

Town of Haynesville  
Haynesville, Louisiana

Annual Financial Statements  
With Independent Auditor's Report

As of and For the Year Ended  
June 30, 2013  
With Supplemental Information Schedules

KENNETH D. FOLDEN & CO.

CERTIFIED PUBLIC ACCOUNTANTS

302 EIGHTH STREET, JONESBORO, LA 71251

(318) 259-7316

FAX (318) 259-7315

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Haynesville, Louisiana  
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# Kenneth D. Folden & Co.

Kenneth D. Folden, CPA  
Members  
Society of Louisiana  
Certified Public Accountants  
email: [kfolden@foldencpa.com](mailto:kfolden@foldencpa.com)

Certified Public Accountants  
302 Eighth Street  
Jonesboro, LA 71251  
(318) 259-7316  
FAX (318) 259-7315

Ted W. Sanderlin, CPA  
Members  
American Institute of  
Certified Public Accountants  
email: [tsanderlin@foldencpa.com](mailto:tsanderlin@foldencpa.com)

## Independent Auditor's Report

Town of Haynesville  
Haynesville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Haynesville, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Haynesville's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town of Haynesville, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-11 and pages 40-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013 on our consideration of the Town of Haynesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Haynesville's internal control over financial reporting and compliance.

*Kenneth D. Felden & Co., CPAs*

Jonesboro, Louisiana  
December 31, 2013

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

Town of Haynesville  
Management's Discussion and Analysis

As of and For the Year Ended  
June 30, 2013

As Management of the Town of Haynesville, we offer readers of the Town of Haynesville's financial statements this narrative overview and analysis of the financial activities of the Town of Haynesville as of and for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Haynesville's basic financial statements. The Town's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad view of the Town of Haynesville's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Haynesville assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Haynesville is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 13 - 14 of this report.

**Fund financial statements.** The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Haynesville maintains four individual governmental funds. Information as of and for the year ended June 30, 2013, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sales Tax Fund, the Recreation District Wards 2 and 3 Fund, and the Capital Projects Fund which are considered to be major funds.

The Town of Haynesville adopts an annual appropriated budget for the general fund and the special revenue funds. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 15 - 18 of this report.

***Proprietary funds.*** The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its enterprise funds to account for its sewer and water and solid waste operations.

Proprietary funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 19 - 22 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 - 36 of this report.

**Supplemental information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the Town of Haynesville's compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

## **FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at June 30, 2013 by \$6,375,900.
- The Town's net position increased by \$328,756 as a result of this year's operations. The net position of the governmental activities increased by \$411,612, and the net position of the business-type activities decreased by \$82,856.
- At June 30, 2013, the Town's governmental funds reported total ending fund balances of \$782,958, an increase of \$220,590, from June 30, 2012. The General Fund balance of \$127,056 is available for spending at the Town's discretion. The remaining balance of \$655,902 is considered assigned and is to be used for each specific special revenue fund.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

## NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2012	2012
Current and other assets	\$ 908,629	\$ 686,676	\$ 741,372	\$ 668,072	\$ 1,650,001	\$ 1,354,748
Capital assets, net	1,868,160	1,676,414	3,153,380	3,302,998	5,021,540	4,979,412
Total assets	2,776,789	2,363,090	3,894,752	3,971,070	6,671,541	6,334,160
Current and other liabilities	125,670	123,738	153,343	146,845	279,013	270,583
Long-term liabilities	16,628	15,904	-	-	16,628	15,904
Total liabilities	142,298	139,642	153,343	146,845	295,641	286,487
Net position						
Invested in capital assets, net of related debt	1,868,160	1,676,414	3,153,380	3,302,998	5,021,540	4,979,412
Restricted for debt service	-	-	-	-	-	-
Unrestricted	766,331	547,033	588,029	521,228	1,354,360	1,068,261
Total net position	\$ 2,634,491	\$ 2,223,447	\$ 3,741,409	\$ 3,824,226	\$ 6,375,900	\$ 6,047,673

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Town of Haynesville exceeded liabilities by \$6,375,900. A significant portion (79%) of the Town of Haynesville's net position reflects its investments in capital assets (e.g., land, building, and improvements and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources.

### CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
General revenues:						
Taxes:						
Ad valorem	\$ 306,323	\$ 290,928	\$ -	\$ -	\$ 306,323	\$ 290,928
Sales taxes	568,465	529,360	-	-	568,465	529,360
Franchise tax	76,522	75,121	-	-	76,522	75,121
Licenses and permits	88,105	85,540	-	-	88,105	85,540
Fines, forfeitures, and court costs	18,336	20,495	-	-	18,336	20,495
Intergovernmental	30,645	36,282	-	-	30,645	36,282
Interest earnings	3,264	2,538	1,705	1,594	4,969	4,132
Donated capital assets	-	-	-	-	-	-
Grants	343,056	46,510	24,515	20,260	367,571	66,770
Other	124,363	91,981	-	-	124,363	91,981
Business revenues:						
Charges for services	4,060	4,428	792,030	840,084	796,090	844,512
Miscellaneous	-	-	-	-	-	-
Total revenues	1,563,139	1,183,183	818,250	861,938	2,381,389	2,045,121
<b>EXPENDITURES</b>						
Current:						
General government	469,670	477,029	-	-	469,670	477,029
Public safety	399,565	479,943	-	-	399,565	479,943
Public works	145,815	134,351	-	-	145,815	134,351
Parks and recreation	143,752	150,015	-	-	143,752	150,015
Sewer user	-	-	252,149	267,434	252,149	267,434
Utility	-	-	641,683	726,327	641,683	726,327
Total expenditures	1,158,802	1,241,338	893,832	993,761	2,052,634	2,235,099
Excess (Deficiency) of revenues over expenses	404,337	(58,155)	(75,582)	(131,823)	328,755	(189,978)
Capital contributions	-	-	-	-	-	-
Equity transfer to other agency	-	(5,032)	-	-	-	(5,032)
Transfers in (out)	7,275	7,088	(7,275)	(7,088)	-	-
Change in Net Position	411,612	(56,099)	(82,857)	(138,911)	328,755	(195,010)
Net position, beginning	2,222,880	2,278,979	3,824,265	3,963,176	6,047,145	6,242,155
Total net position	\$ 2,634,492	\$ 2,222,880	\$ 3,741,408	\$ 3,824,265	\$ 6,375,900	\$ 6,047,145

**Governmental activities.** The most significant revenues of the governmental activities are general taxes (61%), which include ad valorem taxes (20%), sales taxes (36%), and franchise and other taxes (5%). General government expenses are the most significant (41%) of all governmental activities expenses, followed by public safety expenses (34%). Depreciation expense is included in these amounts.

Governmental activities revenues increased \$379,956 in the current year as compared to the prior year. The increase was primarily attributable to an increase in grants, ad valorem taxes, and sales taxes.

Governmental activities expenses decreased \$82,536 in the current year as compared to the prior year. The decrease was primarily attributable to a decrease in public safety expense.

**Business-type activities.** The operations of the business-type activities decreased the Town's net position by \$82,857. The business-type expenses exceeded the business-type revenues by \$75,582.

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Governmental funds.** As of June 30, 2013, the combined governmental fund balances of \$908,628 reflect an increase of \$220,590 from June 30, 2012. The fund balance of \$127,056 in the general fund is unassigned, which is considered available for appropriation. The remaining balance of \$655,902 is assigned in the appropriate special revenue fund, and the balances are available for use in expenditures for the specific special revenue fund purpose.

The increases in the revenues and expenses of the governmental funds were described in the above Government-Wide Financial Analysis section.

**Proprietary funds.** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer User Fund's net position decreased \$69,558 in the current year. The decrease was primarily due to depreciation expense of \$80,165 and personnel services of \$66,567.

The Utility Fund's net position decreased \$13,298 in the current year. The decrease was primarily due to personnel services of \$243,593 and contractual services of \$171,147.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund actual revenues exceeded final budgeted revenues by \$24,859, which resulted primarily from an increase in intergovernmental revenues. General Fund actual expenses were less than final budgeted expenses by \$64,956.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** As of June 30, 2013, the Town of Haynesville's investment in capital assets for its governmental activities amounts to \$1,868,160 (net of accumulated depreciation), and its investment in capital assets for its business-type activities amounts to \$3,153,380 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment.

**Long-term debt.** At the end of the fiscal year, the Town of Haynesville had total long-term debt of \$16,628. The long-term debt entirely of compensated absences.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The fiscal year 2014 budget is forecast to provide \$3,433,056 in estimated surplus and revenues to fund costs of \$2,204,030.

Capital outlay is budgeted in the amount of \$25,000 to be make improvements to both City Park and Woodson Park.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Haynesville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Penny Fields, City Clerk, 1711 Main Street, Haynesville, Louisiana 71038.

# **BASIC FINANCIAL STATEMENTS**

Town of Haynesville  
Haynesville, Louisiana

Statement of Net Position  
As of June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 717,267	\$ 217,751	\$ 935,018
Investments	102,783	293,904	396,687
Accounts Receivable	88,578	68,151	156,729
Due from other funds	-	63,876	63,876
Cash and equivalents-restricted	-	97,690	97,690
Capital assets (net of accumulated depreciation)	1,868,160	3,153,380	5,021,540
<b>TOTAL ASSETS</b>	<u>\$ 2,776,789</u>	<u>\$ 3,894,751</u>	<u>\$ 6,671,540</u>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 61,794	\$ 48,133	\$ 109,927
Due to other funds	63,876	-	63,876
Current liabilities			
Tenant security deposits	-	105,210	105,210
Due within one year	-	-	-
Long-term liabilities			
Compensated absences	16,628	-	16,628
Due in more than one year	-	-	-
<b>TOTAL LIABILITIES</b>	<u>142,298</u>	<u>153,343</u>	<u>295,641</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,868,160	3,153,380	5,021,540
Restricted for debt service	-	-	-
Unrestricted	766,331	588,029	1,354,360
<b>TOTAL NET POSITION</b>	<u>\$ 2,634,491</u>	<u>\$ 3,741,409</u>	<u>\$ 6,375,900</u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Statement of Activities  
For the Year Ended June 30, 2013

	MAJOR FUNDS				Net (Expense) Revenue and Changes in Net Position		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	Governmental Activities	Business-type Activities	Total
<b>Funcations/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 469,670	\$ -	\$ 35,000	\$ 308,056	\$ (126,614)	\$ -	\$ (126,614)
Public safety	399,565	18,336	-	-	(381,230)	-	(381,230)
Public works	145,815	850	-	-	(144,965)	-	(144,965)
Parks and recreation	143,752	3,210	-	-	(140,543)	-	(140,543)
Total governmental activities	<u>1,158,803</u>	<u>22,395</u>	<u>35,000</u>	<u>308,056</u>	<u>(793,351)</u>	<u>-</u>	<u>(793,351)</u>
Business-type activities:							
Sewer user fund	252,149	181,811	-	-	-	(70,338)	(70,338)
Utility fund	641,683	610,219	24,515	-	-	(6,949)	(6,949)
Total business-type activities	<u>893,832</u>	<u>792,030</u>	<u>24,515</u>	<u>-</u>	<u>-</u>	<u>(77,286)</u>	<u>(77,286)</u>
Total primary government	<u>\$ 2,052,634</u>	<u>\$ 814,426</u>	<u>\$ 59,515</u>	<u>\$ 308,056</u>	<u>(793,351)</u>	<u>(77,286)</u>	<u>(870,637)</u>
Taxes:							
Property taxes, levied for general purposes					306,323	-	306,323
Sales taxes					568,465	-	568,465
Franchise taxes					76,522	-	76,522
Licenses and permits					88,105	-	88,105
Interest and investment earnings					3,264	1,705	4,969
Intergovernmental					30,645	-	30,645
Miscellaneous					124,363	-	124,363
Transfers in (out)					7,275	(7,275)	-
Total general revenues					<u>1,204,963</u>	<u>(5,570)</u>	<u>1,199,393</u>
Change in net position					411,612	(82,856)	328,756
Net position - Beginning					2,222,879	3,824,265	6,047,143
Net position - Ending					<u>\$ 2,634,490</u>	<u>\$ 3,741,409</u>	<u>\$ 6,375,899</u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Balance Sheet - Governmental Funds  
As of June 30, 2013

	Major Funds				Total
	General Fund	Sales Tax Fund	Recreation District Wards 2 & 3	Capital Projects Fund	
<b>ASSETS</b>					
Cash and equivalents	\$ 185,225	\$ 247,504	\$ 284,505	\$ 34	\$ 717,267
Investments	-	-	102,783	-	102,783
Receivables, net	43,714	44,864	-	-	88,578
<b>TOTAL ASSETS</b>	<u>\$ 228,938</u>	<u>\$ 292,368</u>	<u>\$ 387,288</u>	<u>\$ 34</u>	<u>\$ 908,628</u>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Liabilities:					
Accounts, salaries, and other payables	\$ 38,006	\$ 8,450	\$ 15,337	\$ -	\$ 61,794
Interfund payables	63,876	-	-	-	63,876
<b>TOTAL LIABILITIES</b>	<u>101,882</u>	<u>8,450</u>	<u>15,337</u>	<u>-</u>	<u>125,670</u>
Fund balances:					
Assigned, reported in:					
Special revenue fund	-	283,918	371,951	34	655,902
Unassigned, reported in:					
General revenue fund	127,056	-	-	-	127,056
<b>TOTAL FUND BALANCES</b>	<u>127,056</u>	<u>283,918</u>	<u>371,951</u>	<u>34</u>	<u>782,958</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>\$ 228,938</u>	<u>\$ 292,368</u>	<u>\$ 387,288</u>	<u>\$ 34</u>	<u>\$ 908,628</u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
For the Year Ended June 30, 2013

Total Fund Balances at June 30, 2013 - Governmental Funds	\$ 782,958
Capital assets used in governmental activities are not financial resources and, therefore, are not report in governmental funds (net of depreciation)	1,868,160
Certain liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Compensated absences	<u>(16,628)</u>
Net Position at June 30, 2013	<u>\$ 2,634,490</u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2013

	Major Funds				Total
	General Fund	Sales Tax Fund	Recreation District Wards 2 & 3	Capital Projects Fund	
<b>REVENUES</b>					
Taxes:					
Ad valorem	\$ 129,454	\$ -	\$ 176,869	\$ -	\$ 306,323
Sales taxes	-	568,465	-	-	568,465
Franchise tax	76,522	-	-	-	76,522
Licenses and permits	88,105	-	-	-	88,105
Fines, forfeitures, and court costs	18,336	-	-	-	18,336
Charges for services	-	-	3,210	-	3,210
Intergovernmental	30,645	-	-	-	30,645
Interest earnings	1,545	392	1,327	-	3,264
Grant	35,000	-	-	308,056	343,056
Other	125,213	-	-	-	125,213
Total revenues	<u>\$ 504,820</u>	<u>\$ 568,858</u>	<u>\$ 181,406</u>	<u>\$ 308,056</u>	<u>\$ 1,563,139</u>

The accompanying notes are an integral part of these statements.



Town of Haynesville  
Haynesville, Louisiana  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2013

	Major Funds				Total
	General Fund	Sales Tax Fund	Recreation District Wards 2 & 3	Capital Projects Fund	
<b>EXPENDITURES</b>					
Current:					
General government	\$ 284,167	\$ 154,888	\$ -	\$ -	\$ 439,055
Public safety	332,202	-	-	-	332,202
Public works	121,023	-	-	-	121,023
Parks and recreation	-	-	137,225	-	137,225
Capital outlay	6,537	-	5,726	308,056	320,320
Total expenditures	<u>743,928</u>	<u>154,888</u>	<u>142,951</u>	<u>308,056</u>	<u>1,349,824</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(239,109)</u>	<u>413,969</u>	<u>38,454</u>	<u>-</u>	<u>213,315</u>
<b>OTHER FINANCING SOURCES (Uses):</b>					
Operating transfers in	345,624	-	-	-	345,624
Operating transfers out	<u>(6,049)</u>	<u>(332,300)</u>	<u>-</u>	<u>-</u>	<u>(338,349)</u>
Total other financing sources (uses)	<u>339,575</u>	<u>(332,300)</u>	<u>-</u>	<u>-</u>	<u>7,275</u>
<b>Net Changes in Fund Balances</b>	100,467	81,669	38,454	-	220,590
<b>FUND BALANCES - BEGINNING</b>	<u>26,589</u>	<u>202,248</u>	<u>333,497</u>	<u>34</u>	<u>562,368</u>
<b>FUND BALANCES - ENDING</b>	<u><u>127,056</u></u>	<u><u>283,918</u></u>	<u><u>371,951</u></u>	<u><u>34</u></u>	<u><u>782,958</u></u>

The accompanying notes are an integral part of these statements.

Town of Haynesville  
Haynesville, Louisiana

Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
For the Year Ended June 30, 2013

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	220,590
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation for the period.

191,746

Depreciation	\$128,574	
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Capital Outlay	320,320	
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Compensated absence expense increase		(724)
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Change in net position of governmental activities (Statement B)	\$	<u>411,612</u>
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Town of Haynesville  
Haynesville, Louisiana

Statement of Net Position - Proprietary Funds  
June 30, 2013

	Proprietary Fund - Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and equivalents	\$ 101,614	\$ 116,137	\$ 217,751
Investments	198,751	95,153	293,904
Receivables (net of allowances for uncollectibles)	14,665	53,485	68,151
Due from other funds	49,876	14,000	63,876
Total Current Assets	<u>364,907</u>	<u>278,775</u>	<u>643,682</u>
Restricted Assets:			
Cash and cash equivalents	-	97,690	97,690
Total Restricted Assets	<u>-</u>	<u>97,690</u>	<u>97,690</u>
Noncurrent Assets:			
Capital assets:			
Land	25,500	-	25,500
Buildings and equipment (net of accum. depr.)	2,235,256	892,624	3,127,880
Total Non-Current Assets	<u>2,260,756</u>	<u>892,624</u>	<u>3,153,380</u>
<b>TOTAL ASSETS</b>	<u><u>2,625,662</u></u>	<u><u>1,269,089</u></u>	<u><u>3,894,751</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 8,719	\$ 39,414	\$ 48,133
Total Current Liabilities	<u>8,719</u>	<u>39,414</u>	<u>48,133</u>
Current Liabilities payable from restricted assets - tenant security deposits	-	105,210	105,210
<b>TOTAL LIABILITIES</b>	<u>8,719</u>	<u>144,624</u>	<u>153,343</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,260,756	892,624	3,153,380
Unrestricted	356,188	231,842	588,029
<b>TOTAL NET POSITION</b>	<u><u>\$ 2,616,943</u></u>	<u><u>\$ 1,124,465</u></u>	<u><u>\$ 3,741,409</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund  
For the Year Ended June 30, 2013

	Proprietary Fund - Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 179,625	\$ 606,263	\$ 785,888
Miscellaneous	2,186	3,957	6,143
Total operating revenues	<u>181,811</u>	<u>610,220</u>	<u>792,031</u>
<b>OPERATING EXPENSES</b>			
Personnel services	66,567	243,593	310,160
Supplies	37,124	124,053	161,177
Utilities	30,078	844	30,922
Repairs and maintenance	26,436	498	26,934
Contractual services	-	171,147	171,147
Other supplies and charges	11,779	8,832	20,611
Depreciation	80,165	69,453	149,618
Total operating expenses	<u>252,149</u>	<u>618,420</u>	<u>870,569</u>
Operating income (loss)	<u>(70,338)</u>	<u>(8,200)</u>	<u>(78,538)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>			
Interest earnings	780	926	1,706
Interest expense and fiscal charges	-	-	-
State grant income	-	24,515	24,515
State grant expenses	-	(23,263)	(23,263)
Total non-operating revenues (expenditures)	<u>780</u>	<u>2,178</u>	<u>2,958</u>
Income (loss) before contributions and transfers	(69,558)	(6,022)	(75,580)
Transfers in (out)	<u>-</u>	<u>(7,275)</u>	<u>(7,275)</u>
<b>CHANGES IN NET POSITION</b>	<u>(69,558)</u>	<u>(13,297)</u>	<u>(82,855)</u>
<b>TOTAL NET POSITION - June 30, 2012</b>	<u>2,686,501</u>	<u>1,137,764</u>	<u>3,824,265</u>
<b>TOTAL NET POSITION - June 30, 2013</b>	<u>\$ 2,616,943</u>	<u>\$ 1,124,467</u>	<u>\$ 3,741,410</u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 180,921	\$ 626,760	\$ 807,681
Cash payments to suppliers for goods and services	(102,609)	(304,258)	(406,867)
Cash payments to employees for services	(67,325)	(245,032)	(312,357)
Net cash provided by (used for) operating activities	<u>10,987</u>	<u>77,470</u>	<u>88,457</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING</b>			
State grant income	-	24,515	24,515
State grant expense	-	(23,263)	(23,263)
Transfers from (to) other funds	-	(7,275)	(7,275)
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(6,023)</u>	<u>(6,023)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of certificates of deposit	-	-	-
Proceeds from maturing of certificates of deposit	-	-	-
Interest earnings	135	617	752
Net cash provided by (used for) investing activities	<u>135</u>	<u>617</u>	<u>752</u>
Net increase (decrease) in cash and cash equivalents	11,122	72,064	83,186
<b>CASH AND CASH EQUIVALENTS - June 30, 2012</b>	<u>90,492</u>	<u>141,765</u>	<u>232,257</u>
<b>CASH AND CASH EQUIVALENTS - June 30, 2013</b>	<u>\$ 101,614</u>	<u>\$ 213,829</u>	<u>\$ 315,443</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET PROVIDED BY OPERATION ACTIVITIES</b>			
Operating income (loss)	\$ (70,338)	\$ (8,200)	\$ (78,538)
Adjustments:			
Depreciation	80,165	69,453	149,618
Net changes in assets and liabilities:			
Accounts receivable	1,135	9,743	10,878
Due from other funds	-	-	-
Tenants' security deposits	-	4,160	4,160
Accounts payable	25	2,314	2,339
Net cash provided by (used for) operating activities	<u>10,987</u>	<u>77,470</u>	<u>88,457</u>

The accompanying notes are an integral part of these financial statements.

# **NOTES TO THE FINANCIAL STATEMENTS**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2013

## INTRODUCTION

The Town of Haynesville, Louisiana (Town), was incorporated August 14, 1901, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government with five Town Council members. Services provided by the Town include police protection, street maintenance, and recreation services. The Town also operates a water distribution system and sewer system for approximately 1,260 customers. The Town is located in Claiborne Parish, Louisiana.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### B. Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, establishes criteria for determining which, if any, component units should be considered part of the Town for financial reporting purposes. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the government 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 government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.
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.



Based on the above criteria, Recreation District - Wards 2 & 3 is considered component units of the Town and is reported in the Town's financial statements as blended entities.

### **C. Government-Wide Financial Statements**

The Town's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Town. All of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Fiduciary activities, if any, are not included in these statements.

### **D. Fund Financial Statements**

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary, as follows:

#### *Governmental Funds*

Governmental funds account for most of the Town's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated resources which may be used to finance future period programs or operations of the Town. According to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance can be classified as non-spendable, restricted, committed, assigned, and unassigned. Non-spendable funds are typically noncash or prepaid items that are identified as a part of fund balance, but they are not available to be expended. Spendable items include restricted, committed, assigned, and unassigned funds. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (Ordinances and Resolutions) of the government's highest level of decision-making authority (Town Council). Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Undesignated excess Fund Balances may be assigned by the Town Council for specific purposes through the budget process or agenda items. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications. The following are the Town's primary governmental funds:

**General Fund** - The primary operating fund of the Town, it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

**Major Special Revenue Funds** - Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, or designated by the Town to be accounted for separately.

**Capital Projects Fund** - The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds.

#### *Proprietary Funds*

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed 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 purpose.

Operating revenues in the enterprise fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

### **E. Measurement Focus and Basis of Accounting**

#### *Government-Wide Financial Statements (GWFS)*

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the Town.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

**Direct Expenses** - The Town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

#### *Fund Financial Statements (FFS)*

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. As of and for the year ended June 30, 2013 the general fund, sales tax fund, the recreation

district fund, and the capital projects fund are considered to be major funds and are reported in the Balance Sheet (Statement C) and in the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E).

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position.

Governmental funds use the modified accrual basis of accounting. 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 pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

### **Revenues**

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines, permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Interest earnings are recorded when the investments have matured and the interest is available.

### **Expenditures**

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

### **Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

As in the GWFS, the proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

## **F. Budgets**

The Mayor prepares a proposed budget and submits it to the Town Council no later than fifteen days prior to the beginning of each fiscal year. 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. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. 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 an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Town Council may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Town utilizes formal budgetary integration as a management control device for all funds.

The 2012-2013 governmental funds' budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on June 25, 2012, and the budget was adopted by the Mayor and the Town Council. A public hearing was held for the budget to be amended on June 20, 2013, and was adopted by the Mayor and the Town Council.

## **G. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

## **H. Investments**

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

## **I. Interfund Receivables and Payables**

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "due to/from other activities."

## **J. Inventories**

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

## **K. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns in the GWFS, but are not reported in the FFS. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Utility Fund	
Water Utility:	
Water works	40 years
Water meters	40 years
Computer	4 - 5 years
Other equipment	4 - 10 years
Water tank rework	15 years
Sewerage and Sanitation	
Lines, pump stations	40 years
Autos and trucks	4 - 6 years
Other equipment	4 - 10 years
Landfill	20 years
Sewer User Fund	
Sewerage disposal plant	60 years
Equipment	60 years
Warehouse	4 - 5 years
Lift pump rework	10 years

General infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

#### **L. Compensated Absences**

Compensated absences computed by the Town is as follows:

Vacation is limited to five days after one continuous year of service, ten days after two continuous years of service and thereafter. Vacation days must be used in the calendar year of entitlement. Unused days at December 31 of each year do not accrue.

Sick leave is limited to thirty days at full pay and thirty days at half-pay. Days must be used within the calendar year and do not accrue.

The cost of leave privileges, computed in accordance with the GASB Statement No. 16, *Accounting for Compensated Absences*, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death.

At June 30, 2013, employees of the Town have accumulated and vested \$16,628 of employee leave benefits, computed in accordance with GASB Statement No. 16. The entire compensated absence liability is reported on the government-wide financial statements.



## **M. Restricted Net Position**

For government-wide statement of net position, net position is reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

The "customers' deposits" account is used to report proceeds from customers' meter deposits. A corresponding liability is presented to record these funds held by the Enterprise Fund. In situations where it is permissible to spend restricted resources, the Town typically depletes available restricted resources before consuming unrestricted resources. However, the Town reserves the right to selectively spend unrestricted resources first.

## **N. Fund Equity**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town did not have any nonspendable funds for the year ended June 30, 2013.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town did not have any restricted funds for the year ended June 30, 2013.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed funds for the year ended June 30, 2013.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the delegating this responsibility to the Mayor through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town has assigned funds of \$283,918 in the Sales Tax Fund, \$371,951 in the Recreation District Fund, and \$34 in the Capital Projects Fund for year ended June 30, 2013.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Town has \$127,056 in Unassigned fund balance, all of which is in the General Fund.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

## **O. Interfund Transactions**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

## **P. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Levied Taxes**

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Recreation	5.00	3.74	2020
Street & Sewage	5.00	4.80	2021
General Operation		9.43	

## **3. Sales and Use Tax**

Proceeds from a one percent (1%) sales and use tax shall be dedicated and used for the purposes of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, constructing, acquiring, extending, improving, renovating and/or maintaining street light facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities and purchasing and acquiring the necessary land, equipment and furnishings for the aforementioned public works, buildings, improvements and facilities, title to which improvements shall be in the public, or for any one or more of said purposes, all as authorized by Sub-Part I, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:2711 et seq.)

The Town is also authorized to levy and collect a tax of one percent (1%) for an unlimited period upon the sale at retail, the use, and lease or rental, the consumption and storage for use or consumption of tangible personal property and on sales of services in said Town, as defined in R.S. 47:301 to 47:317, inclusive, with the revenues derived from said sales and use tax to be deposited in a special fund and dedicated and used for the purposes of industrial construction, inducement and/or procurement, opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, and waterworks.

## **4. Cash and Cash Equivalents**

At June 30, 2013, the Town had cash and cash equivalents (book balances) totaling \$935,018 of which \$702,210 was in demand deposits, \$140,626 in savings deposits, \$91,757 in certificates of deposits less than 90 days, and \$425 in petty cash.

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.



At June 30, 2013, the Town had \$998,797 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 federal deposit insurance, and \$539,218 of pledged securities held in a Federal Reserve pledge account. The deposits collateralized by the securities held in the Federal Reserve pledge account are not exposed to custodial credit risk.

## 5. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Town's name

At June 30, 2013, the Town's investment balances were as follows:

Type of Investment	Category 1	Carrying Amount		Total Carrying Amount
		Fair Value	Amortized Cost	
Certificates of Deposit	\$ 494,377			\$ 494,377

## 6. Receivables

The receivables of \$156,729 at June 30, 2013, are as follows:

	Fund			Total
	General	Sales Tax	Enterprise	
Ad valorem taxes	\$ 1,242	\$ -	\$ -	1,242
Occupational licenses	16,633	-	-	16,633
Royalties, franchise, and other taxes	19,764	-	-	19,764
Sales taxes	-	44,864	-	44,864
Customer	-	-	64,590	64,590
Grants	-	-	-	-
Employees	970	-	285	1,255
Other	5,105	-	3,275	8,380
	<u>\$ 43,714</u>	<u>\$ 44,864</u>	<u>\$ 68,151</u>	<u>\$ 156,729</u>

## 7. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2013, is as follows:

### A. Capital Assets - Governmental Funds

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not depreciated				
Land	\$ 399,279	\$ -	\$ -	\$ 399,279
Construction in progress	40,825	308,056	-	348,882
Total capital assets not being depreciated	440,104	308,056	-	748,161
Capital assets being depreciated				
Building and improvements	1,500,725	-	-	1,500,725
Equipment and furniture	1,657,827	12,264	-	1,670,090
Total capital assets being depreciated	3,158,551	12,264	-	3,170,815
Less Accumulated Depreciation				
Building and improvements	(819,851)	(35,484)	-	(855,335)
Equipment and furniture	(1,102,390)	(93,089)	-	(1,195,480)
Total accumulated depreciation	(1,922,241)	(128,574)	-	(2,050,815)
Depreciated capital assets, net	1,236,310	(116,310)	-	1,120,000
General Fund Capital Assets, Net	\$ 1,676,414	\$ 191,746	\$ -	\$ 1,868,160

Function	Depreciation Expense
General government	\$ 29,891
Public safety	67,364
Public works	24,792
Parks and recreation	6,527
Total	\$ 128,574

## B. Capital Assets - Proprietary Funds

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not depreciated				
Land	\$ 25,500	\$ -	\$ -	\$ 25,500
Construction in progress	-	-	-	-
Total capital assets not being depreciated	25,500	-	-	25,500
Capital assets being depreciated				
Utility Plant and Distribution system	6,037,075	-	-	6,037,075
Machinery and Equipment	527,491	-	-	527,491
Total capital assets being depreciated	6,564,566	-	-	6,564,566
Less Accumulated Depreciation				
Utility Plant and Distribution system	(2,822,265)	(140,449)	-	(2,962,713)
Machinery and Equipment	(464,805)	(9,170)	-	(473,974)
Total capital assets being depreciated	(3,287,069)	(149,618)	-	(3,436,688)
Other capital assets, net	3,277,497	(149,618)	-	3,127,878
Enterprise Fund Capital Assets, Net	\$ 3,302,997	\$ (149,618)	\$ -	\$ 3,153,378

Depreciation expense was charged to functions as follows:

### Business-type activities

Utility	\$ 80,165
Sewer	69,453
Total	<u>\$ 149,618</u>

## 8. Accounts Payable

Of the \$109,927 total accounts, salaries, and other payables reported on the balance sheet, all amounts are due to vendors for various operating services and materials and to taxing authorities for payroll tax withholdings.

## 9. Retirement Systems

### A. Municipal Employees' Retirement System of Louisiana (System)

#### Plan Description

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55, with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

### **Funding Policy**

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Haynesville is required to contribute at an actuarially determined rate. The current rate is 16.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Haynesville are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year. The Town of Haynesville contributions to the System under Plan A for the years ending June 30, 2013, 2012, and 2011 were \$50,233, \$62,834, and \$43,431, respectively, equal to the required contributions for each year.

## **B. Municipal Police Employees' Retirement System of Louisiana (System)**

### **Plan Description**

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

### **Funding Policy**

Plan members are required by state statute to contribute 10.00% of their annual covered salary and the Town of Haynesville is required to contribute at an actuarially determined rate. The current rate is 26.50% of annual covered payroll. The contribution requirements of plan members and the Town of Haynesville are established and may be amended by state statute. As provided by LA R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Haynesville's contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$51,679, \$55,317, and \$47,670, respectively, equal to the required contributions for each year.

## 9. Long-Term Obligations

Through its history, the Town has funded the liability for compensated absences due employees upon retirement or death from the fund that incurred the liability for the salaries of those employees. The following is a summary of the long-term obligation transactions for the year ended June 30, 2013:

	Compensated Absences	Total
Balance at July 1, 2012	\$ 15,904	\$ 15,904
Additions	16,628	16,628
Deletions	(15,904)	(15,904)
Balance at June 30, 2012	<u>\$ 16,628</u>	<u>\$ 16,628</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2013:

	Compensated Absences	Total
Current portion	\$ -	\$ -
Long term portion	16,628	16,628
Total	<u>\$ 16,628</u>	<u>\$ 16,628</u>

## 10. Lease Income

The Town leases a building to a regional retailer. The lease agreement specifies that the tenant pay the town \$1,000 per month. On an annual basis the tenant pays the Town an amount equal to 2% of its gross sales less the monthly rent paid during the year. This lease will end on January 31, 2015.

## 11. Risk Management

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Town maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

## 12. Litigation and Claims

At June 30, 2013, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

### **13. Grants**

The Town received LGAP grants totaling \$35,000 to make purchase and install new heating and air units for the Fair Building and to construct a new storage building for Fair equipment. Additionally, the Town of Haynesville received a CWEF grant for water meters and supplies for a total of \$24,515. These funds are a continuation of funds received in the prior year of \$10,485. The total grant of \$35,000 has now been received. Lastly, the Town received funds totaling \$308,056 from an LCDB grant that was used for street improvements. In the prior year, \$40,825 was received, for a total of \$358,635.

### **14. Fire District Lease Agreement**

The Town of Haynesville entered into an agreement with the Claiborne Parish Fire District No. 3 to lease property to the Fire District for 99 years, with a review of the agreement after 10 years. Ordinance #588 was introduced on April 21, 2011 and declared adopted on May 19, 2011, for the Town Council to approve the agreement. In doing so, the Fire District will maintain liability and property insurance on the leased premises, and the premium will be paid by both parties equally. The agreement outlines the responsibilities for each party, which includes that the Fire District will be required to provide fire protection to the residents of the Town.

### **15. Impact of Recently Issued Accounting Principles**

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Town does not have SCAs; and therefore, the adoption of GASB 60 does not have any impact on the Town's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012. Management has adopted the provisions of this statement for the year ended June 30, 2013.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The requirements in this statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact on the Town's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this

Statement are effective for financial statements for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Town's current financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 revises the treatment of a variety of transactions previously reported as either assets or liabilities on the statement of financial position to classification as either deferred outflows of resources or deferred inflows of resources, as required by GASBS No. 63. The Statement also amends the requirements for the determination of major funds. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The adoption of GASB 64 does not have any impact on the Town's current financial statements.

#### **16. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2013, the date which the financial statements were available to be issued, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**



Town of Haynesville  
Haynesville, Louisiana

Budgetary Comparison Schedule - General Fund  
For Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes				
Ad valorem	\$ 135,000	\$ 128,000	\$ 129,454	\$ 1,454
Franchise tax	78,450	74,450	76,522	2,072
Licenses and permits	91,650	81,650	88,105	6,455
Fines, forfeitures, and court costs	20,000	21,100	18,335	(2,765)
Intergovernmental	3,800	3,800	30,645	26,845
Interest earnings	1,075	1,150	1,545	395
Grant	-	40,600	35,000	(5,600)
Other	57,210	129,210	125,213	(3,997)
Total revenues	<u>387,185</u>	<u>479,960</u>	<u>504,819</u>	<u>24,859</u>
<b>EXPENDITURES</b>				
Current				
General government	254,200	296,086	284,168	11,918
Public safety	379,000	328,950	332,202	(3,252)
Public works	104,500	177,250	121,023	56,227
Capital outlay	-	6,600	6,537	63
Total expenditures	<u>737,700</u>	<u>808,886</u>	<u>743,930</u>	<u>64,956</u>
<b>EXCESS (Deficiency) REVENUES OVER EXPENDITURES</b>	<u>(350,515)</u>	<u>(328,926)</u>	<u>(239,111)</u>	<u>89,815</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Operating transfers in	350,650	359,925	345,624	(14,301)
Operating transfers out	-	-	(6,049)	(6,049)
Total other financing sources(uses)	<u>350,650</u>	<u>359,925</u>	<u>339,575</u>	<u>(20,350)</u>
<b>Net Changes in Fund Balance</b>	<u>135</u>	<u>30,999</u>	<u>100,464</u>	<u>69,465</u>
<b>FUND BALANCES - June 30, 2012</b>	<u>26,590</u>	<u>26,590</u>	<u>26,590</u>	<u>-</u>
<b>FUND BALANCES - June 30, 2013</b>	<u><u>26,725</u></u>	<u><u>57,589</u></u>	<u><u>\$ 127,054</u></u>	<u><u>\$ 69,465</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Budgetary Comparison Schedule - Sales Tax Fund  
For the Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes				
Sales taxes	\$ 515,000	\$ 564,000	\$ 568,464	\$ 4,464
Interest earnings	-	300	392	\$ 92
Total revenues	<u>515,000</u>	<u>564,300</u>	<u>568,856</u>	<u>4,556</u>
<b>EXPENDITURES</b>				
Current				
General government	<u>165,350</u>	<u>170,200</u>	<u>154,890</u>	<u>15,310</u>
Total expenditures	<u>165,350</u>	<u>170,200</u>	<u>154,890</u>	<u>15,310</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>349,650</u>	<u>394,100</u>	<u>413,966</u>	<u>19,866</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(350,650)</u>	<u>(350,650)</u>	<u>(332,300)</u>	<u>18,350</u>
Total other financing sources(uses)	<u>(350,650)</u>	<u>(350,650)</u>	<u>(332,300)</u>	<u>18,350</u>
<b>Net Changes in Fund Balance</b>	<u>(1,000)</u>	<u>43,450</u>	<u>81,666</u>	<u>38,216</u>
<b>FUND BALANCES - June 30, 2012</b>	<u>202,248</u>	<u>202,248</u>	<u>202,248</u>	<u>-</u>
<b>FUND BALANCES - June 30, 2013</b>	<u>\$ 201,248</u>	<u>\$ 245,698</u>	<u>\$ 283,914</u>	<u>\$ 38,216</u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Budgetary Comparison Schedule - Recreation District Wards 2 and 3  
For Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes				
Ad valorem	\$ 161,000	\$ 177,000	\$ 176,869	\$ (131)
Interest earnings	700	700	1,327	627
Charges for services	2,500	2,500	3,210	710
Total revenues	<u>164,200</u>	<u>180,200</u>	<u>181,406</u>	<u>1,206</u>
<b>EXPENDITURES</b>				
Current				
Parks and recreation	138,650	144,200	137,226	6,974
Capital outlay	25,000	10,000	5,726	4,274
Total expenditures	<u>163,650</u>	<u>154,200</u>	<u>142,952</u>	<u>11,248</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>550</u>	<u>26,000</u>	<u>38,454</u>	<u>12,454</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Changes in Fund Balance</b>	<u>550</u>	<u>26,000</u>	<u>38,454</u>	<u>12,454</u>
<b>FUND BALANCES - June 30, 2012</b>	<u>333,497</u>	<u>333,497</u>	<u>333,497</u>	<u>-</u>
<b>FUND BALANCES - June 30, 2013</b>	<u>\$ 334,047</u>	<u>\$ 359,497</u>	<u>\$ 371,951</u>	<u>\$ 12,454</u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Budgetary Comparison Schedule - Capital Projects Fund  
For Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Grant - Street	\$ 320,000	\$ 320,000	\$ 308,056	\$ (11,944)
Total revenues	<u>320,000</u>	<u>320,000</u>	<u>308,056</u>	<u>(11,944)</u>
<b>EXPENDITURES</b>				
Capital outlay - Streets	<u>320,000</u>	<u>320,000</u>	<u>308,056</u>	<u>11,944</u>
Total expenditures	<u>320,000</u>	<u>320,000</u>	<u>308,056</u>	<u>11,944</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Transfers in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Changes in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - June 30, 2012</b>	<u>34</u>	<u>34</u>	<u>34</u>	<u>-</u>
<b>FUND BALANCES - June 30, 2013</b>	<u><u>\$ 34</u></u>	<u><u>\$ 34</u></u>	<u><u>\$ 34</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Haynesville  
Haynesville, Louisiana

Notes to the Budgetary Comparison Schedule  
For the Year Ended June 30, 2013

NOTE 1 - BUDGETARY POLICIES

A proposed budget for the general fund and the special revenue funds of the Town of Haynesville is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Town of Haynesville and then amended during the year, as necessary. The budget is established and controlled at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Town of Haynesville authorizes all amendments to the budget. Amendments were made to the original budget and all amendments are reflected in the accompanying budget comparison information.

Formal budgetary integration is employed as a management control device during the year.

# Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Members

Society of Louisiana

Certified Public Accountants

email: [kfolden@foldencpa.com](mailto:kfolden@foldencpa.com)

Certified Public Accountants

302 Eighth Street

Jonesboro, LA 71251

(318) 259-7316

FAX (318) 259-7315

Ted W. Sanderlin, CPA

Members

American Institute of

Certified Public Accountants

email: [tsanderlin@foldencpa.com](mailto:tsanderlin@foldencpa.com)

Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

Town of Haynesville  
Haynesville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Haynesville, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Haynesville's basic financial statements and have issued our report thereon dated December 31, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Haynesville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Haynesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Haynesville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Haynesville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Haynesville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kenneth D. Folden & Co., CPAs*

Jonesboro, Louisiana  
December 31, 2013

# **SUPPLEMENTAL INFORMATION**



Town of Haynesville  
Haynesville, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2013

We have audited the basic financial statements of the Town of Haynesville as of and for the year ended June 30, 2013, and have issued our report thereon dated December 31, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 2013 resulted in an unqualified opinion.

**SECTION 1. SUMMARY OF AUDITOR'S REPORT**

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses \_\_ Yes X No      Other Conditions \_\_ Yes X No

Compliance

Compliance Material to Financial Statements \_\_ Yes X No

B. Findings - Financial Statements Audit

**Current Year**

No Findings.

**Prior Year**

No Findings.

Town of Haynesville  
Haynesville, Louisiana

Schedule of Compensation Paid Councilpersons  
For the Year Ended June 30, 2013

Brian Bogle	\$	4,800
Carla Smith		4,800
Herbert Taylor		4,800
Barbara Torrence		4,800
Valinda Webb		4,800
		<hr/>
	\$	24,000
		<hr/>