

TOWN OF HAYNESVILLE, LOUISIANA

Schedule of Mayor's and Aldermen's Compensation and Reimbursed Expenses For the Year Ended June 30, 1996

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Crocker	\$ 25,222	\$ 4,765	\$ 29,987
Alderman Clawson	3,095	945	4,040
Alderman Kendrick	3,660	203	3,863
Alderman Killgore	3,445	2,974	6,419
Alderman Major	3,300	252	3,552
Alderman Slaid	<u>3,095</u>	<u>1,111</u>	<u>4,206</u>
Totals	<u>\$ 41,817</u>	<u>\$ 10,250</u>	<u>\$ 52,067</u>

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

5. Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
Land	\$ 399,279	\$	\$	\$ 399,279
Buildings and improvements	2,891,474	178,421		3,069,895
Equipment	852,956	24,440	35,152	842,244
Work in progress - LCDBG project	429,926		429,926	
	<u>\$ 4,573,635</u>	<u>\$ 202,861</u>	<u>\$ 465,078</u>	<u>\$ 4,311,418</u>

A summary of proprietary fund-type assets as of June 30, 1996 and 1995, are as follows:

	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
Utility Fund:				
Water utility:				
Land	\$ 5,000	\$	\$	\$ 5,000
Waterworks	882,452			882,452
Water meters	30,968			30,968
Computer	7,882			7,882
Other equipment	61,671	22,020		83,691
Water tank rework	37,980			37,980
Sewerage and sanitation:				
Lines, pump stations, etc.	634,042			634,042
Autos and trucks	35,270	3,800		39,070
Other equipment	156,712			156,712
Landfill	165,969			165,969
Less: accumulated depreciation	<u>(1,284,622)</u>	<u>(47,118)</u>		<u>(1,331,740)</u>
Net fixed assets	<u>\$ 733,324</u>	<u>\$ (21,298)</u>	<u>\$ -</u>	<u>\$ 712,026</u>

(Continued)

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

5. Changes in Fixed Assets (Continued)

	<u>Balance June 30, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1996</u>
Sewer User Fund:				
Land	\$ 16,500	\$	\$	\$ 16,500
Land - right of way	9,000			9,000
Sewerage disposal plant	958,231	874,345		1,832,576
Equipment	10,986			10,986
Warehouse	1,746			1,746
Lift pump rework	23,225			23,225
Less:-accumulated depreciation	<u>(245,542)</u>	<u>(21,975)</u>	<u></u>	<u>(267,517)</u>
Net fixed assets	<u>\$ 774,146</u>	<u>\$ 852,370</u>	<u>\$</u>	<u>\$ 1,626,516</u>

6. Leases

The Town of Haynesville records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases:

<u>Type</u>	<u>Recorded Amount</u>
Equipment (LTDAG)	<u>\$ 930,152</u>

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 1996:

<u>Fiscal</u>	<u>Equipment (LTDAG)</u>
1997	\$ 129,739
1998	120,518
1999	53,696
2000	54,411
2001	<u>53,820</u>
Total minimum lease payments	412,184
Less - amount representing interest	<u>68,903</u>
Present value of net minimum lease payments	<u>\$ 343,281</u>

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements June 30, 1996

6. Leases (Continued)

All principal and interest requirements are funded in accordance with Louisiana Law by the annual ad valorem tax levy on taxable property within the parish (or other as indicated). At June 30, 1996, the Town of Haynesville has accumulated \$51,171 in the Debt Service Funds for future debt requirements.

In accordance with Louisiana Revised Statutes, the Town of Haynesville is legally restricted in the amount of long-term bonded debt that may be issued. At June 30, 1996, the Town has no outstanding bonded debt.

The Town of Haynesville has no operating leases.

7. Note Payable

The Town of Haynesville records items under a note payable as an asset and an obligation in the accompanying financial statements. The following is an analysis of the note payable:

Type	Recorded Amount
Equipment (Enterprise Funds)	\$ <u>22,020</u>

The following is a schedule of future loan payments, together with the present value of the loan payments, as of June 30, 1996:

Fiscal	Equipment (Enterprise Funds)
1997	\$ 8,567
1998	8,567
1999	<u>2,822</u>
Total Loan Payments	19,956
Less-amount representing interest	<u>2,271</u>
Present value of loan payments	<u>\$ 17,685</u>

8. Fund Deficits

The following individual fund has a deficit in unreserved fund balance at June 30, 1996:

Fund	Deficit Amount
General Fund	\$ 85,595

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

9. Retirement Commitments

Municipal Employees' Retirement System.

A. Plan Description.

All full-time employees of the Town of Haynesville are covered by the Municipal Employees' Retirement System of Louisiana (Plan B), which is a cost-sharing multiple-employer PERS. All employees who are working on a regularly scheduled basis of at least 35 hours per week, not participating or eligible for membership in another public funded retirement system and who are under age 60 at date of employment are eligible to participate. The plan provides retirement benefits, survivor's benefits, and disability benefits. A member may retire at age 55 with 30 years or more of creditable service, or at age 60 with a minimum of 10 or more years of creditable service. Benefits vest after 10 years of service. The monthly amount of the retirement allowance shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service.

Retirement provisions include survivor's benefits and disability benefits. Any member who is eligible for normal retirement at time of death, surviving spouse shall receive Option 2 benefits for the duration of his/her life. Members must have at least 10 years of creditable service to be eligible for disability retirement. Upon retirement caused by disability, a member shall receive a normal retirement allowance if eligible therefore. If he is not eligible, he shall receive a disability benefit which shall consist of an amount equal to 2% of the member's final compensation multiplied by his years of creditable service projected to his earliest normal retirement age not to exceed 30% of his final compensation.

The Town's current-year covered payroll is \$215,985, and the Town's total current-year payroll is \$255,911.

B. Contributions Required and Made.

Employees of the Town are required to pay 9.25% of their gross earnings into the plan. Employer contributions are 5.5% as of June 30, 1996, of each and every member's earnings, excluding bonuses, overtime pay, or severance pay. Total contributions to this retirement system were \$33,673 for the year ended June 30, 1996.

C. Funding Status and Progress.

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB-5 that, with some exceptions, must be used by a PERS. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of PERS financial statements to (a) assess the PERS funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among other PERS and among other employers.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

9. Retirement Commitments (Continued)

Municipal Employees' Retirement System (Continued).

C. Funding Status and Progress (Continued).

Total unfunded pension benefit obligation of the Municipal Employees Retirement System as of June 30, 1995, was as follows:

Total pension benefit obligations	\$321,901,732
Net assets available for pension benefits	<u>276,390,971</u>
Unfunded pension benefit obligation	<u>\$ 45,510,761</u>

The measurement of the total pension benefit obligation is based on an actuarial valuation as of June 30, 1995. Net assets available to pay pension benefits were valued as of the same date.

The Town's FYE 1996 contribution to the state PERS represents .16% of the total current-year actuarially determined contribution requirements for all employers covered by the pension plan.

Ten-year historical trend information is presented in the 1995 Municipal Employee's Retirement System Comprehensive Annual Financial Report. This information is useful in assessing the plan's accumulation of sufficient assets to pay benefits as they become due.

D. During FYE 1996, the state PERS held no securities issued by the Town or other related parties.

Municipal Police Employees' Retirement System:

A. Plan Description.

All full-time police officers who earn at least \$375 per month excluding supplemental pay, or an elected chief of police whose salary is at least \$100 per month are eligible to receive retirement benefits from the Municipal Police Employees' Retirement System, which is a cost-sharing multiple-employer PERS.

The plan provides retirement benefits, a deferred retirement option plan, and death and disability benefits. A member shall be eligible for regular retirement if he has 20 years or more of creditable service and is at least age 50, or 12 years or more of creditable service and is at least age 55. Benefits vest after the members have attained both the age and the years of service requirements which entitle them to regular retirement benefits. Any member who meets the eligibility requirements for regular retirement may elect to receive his benefit in an equal retirement allowance payable throughout life, which is $3 \frac{1}{3}$ x number of years creditable service x annual average final compensation, or he may elect to receive the actuarial equivalent at the time of retirement in a reduced equal monthly retirement allowance payable throughout life.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

9. Retirement Commitments (Continued)

Municipal Police Employees' Retirement System (Continued):

A. Plan Description (Continued).

Act 475 of 1984 established a unique plan by which members of this system could "retire", yet continue employment and defer receipt of retirement benefits until their employment is terminated. In lieu of terminating employment and accepting a service retirement allowance, any member of this system who has at least 20 years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the deferred retirement option plan and defer the receipt of benefits until he terminates employment.

In order to receive disability benefits, the member must be an active contributing member of the retirement system at the time the application for disability is filed with the system. The benefit shall be equal to three percent (3%) of the member's average final compensation multiplied by his years of creditable service; but shall not be less than 40% or more than 60% of his average final compensation.

Survivor benefits are payable to the surviving spouse and for surviving minor children of a deceased active contributing member or a deceased disability retiree. If the surviving spouse remarries, the benefit shall cease. Benefits are determined by state statute.

The Town's current-year covered payroll is \$108,611, and the Town's total current-year payroll for all employees is \$111,798.

Employees of the Town are required to pay 8% of their earnable compensation to the plan. The Town makes annual contributions equal to the amount required by state statutes. During 1996 and 1995, the Town was required to contribute 9% of its gross payroll to the plan.

Total contributions made during FYE 1996 amounted to \$18,834 of which \$10,204 was made by the Town and \$8,630 was made by employees. These contributions represented 9% (Town) and 8% (employees) of covered payroll.

C. Funding Status and Progress.

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB-5 that, with some exceptions, must be used by a PERS. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of PERS financial statements to (a) assess the PERS funding status on a going concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among other PERS and among other employers.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

12. Reserved and Designated Retained Earnings/Fund Balances

Enterprise Fund	\$ <u>46,932</u>
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The Enterprise Fund requires that cash be restricted in an amount equal to the meter deposits. Since adequate cash is unavailable at June 30, 1996, the amount was reserved from retained earnings.

13. Related-Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 1996.

14. Restatement of Prior Year Balances

Adjustments were made to the beginning retained earnings to properly account for bank accounts in the Special Revenue Fund that were inadvertently left out in 1991 when a certificate of indebtedness was obtained. A summary of the adjustments made is as follows:

As originally reported June 30, 1995	\$ (25,303)
Adjustments	<u>250,378</u>
As restated, June 30, 1995	<u>\$ 225,075</u>

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies (Continued)

L. Sales Taxes

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 aforesaid 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 of Haynesville, State of Louisiana, is also authorized to levy and collect a tax of one percent (1%) for a period of five (5) years upon the sale at retail, the use, the 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, 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 parking facilities, and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid 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 1, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:2711, et seq.)

M. **Comparative Data** - Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, presentation of prior-year amounts by fund type have not been presented in each of the statements since their inclusions would make the statements unduly complex and difficult to read.

N. **Total Columns on Combined Statements** - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

The Honorable Tom Crocker, Mayor
and the Members of the Board of Aldermen of the
Town of Haynesville, Louisiana

We have audited the general purpose financial statements of the Town of Haynesville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 26, 1996.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Town of Haynesville, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Haynesville, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted a matter involving the internal control structure and its operation that we have reported to the management of the Town of Haynesville, Louisiana, in a separate letter dated August 26, 1996.

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

Smith Pugh Robinson LLP
Certified Public Accountants

August 26, 1996



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Tom Crocker, Mayor
and the Members of the Board of Aldermen of the
Town of Haynesville, Louisiana

We have audited the general purpose financial statements of the Town of Haynesville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 26, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Haynesville, Louisiana is the responsibility of the Town of Haynesville, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Haynesville, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants

August 26, 1996



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INDEPENDENT AUDITOR'S REPORT ON THE
INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Tom Crocker, Mayor
and the Members of the Board of Aldermen of the
Town of Haynesville, Louisiana

We have audited the general purpose financial statements of the Town of Haynesville, Louisiana for the year ended June 30, 1996, and have issued our report thereon dated August 26, 1996. We have also audited the compliance of the Town of Haynesville, Louisiana with requirements applicable to major federal financial assistance programs and have issued our report thereon dated August 26, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and whether the Town of Haynesville, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered the internal control structure of the Town of Haynesville, Louisiana in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the Town of Haynesville, Louisiana and on the compliance of the Town of Haynesville, Louisiana with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated August 26, 1996.

The management of the Town of Haynesville, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Cash and Cash Equivalents
- Receivables
- Property and Equipment
- Payables and Accrued Liabilities
- Debt
- Fund Balance or Retained Earnings

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Town of Haynesville, Louisiana expended 100% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Town of Haynesville, Louisiana's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering Federal Financial Assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operation that we consider to be material weaknesses as defined above.

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


Certified Public Accountants

August 26, 1996



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Tom Crocker, Mayor
and the Members of the Board of Aldermen of the
Town of Haynesville, Louisiana

We have audited the financial statements of the Town of Haynesville, Louisiana, as of the year ended June 30, 1996, and have issued our report thereon dated August 26, 1996.

We have applied procedures to test the Town of Haynesville, Louisiana, compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: (1) political activity, (2) Davis-Bacon Act, (3) civil rights, (4) cash management, and (5) federal financial reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Haynesville, Louisiana's compliance with the requirements listed in the preceding paragraphs. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Haynesville, Louisiana had not complied, in all material respects, with those requirements.

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants

August 26, 1996



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

The Honorable Tom Crocker, Mayor
and the Members of the Board of Aldermen of the
Town of Haynesville, Louisiana

We have audited the financial statements of the Town of Haynesville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 26, 1996.

In connection with our audit of the 1995 general purpose financial statements of Town of Haynesville, Louisiana, and with our consideration of the Town of Haynesville, Louisiana internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of expenditures allowed, reporting and monitoring requirements. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Haynesville, Louisiana compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Haynesville, Louisiana had not complied, in all material respects, with those requirements.

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants

August 26, 1996

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

9. Retirement Commitments (Continued)

Municipal Police Employees' Retirement System (Continued).

C. Funding Status and Progress (Continued).

Total unfunded pension benefit obligation of the Municipal Police Employee's Retirement system as of June 30, 1995, was as follows:

Total pension benefit obligations	\$ 736,846,804
Net assets available for pension benefits	<u>755,464,738</u>
Unfunded pension benefit obligation	<u>\$ -0-</u>

The measurement of the total pension benefit obligation is based on an actuarial evaluation as of June 30, 1995. Net assets available to pay pension benefits were valued as of the same date.

The Town's FYE 1996 required contribution to the PERS represents .08% of the total current-year actuarially determined contribution requirements for all employers covered by the Pension Plan.

Ten-year historical trend information is presented in the 1995 Municipal Police Employees' Retirement System Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

D. During FYE 1996, the PERS held no securities issued by the Town or other related parties.

10. Interfund Operating Transfers

Individual fund operating transfers for fiscal year 1996, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 285,323	\$
Special Revenue Funds		304,113
Debt Service Fund	42,790	1,000
Enterprise Funds		<u>23,000</u>
Totals	<u>\$ 328,113</u>	<u>\$ 328,113</u>

11. Commitments and Contingencies

There are currently no pending or threatened litigations.

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Debt Service Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 83,500	\$ 88,409	\$ 4,909	\$ 636,000	\$ 680,283	\$ 44,283
			47,200	49,104	1,904
			34,500	42,374	7,874
	28,784	28,784		28,784	28,784
			15,000	8,463	(6,537)
			32,200	44,097	11,897
			400	47,475	47,075
			53,300	15,478	(37,822)
			4,000		(4,000)
<u>83,500</u>	<u>117,193</u>	<u>33,693</u>	<u>822,600</u>	<u>916,058</u>	<u>93,458</u>
750	1,150	(400)	313,680	296,455	17,225
			190,500	188,403	2,097
			95,000	89,116	5,884
			48,000	49,055	(1,055)
79,000	79,163	(163)	214,000	218,261	(4,261)
32,000	35,000	(3,000)	103,868	112,219	(8,351)
<u>21,698</u>	<u>19,253</u>	<u>2,445</u>	<u>45,097</u>	<u>36,982</u>	<u>8,115</u>
<u>133,448</u>	<u>134,566</u>	<u>(1,118)</u>	<u>1,010,145</u>	<u>990,491</u>	<u>(19,654)</u>
<u>(49,948)</u>	<u>(17,373)</u>	<u>(32,575)</u>	<u>(187,545)</u>	<u>(74,433)</u>	<u>(113,112)</u>
	42,790	42,790	250,000	328,113	78,113
	<u>(1,000)</u>	<u>(1,000)</u>	<u>(250,000)</u>	<u>(305,113)</u>	<u>(55,113)</u>
	<u>41,790</u>	<u>41,790</u>		<u>23,000</u>	<u>23,000</u>
(49,948)	24,417	74,365	(187,545)	(51,433)	(136,112)
<u>26,755</u>	<u>26,755</u>		<u>215,601</u>	<u>215,601</u>	
<u>\$ (23,193)</u>	<u>\$ 51,172</u>	<u>\$ 74,365</u>	<u>\$ 28,056</u>	<u>\$ 164,168</u>	<u>\$ 136,112</u>

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Financial Statements

June 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 NOV 20 1996

SMITH PUGH RABINOWITZ L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
BOSSIER CITY, LOUISIANA 71111



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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August 26, 1996

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The Honorable Tom Crocker, Mayor
and the Members of the Board of Aldermen of the
Town of Haynesville, Louisiana

In planning and performing our audit of the general purpose financial statements of the Town of Haynesville, Louisiana, for the year ended June 30, 1996, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our reports dated August 26, 1996, on the general purpose financial statements of the Town of Haynesville, Louisiana.

Public Bid Law

During our audit, we noted that the public bid law was not followed in purchasing a tractor from Fallin Tractor Co., Inc. Public bid laws require that bids be obtained from different suppliers for purchases that exceed \$10,000. If the purchases are exempt from this law, supporting documentation should be placed in the bid file. This appears to be an isolated incident since other items examined were properly documented.

We recommend that the Town's purchase policy be reviewed for adequacy. The policy should specify items which require bids and items which are exempt from the requirement. In addition, a file should be maintained for all purchases that exceed \$5,000. Proper file documentation for these purchases would include, at a minimum, evidence of quotes obtained (or documentation supporting exemption from this requirement) and notation of the bid accepted.

Bond Commission Requirements

State law requires that the Town must get the Bond Commission's permission before incurring debt. However, there is an exception to this requirement. If the Town incurs debt with non-appropriated funds, the lease/note must state that in the event of non-payment, the lease/note will be cancelled. It appears that this was not done for the above transaction with Fallin Tractor Co., Inc.

We recommend that the Town write a letter to the Bond Commission explaining to them about this incident and that it was an oversight on the Town's part.

We will review that status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town officials, and we will be pleased to discuss them further detail at your convenience.

Sincerely,

Smith Pugh Rabinowitz LLP
Certified Public Accountants

TOWN OF HAYNESVILLE, LOUISIANA

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COMBINED FINANCIAL STATEMENTS - OVERVIEW



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Tom Crocker, Mayor
and the Members of the Board of Aldermen of
The Town of Haynesville, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Haynesville, Louisiana, as of June 30, 1996, and for the year then ended, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Haynesville, Louisiana, as of June 30, 1996, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 26, 1996, on our consideration of the Town of Haynesville, Louisiana's internal control structure and a report dated August 26, 1996, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Compensation and Reimbursed Expenses paid the Mayor and Board of Aldermen on page 23 is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Town of Haynesville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

August 26, 1996

TOWN OF HAYNESVILLE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups June 30, 1996

	Governmental Fund Types				Proprietary Fund Type	Account Groups		Totals (Memorandum Only)		
	General	Special Revenue	Debt Service	LCDBG Projects		Enterprise	General	Long-term	1996	1995
							Fixed Assets	Debt	\$	\$
ASSETS										
Cash and cash equivalents	\$ 38,638	\$ 353,712	\$ 20,763	\$ -	\$ 166,359	\$ -		\$ 579,472	\$ 291,381	
Receivables (net where applicable, of allowances for uncollectibles):					61,088			61,088	57,166	
Due from other funds	134,480	47,726	34,413		201,744			418,363	392,782	
Restricted assets:										
Property, plant and equipment (net of accumulated depreciation)					2,338,542	4,311,418		6,649,960	5,651,179	
Amount available in Debt Service Funds							51,172	51,172	26,755	
Amount to be provided for retirement of general long-term debt							292,109	292,109	426,790	
Total assets	<u>\$ 173,118</u>	<u>\$ 401,438</u>	<u>\$ 55,176</u>	<u>\$ -</u>	<u>\$ 2,767,733</u>	<u>\$ 4,311,418</u>	<u>\$ 343,281</u>	<u>\$ 8,052,164</u>	<u>\$ 6,846,053</u>	
LIABILITIES										
Accounts payable	\$ 32,956	\$ 7,910	\$ 4,004	\$ -	\$ 30,909	\$ -		\$ 75,779	\$ 60,649	
Due to other funds	213,907	140,530			63,926			418,363	392,782	
Payable from restricted assets:										
Deposits					46,932			46,932	45,091	
Note payable					17,685			17,685		
Capital lease payable							343,281	343,281	453,545	
Total liabilities	<u>246,863</u>	<u>148,440</u>	<u>4,004</u>	<u>-</u>	<u>159,452</u>	<u>343,281</u>	<u>343,281</u>	<u>902,040</u>	<u>952,067</u>	
FUND EQUITY										
Contributed capital	11,850	54,407			2,379,176			2,445,433	1,574,732	
Investment in general fixed assets						4,311,418		4,311,418	4,143,709	
Retained earnings:										
Reserved					46,932			46,932	45,091	
Unreserved					182,173			182,173	163,121	
Fund balances:										
Unreserved - undesignated	(85,595)	198,591						164,168	(32,667)	
Total retained earnings/fund balances	(85,595)	198,591			229,105			393,273	175,545	
Total fund equity	<u>(73,745)</u>	<u>252,998</u>	<u>51,172</u>	<u>-</u>	<u>2,608,281</u>	<u>4,311,418</u>	<u>-</u>	<u>7,150,124</u>	<u>5,893,986</u>	
Total liabilities and fund equity	<u>\$ 173,118</u>	<u>\$ 401,438</u>	<u>\$ 55,176</u>	<u>\$ -</u>	<u>\$ 2,767,733</u>	<u>\$ 4,311,418</u>	<u>\$ 343,281</u>	<u>\$ 8,052,164</u>	<u>\$ 6,846,053</u>	

See the accompanying notes to financial statements.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

2. Cash and Cash Equivalents (Continued)

Investment pools are under the custody of the Town Clerk. Investing is performed in accordance with investment policies complying with State Statutes and the Town charter. Pooled funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, and (3) savings accounts at savings and loan associations and banks, to the extent fully insured.

3. Levied Taxes

For the year ended June 30, 1996, taxes of 13.76 mills were levied on property with assessed valuations totaling \$6,510,427 and were dedicated as follows:

General operation	8.76 mills
Sewerage and streets	5.00 mills

Total taxes levied were \$89,584. Taxes in the amount of \$9,831 were receivables at June 30, 1996. All taxes due are from current roll.

The Town policy is not to maintain Ad Valorem Taxes Receivable at June 30. As based on prior years experience, an allowance for uncollectible taxes would offset the receivable balance.

The Town sends out ad valorem tax notices on or near November 1. The due date for payment is December 31. Any taxes paid after January 1, are assessed a 10% penalty and are turned over to the Town's attorney for liens on March 31. The accounts turned over to the attorney consist mainly of taxes assessed on house trailers which are no longer maintained within the Town corporation limits.

4. Interfund Receivables, Payables

A summary of interfund receivables and payables is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 134,480	\$ 213,907
Debt Service Fund	34,413	-
Enterprise Funds	201,744	63,926
Special Revenue Funds	47,726	140,530
	\$ 418,363	\$ 418,363



TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies (Continued)

- O. Statements of Cash Flows** - For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.
- P. Refundable Deposits** - The Utility Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.
- Q. Reclassification** - Certain 1995 amounts were reclassified to conform to 1996 presentation.

2. Cash and Cash Equivalents

At June 30, 1996, the carrying amount of the Town's deposits was \$579,072 and the bank balance was \$600,183. The total bank balance was covered by federal depository insurance. The Town has a three-party safekeeping agreement between the Town, Planters Bank & Trust and the Commercial National Bank, Shreveport, Louisiana.

The carrying amount of the Town's deposits of each fund are comprised of the following:

	Cash and Cash Equivalent	Total
General Fund	\$ 38,237	\$ 38,237
Special Revenue Funds	353,712	353,712
Debt Service Fund	20,763	20,763
Enterprise Funds	166,360	166,360
	\$ 579,072	\$ 579,072

The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty, or by its trust department or agent but not in the Town's name.

Description	Category			Carrying Amount	Market Value
	1	2	3		
FDIC Insurance - Bank One	\$ 100,000	\$	\$	\$ 100,000	\$ 100,000
FDIC Insurance - PBT	100,000			100,000	100,000
FDIC Insurance - LaSalle Bank	100,000			100,000	100,000
FHLB - PBT		160,670		149,845	149,845
U. S. Treasury - Bank One		11,381		1,095	1,095
Uninsured - LaSalle Bank			128,132	128,132	128,132
	\$ 300,000	\$ 172,051	\$ 128,132	\$ 579,072	\$ 579,072

TOWN OF HAYNESVILLE, LOUISIANA

Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Proprietary Fund
Year Ended June 30, 1996
With Comparative Totals for Year Ended June 30, 1995

	Enterprise Funds	
	1996	1995
Operating revenues:		
Metered water sales	\$ 344,530	\$ 311,204
Sewerage service charges	143,246	150,156
Solid waste disposal service charges	98,533	98,473
Miscellaneous revenues	4,296	5,327
Total operating revenues	590,605	565,160
Operating expenses:		
Personal services	204,527	187,633
Supplies	65,203	51,598
Utilities	39,465	31,331
Repairs and maintenance	66,919	53,017
Contractual services	98,407	118,485
Miscellaneous	6,880	5,570
Depreciation	69,094	59,376
Total operating expenses	550,495	507,010
Operating income	40,110	58,150
Nonoperating revenues:		
Interest income	140	7
Total nonoperating revenues	140	7
Income before operating transfers	40,250	58,157
Other financing sources (uses):		
Operating transfers out	(23,000)	(15,000)
Total other financing sources (uses)	(23,000)	(15,000)
Net income	17,250	43,157
Amount charged to contribution accounts:		
Depreciation on fixed assets	3,643	-
Retained earnings at beginning of year	208,212	165,055
Retained earnings at end of year	\$ 229,105	\$ 208,212

TOWN OF HAYNESVILLE, LOUISIANA

Combined Statement of Cash Flows - Proprietary Fund
 Year Ended June 30, 1996
With Comparative Totals for Year Ended June 30, 1995

	Enterprise Funds	
	1996	1995
Cash flows from operating activities:		
Cash received from customers	\$ 586,443	\$ 562,672
Cash payments for supplies and services	(287,031)	(240,528)
Cash payments for salaries and overhead	(227,527)	(202,633)
Net cash provided by operating activities	71,885	119,511
Cash flows from capital and related financing activities:		
LCDBG funds	874,344	
Proceeds from borrowings	22,020	
Principal payments	(4,335)	
Interest paid	(1,377)	
Net cash used for capital and related financing activities	890,652	
Cash flows from noncapital financing activities:		
Net increase in meter deposits	1,841	1,794
Net cash provided by noncapital financing activities	1,841	1,794
Cash flows from investing activities:		
Purchase of property, plant and equipment	(900,166)	(104,926)
Net decrease in interfund receivables	5,000	47,726
Net cash used for investing activities	(895,166)	(57,200)
Net increase in cash and cash equivalents	69,212	64,105
Cash and cash equivalents at beginning of year	97,147	33,042
Cash and cash equivalents at end of year	\$ 166,359	\$ 97,147
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 40,110	\$ 58,150
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	69,094	59,376
Changes in assets and liabilities:		
Increases in operating assets:		
Accounts receivable	(4,302)	(2,495)
(Decreases) increases in operating liabilities:		
Accounts payable	(11,534)	19,473
Adjustments:		
Retained earnings		
Operating transfers out	(23,000)	(15,000)
Nonoperating revenues	140	7
Interest paid	1,377	
Net cash provided by operating activities	\$ 71,885	\$ 119,511

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements

June 30, 1996

The Town of Haynesville 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

The accounting and reporting policies of the Town of Haynesville conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the "Louisiana Municipal Audit and Accounting Guide."

The following is a summary of certain significant accounting policies:

- A. **Reporting Entity** - This report includes all funds and account groups which are controlled by or dependent on the Town's Executive and Legislative Branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.
- B. **Fund Accounting** - The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds and group of accounts are used by the Town:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt including principal, interest, and related costs.

LCDBG Projects Fund - The LCDGB Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities.

Proprietary Funds

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

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - (Continued)

The preparation of financial statements generally requires 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets and Budgetary Accounting - The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. 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. There were no amendments made to the budget for 1995. The 1996 budget was amended for additional capital outlays in accordance with Louisiana Law.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

E. Investments - All investments are interest bearing deposits with original maturity dates in excess of three months and are stated at cost which approximates market value. Town's investments comply with Louisiana Statutes (LSA-R533.2955).

F. Inventories - Inventory of supplies in the Proprietary Fund is not material and is charged to operations as purchased.

G. Bad Debts - Uncollectible amounts due for the customers' utility and ad valorem taxes receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. No provision for uncollectible ad valorem taxes has been deemed necessary. The allowance for customers' utility receivables was \$1,700 and \$1,700 at June 30, 1996 and 1995, respectively.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies (Continued)

H. Property, Plant, and Equipment -

General Fixed Assets Account Group

Fixed assets in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on such assets.

Utility and Sewer System

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line basis, with one-half year's depreciation calculated in the year of acquisition. The estimated service lives by asset type are as follows:

Utility Fund:

Water Utility:

Water Works	40 Years
Water Meters	40 Years
Computer	4 & 5 Years
Other Equipment	4, 5 & 10 Years
Water Tank Rework	15 Years

Sewerage and Sanitation:

Lines, Pump Stations, Etc.	40 Years
Autos and Trucks	4 - 6 Years
Other Equipment	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

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies (Continued)

- I. **Compensated Absences** - The Town of Haynesville has the following policy relating to vacation and sick leave:

Vacation - 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 do not accrue.

Sick leave - 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 current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds and proprietary funds, when leave is actually taken.

J. Fund Equity

Contributed Capital

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures, or expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Schedule of Federal Financial Assistance June 30, 1996

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Federal Financial Assistance is a summary of the cash activity of the Town's federal financial assistance programs and does not present transactions that would be included in financial statements of the Town presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

NOTE B - SEWER SYSTEM IMPROVEMENT

In accordance with terms of the loan, the Town has expended matching contributions totaling \$88,080 during the year ended June 30, 1996.

NOTE C - ECONOMIC DEVELOPMENT

In accordance with terms of the loan, the Town has expended matching contributions totaling \$4,815 during the year ended June 30, 1996.

TOWN OF HAYNESVILLE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types Year Ended June 30, 1996

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	LCDBG Projects	1996	1995
Revenues:						
Taxes	\$ 137,919	\$ 453,955	\$ 88,409	\$	\$ 680,283	\$ 652,139
Licenses and permits	49,104				49,104	46,681
Intergovernmental	42,374				42,374	78,400
Federal and State grants			28,784	90,787	119,571	387,843
Municipal Park	8,463				8,463	20,430
Rentals	1,250	42,847			44,097	48,003
Interest	1,190	30,885			32,075	4,051
Miscellaneous	15,328	150			15,478	31,883
Contributions						6,000
Total revenues	<u>255,628</u>	<u>527,837</u>	<u>117,193</u>	<u>90,787</u>	<u>991,445</u>	<u>1,275,430</u>
Expenditures:						
General government	182,221	113,084	1,150		296,455	316,494
Public safety	187,601	802			188,403	178,004
Streets and drainage	89,116				89,116	87,309
Recreation	49,055				49,055	49,916
Grant expenditures				92,896	92,896	387,843
Capital outlays	82,324	41,374	79,163		202,861	6,822
Debt service:						
Principal retirement		77,219	35,000		112,219	100,790
Interest and fiscal charges		17,729	19,253		36,982	45,506
Total expenditures	<u>590,317</u>	<u>250,208</u>	<u>134,566</u>	<u>92,896</u>	<u>1,067,987</u>	<u>1,172,684</u>
Excess (deficiency) of revenues over expenditures	<u>(334,689)</u>	<u>277,629</u>	<u>(17,373)</u>	<u>(2,109)</u>	<u>(76,542)</u>	<u>102,746</u>
Other financing sources (uses):						
Operating transfers in	285,323		42,790		328,113	251,290
Operating transfers out		(304,113)	(1,000)		(305,113)	(236,290)
Total other financing sources (uses)	<u>285,323</u>	<u>(304,113)</u>	<u>41,790</u>		<u>23,000</u>	<u>15,000</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(49,366)</u>	<u>(26,484)</u>	<u>24,417</u>	<u>(2,109)</u>	<u>(53,542)</u>	<u>117,746</u>
Fund balance (deficit) at beginning of year, restated	<u>(36,229)</u>	<u>225,075</u>	<u>26,755</u>	<u>2,109</u>	<u>217,710</u>	<u>(150,413)</u>
Fund balance (deficit) at end of year	<u>\$ (85,595)</u>	<u>\$ 198,591</u>	<u>\$ 51,172</u>	<u>\$ -</u>	<u>\$ 164,168</u>	<u>\$ (32,667)</u>

See accompanying notes to financial statements.



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

The Honorable Tom Crocker, Mayor
and the Members of the Board of Aldermen of the
Town of Haynesville, Louisiana

We have audited the general purpose financial statements of the Town of Haynesville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 26, 1996. These general purpose financial statements are the responsibility of the Town of Haynesville, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Haynesville, Louisiana taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

August 26, 1996

TOWN OF HAYNESVILLE, LOUISIANA

Schedule of Federal Financial Assistance
June 30, 1996

<u>Program Name</u>	<u>Grantor</u>	<u>CFDA No.</u>	<u>Program Amount</u>	<u>Cash Balance January 1, 1995</u>	<u>Receipts</u>	<u>Federal Expenditures</u>	<u>Cash Balance December 31, 1995</u>
Sewer System Improvement	State of Louisiana Division of Administration (LCDBG #101-4041)	14.219	\$ 514,315	\$ -	\$ 88,080	\$ 88,080	\$ -
Economic Development	State of Louisiana Division of Administration (LCDBG #101-2001)	14.219	\$ 360,029	\$ 2,109	\$ 2,706	\$ 4,815	\$ -

See notes to Schedule of Federal Financial Assistance.