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Town of Addis, Louisiana

Annual Financial Statements

Year ended December 31, 1998

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Release Date 7-14-99

Town of Addis, Louisiana
Annual Financial Statements
Year ended December 31, 1998

Table of Contents

	Exhibit	Page
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS		1
GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements Overview)		
Combined Balance Sheet - All fund types and account groups	A	2 - 3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All governmental fund types	B	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	C	5
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Types - Enterprise Fund - Sewer Fund	D	6
Combined Statement of Cash Flows - Proprietary Fund Types - Enterprise Fund - Sewer Fund	E	7
Notes to the Financial Statements		8 - 15
SUPPLEMENTARY INFORMATION	Schedule	
Schedule of Per Diem Paid to Council Members	1	16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	2	17 - 19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		20 - 21

W. Kathleen Beard
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Carroll P. Bourgeois, Mayor
and Members of the Board of Aldermen
Addis, Louisiana

I have audited the accompanying general purpose financial statements of the Town of Addis, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 evaluation the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Addis, Louisiana as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 25, 1999, on my consideration of the Town of Addis, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The financial information listed as "Schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Addis, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to such statements taken as a whole.



W. Kathleen Beard
Certified Public Accountant
June 25, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(Combined Statements Overview)

Town of Addis, Louisiana
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 1998
 with Comparative Totals for December 31, 1997

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
ASSETS			
Cash on hand and in banks	\$194,422	\$908	\$133
Cash investments	352,928	0	0
Receivables -			
Sales tax	44,742	0	0
Intergovernmental -			
Beer, tobacco & video poker taxes	6,391	0	0
Grants funds	24,823	0	25,401
Franchise fees	15,260	0	0
Accounts/other	0	0	0
Due from other funds	609	0	0
Advance to Sanitation - Sewer Project	688,841	0	0
Prepays	0	0	0
Land, buildings, and equipment	0	0	0
Utility plant, and equipment (net)	0	0	0
Restricted assets -			
Deferred Compensation Benefit Investment	84,473	0	0
TOTAL ASSETS	\$1,412,489	\$908	\$25,534
LIABILITIES AND FUND EQUITY			
Liabilities:			
Current -			
Accounts payable and accrued liabilities	\$12,615	\$0	\$25,025
Deferred revenue	2,485	0	0
Due to other funds	0	0	509
Advance from General fund - Sewer project	0	0	0
Total Current Liabilities	15,100	0	25,534
Payable from restricted assets -			
Deferred Compensation Due Employees	84,473	0	0
Total Liabilities	99,573	0	25,534
Fund Equity:			
Contributed Capital (net)	0	0	0
Investment in General Fixed Assets	0	0	0
Fund balance - reserved for Sewer receivable	688,841	0	0
Fund balance - unreserved	624,075	908	0
Retained Earnings	0	0	0
Total Fund Equity	1,312,916	908	0
TOTAL LIABILITIES AND FUND EQUITY	\$1,412,489	\$908	\$25,534

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit A

Proprietary Fund Type	Account Group General Fixed Assets	Totals (Memorandum Only)	
		1998	1997
Enterprise			
\$157,662	\$0	\$353,125	\$123,534
0	0	\$352,928	\$337,130
0	0	44,742	81,346
0	0	6,391	4,001
0	0	50,224	29,561
0	0	15,260	15,829
12,756	0	12,756	17,350
0	0	609	61
0	0	688,841	688,841
3,174	0	3,174	3,106
0	1,335,228	1,335,228	1,302,969
3,266,395	0	3,266,395	3,330,899
0	0	84,473	58,691
----- \$3,439,987 =====	----- \$1,335,228 =====	----- \$6,214,146 =====	----- \$5,993,320 =====
\$3,672	\$0	\$41,312	\$16,781
0	0	2,485	0
100	0	609	61
688,841	0	688,841	688,841
----- 692,613	----- 0	----- 733,247	----- 705,683
0	0	84,473	58,691
----- 692,613	----- 0	----- 817,720	----- 764,374
2,606,945	0	2,606,945	2,670,519
0	1,335,228	1,335,228	1,302,969
0	0	688,841	688,841
0	0	624,983	467,054
140,429	0	140,429	99,562
----- 2,747,374	----- 1,335,228	----- 5,396,425	----- 5,228,945
----- \$3,439,987 =====	----- \$1,335,228 =====	----- \$6,214,146 =====	----- \$5,993,320 =====

Town of Addis, Louisiana
 Combined Statement of Revenues, Expenditures and Changes in
 Fund Balance - All Governmental Fund Types
 Year ended December 31, 1998, with comparative totals for 1997

Exhibit B

	General	Special Revenue	Capital Projects	Totals "Memorandum Only"	
				1998	1997
REVENUES:					
Taxes:					
Parish sales tax	\$476,220	\$0	\$0	\$476,220	\$441,249
Intergovernmental:					
State -					
Tobacco tax	6,357	0	0	6,357	6,357
Beer tax	1,803	0	0	1,803	1,855
Video poker tax	20,307	0	0	20,307	17,254
Capital law enforcement grant	8,189	0	0	8,189	1,994
Other	415	0	0	415	1,654
Federal -					
LCDBG	0	0	34,676	34,676	266,969
COPS Grant	41,101	0	0	41,101	36,020
Highway Interdiction Grant	5,766			5,766	0
Charges for services	8,039	0	0	8,039	7,966
Licenses and permits	44,508	0	0	44,508	52,570
Franchise fees	53,306	0	0	53,306	51,173
Fines and forfeitures	56,179	0	0	56,179	37,415
Asset forfeiture proceeds	0	0	0	0	500
Interest income	18,359	10	0	18,369	22,229
Sale of fixed assets	550	0	0	550	0
Miscellaneous	887	0	0	887	997
Total revenues	741,986	10	34,676	776,672	946,201
EXPENDITURES:					
Current -					
General government	203,197	0	0	203,197	215,643
Public safety - Police Department	210,963	970	0	211,933	177,351
Public works - Streets	123,675	0	34,676	158,351	105,072
Capital outlay	45,261	0	0	45,261	326,585
Total expenditures	583,097	970	34,676	618,743	824,651
Excess (deficiency) of Revenues over Expenditures	158,889	(960)	0	157,929	121,550
OTHER FINANCING SOURCES (USES):					
Operating transfers In (Out)	(350)	350	0	0	0
Total other financing sources (uses)	(350)	350	0	0	0
Excess (deficiency) of Revenues and other sources over expenditures and other uses	158,539	(610)	0	157,929	121,550
FUND BALANCE - BEGINNING	1,154,377	1,517	0	1,155,895	1,232,536
Residual equity transfers In (Out)	0	0	0	0	(198,192)
FUND BALANCE - ENDING	\$1,312,916	\$908	\$0	\$1,313,824	\$1,155,895

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget (GAAP Basis) and Actual
 Year ended December 31, 1998
 With Comparative Totals for the year ending December 31, 1997

Exhibit C

	General Fund			Totals (Memorandum Only)			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	1997 Actual
REVENUE:							
Taxes:							
Sales tax	\$411,495	\$476,220	\$64,725	\$411,495	\$476,220	\$64,725	\$441,249
Intergovernmental:							
State -							
Tobacco tax	6,000	6,357	357	6,000	6,357	357	6,357
Beer tax	1,300	1,803	503	1,300	1,803	503	1,855
Video poker tax	14,000	20,307	6,307	14,000	20,307	6,307	17,254
Capital law enforcement Grant	3,000	8,189	5,189	3,000	8,189	5,189	1,994
SNAP Program	0	415	415	0	415	415	1,654
Federal -							
COPS Grant	36,700	41,101	4,401	36,700	41,101	4,401	36,020
Highway Interdiction Grant	10,000	5,766	(4,234)	10,000	5,766	(4,234)	0
Charges for services:							
Grass cutting	4,250	4,246	(4)	4,250	4,246	(4)	4,246
Hall receipts	3,500	3,793	293	3,500	3,793	293	3,720
Licenses and permits	46,370	44,508	(1,862)	46,370	44,508	(1,862)	52,570
Fines and forfeitures	40,000	56,179	16,179	40,000	56,179	16,179	37,415
Franchise fees	53,300	53,306	6	53,300	53,306	6	51,173
Interest income	12,000	18,359	6,359	12,000	18,359	6,359	22,168
Sale of fixed assets	550	550	0	550	550	0	0
Miscellaneous	900	887	(13)	900	887	(13)	997
Total revenues	643,365	741,986	98,621	643,365	741,986	98,621	678,672
EXPENDITURES:							
Current -							
General government	227,480	210,963	16,517	227,480	210,963	16,517	215,643
Public safety - Police Department	208,400	203,197	5,203	208,400	203,197	5,203	176,777
Public works - Streets	214,935	123,675	91,260	214,935	123,675	91,260	105,072
Capital outlay	55,550	45,261	10,289	55,550	45,261	10,289	58,216
Total expenditures	706,365	583,097	123,268	706,365	583,097	123,268	555,708
Excess Revenues Over (Under) Expenditures	(63,000)	158,889	221,889	(63,000)	158,889	221,889	122,964
OTHER FINANCING SOURCES (USES):							
Operating transfers In (Out)	0	(350)	(350)	0	(350)	(350)	0
Total other financing sources (uses)	0	(350)	(350)	0	(350)	(350)	0
Excess (deficiency) of Revenues and other financing sources over (under) expenditures and other financing (uses)	(63,000)	158,539	221,539	(63,000)	158,539	221,539	122,964
FUND BALANCE - BEGINNING	63,000	1,154,377	1,091,377	63,000	1,154,377	1,091,377	1,229,605
Residual equity transfers (out)							
Enterprise Fund Sanitation	0	0	0	0	0	0	(198,192)
FUND BALANCE - ENDING	\$0	\$1,312,916	\$1,312,916	\$0	\$1,312,916	\$1,312,916	1,154,377

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
 Combined Statement of Revenues, Expenses and
 Changes in Retained Earnings - Proprietary Fund Types
 Year ended December 31, 1998
 With Comparative Totals for 1997

Exhibit D

	<u>Enterprise Fund - Sewer Fund</u>	
	<u>1998</u>	<u>1997</u>
OPERATING REVENUE		
Sewer fees	\$161,605	\$148,672
Installations	5,825	27,330
Miscellaneous	1,307	1,785
	-----	-----
Total operating revenue	168,737	177,787
OPERATING EXPENSE		
Salaries	41,649	47,962
Medicare & OAB tax	3,323	3,851
Health insurance	6,571	9,467
Deferred compensation expense	1,804	2,308
Gas and oil	929	839
Insurance	8,718	9,459
Utilities	14,749	13,969
Telephone	456	647
Supplies and small tools	4,019	7,106
Chemicals	2,306	1,710
Repairs and maintenance	6,640	1,661
Testing expense & sludge removal	1,879	1,741
Training	380	407
Uniforms	1,052	1,142
Miscellaneous	4,545	1,203
Depreciation	92,424	89,632
	-----	-----
Total Operating Expense	191,445	193,103
	-----	-----
NET OPERATING (LOSS)	(22,708)	(15,315)
Add back depreciation on assets acquired with Contributed Capital	63,574	63,574
	-----	-----
INCREASE (DECREASE) IN RETAINED EARNINGS	40,867	48,259
RETAINED EARNINGS - BEGINNING	99,562	51,303
	-----	-----
RETAINED EARNINGS - ENDING	\$140,429	\$99,562
	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

Town of Addis, Louisiana
 Combined Statement of Cash Flows
 Proprietary Fund Types
 Year ended December 31, 1998
 With Comparative Totals for 1997

Exhibit E

	<u>Enterprise Fund - Sewer Fund</u>	
	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by operating activities -		
Operating income (loss)	(\$22,708)	(\$15,315)
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	92,424	89,632
Change in Assets and Liabilities -		
(Increase) Decrease in accounts receivable	(95)	(2,860)
(Increase) Decrease in prepaid insurance	(68)	(325)
Increase (Decrease) in due to general fund	100	(4,149)
Increase (Decrease) in accounts payable	(61)	(1,733)
Increase (Decrease) in payroll taxes payable	(418)	149
	-----	-----
Net Cash Provided by (Used for) Operating Activities	69,175	65,400
	-----	-----
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(27,921)	(562,121)
Residual equity transfer from General Fund	0	198,192
Capital contribution from LCDBG Sewer Project	0	332,452
Capital contribution from Parish - Addis Place Sewer	0	10,000
	-----	-----
Net Cash Provided by (Used for) Capital and related financing activities	(27,921)	(21,477)
	-----	-----
INCREASE (DECREASE) IN CASH	41,254	43,923
CASH AND CASH EQUIVALENTS - BEGINNING	116,408	72,485
	-----	-----
CASH AND CASH EQUIVALENTS - ENDING	\$157,662	\$116,408
	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

Introduction

The Town of Addis was incorporated September 1915, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The "Town" operates under a Mayor - Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Town of Addis, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental funds. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (where applicable).

B. Financial Reporting Entity

GASB Codification Section 2100, as amended by GASB Statement No. 14, established criteria for determining which component units should be considered part of the reporting entity. 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 the ability of the reporting entity to impose its will on that organization's governing body, and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens to the reporting entity; (2) organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity; and (3) organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

For financial reporting purposes, in conformance with GASB Statement No. 14, the Town of Addis, includes all funds, account groups, and activities that are controlled by, or dependent on, the Town executive and legislative branches (Mayor and Board of Aldermen). Control by or dependence on the Town is determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The accompanying financial statements present only information on the funds maintained by the Town and do not present information on any other governmental entity.

C. Fund Accounting

The accounts of the Town of Addis are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include assets, liabilities, fund equity, revenues and expenses or expenditures, 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 two generic fund types under two broad fund categories as follows:

Governmental Funds 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 Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary Funds.

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Proprietary Fund Types:

Enterprise Fund - Used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis are financed through user charges.

General Fixed Asset Group:

The General Fixed Asset Group is used to record the fixed assets used in governmental fund type operations.

D. Basis of Accounting

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. The Town considers sales taxes available when in the hands of the intermediary collecting governments and are recognized as revenues at that time. Expenditures are recorded when the related fund liability is incurred.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

E. Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen prior to the beginning of each year.
2. The budget for the next fiscal year is adopted through passage of a resolution at the last council meeting of each fiscal year.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. Budgets for the General and Special Revenue 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.
5. Expenditures may exceed budgeted amounts providing funds are available and subsequent to the board's approval.
6. Formal budgetary integration is employed as a management control device. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. All budgetary appropriations lapse at the end of each fiscal year.

The Town of Addis Police Department does not adopt a budget for the Special Revenue Fund since the revenue derived from seized assets related to drug law enforcement is not predictable and therefore, does not lend itself to reasonable estimate.

The Town does not adopt a budget for the Capital Project Fund since budgetary control is maintained on an individual grant basis. Since the grant period differs from the Town's fiscal year, a comparison of budgeting information for the Capital Projects Fund would not be meaningful and has not been presented in the accompanying financial statements.

1. Summary of Significant Accounting Policies (Continued)

F. Encumbrances

Encumbrance accounting is not employed by the Town of Addis.

G. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. Comparative Data

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial position and operations. However, presentation of prior year totals by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations 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.

I. Fixed Assets

The accounting and reporting treatment applied to fixed assets 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 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 expense public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems. Depreciation is not provided on general fixed assets.

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 non-current) associated with their activity are included on their balance sheets.

The utility plant recorded in the Enterprise Fund represents the costs incurred for construction of the municipal sewer system. The utility plant and equipment are recorded at cost and depreciation is computed on the straight-line method over estimated useful lives of 8-50 years. Depreciation expense was recorded in the proprietary fund. Interest costs incurred during the construction phase is capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated.

J. Compensated Absences

Employees of the Town earn vacation or sick leave at varying rates based upon length of service. All leave is noncumulative, therefore, no accrual has been made.

2. Cash and Cash Investments

Cash - State statutes require that all deposits in financial institutions be fully collateralized and that the market value of the deposit collateral have a market value of not less than the principal amount of the deposits. At December 31, 1998 the carrying amount of the Town's deposits, (including cash on hand of \$400), was \$353,125. The respective bank balance of the Town's deposits, including savings, money market funds and certificates of deposit shown below as cash investments at year end was \$713,670. Of the bank balances, \$467,145 was covered by federal depository insurance. The remainder was covered by collateral comprised of pledged securities having a market value of \$400,000 held by First National Bankers Bank in the name of Iberville Trust and Savings Bank (Uncollateralized - Category 3).

Investments - State statutes, and Town investment policies authorize the Town to invest in obligations of the U. S. Government and its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality and insured or collateralized certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. The General Fund holds the following investments:

	<u>Carrying Amount</u>	<u>Market</u>
<i>Cash Investments -</i>		
Money market & savings	\$ 79,102	\$ 79,102
Certificates of Deposit	126,391	126,391
<i>U. S. Securities -</i>		
CMA Government Securities	<u>147,435</u>	<u>147,435</u>
Total Cash Investments	\$ 352,928 -----	\$ 352,928 -----
<i>Other Investments (Restricted) -</i>		
Deferred Compensation Benefit Investment	\$ 84,473 -----	\$ 84,473 -----

3. Interfund Receivables/Payable

Amounts due to/from other funds as of December 31, 1998 are:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Capital Projects - LCDBG	General Fund	\$ 509
Enterprise Fund	General Fund	<u>100</u>
		\$ 609 -----

Amounts due to/from other funds as of December 31, 1998 are:

<u>Advance Payable</u>	<u>Advance Receivable</u>	<u>Amount</u>
Enterprise Fund - Sanitation	General Fund	\$ 688,841 -----

Town of Addis, Louisiana
Notes to the Financial Statements
December 31, 1998

4. Fixed Assets

A summary of the general fixed assets transactions for the year ended December 31, 1998, follows:

	Balance 1/1/98	Additions	Retirements	Balance 12/31/98
Land	\$ 55,803	\$ 0	\$ 0	\$ 55,803
Buildings	544,122	0	0	544,122
Water System	1	0	0	1
Furniture & Fixtures	30,483	499	0	30,982
Equipment & Vehicles	213,239	4,150	0	217,389
Police department - Equipment & Vehicles	172,510	26,511	13,002	186,020
Fire department - Equipment & Vehicles	286,811	0	0	286,811
Construction in progress	0	14,101	0	14,101
	\$ 1,302,969	\$ 45,261	\$ 13,002	\$ 1,335,228

The following is a summary of the changes in property, plant and equipment of the Enterprise Fund for the year ending December 31, 1998:

	Balance 1/1/98	Additions	Deletions	Balance 12/31/98	Accumulated Depreciation	Book Value 12/31/98
Utility Plant	\$ 3,674,254	\$ 0	\$ 0	\$ 3,674,254	\$ 521,502	\$ 3,152,751
Land	16,755	0	0	16,755	0	16,755
Equipment	108,642	27,921	0	136,563	39,674	96,889
Construction in progress	0	0	0	0	0	0
	\$ 3,799,651	\$ 27,921	\$ 0	\$ 3,827,572	\$ 561,176	\$ 3,266,395

8. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all permanent Town employees, permits them to defer until future years up to 25% of annual gross earnings not to exceed \$8,000. The Town contributes on behalf of its employees based upon employee contributions with a maximum match of 5%. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, and all income attributable to those amounts, are solely the property of the Town, subject only to the claims of the Town's general creditors. Participants' rights under the plan are equal to those of general creditors of the Town in an amount equal to the fair market value of the deferred account for each participant. Investments held by the deferred compensation fund are recorded at market value.

It is the opinion of Town management that the Town has no liability for losses under the plan but does have duty of care that would be required of an ordinary prudent investor.

9. Commitments and Contingencies

The Town of Addis receives Federal and State grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State for expenditures disallowed under the terms and conditions of the appropriate agency. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

On January 6, 1999, the Town of Addis entered into a construction contract with Construction Specialists, Inc. for asphalt road work. The total amount of the contract was \$201,070 and is to be financed through an LCDBG grant in the amount of \$217,182 which was awarded the Town on August 20, 1998. The project is expected to be completed in early 1999.

10. COPS FAST Grant

In June 1995, the Town received a three year grant from the Office of Community Oriented Policing Service (COPS) for the purpose of hiring additional police officers. In the first year, the grant pays 80% of the cost of additional police officer salaries and fringe benefits, in the second and third years it pays 76% and 70% respectively. An additional grant was awarded 1998. Amounts spent through December 31, 1998 are detailed as follows and are reported as current expenditures in the General Fund:

	Total Expenditures
Salaries	\$ 37,470
Fringe benefits -	
Medicare/Social security	828
Retirement	3,316
Health insurance	11,601
Workmans Comp insurance	<u>2,971</u>
Total	\$ 56,186
Federal Share	<u>41,212</u>
Local Share	\$ 14,974

11. Fund Balance Reserve

A reserve of the General Fund fund balance has been established for the interfund receivable from the Enterprise Fund of \$688,841. The amount of the receivable represents general fund revenues expended for construction of the Town's Sewer System which was placed in service in 1992.

12. Related Party Transactions

Fire Protection Sub-District No. 1 of West Baton Rouge -

The Town entered into a lease agreement with the District for the lease of one 1995 Ford Truck. The only consideration is for the Town to carry the truck on the Town's fleet policy. The District is responsible for all costs related to the truck including payment of the insurance premium.

West Baton Rouge Parish Water Works District No. 1

A service agreement effective through December 31, 1998, was formed between the District and the Town to continue an on-going activity in which the District invoices and collects sewer fees from water customers living within the Town. The sewer rates are based on water usage, and customers may have their water service discontinued for non-payment of sewer fees. No compensation is paid to the District, but the Town accepts customer payments for water, sewer, and garbage charges on behalf of the District. The amount due from the District for customer sewer fees at December 31, 1998 was \$12,138.

10. Year 2000 Issues (Unaudited)

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Town has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the Town's operations. Based on this inventory, the Town is in the validation/testing stage in that hardware and software believed to be year 2000 compliant for the financial reporting systems has been purchased, installed and currently in use. Testing and validation of the systems will need to be completed.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Town is or will be year 2000 ready, that the Town's testing and validation efforts will be successful in whole or in part, or that parties with whom the Town does business will be year 2000 ready.

SUPPLEMENTARY INFORMATION

Town of Addis, Louisiana
Schedule of Per Diem Paid to Council Members
December 31, 1998

Schedule 1

The schedule of per diem paid to council members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

The per diem of the council members is included in the current expenditures of the General Fund.

	<u>Per Diem</u>
Council Members -	
Wilson E. Cazes	\$800
Joseph G. Landry	1,400
Gisner J. LeBlanc, III	600
Russell L. Parish	800

Total	\$3,600 =====

Town of Addis, Louisiana
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual - General Fund
 Year ended December 31, 1998

Schedule 2

	Budget	Actual	Favorable (Unfavorable)	1997 Actual
REVENUE:				
Licenses & Permits:				
Occupational licenses	\$45,000	\$43,496	(\$1,504)	\$51,558
Trailer moving permits	170	180	10	245
Building permits	1,100	742	(358)	720
Bartenders' permits	100	90	(10)	48
Taxes:				
Sales tax	190,000	204,960	14,960	246,605
Sales tax additional	221,495	271,260	49,765	194,644
Intergovernmental:				
State -				
Tobacco tax	6,000	6,357	357	6,357
Beer tax	1,300	1,803	503	1,855
Video poker	14,000	20,307	6,307	17,254
Capital District Law Enforcement SNAP Program	3,000 0	8,189 415	5,189 415	1,994 1,654
Federal -				
COPS FAST Grant	36,700	41,101	4,401	36,020
Highway interdiction grant	10,000	5,766	(4,234)	0
Charges for services:				
Grass mowing state contract	4,250	4,246	(4)	4,246
Hall rent receipts	3,500	3,793	293	3,720
Fines & forfeitures	40,000	56,179	16,179	37,415
Cable TV franchise fees	3,300	4,887	1,587	4,279
Energy franchise fees	50,000	48,420	(1,580)	46,894
Interest income	12,000	18,359	6,359	22,168
Sale of fixed assets	550	550	0	0
Miscellaneous				
Planning & zoning	400	500	100	700
Miscellaneous	500	387	(113)	297
Total Revenue	643,365	741,986	98,621	678,672

Town of Addis, Louisiana
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual - General Fund
 Year ended December 31, 1998

Schedule 2

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	1997 Actual
Expenditures:				
Current:				
General Government -				
Salaries - General Administration	57,000	54,624	2,376	53,632
Councilmens' per diem	7,000	3,600	3,400	1,800
Councilmen's salaries	15,000	15,000	0	15,000
Expense allowance	8,000	8,677	(677)	12,181
Building inspector	300	0	300	351
Legal and accounting	15,500	16,826	(1,326)	19,754
Official journal	3,500	3,701	(201)	2,595
Insurance and bonds	9,000	7,384	1,616	10,545
Health insurance	3,500	2,875	625	2,907
Deferred compensation contributions	2,850	3,641	(791)	4,810
Utilities - Town Hall	11,000	11,273	(273)	11,795
Utilities - Street lights	10,000	8,606	1,394	9,153
Telephone expense	4,000	4,323	(323)	2,131
Office supplies	6,500	5,979	521	6,459
Dues & Subscriptions	1,500	1,346	154	654
Repairs to buildings	4,000	190	3,810	7,623
Repairs to equipment	4,000	3,310	690	3,986
Cleaning contract - Town Hall	4,000	3,900	100	3,820
Computer upgrade	1,500	1,613	(113)	0
Tools & Supplies	1,830	1,759	71	1,324
Uniforms	500	501	(1)	461
Dog pound and related expenses	4,000	4,049	(49)	2,980
Planning and zoning commission	200	89	111	0
Recreation and parks	15,000	14,950	50	15,000
Unemployment insurance	1,000	0	1,000	7
Miscellaneous expense	20,500	20,731	(231)	18,556
Medicare expense	1,150	1,108	42	1,152
OAB Expense	4,800	4,732	68	4,912
La Comm Law Enforce - Training	1,000	1,062	(62)	855
La Comm Law Enforce - Reparation	300	315	(15)	263
Case Management - Docket	550	802	(252)	436
Engineering fees	7,500	3,710	3,790	500
Congres expense	1,000	287	713	0
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Total General Government	227,480	210,963	16,517	215,643
Police Department -				
Salaries	65,000	67,342	(2,342)	63,394
SNAP Program	500	471	29	1,564
Gas & Oil	8,000	7,410	590	6,691
Expense allowance	3,000	2,386	614	2,469
Insurance and bonds	19,500	18,366	1,134	18,976
Health insurance	26,500	25,255	1,245	24,799
Salaries - Cops Grant	36,700	37,470	(770)	29,633
Salaries - Highway interdiction grant	10,000	7,678	2,322	544
Telephone expense	3,000	3,123	(123)	2,005
Office supplies	1,500	1,647	(147)	782
Dues and subscriptions	1,000	569	431	0
Repairs to equipment	4,500	4,375	125	4,512
Computer upgrade	1,500	338	1,162	0
Tools and supplies	4,500	4,956	(456)	2,796
Uniforms	2,000	1,702	298	1,010
Medicare expense	1,700	1,860	(160)	1,697
OAB Expense	700	800	(100)	799
Police Retirement	9,000	9,367	(367)	8,409
Training	3,000	1,799	1,201	2,606
Narcotics	3,300	2,798	503	433
Miscellaneous	3,000	3,232	(232)	3,526
Public awareness	500	252	248	41
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Total Police Department	208,400	203,197	5,203	176,777

Town of Addis, Louisiana
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual - General Fund
 Year ended December 31, 1998

Schedule 2

	Budget	Actual	Favorable (Unfavorable)	1997 Actual
Expenditures:				
Current:				
Streets and Sanitation -				
Salaries and wages	61,000	54,174	6,826	44,301
Gas & oil	3,000	3,111	(111)	2,398
Insurance & bonds	9,000	8,935	65	9,277
Health insurance	16,100	16,237	(137)	8,991
Deferred compensation	2,950	2,109	841	0
Repairs to equipment	8,000	7,985	15	5,375
Tools & supplies	8,000	9,487	(1,487)	7,524
Miscellaneous	1,000	379	621	465
Medicare Tax expense	885	856	29	805
OAB Tax expense	3,800	3,663	137	3,440
Road repairs and materials	3,800	1,609	2,191	3,165
Street overlays	75,000	0	75,000	0
Drainage and ditching	2,000	266	1,734	0
Tree cutting and removal	2,300	405	1,895	1,255
Grass cutting	5,900	3,353	2,548	6,549
Grass cutting - contract	8,200	9,020	(820)	8,200
Garbage pickup	1,500	1,482	18	1,370
Street signs	2,500	607	1,894	1,958
	<u>214,935</u>	<u>123,675</u>	<u>91,260</u>	<u>105,072</u>
Total Streets & Sanitation				
Capital Outlays -				
General Government	20,000	15,772	4,228	16,606
Police Department	30,550	29,489	1,061	23,192
Streets and Sanitation	5,000	0	5,000	18,418
	<u>55,550</u>	<u>45,261</u>	<u>10,289</u>	<u>58,216</u>
Total Capital outlays				
Total Expenditures	<u>706,365</u>	<u>583,097</u>	<u>123,268</u>	<u>555,708</u>
Excess Revenues over (under) Expenditures	<u>(63,000)</u>	<u>158,889</u>	<u>221,889</u>	<u>122,964</u>
Other Financing Sources (Uses)				
Operating transfers out - Special Revenue Asset Forfeiture	0	(350)	(350)	0
	<u>0</u>	<u>(350)</u>	<u>(350)</u>	<u>0</u>
Excess Revenues and other Financing Sources over (under) Expenditures and other Financing (Uses)	<u>(63,000)</u>	<u>158,539</u>	<u>221,539</u>	<u>122,964</u>
Fund Balance - Beginning	<u>63,000</u>	<u>1,154,377</u>	<u>1,091,377</u>	<u>1,229,605</u>
Residual equity transfer out - Enterprise Fund - Sewer Project	0	0	0	(198,192)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(198,192)</u>
Fund Balance - Ending	<u>\$0</u>	<u>\$1,312,916</u>	<u>\$1,312,916</u>	<u>\$1,154,377</u>

W. Kathleen Beard
Certified Public Accountant
210 East Main St. - P. O. Box 811
New Roads, Louisiana 70760
(225) 638-3111

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

To the Honorable Mayor and
Members of the Board of Aldermen
Town of Addis, Louisiana

I have audited the general purpose financial statements of the Town of Addis, Louisiana, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 25, 1999. I have conducted my 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 Addis, Louisiana's general purpose financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Addis, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended for the information of the mayor and members of the Board of Aldermen of the Town of Addis, Louisiana and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "W. Kathleen Beard".

W. Kathleen Beard
Certified Public Accountant
June 25, 1999

Town of Bogalusa, Louisiana
Schedule of Per Diem Paid to Council Members (Revised)
December 31, 1998

Schedule 1

The schedule of per diem paid to council members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

No per diem of the council members is included in the current expenditures of the General Fund.

	<u>Per Diem</u>
Council Members:	
Wilson E. Cozart	\$800
Joseph B. Landry	800
Harry J. Landry	600
Cesner A. LeBlanc, III	600
Russell L. Parish	800

Total	\$3,600
	=====