433

(continued)

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows (Continued)
Years Ended December 31, 2002 and 2001

	2002	2001
Net increase (decrease) in cash and cash equivalents	(89,314)	9,905
Cash and cash equivalents, beginning of period	111,293	101,388
Cash and cash equivalents, end of period	$ 21,979	$111,293
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	$ -	$ 25,394
Cash - restricted	-	17,036
Interest-bearing deposits - unrestricted	76,334	95,658
Interest-bearing deposits - restricted	89,625	64,658
Less: Certificates of deposit with a maturity over three months when purchased	(54,666)	(101,358)
Total cash and cash equivalents	111,293	101,388
Cash and cash equivalents, end of period -		
Cash - unrestricted	12,603	-
Interest-bearing deposits - unrestricted	65,282	76,334
Interest-bearing deposits - restricted	108,366	89,625
Less: Certificates of deposit with a maturity over three months when purchased	(164,272)	(54,666)
Total cash and cash equivalents	21,979	111,293
Net increase (decrease)	$ (89,314)	$ 9,905

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service
Year Ended December 31, 2002

	Bond and Interest Sinking	Bond Reserve	Capital Additions and Contingencies	Total
Cash and interest-bearing deposits, January 1, 2002	$ 10,197	$ 25,969	$ 18,367	$ 54,533
Cash receipts:				
Transfers from operating cash	27,295	1,413	1,416	30,124
Interest on deposits	254	259	91	604
Total cash receipts	27,549	1,672	1,507	30,728
Total cash and interest-bearing deposits	37,746	27,641	19,874	85,261
Cash disbursements:				
Principal payment	23,000	-	-	23,000
Interest payments	5,050	-	-	5,050
Total cash disbursements	28,050	-	-	28,050
Cash and interest-bearing deposits, December 31, 2002	$ 9,696	$ 27,641	$ 19,874	$ 57,211

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF ELTON, LOUISIANA

Comparative Statement of General Fixed Assets
December 31, 2002 and 2001

	2002	2001
General fixed assets, at cost:		
Land	$ 77,858	$ 77,858
Buildings	374,881	289,131
Improvements other than buildings	649,404	385,313
Equipment	265,624	213,861
Total general fixed assets	$1,367,767	$966,163
Investment in general fixed assets:		
Property acquired from -		
General Fund revenues	$ 187,749	$167,989
Federal revenue sharing funds	30,854	30,854
Special revenue fund revenues	625,362	246,617
Debt service fund revenues	25,000	25,000
Assessment certificates	111,041	111,041
Federal grants	19,963	19,963
State grants	329,718	326,619
Private gifts	38,080	38,080
Total investment in general fixed assets	$1,367,767	$966,163

TOWN OF ELTON, LOUISIANA

Statement of Changes in General Fixed Assets
Year Ended December 31, 2002

	Land	Buildings	Improvements Other Than Buildings	Equipment	Total
General fixed assets, beginning of year	$77,858	$289,131	$385,313	$213,861	$ 966,163
Additions:					
General Fund revenues	-	-	-	19,760	19,760
Special Revenue Fund revenues	-	85,750	264,091	28,904	378,745
State grant revenues	-	-	-	3,099	3,099
Total additions	-	85,750	264,091	51,763	401,604
Deletions	-	-	-	-	-
General fixed assets, end of year	$77,858	$374,881	$649,404	$265,624	$1,367,767

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 ELTON, LOUISIANA

Comparative Statement of General Long-Term Debt
December 31, 2002 and 2001

	1980 Public Improvement Bond	2001 Certificates of Indebtedness	2002 Certificates of Indebtedness	Totals 2002	Totals 2001
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT					
Amount available in debt service funds for retirement	$ 48,000	$ -	$ 171,560	$ 219,560	$ 62,000
Amount to be provided from -					
Coushatta community grant funds	-	-	628,440	628,440	-
Sales taxes	-	350,000	-	350,000	380,000
Total available and to be provided	$ 48,000	$ 350,000	$ 800,000	$ 1,198,000	$ 442,000
GENERAL LONG-TERM DEBT PAYABLE					
General obligation bonds payable	$ 48,000	$ -	$ -	$ 48,000	$ 62,000
Certificates of indebtedness payable	-	350,000	800,000	1,150,000	380,000
Total general long-term debt payable	$ 48,000	$ 350,000	$ 800,000	$ 1,198,000	$ 442,000

COMPLIANCE

AND

INTERNAL CONTROL

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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 Roger D. Laughlin, Mayor
and members of the Board of Aldermen
Town of Elton, Louisiana

We have audited the general purpose financial statements of the Town of Elton, Louisiana (the Town) as of and for the year ended December 31, 2002, and have issued our report thereon dated June 4, 2003. We conducted our audit in accordance with auditing standards, and the standards generally accepted in the United States of America 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'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 statement 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 02-1 (C) – 02-4 (C). We also noted an inmaterial instance of noncompliance that we have reported to management in a separate letter dated June 4, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town'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 a reportable condition. 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 Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described as 02-1(IC) in the accompanying summary schedule of current and prior year audit findings and corrective action plan.

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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 the reportable condition described above is a material weakness.

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

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
June 4, 2003

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
December 31, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (12/31/02) --						
Compliance						
02-1 (C)	2002	Town resources were used to perform work and make improvements to private property in violation of Article VII, Section 14 (A) of the Louisiana constitution. The town paid $9,605 to a local contractor for work that was performed on private property.	Yes	The Town's new mayor, appointed on June 9, 2003 and the new council that took office January 1, 2003, concur with this finding. The mayor and council are reviewing operations and making improvements to ensure use of town resources are not used for private purposes in violation of Article VII, section 14(A).	Verian Ortego, Assistant Town Clerk	2003
02-2 (C)	2002	The town failed to comply with R. S. 38:2212 by failing to bid out services paid out to a contractor. Total fees paid to the contractor amounted to over $80,000. Additionally the town failed to obtain three quotes in the purchase of a police dog amounting to $9,460 in violation of R. S. 38:2212.	Yes	The Town concurs with this finding and the new mayor and council intend to fully comply with the public bid law in future transactions.	Verian Ortego, Assistant Town Clerk	2003

(Continued)

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
December 31, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
02-3 (C)	2002	The town failed to comply with R.S. 39:1311 because actual revenues failed to meet budgeted revenues by five percent and actual expenditures exceeded budgeted expenditures by five percent in the Coushatta Tribe Community Grant Special Revenue Fund.	Yes	The town concurs with this finding. The new mayor and council intend to update its bookkeeping procedures to fully utilize its computer system so that up-to-date financial information will be available. Revenues and expenditures will be monitored on a monthly basis to comply with R. S. 39:1311.	Verian Ortego, Assistant Town Clerk	2003
02-4 (C)	2002	The town violated R. S. 42:1112 A and B of the ethics laws for public officals and public employees by purchasing real property from a town employee.	Yes	The town concurs with this finding and intends to fully comply with R. S. 42:1112 in the future.	Verian Ortego, Assistant Town Clerk	2003

(Continued)

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
December 31, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (12/31/02) --						
Internal Control						
02-1 (IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Verian Ortego, Assistant Town Clerk	N/A
Management Letter						
02-1(ML)	2002	The Town should review its procedures regarding adjustment of fines in city court. Per the Town's policy, only the magistrate who is a local attorney, can reduce fines with cause. The mayor should not be involved in this process.	Yes	The town concurs with this finding and will not allow adjustment of fines by the mayor.	Verian Ortego, Assistant Town Clerk	2003
PRIOR YEAR (12/31/01)--						
Internal Control						
01-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Verian Ortego, Assistant Town Clerk	N/A

(Continued)

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ELTON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2002

Records maintained by the Town indicated the following number of customers were being served during the months of December, 2002 and 2001:

Department	2002	2001
Water (metered)	536	527
Sewer	496	491
Garbage	510	523

TOWN OF ELTON, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds
December 31, 2002

	Financial Institution	Maturity Date	Interest Rate	Amount
Special Revenue Fund:				
Coushatta Tribe Community Grant Fund -				
Money market account	(A)	N/A	variable	$ 188,639
Debt Service Funds:				
1980 Public Improvement Bond Fund -				
Certificate of Deposit	(A)	03/24/03	2.00%	18,084
Certificate of Deposit	(A)	04/11/03	2.00%	16,610
Money market account	(A)	N/A	variable	22,579
2002 Certificate of Indebtedness Bond Fund -				
Money market account	(H)	N/A	variable	171,560
Total Debt Service Funds				228,833
Capital Projects Fund:				
Drainage Improvement Fund -				
Money market account	(J)	N/A	variable	790,623
Utility Fund:				
Unrestricted assets -				
Certificate of Deposit	(A)	12/10/03	1.61%	45,679
Certificate of Deposit	(A)	12/10/03	1.61%	10,227
Money market account	(A)	N/A	variable	9,376
Total unrestricted assets				65,282
Restricted assets -				
Certificate of Deposit	(A)	02/03/03	2.10%	15,954
Certificate of Deposit	(A)	12/10/03	1.61%	10,000
Certificate of Deposit	(A)	10/05/03	2.25%	2,827
Certificate of Deposit	(A)	09/29/03	2.25%	5,769
Certificate of Deposit	(A)	10/03/03	1.25%	2,589
Certificate of Deposit	(A)	10/17/03	2.05%	3,100
Certificate of Deposit	(A)	01/30/03	2.00%	3,035
Certificate of Deposit	(A)	03/02/03	2.00%	2,881
Certificate of Deposit	(A)	09/06/03	1.26%	2,500
Certificate of Deposit	(A)	12/04/03	1.61%	2,500
Money market account	(H)	N/A	variable	19,874
Money market account	(A)	N/A	variable	27,641
Money market account	(A)	N/A	variable	9,696
Total restricted assets				108,366
Total Utility Fund				173,648
Total - all funds				$1,381,743

Investments with:

(A) American Bank, Welsh, Louisiana

(H) Hibernia National Bank, New Orleans, Louisiana

(J) Jeff Davis Bank, Jennings, Louisiana

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
December 31, 2002

Description of Coverage	Coverage Amounts
Workmen's Compensation:	Statutory
Employer's liability - accident	$ 100,000
Employer's liability - disease limit	500,000
Employer's liability - disease each employee	100,000
All risk coverage on water tower	130,000
Sewer equipment coverage	257,107
Surety Bonds:	
Mayor/Council	80,000
Town clerk	30,000
Assistant town clerk	7,000
Fire and wind coverage on Town of Elton buildings:	
Senior citizens building	25,000
City hall and police station	218,000
Contents of city hall and police station	15,000
Old depot building	50,000
Law enforcement and officer liability:	
All coverage (other than products - completed operations and errors and omissions injury) aggregate	500,000
Error or omission, aggregate	500,000
Automobile coverage:	
General liability, aggregate	500,000
Bodily injury and property damage	1,000
Uninsured motorist	50,000
Commercial:	
General liability, aggregate	500,000