

**TOWN OF HAYNESVILLE
Haynesville, Louisiana**

**Annual Financial Statements
With Independent Auditors' Report**

**As of and For the Year Ended
June 30, 2005
With Supplemental Information Schedules**

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

Release Date 2-1-06

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With Supplemental Information Schedules

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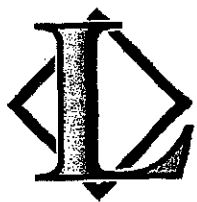
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TOWN OF HAYNESVILLE
Haynesville, Louisiana

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LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

TOWN OF HAYNESVILLE
Haynesville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Haynesville as of June 30, 2005, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Haynesville's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Haynesville as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2005, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the budgetary comparison information on pages 6 through 11 and 37 through 41, respectively, are not a required part of the basic financial statements but are supplementary information required by U. S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Haynesville's basic financial statements. The supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Little & Associates, LLC

Monroe, Louisiana
November 30, 2005

REQUIRED SUPPLEMENTARY INFORMATION

PART I

TOWN OF HAYNESVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR
ENDED JUNE 30, 2005

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, 2005. 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 assets* presents information on all of the Town of Haynesville assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 12 - 13 of this report.

Fund financial statements. The fund financial statement 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 five individual governmental funds. Information as of and for the year ended June 30, 2005, 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 and the Sales Tax Fund, Fire Protection District No 3 Fund, Recreation District Wards 2 and 3 Fund, which are considered to be major funds, and the Capital Projects Fund.

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 14 - 18 of this report.

Proprietary funds. The Town's 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 detail 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, 2005 by \$5,792,480.
- The Town's net assets increased by \$638,070 as a result of this year's operations. While net assets of the governmental activities decreased by \$152,179 (6%) from operations, the net assets of the business-type activities increased by \$790,249 (33%).
- At June 30, 2005, the Town's governmental funds reported total ending fund balances of \$968,479, a decrease of \$208,409, from June 30, 2004. The entire balance is available for spending at the Town's discretion.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 1,040,079	\$ 1,331,095	\$ 657,111	\$ 639,780	\$ 1,697,190	\$ 1,970,875
Capital assets, net	1,612,271	2,312,849	2,890,246	2,202,916	4,502,517	4,515,765
Total assets	2,652,350	3,643,944	3,547,357	2,842,696	6,199,707	6,486,640
Current and other liabilities	71,600	154,207	199,453	194,558	271,053	348,765
Long-term liabilities	8,158	10,068	128,016	218,498	136,174	228,566
Total liabilities	79,758	164,275	327,469	413,056	407,227	577,331
Net assets:						
Invested in capital assets, net of related debt	1,612,271	2,312,849	2,671,786	1,896,425	4,284,057	4,209,274
Unrestricted	960,321	1,166,820	548,102	533,215	1,508,423	1,700,035
Total net assets	\$ 2,572,592	\$ 3,479,669	\$ 3,219,888	\$ 2,429,640	\$ 5,792,480	\$ 5,909,309

As noted earlier, net assets 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 \$5,792,480. A significant portion (74%) of the Town of Haynesville's net assets reflects its investments in capital assets (e.g., land, building, and improvements and equipments, 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 ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
REVENUES						
General revenues:						
Taxes:						
Ad valorem	\$ 356,946	\$ 338,142			356,946	338,142
Sales taxes	429,137	388,254			429,137	388,254
Franchise tax	76,511	74,950			76,511	74,950
Other taxes	4,910	6,231			4,910	6,231
Licenses and permits	87,957	73,750			87,957	73,750
Fines, forfeitures, and court costs	28,481	40,441			28,481	40,441
Intergovernmental	2,530	121,386			2,530	121,386
Interest earnings	21,018	21,097	4,716	6,392	25,734	27,489
Donated capital assets	135,000				135,000	
Other	59,131	74,344			59,131	74,344
Business revenues:						
Charges for services	1,387		776,505	737,192	777,892	737,192
Miscellaneous			8,356	4,010	8,356	4,010
Total revenues	1,203,008	1,138,595	789,577	747,594	1,992,585	1,886,189

EXPENDITURES**Current**

General government	370,993	414,411			370,993	414,411
Public safety	407,393	393,532			407,393	393,532
Public works	467,149	193,926			467,149	193,926
Parks and recreation	109,652	116,437			109,652	116,437
Sewer user			228,312	202,044	228,312	202,044
Utility			560,097	583,307	560,097	583,307
Total expenditures	<u>1,355,187</u>	<u>1,118,306</u>	<u>788,409</u>	<u>785,351</u>	<u>2,143,596</u>	<u>1,903,657</u>
Excess (Deficiency) of revenues over expenses	(152,179)	20,289	1,168	(37,757)	(151,011)	(17,468)
Capital contributions			789,080		789,080	
Transfer of capital assets	<u>(754,898)</u>				<u>(754,898)</u>	
Change in Net Assets	(907,077)	20,289	790,248	(37,757)	(116,829)	(17,468)
Net assets, beginning	<u>3,479,669</u>	<u>3,459,380</u>	<u>2,429,640</u>	<u>2,467,397</u>	<u>5,909,309</u>	<u>5,926,777</u>
Net assets, ending	<u>\$ 2,572,592</u>	<u>\$ 3,479,669</u>	<u>\$ 3,219,888</u>	<u>\$ 2,429,640</u>	<u>\$ 5,792,480</u>	<u>\$ 5,909,309</u>

Governmental activities. The most significant revenues of the governmental activities are general taxes (73%), which include ad valorem taxes (30%), sales taxes (36%), and franchise and other taxes (7%). Program revenues are 21% of the total revenues of the governmental activities, which includes charges for services (10%) and operating and capital grants (11%).

Public Works expenses are the most significant (34%) of all governmental activities expenses, followed by public safety (police and fire) expenses (30%). Depreciation expense is included in these amounts. Public Works expenses increased by \$273,223 over 2004 due to an extensive street overlay program that was undertaken and completed in 2005.

Governmental activities revenues increased \$66,323 in the current year as compared to the prior year. The increase was primarily attributable to a donated capital asset of \$135,000, an increase in sales tax revenues of \$40,833, and a decrease in capital projects funding of \$118,856.

Governmental activities expenses increased \$236,881 in the current year as compared to the prior year. The increase was primarily attributable to the increase in Public Works discussed above.

Business-type activities. The operations of the business-type activities increased the Town's net assets by \$1,168. The business-type activities also had increases in net assets from a \$34,195 grant used to overhaul a water well and through the transfer of capital assets from the capital projects fund totaling \$754,886.

While charges for services increased by \$43,659 over 2004, the business-type operating expenses remained relatively stable.

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, unreserved 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, 2005, the combined governmental fund balances of \$968,479 reflect a decrease of \$208,409 from June 30, 2004. The entire fund balance is unreserved, which is considered available for appropriation.

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 assets increased \$711,326 in the current year. The increase resulted from a transfer of capital assets from the capital projects fund in the amount of \$754,886 and a loss of \$43,560 from the fund's annual operations. The loss was attributable primarily to increases in personal services, supplies, and repairs and maintenance.

The Utility Fund's net assets increased \$78,923 in the current year. The increase resulted from a capital grant of \$34,195 and a net income of \$44,728 from the fund's annual operations. The net income was primarily attributable to a significant increase in water revenues and countered by a modest increase in expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fund balance in the final budget increased \$3,304 over the fund balance of the original budget. Total revenues increased by \$8,321, with significant increases in licenses and permits and other revenues and significant decreases in fines forfeitures and court costs. Total expenditures increased by \$22,605, with the majority of the increase in public works.

General Fund actual revenues exceeded final budgeted revenues by \$29,017, which resulted primarily from an increase in franchise tax revenues of \$76,511 and a decrease in licenses and permits of \$51,182. General Fund final budgeted expenses exceeded actual expenses by \$11,672.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2005, the Town of Haynesville's investment in capital assets for its governmental activities amounts to \$1,612,271 (net of accumulated depreciation), and its investment in capital assets for its business-type activities amounts to \$2,890,246 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment.

Long-term debt. At the end of the fiscal year, Town of Haynesville had total long-term debt of \$226,618. The long-term debt consisted of a capitalized lease obligation of \$218,460 and compensated absences of \$8,158.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The fiscal year 2006 budget is forecast to provide \$3,040,225 in estimated surplus and revenues to fund costs of \$2,185,386.
- Capital outlay is budgeted in the amount of \$169,300 of which \$150,000 is for the purchase of a new rescue truck for the fire department and \$19,300 is for capital improvements in the Town's parks.
- The Town's utility fund budget includes an increase in monthly garbage rates of \$.60 per household/business to offset the increase charged by BFI.

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 Assets
June 30, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 641,411	\$ 289,178	\$ 930,589
Investments	318,059	160,441	478,500
Accounts receivable	80,609	133,940	214,549
Prepaid expenses		574	574
Cash and cash equivalents - restricted		72,978	72,978
Capital assets (net of accumulated depreciation)	1,612,271	2,890,246	4,502,517
TOTAL ASSETS	\$ 2,652,350	\$ 3,547,357	\$ 6,199,707
LIABILITIES			
Accounts, salaries, and other payables	\$ 71,600	\$ 36,031	\$ 107,631
Current liabilities payable from restricted assets - tenant security deposits		72,978	72,978
Long-term liabilities:			
Due within one year	2,100	90,444	92,544
Due in more than one year	6,058	128,016	134,074
Total Liabilities	79,758	327,469	407,227
NET ASSETS			
Invested in capital assets, net of related debt	1,612,271	2,671,786	4,284,057
Unrestricted	960,321	548,102	1,508,423
TOTAL NET ASSETS	\$ 2,572,592	\$ 3,219,888	\$ 5,792,480

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

TOWN OF HAYNESVILLE
Haynesville, Louisiana

Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Assets		
	EXPENSES	CHARGES FOR SERVICES	OPERATING CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 370,993	\$ 118,212	\$ -	\$ 135,000	\$ (117,781)	\$ -	\$ (117,781)
Public safety	407,393	-	2,530	-	(404,863)	-	(404,863)
Public works	467,149	-	-	-	(467,149)	-	(467,149)
Parks and recreation	109,652	1,387	-	-	(108,265)	-	(108,265)
Total governmental activities	1,355,187	119,599	2,530	135,000	(1,098,058)	-	(1,098,058)
Business-type activities:							
Sewer user fund	228,312	181,676	-	754,886	-	708,250	708,250
Utility fund	560,097	603,185	-	34,195	-	77,283	77,283
Total business-type activities	788,409	784,861	-	789,081	-	785,533	785,533
Total primary government	\$ 2,143,596	\$ 904,460	\$ 2,530	\$ 924,081	(1,098,058)	785,533	(312,525)
Taxes:							
Property taxes, levied for general purposes					356,946	-	356,946
Sales taxes					429,137	-	429,137
Other taxes for general purposes					81,421	-	81,421
Interest and investment earnings					21,018	4,716	25,734
Miscellaneous					57,357	-	57,357
Total general revenues					945,879	4,716	950,595
Excess of revenues over expenses					(152,179)	790,249	638,070
Equity transfers					(754,898)		(754,898)
Net assets - July 1, 2004					3,479,669	2,429,639	5,909,308
Net assets - June 30, 2005					\$ 2,572,592	\$ 3,219,888	\$ 5,792,480

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

TOWN OF HAYNESVILLE
Haynesville, Louisiana

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2005

	MAJOR FUNDS				OTHER GOVERNMENTAL	
	GENERAL FUND	SALES TAX FUND	FIRE PROTECTION DISTRICT NO 3	RECREATION DISTRICT - WARDS 2 & 3	FUND - CAPITAL PROJECTS	TOTAL
ASSETS						
Cash and cash equivalents	\$ 89,657	\$ 145,920	\$ 280,333	\$ 125,501	\$ -	\$ 641,411
Investments			318,059			318,059
Receivables, net	28,498	37,652	14,459	67		80,609
Interfund receivables						67
TOTAL ASSETS	\$ 118,155	\$ 183,572	\$ 612,851	\$ 125,568	\$ -	\$ 1,040,146
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts, salaries, and other payables	\$ 36,686	\$ 21,943	\$ 1,392	\$ 11,579	\$ -	\$ 71,600
Interfund payables			67			67
Total Liabilities	36,686	21,943	1,459	11,579	-	71,667
Fund balances:						
Unreserved, undesignated, reported in:						
General fund	81,469					81,469
Special revenue fund		161,629	611,392	113,989		887,010
Capital projects funds						-
Total Fund Balances	81,469	161,629	611,392	113,989	-	968,479
Total liabilities and fund balances	\$ 118,155	\$ 183,572	\$ 612,851	\$ 125,568	\$ -	\$ 1,040,146

(Concluded)

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

TOWN OF HAYNESVILLE
Haynesville, Louisiana

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2005**

Total Fund Balances at June 30, 2005 - Governmental Funds		\$ 968,479
Cost of capital assets at June 30, 2005	2,753,062	
Less - accumulated depreciation as of June 30, 2005:		
Buildings and improvements	(1,140,791)	
Movable property	<u>-</u>	1,612,271
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(8,158)
Elimination of interfund assets and liabilities:		
Due from other funds	(67)	
Due to other funds	<u>67</u>	<u>-</u>
Net Assets at June 30, 2005		<u><u>\$ 2,572,592</u></u>

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

TOWN OF HAYNESVILLE
Haynesville, Louisiana

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2005

	MAJOR FUNDS				OTHER GOVERNMENTAL		
	GENERAL FUND	SALES TAX FUND	FIRE PROTECTION DISTRICT NO. 3	RECREATION DISTRICT - WARDS 2 & 3	FUND - CAPITAL PROJECTS	TOTAL	
REVENUES							
Taxes:							
Ad valorem	\$ 107,538	\$ -	\$ 125,594	\$ 123,814	\$ -	\$ -	\$ 358,946
Sales taxes	-	429,137	-	-	-	-	429,137
Franchise tax	76,511	-	-	-	-	-	76,511
Other taxes	4,910	-	-	-	-	-	4,910
Licenses and permits	87,957	-	-	-	-	-	87,957
Fines, forfeitures, and court costs	28,481	-	-	-	-	-	28,481
Charges for services	-	-	-	1,387	-	-	1,387
Intergovernmental	2,070	-	-	-	460	-	2,530
Interest earnings	3,673	1,912	12,481	2,952	-	-	21,018
Donated capital assets	135,000	-	-	-	-	-	135,000
Other	42,898	1,774	14,459	-	-	-	59,131
Total revenues	489,038	432,823	152,534	128,153	460	-	1,203,008
EXPENDITURES							
Current:							
General government	180,045	164,521	-	-	-	-	344,566
Public safety	289,729	-	61,624	-	-	-	351,353
Public works	446,459	-	-	-	-	-	446,459
Parks and recreation	-	-	-	106,430	-	-	106,430
Capital outlay	135,000	-	9,914	17,235	460	-	162,609
Total expenditures	1,051,233	164,521	71,538	123,665	460	-	1,411,417

(Continued)

TOWN OF HAYNESVILLE
Haynesville, Louisiana

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2005

	MAJOR FUNDS			OTHER	
	SALES TAX FUND	FIRE PROTECTION DISTRICT NO. 3	RECREATION DISTRICT - WARDS 2 & 3	GOVERNMENTAL FUND - CAPITAL PROJECTS	TOTAL
GENERAL FUND					
	(562,195)	268,302	80,996	4,488	(208,409)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES					
OTHER FINANCING SOURCES (Uses):					
Operating transfers in	258,350		16,800		275,150
Operating transfers out	-	(275,150)	-	-	(275,150)
Total other financing sources (Uses)	258,350	(275,150)	16,800	-	-
NET CHANGES IN FUND BALANCES	(303,845)	(6,848)	97,796	4,488	(208,409)
FUND BALANCES - JULY 1, 2004	385,314	168,477	513,596	109,501	1,176,888
FUND BALANCES - JUNE 30, 2005	\$ 81,469	\$ 161,629	\$ 611,392	\$ 113,989	\$ 968,479

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

(Concluded)

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, 2005

Total net change in fund balances - governmental funds (Statement E) \$ (208,409)

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 allocated over
their estimated useful lives as depreciation expense. This is the amount by
which capital outlays exceed depreciation in the period 54,320

Some expenses reported in the statement of activities do not require the use of
current financial resources and therefore are not reported as expenditures in
governmental funds - changes in long-term compensation 1,910

Change in net assets of governmental activities (Statement B) \$ (152,179)

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

Statement G

TOWN OF HAYNESVILLE
Haynesville, LouisianaStatement of Net Assets
Proprietary Funds
June 30, 2005

	Business-type Activities Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 84,917	\$ 204,261	\$ 289,178
Investments	160,441	-	160,441
Receivables (net of allowances for uncollectibles)	31,516	102,424	133,940
Interfund receivable (payable)	(7)	7	-
Prepaid expenses		574	574
Total Current Assets	276,867	307,266	584,133
Restricted Assets:			
Cash and cash equivalents	-	72,978	72,978
Total Restricted Assets	-	72,978	72,978
Noncurrent Assets:			
Capital assets:			
Land	25,500	-	25,500
Buildings and equipment (net of accumulated depreciation)	2,013,279	851,467	2,864,746
Total Non-Current Assets	2,038,779	851,467	2,890,246
Total Assets	2,315,646	1,231,711	3,547,357

(Continued)

Statement G (Continued)

TOWN OF HAYNESVILLE
Haynesville, Louisiana

Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-type Activities		
	Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Total Enterprise Funds
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 15,059	\$ 11,736	\$ 26,795
Accrued salaries and withholdings	2,895	6,341	9,236
Capitalized lease obligation	-	90,444	90,444
Total Current Liabilities	17,954	108,521	126,475
Current Liabilities payable from restricted assets - tenant security deposits	-	72,978	72,978
Non Current Liabilities:			
Capitalized lease obligation	-	128,016	128,016
Total Non-Current Liabilities	-	128,016	128,016
Total Liabilities	17,954	309,515	327,469
NET ASSETS			
Invested in capital assets, net of related debt	2,038,779	633,007	2,671,786
Unrestricted	258,913	289,189	548,102
Total Net Assets	\$ 2,297,692	\$ 922,196	\$ 3,219,888

(Concluded)

The accompanying notes are an integral part of this statement.

TOWN OF HAYNESVILLE
Haynesville, Louisiana

PROPRIETARY FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Net Assets
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
OPERATING REVENUES:			
Charges for services	\$ 181,676	\$ 594,829	\$ 776,505
Miscellaneous	-	8,356	8,356
Total operating revenues	<u>181,676</u>	<u>603,185</u>	<u>784,861</u>
OPERATING EXPENSES:			
Personal services	63,140	203,371	266,511
Supplies	34,821	145,874	180,695
Utilities	17,853	4,557	22,410
Repairs and maintenance	47,603	291	47,894
Contractual services	-	130,088	130,088
Other supplies and charges	16,134	13,836	29,970
Depreciation	48,761	53,573	102,334
Total operating expenses	<u>228,312</u>	<u>551,590</u>	<u>779,902</u>
Operating income (loss)	<u>(46,636)</u>	<u>51,595</u>	<u>4,959</u>
Non-operating revenues (expenses)			
Interest earnings	3,076	1,640	4,716
Interest expense and fiscal charges	-	(8,507)	(8,507)
Total non-operating revenues (expenses)	<u>3,076</u>	<u>(6,867)</u>	<u>(3,791)</u>
Income (loss) before contributions and transfers	(43,560)	44,728	1,168
Capital contributions	<u>754,886</u>	<u>34,195</u>	<u>789,081</u>
Change in net assets	711,326	78,923	790,249
Total net assets-beginning	<u>1,586,366</u>	<u>843,273</u>	<u>2,429,639</u>
Total net assets-ending	<u>\$ 2,297,692</u>	<u>\$ 922,196</u>	<u>\$ 3,219,888</u>

The notes are an integral part of this financial statement.

TOWN OF HAYNESVILLE
Haynesville, Louisiana

PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 179,847	\$ 584,174	764,021
Cash payments to suppliers for goods and services	(106,725)	(308,190)	(414,915)
Cash payments to employees for services	(60,681)	(203,430)	(264,111)
Net cash provided by (used for) operating activities	12,441	72,554	84,995
CASH FLOWS FROM NON-CAPITAL FINANCING	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,489)	(33,289)	(34,778)
Payments on capital leases	-	(88,032)	(88,032)
Proceeds from capital grant	-	34,195	34,195
Interest expense	-	(8,507)	(8,507)
Net cash used for capital and related financing activities	(1,489)	(95,633)	(97,122)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(160,441)	-	(160,441)
Proceeds from sale of investment securities	158,772	-	158,772
Interest on earnings	3,076	1,640	4,716
Net cash provided by (used for) investing activities	1,407	1,640	3,047
Net increase (decrease) in cash and cash equivalents	12,359	(21,439)	(9,080)
Cash and cash equivalents-beginning of the year	72,558	298,676	371,234
Cash and cash equivalents-end of the year	\$ 84,917	\$ 277,237	\$ 362,154

(Continued)

TOWN OF HAYNESVILLE
Haynesville, Louisiana

PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET PROVIDED BY OPERATION ACTIVITIES			
Operating income (loss)	\$ (46,635)	\$ 51,594	\$ 4,959
Adjustments			
Depreciation	48,761	53,573	102,334
Net changes in assets and liabilities:			
Account receivable	(1,830)	(22,912)	(24,742)
Tenants' security deposits	-	3,901	3,901
Accounts payable	9,686	(13,543)	(3,857)
Accrued salaries and withholdings	2,459	(59)	2,400
Net cash provided by (used for) operating activities	<u>\$ 12,441</u>	<u>\$ 72,554</u>	<u>\$ 84,995</u>

Schedule of Noncash Capital, Financing, and Investing Activities

Transfer of sewer improvements from capital projects fund	<u>\$ 754,886</u>	<u>\$ -</u>	<u>\$ 754,886</u>
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(Concluded)

The notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

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.

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 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 Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. 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.
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, Fire Protection District No. 3 and Recreation District – Wards 2 & 3 are considered component units of the Town and are reported in the Town's financial statements as blended entities.

C. FUNDS

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:

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

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 expendable resources which may be used to finance future period programs or operations of the Town. 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.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (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.

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

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, 2005, the general fund, sales tax fund, fire protection district, and the recreation district 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). The capital projects fund is the only other (nonmajor) governmental fund of the Town.

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 assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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.

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

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

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

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.

E. BUDGETS

The Mayor prepares a proposed budget and submits it to the Board of Aldermen 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 Board of Aldermen 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.

F. 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.

G. 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.

H. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are short term in nature and are classified as interfund receivables or interfund payables on the Balance Sheet (Statement C).

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

I. INVENTORIES

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

J. CAPITAL ASSETS

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. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for their intended purposes by the Town, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Utility Fund</u>	<u>Estimated Lives</u>
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
<u>Sewer User Fund</u>	
Sewerage disposal plant	60 years
Equipment	60 years
Warehouse	4 – 5 years
Lift pump rework	10 years

K. ACCOUNTS PAYABLE

Of the \$107,631 total accounts, salaries and other payables reported on the balance sheet, \$6,847 represents amounts payable to employees for salaries payable. The balance of \$100,784 is due vendors for various operating services and materials and to taxing authorities for payroll tax withholdings.

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.

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

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 Codification Section C60, 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, 2005, employees of the Town have accumulated and vested \$8,158 of employee leave benefits, computed in accordance with GASB Codification Section C60. The entire compensated absence liability is reported on the government-wide financial statements.

M. RESTRICTED NET ASSETS

For government-wide statement of net assets, net assets are 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.

N. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

2. LEVIED TAXES

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

	Authorized	Levied	Expiration
	Millage	Millage	Date
Fire Protection	10.00	9.23	2009
Recreation	5.50	5.00	2010
Street & Sewage	5.00	5.00	2011
General Operation		9.82	

The following are the principal taxpayers and related ad valorem tax revenue for the Town:

Taxpayer	Assessed Valuation (in 000's)	Percent of Total Assessed Valuation
Hibernia National Bank	\$ 8,846	27.70%
Tri-State Health Services	4,130	12.93%
BellSouth Telecommunications	4,009	12.55%
Barnette & Benefield	2,533	7.93%
U. S. Bancorp Equipment Finance	2,543	7.96%
First Guaranty Bank	3,119	9.77%
Entergy Louisiana	2,235	7.00%
Hibernia National Bank	1,758	5.50%
Centerpoint Energy - ARKLA	1,422	4.45%
At-Bar, Inc.	1,342	4.20%
Total	<u>\$ 31,937</u>	<u>100.00%</u>

3. SALES 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 afore-said 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

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

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, ex-tending, improving, renovating and/or maintaining street lighting facilities, and waterworks.

4. CASH AND CASH EQUIVALENTS

At June 30, 2005, the Town had cash and cash equivalents (book balances) totaling \$1,003,567, \$652,462 of which was in demand deposits, \$110,121 in savings deposits, and \$240,984 in certificates of deposits.

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, 2005, the Town had \$1,489,571 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 federal deposit insurance, a \$500,000 Federal Home Loan Bank Letter of Credit and \$1,469,225 of pledged securities held in a Federal Reserve pledge account. The deposits collateralized by the Letter of Credit and 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, 2005, the Town's investment balances were as follows:

Type of Investment	Category 1	Carrying Amount			Total Carrying Amount
		Fair Value	Amortized Cost	Cost	
Certificates of Deposit	\$ 478,500			\$ 478,500	\$ 478,500

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

6. RECEIVABLES

The receivables of \$214,549 at June 30, 2005, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Business- Type Activities</u>	<u>Total</u>
Occupational licenses	\$ 9,110	\$ -	\$ -	\$ 9,110
Royalties and franchise taxes	18,504			18,504
Sales taxes		37,652		37,652
Customer			133,940	133,940
Other	884	14,459		15,343
	<u>\$ 28,498</u>	<u>\$ 52,111</u>	<u>\$ 133,940</u>	<u>\$ 214,549</u>

7. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2005, is as follows:

A. Capital Assets - Governmental Funds

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 399,279		\$ -	\$ 399,279
Construction in progress	754,425	460	(754,885)	-
Total capital assets not being depreciated	<u>1,153,704</u>	<u>460</u>	<u>(754,885)</u>	<u>399,279</u>
Capital assets being depreciated:				
Building and improvements	1,226,948	152,224	-	1,379,172
Equipment and furniture	964,697	9,914	-	974,611
Total capital assets being depreciated	<u>2,191,645</u>	<u>162,138</u>	<u>-</u>	<u>2,353,783</u>
Less accumulated depreciation for:				
Building and improvements	-	-	-	-
Equipment and furniture	(1,032,502)	(108,289)	-	(1,140,791)
Total accumulated depreciation	<u>(1,032,502)</u>	<u>(108,289)</u>	<u>-</u>	<u>(1,140,791)</u>
Total capital assets being depreciated, net	<u>1,159,143</u>	<u>53,849</u>	<u>-</u>	<u>1,212,992</u>
Total capital assets, net	<u>\$ 2,312,847</u>	<u>\$ 54,309</u>	<u>\$ (754,885)</u>	<u>\$ 1,612,271</u>

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

Functional Allocation of Depreciation Expense

<u>Function</u>	<u>Depreciation Expense</u>
General government	\$ 28,337
Public safety	56,040
Public works	20,690
Parks and recreation	3,222
Total	<u>\$ 108,289</u>

B. Capital Assets - Proprietary Funds

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 25,500	\$ -	\$ -	\$ 25,500
Total capital assets not being depreciated	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Other Capital assets being depreciated:				
Utility plant and distribution system	4,075,521	756,375	-	4,831,896
Machinery and equipment	378,420	33,289	-	411,709
Total capital assets being depreciated	<u>4,453,941</u>	<u>789,664</u>	<u>-</u>	<u>5,243,605</u>
Less accumulated depreciation	<u>(2,276,525)</u>	<u>(102,334)</u>		
Other capital assets, net	<u>2,177,416</u>	<u>687,330</u>	<u>-</u>	<u>2,864,746</u>
Business-type activities capital assets, net	<u>\$ 2,202,916</u>	<u>\$ 687,330</u>	<u>\$ -</u>	<u>\$ 2,890,246</u>

*Depreciation expense was charged to functions as follows:

Business-type activities:	<u>2005</u>
Utility	\$ 53,573
Sewer	48,761
Total Business-type activities depreciation expense	<u>\$ 102,334</u>

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

8. 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 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 11% 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, 2005, 2004 and 2003 were \$43,633, \$23,734, and \$23,067, 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.

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

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, 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 7.5% of their annual covered salary and the Town of Haynesville is required to contribute at an actuarially determined rate. The current rate is 18.25% 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, 2005, 2004, and 2003, were \$19,973, \$13,974, and \$13,205, respectively, equal to the required contributions for each year.

9. CAPITAL LEASE

The Town is leasing a meter reading system through Government Capital Corporation. The lease term is sixty months with an expiration date of April 1, 2008. Payments of \$8,045 are due on a monthly basis. The lease has a purchase option that the Town expects to exercise at the end of the lease.

The water meter reading system is included in capital assets and is being depreciated over its estimated useful economic life.

Future minimum lease payments and purchase option under the capital lease are:

<u>Year</u>	<u>Amount</u>
June 30, 2006	\$ 96,540
June 30, 2007	96,540
June 30, 2008	<u>80,450</u>
Total	273,530
Less: Amount representing interest	<u>63,579</u>
Present value of minimum lease payments	
Purchase options	218,460
Less: Current portion	<u>90,444</u>
Long-term portion	<u>\$ 128,016</u>

10. 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. During 2003, the Town entered into a capital lease in order to obtain water meters and a reading system. The following is a summary of the long-term obligation transactions for the year ended June 30, 2005:

TOWN OF HAYNESVILLE, LOUISIANA
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2005

	Capital Lease Obligation	Compensated Absences	Total
Balance at July 1, 2004	\$ 306,491	\$ 10,608	\$ 316,559
Additions	-	13,589	13,589
Deletions	(88,031)	(15,499)	(103,530)
Balance at July 1, 2005	\$ 218,460	\$ 8,158	\$ 226,618

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, 2005:

	Lease Obligation	Compensated Absences	Total
Current portion	\$ 90,444	\$ 2,100	\$ 92,544
Long term portion	128,016	6,058	134,074
Total	\$ 218,460	\$ 8,158	\$ 226,618

11. LEASE INCOME

The Town leases a building to a regional retailer. The lease agreement specifies that the tenant pay the town \$500 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, 2007.

12. 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.

13. LITIGATION AND CLAIMS

At June 30, 2005, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

TOWN OF HAYNESVILLE
Haynesville, Louisiana

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Taxes:				
Ad valorem	\$ 104,100	\$ 108,357	\$ 107,538	\$ (819)
Sales taxes	-	-	-	-
Franchise tax	-	-	76,511	76,511
Other taxes	7,200	5,555	4,910	(645)
Licenses and permits	123,600	139,139	87,957	(51,182)
Fines, forfeitures, and court costs	41,100	21,100	28,481	7,381
Intergovernmental	-	-	2,070	2,070
Interest earnings	500	1,500	3,673	2,173
Other	40,200	49,370	42,898	(6,472)
Total revenues	<u>316,700</u>	<u>325,021</u>	<u>354,038</u>	<u>29,017</u>
EXPENDITURES				
Current:				
General government	204,700	205,505	180,045	25,460
Public safety	272,400	265,400	289,729	(24,329)
Public works	128,200	157,000	446,459	(289,459)
Capital outlay	300,000	300,000	-	300,000
Total expenditures	<u>905,300</u>	<u>927,905</u>	<u>916,233</u>	<u>11,672</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(588,600)</u>	<u>(602,884)</u>	<u>(562,195)</u>	<u>40,689</u>
OTHER FINANCING SOURCES (Uses):				
Operating transfers in	533,620	544,600	258,350	(286,250)
Total other financing sources (uses)	<u>533,620</u>	<u>544,600</u>	<u>258,350</u>	<u>(286,250)</u>
NET CHANGES IN FUND BALANCES	<u>(54,980)</u>	<u>(58,284)</u>	<u>(303,845)</u>	<u>(245,561)</u>
FUND BALANCES - JULY 1, 2004	<u>65,875</u>	<u>65,875</u>	<u>385,314</u>	<u>319,439</u>
FUND BALANCES - JUNE 30, 2005	<u>\$ 10,895</u>	<u>\$ 7,591</u>	<u>\$ 81,469</u>	<u>\$ 73,878</u>

(Concluded)

TOWN OF HAYNESVILLE
Haynesville, Louisiana

SALES TAX FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Taxes:				
Sales taxes	\$ 396,300	\$ 428,000	\$ 429,137	\$ 1,137
Interest earnings	-	-	1,912	1,912
Other	22,420	1,965	1,774	(191)
Total revenues	<u>418,720</u>	<u>429,965</u>	<u>432,823</u>	<u>2,858</u>
EXPENDITURES				
Current:				
General government	185,100	197,900	164,521	33,379
Total expenditures	<u>185,100</u>	<u>197,900</u>	<u>164,521</u>	<u>33,379</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>233,620</u>	<u>232,065</u>	<u>268,302</u>	<u>36,237</u>
OTHER FINANCING SOURCES (Uses):				
Operating transfers out	(268,620)	(268,620)	(275,150)	(6,530)
Total other financing sources (uses)	<u>(268,620)</u>	<u>(268,620)</u>	<u>(275,150)</u>	<u>(6,530)</u>
NET CHANGES IN FUND BALANCES	<u>(35,000)</u>	<u>(36,555)</u>	<u>(6,848)</u>	<u>29,707</u>
FUND BALANCES - JULY 1, 2004	<u>116,833</u>	<u>116,833</u>	<u>168,477</u>	<u>51,644</u>
FUND BALANCES - JUNE 30, 2005	<u>\$ 81,833</u>	<u>\$ 80,278</u>	<u>\$ 161,629</u>	<u>\$ 81,351</u>

(Concluded)

TOWN OF HAYNESVILLE
Haynesville, Louisiana

FIRE PROTECTION DISTRICT NO. 3 FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Taxes:				
Ad valorem	\$ 122,000	\$ 125,000	\$ 125,594	\$ 594
Interest earnings	2,000	5,900	12,481	6,581
Other	12,870	13,742	14,459	717
Total revenues	<u>136,870</u>	<u>144,642</u>	<u>152,534</u>	<u>7,892</u>
EXPENDITURES				
Current:				
Public safety	64,400	64,350	61,624	2,726
Capital outlay	60,000	20,000	9,914	10,086
Total expenditures	<u>124,400</u>	<u>84,350</u>	<u>71,538</u>	<u>12,812</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>12,470</u>	<u>60,292</u>	<u>80,996</u>	<u>20,704</u>
OTHER FINANCING SOURCES (Uses):				
Operating transfers in	16,800	16,800	16,800	-
Total other financing sources (uses)	<u>16,800</u>	<u>16,800</u>	<u>16,800</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>29,270</u>	<u>77,092</u>	<u>97,796</u>	<u>20,704</u>
FUND BALANCES - JULY 1, 2004	<u>503,962</u>	<u>503,962</u>	<u>513,596</u>	<u>9,634</u>
FUND BALANCES - JUNE 30, 2005	<u>\$ 533,232</u>	<u>\$ 581,054</u>	<u>\$ 611,392</u>	<u>\$ 30,338</u>

(Concluded)

TOWN OF HAYNESVILLE
Haynesville, Louisiana

RECREATION DISTRICT WARDS 2& 3
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Taxes:				
Ad valorem	\$ 111,800	\$ 123,340	\$ 123,814	\$ 474
Interest earnings	1,500	2,800	2,952	152
Charges for services	1,000	1,000	1,387	387
Total revenues	<u>114,300</u>	<u>127,140</u>	<u>128,153</u>	<u>1,013</u>
EXPENDITURES				
Current:				
Parks and recreation	92,480	126,380	106,430	19,950
Capital outlay	30,000	18,000	17,235	765
Total expenditures	<u>122,480</u>	<u>144,380</u>	<u>123,665</u>	<u>20,715</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(8,180)	(17,240)	4,488	21,728
OTHER FINANCING SOURCES (Uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	(8,180)	(17,240)	4,488	21,728
FUND BALANCES - JULY 1, 2004	<u>131,570</u>	<u>131,570</u>	<u>109,501</u>	<u>(22,069)</u>
FUND BALANCES - JUNE 30, 2005	<u>\$ 123,390</u>	<u>\$ 114,330</u>	<u>\$ 113,989</u>	<u>\$ (341)</u>

(Concluded)

TOWN OF HAYNESVILLE, LOUISIANA

Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual For the Year Ended June 30, 2005

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.

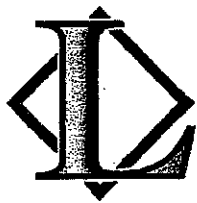
Formal budgetary integration is employed as a management control device during the year.

NOTE 2 – GENERAL FUND BUDGET/ACTUAL RECONCILIATION

The budgeted revenues and expenses of the General Fund do not include capital assets contributed by third parties. The actual revenues and expenses presented on the budgetary basis do not include a building contributed to the Town of Haynesville. The estimated fair value of the building was \$135,000 at the time of the contribution and was reported as revenue and as an expense in the General Fund's actual financial statements.

**Independent Auditors' Report on
Internal Control and on Compliance and Other Matters**

The following independent auditors' report on internal control and on compliance with laws, regulations, contracts, and grant agreements and other matters are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' 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 basic financial statements of the Town of Haynesville, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 30, 2005. We conducted our audit in accordance with U. S. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Haynesville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members of the City Council of the Town of Haynesville, management of the Town of Haynesville, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little & Associates, LLC

November 30, 2005
Monroe, Louisiana

**TOWN OF HAYNESVILLE
Haynesville, Louisiana**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005**

A. SUMMARY OF AUDIT RESULTS

Financial Statements Audit

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Town of Haynesville.
2. No material weaknesses or reportable conditions relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance or other matters material to the basic financial statements of the Town of Haynesville were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

**TOWN OF HAYNESVILLE
Haynesville, Louisiana**

**Schedule of Prior Audit Findings
For the Year Ended June 30, 2005**

The status of the audit findings reported in the audit for the years ended June 30, 2004 and 2003, is summarized below:

Finding 04-1

Condition Found: The Town did not adequately monitor budgets resulting in the actual expenditures of Fire Protection District No. 3 exceeding budget expenditures by 9.00%.

Status: Resolved.

Finding 04-02

Condition Found: The Town did not properly document approved rates of pay and approved time sheets and did not compute gross payroll properly.

Status: Resolved.

Finding 04-03

Condition Found: The fixed asset schedule did not properly reflect the buildings owned by the Town.

Status: Resolved.

Finding 04-04

Condition Found: The management fees paid by the Town for the management of the golf course exceeded the amount required to be paid under the terms of the Town's management agreement with a local golf association.

Status: Resolved.

Finding 04-05

Condition Found: The Town's personnel did not adequately adhere to the Town's internal controls over disbursements.

Status: Resolved

Finding 04-06

Condition Found: The Town's Sales Tax Fund is a special revenue fund that is funded through sales taxes. The Town deposited revenues derived from other sources into the Sales Tax Fund and paid expenses unrelated to the purpose or the operation of the Sales Tax Fund out of the fund.

Status: Resolved.

SUPPLEMENTAL INFORMATION

TOWN OF HAYNESVILLE
Haynesville, Louisiana

Schedule of Compensation Paid Councilpersons
For the Year Ended June 30, 2005

	<u>2005</u>
H. U. Slade	\$ 3,180
Joyce Major	3,360
Alvin Kendrick	3,660
Otto Black	3,000
Kenny Kilgore	3,000
	<u>\$ 16,200</u>