

SUPPORTING SCHEDULES

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 1996

	<u>Year Ended June 30, 1996</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Taxes:			
Ad valorem	\$ 2,263,802	\$ 2,240,189	\$ (23,613)
Sales	3,375,000	3,719,617	344,617
Gross receipts	222,000	239,769	17,769
Costs and interest	<u>4,000</u>	<u>1,974</u>	<u>(2,026)</u>
	<u>\$ 5,864,802</u>	<u>\$ 6,201,549</u>	<u>\$ 336,747</u>
Licenses and permits:			
Business licenses	\$ 180,000	\$ 182,285	\$ 2,285
Insurance licenses	170,000	187,231	17,231
Building permits	9,500	6,758	(2,742)
Beer and liquor permits	14,500	14,815	315
Other permits	<u>9,020</u>	<u>7,755</u>	<u>(1,265)</u>
	<u>\$ 383,020</u>	<u>\$ 398,844</u>	<u>\$ 15,824</u>
Intergovernmental:			
Tobacco tax	\$ 72,000	\$ 67,837	\$ (4,163)
Fire insurance	242,420	244,197	1,777
Beer tax	32,000	39,825	7,825
Supplemental pay	-	234,616	234,616
Grants and other	<u>43,076</u>	<u>90,715</u>	<u>47,639</u>
	<u>\$ 389,496</u>	<u>\$ 677,190</u>	<u>\$ 287,694</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for long-term liabilities to be financed from governmental fund types.

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE -
ALL PROPRIETARY AND FIDUCIARY FUND TYPES

Year Ended June 30, 1996

With Comparative Totals for Year Ended June 30, 1995

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Enterprise</u>	<u>Pension Trust</u>
Operating revenues:		
Fees, charges and commissions for services	\$ 4,050	\$ -
Interest and miscellaneous	<u>-</u>	<u>11,173</u>
	<u>\$ 4,050</u>	<u>\$ 11,173</u>
Operating expenses:		
Depreciation	\$ 9,257	\$ -
Interest and fiscal charges	-	-
Benefit payments	-	145,638
Other	<u>10,040</u>	<u>291</u>
	<u>\$ 19,297</u>	<u>\$ 145,929</u>
Operating income (loss)	<u>\$(15,247)</u>	<u>\$(134,756)</u>
Nonoperating revenue:		
Interest	<u>\$ 14,646</u>	<u>\$ -</u>
Income (loss) before operating transfers	<u>\$(601)</u>	<u>\$(134,756)</u>
Operating transfers in	<u>-</u>	<u>145,938</u>
Net income (loss)	<u>\$(601)</u>	<u>\$ 11,182</u>
Retained earnings/fund balance - reserved - beginning	<u>213,738</u>	<u>214,124</u>
Retained earnings/fund balance - reserved - ending	<u>\$ 213,137</u>	<u>\$ 225,306</u>

See Notes To Financial Statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets used in governmental fund type operations for control purposes.

CITY OF BASTROP, LOUISIANA
FIREMEN'S PENSION AND RELIEF FUND

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1996 and 1995

	<u>Year Ended June 30,</u>	
	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$(134,756)	\$(132,353)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
(Increase) decrease in accrued interest receivable	<u>936</u>	<u>(4,697)</u>
Net cash provided (used) by operating activities	<u>\$(133,820)</u>	<u>\$(137,050)</u>
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of investments	<u>\$(11,852)</u>	<u>\$(207,900)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	<u>\$ 145,938</u>	<u>\$ 141,696</u>
Net increase (decrease) in cash and cash equivalents	\$ 266	\$(203,254)
Cash and cash equivalents - beginning	<u>13,114</u>	<u>216,368</u>
Cash and cash equivalents - ending	<u>\$ 13,380</u>	<u>\$ 13,114</u>

See Notes To Financial Statements.

CITY OF BASTROP, LOUISIANA

FIREMEN'S PENSION AND RELIEF FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND EARNINGS
Years Ended June 30, 1996 and 1995

	<u>Year Ended June 30,</u>	
	<u>1996</u>	<u>1995</u>
Operating revenues:		
Interest	\$ <u>11,173</u>	\$ <u>9,342</u>
Operating expenses:		
Benefit payments	\$ 145,638	\$ 141,396
Other	<u>291</u>	<u>299</u>
	\$ <u>145,929</u>	\$ <u>141,695</u>
Income (loss) before operating transfers	\$(134,756)	\$(132,353)
Operating transfers in	<u>145,938</u>	<u>141,696</u>
Net income	\$ 11,182	\$ 9,343
Fund balance - reserved - beginning	<u>214,124</u>	<u>204,782</u>
Fund balance - reserved - ending	<u>\$ 225,306</u>	<u>\$ 214,125</u>

See Notes To Financial Statements.

CITY OF BASTROP, LOUISIANA
FIREMEN'S PENSION AND RELIEF FUND

BALANCE SHEETS
June 30, 1996 and 1995

	June 30,	
ASSETS	1996	1995
Cash and cash equivalents	\$ 13,380	\$ 13,114
Certificate of deposit	219,751	207,900
Accrued interest receivable	3,761	4,697
	\$ 236,892	\$ 225,711
LIABILITIES AND FUND BALANCE		
Due to other funds	\$ 11,586	\$ 11,586
Fund balance - reserved	225,306	214,125
	\$ 236,892	\$ 225,711

See Notes To Financial Statements.

PENSION TRUST FUND

To account for assets held by the City in a trustee capacity.

Firemen's Pension and Relief Fund - to account for resources to be used for retirement annuity payments to firemen not accepted by Firefighters' Retirement System of Louisiana.

CITY OF BASTROP, LOUISIANA

REVOLVING LOAN FUND

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1996 and 1995

	<u>Year Ended June 30,</u>	
	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$(15,247)	\$ 23,286
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	9,257	5,148
(Increase) decrease in other receivable	6,542	(6,542)
(Increase) decrease in loans receivable - net of allowance	(31,531)	2,977
(Increase) decrease in net investment in direct financing lease	<u>9,093</u>	<u>11,167</u>
Net cash provided (used) by operating activities	<u>\$(21,886)</u>	<u>\$ 36,036</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	<u>\$ 14,646</u>	<u>\$ 17,034</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of fixed assets	\$ -	\$(60,388)
Retirement of revenue anticipation notes	<u>-</u>	<u>(165,852)</u>
Net cash flows provided (used) by capital and related financing activities	<u>\$ -</u>	<u>\$(226,240)</u>
Net increase (decrease) in cash and cash equivalents	\$(7,240)	\$(173,170)
Cash and cash equivalents - beginning	<u>208,430</u>	<u>381,600</u>
Cash and cash equivalents - ending	<u>\$ 201,190</u>	<u>\$ 208,430</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

The Capital Projects Funds expended \$224,661 for capital assets to be utilized by the Revolving Loan Fund.

See Notes To Financial Statements.

CITY OF BASTROP, LOUISIANA

REVOLVING LOAN FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Years Ended June 30, 1996 and 1995

	<u>Year Ended June 30,</u>	
	<u>1996</u>	<u>1995</u>
Operating revenues:		
Fees, charges and commissions for services	\$ 4,050	\$ 4,950
Miscellaneous	-	35,000
	<u>\$ 4,050</u>	<u>\$ 39,950</u>
Operating expenses:		
Depreciation	\$ 9,257	\$ 5,148
Interest and fiscal charges	-	1,404
Other	10,040	10,112
	<u>\$ 19,297</u>	<u>\$ 16,664</u>
Operating income (loss)	\$(15,247)	\$ 23,286
Nonoperating revenue:		
Interest	14,646	17,034
Net income (loss)	\$(601)	\$ 40,320
Retained earnings - reserved - beginning	213,738	173,420
Retained earnings - reserved - ending	<u>\$ 213,137</u>	<u>\$ 213,740</u>

See Notes To Financial Statements.

CITY OF BASTROP, LOUISIANA

REVOLVING LOAN FUND

BALANCE SHEETS
June 30, 1996 and 1995

ASSETS	<u>1996</u>	<u>June 30,</u> <u>1995</u>
Current assets:		
Cash and cash equivalents	\$ 201,190	\$ 208,430
Other receivable	-	6,542
Current portion of loans receivable	25,174	12,630
Current portion of net investment in direct financing lease	<u>32,818</u>	<u>29,115</u>
Total current assets	<u>\$ 259,182</u>	<u>\$ 256,717</u>
Property and equipment:		
Buildings	\$ 290,093	\$ 290,093
Improvements	340,699	60,389
Construction in progress	-	55,648
Less accumulated depreciation	<u>34,100</u>	<u>24,842</u>
	<u>\$ 596,692</u>	<u>\$ 381,288</u>
Other assets:		
Loans receivable - net of current portion	\$ 38,177	\$ 19,190
Net investment in direct financing lease - net of current portion	<u>95,843</u>	<u>108,641</u>
	<u>\$ 134,020</u>	<u>\$ 127,831</u>
	<u>\$ 989,894</u>	<u>\$ 765,836</u>
FUND EQUITY		
Contributed capital	\$ 776,757	\$ 552,096
Retained earnings - reserved	<u>213,137</u>	<u>213,740</u>
	<u>\$ 989,894</u>	<u>\$ 765,836</u>

See Notes To Financial Statements.

ENTERPRISE FUND

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 services to the public are financed through user charges.

Revolving Loan Fund - to account for low-interest lending to qualified applicants and leasing of property, all of which must be related to economic development and the creation of jobs.

CITY OF BASTROP, LOUISIANA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 1996

With Comparative Totals for Year Ended June 30, 1995

	Community Development <u>Block Grant</u>	Economic Development <u>Block Grant</u>	<u>Totals</u> <u>Year Ended June 30,</u> <u>1996</u> <u>1995</u>	
Revenues:				
Intergovernmental	\$ 471,693	\$ 211,727	\$ 683,420	\$ 634,591
Miscellaneous	-	-	-	57,518
	<u>\$ 471,693</u>	<u>\$ 211,727</u>	<u>\$ 683,420</u>	<u>\$ 692,109</u>
Expenditures:				
Capital outlay	<u>\$ 503,193</u>	<u>\$ 224,662</u>	<u>\$ 727,855</u>	<u>\$ 692,109</u>
Excess (deficiency) of revenues over expenditures	\$(31,500)	\$(12,935)	\$(44,435)	\$ -
Other financing sources:				
Operating transfers in	<u>31,500</u>	<u>12,935</u>	<u>44,435</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	\$ -	\$ -
Fund balances - reserved - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - reserved - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes To Financial Statements.

CAPITAL PROJECTS FUNDS

To account for financial resources to be used for the acquisition or construction of major capital facilities.

Community Development Block Grant Fund - to account for street overlays financed through the State of Louisiana.

Economic Development Grant Fund - to account for financing, through the State of Louisiana, of sewer and rail services to facilitate the location of a new business.

CITY OF BASTROP, LOUISIANA

DEBT SERVICE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 1996 and 1995

With Comparative Totals for Year Ended June 30, 1995

	<u>Year Ended June 30,</u>	
	<u>1996</u>	<u>1995</u>
Revenues:		
Miscellaneous:		
Rents	\$ 46,010	\$ 48,150
Interest	<u>804</u>	<u>822</u>
	<u>\$ 46,814</u>	<u>\$ 48,972</u>
Expenditures:		
Debt service:		
Principal	\$ 40,000	\$ 40,000
Interest and fiscal charges	<u>6,212</u>	<u>8,514</u>
	<u>\$ 46,212</u>	<u>\$ 48,514</u>
Excess of revenues over expenditures	\$ 602	\$ 458
Fund balance - reserved - beginning	<u>30,142</u>	<u>29,684</u>
Fund balance - reserved - ending	<u>\$ 30,744</u>	<u>\$ 30,142</u>

See Notes To Financial Statements.

Totals
 (Memorandum Only)
Year Ended June 30,
1996 1995

\$ 4,050	\$ 4,950
11,173	44,342
\$ 15,223	\$ 49,292

\$ 9,257	\$ 5,148
-	1,404
145,638	141,396
10,331	10,411
\$ 165,226	\$ 158,359

\$(150,003)	\$(109,067)
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\$ 14,646	\$ 17,034
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\$(135,357)	\$(92,033)
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145,938	141,696
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\$ 10,581	\$ 49,663
-----------	-----------

427,862	378,202
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\$ 438,443	\$ 427,865
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Year Ended
June 30,
1995

Actual

\$ 524,479
62,345
168,408
101,249
21,162
5,027
31,471
506,245
17,371
15,646
165,102
154,460
\$ 1,772,965

\$ 967,362
90,366
139,535
9,458
49,163
28,953
37,757
9,170
28,566
42,498
\$ 1,402,828

(continued)

CITY OF BASTROP, LOUISIANA

DEBT SERVICE FUND

BALANCE SHEETS
June 30, 1996 and 1995

	<u>1996</u>	<u>June 30,</u> <u>1995</u>
ASSETS		
Cash and cash equivalents	\$ <u>30,744</u>	\$ <u>30,142</u>
FUND BALANCE		
Reserved for debt service	\$ <u>30,744</u>	\$ <u>30,142</u>

See Notes To Financial Statements.

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND CURRENT EXPENDITURES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Public works (continued):			
Health:			
Salaries	\$ 30,709	\$ 30,645	\$ 64
Payroll taxes and retirement	4,304	3,096	1,208
Insurance	5,000	4,559	441
Utilities	3,700	3,544	156
Vehicle	3,100	2,841	259
Maintenance and supplies	11,700	15,286	(3,586)
Other	1,350	899	451
Total health	<u>\$ 59,863</u>	<u>\$ 60,870</u>	<u>\$ (1,007)</u>
Recreation:			
Salaries	\$ 328,534	\$ 334,909	\$ (6,375)
Payroll taxes and retirement	36,781	39,768	(2,987)
Insurance	34,128	31,273	2,855
Utilities	58,600	53,512	5,088
Vehicles	13,800	11,070	2,730
Maintenance and supplies	55,775	71,113	(15,338)
Other	7,600	7,307	293
Total recreation	<u>\$ 535,218</u>	<u>\$ 548,952</u>	<u>\$ (13,734)</u>
Cemetery:			
Salaries	\$ 118,780	\$ 97,446	\$ 21,334
Payroll taxes and retirement	15,816	12,845	2,971
Insurance	21,168	15,288	5,880
Utilities	1,450	882	568
Vehicle	6,950	5,220	1,730
Maintenance and supplies	9,640	6,526	3,114
Other	1,500	885	615
Total cemetery	<u>\$ 175,304</u>	<u>\$ 139,092</u>	<u>\$ 36,212</u>

NOTES TO FINANCIAL STATEMENTS

Fiduciary fund type:

Pension Trust Fund:

The Pension Trust Fund is used to account for assets held by the City in a trustee capacity and is accounted for in essentially the same manner as proprietary fund types since capital maintenance is critical.

General fixed assets and general long-term debt:

General Fixed Assets Account Group:

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes.

General Long-Term Debt Account Group:

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from governmental fund types.

Total Columns on Combined Statements - Overview:

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 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.

Comparative Data:

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

Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these fund types present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

NOTES TO FINANCIAL STATEMENTS

Fund Accounting:

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures or expenses. The following funds and groups of accounts are used by the City:

Governmental fund types:

General Fund:

The General Fund is the general operating fund of the City. 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.

Capital Projects Funds:

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary fund type:

Enterprise Fund:

The Enterprise Fund is 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 services to the general public on a continuing basis are financed through user charges.

CITY OF BASTROP, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

City of Bastrop, Louisiana, (the "City") operates under a mayor-board of aldermen form of government in accordance with the provisions of the charter adopted July 3, 1952. The following services are provided as authorized by its charter: general administrative services, public safety (police and fire), public works (building maintenance, cemetery, health, recreation and streets), sanitation and public improvements.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Financial Reporting Entity:

The reporting entity for the City includes City of Bastrop, Louisiana, primary government, as well as component units which:

1. are accountable to the City
2. are fiscally dependent upon the City, or
3. if excluded, could cause the financial statements to be misleading.

Based on the previous criteria, the City has determined that the following potential component units are not part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal Year End</u>
Bastrop City Marshal	12-31
City Court of Bastrop	6-30

These potential component units are not part of the reporting entity of the City as they are staffed by independently elected officials, are legally separate from the City and the City does not have authority to approve the potential component units' budgets. (Neither of the potential component units can issue debt or levy taxes.) Further, the City does not deem the omission of these potential component units to cause the City's financial statements to be misleading.

Year Ended
June 30,
1995

Actual

\$ 2,225,930
3,489,764
263,548
4,577
\$ 5,983,819

\$ 177,017
179,529
7,757
15,265
8,004
\$ 387,572

\$ 67,909
238,165
15,862
-
104,324
\$ 426,260

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND REVENUES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Fees, charges and commissions for services:			
Cemetery and industrial park lot sales	\$ 40,000	\$ 39,587	\$ (413)
City court - police jury	25,500	24,092	(1,408)
Recreation fees	26,000	22,426	(3,574)
Sewer fees	53,000	54,039	1,039
Jail use - police jury	35,000	63,523	28,523
Municipal center	23,000	16,724	(6,276)
Other charges	<u>5,390</u>	<u>6,080</u>	<u>690</u>
	<u>\$ 207,890</u>	<u>\$ 226,471</u>	<u>\$ 18,581</u>
Fines and forfeitures:			
Court and parking	<u>\$ 131,600</u>	<u>\$ 145,356</u>	<u>\$ 13,756</u>
Interest and miscellaneous:			
Interest	\$ 35,000	\$ 58,364	\$ 23,364
Rents	10,402	9,423	(979)
Other	<u>50,100</u>	<u>77,840</u>	<u>27,740</u>
	<u>\$ 95,502</u>	<u>\$ 145,627</u>	<u>\$ 50,125</u>
 Total general fund revenues	 <u>\$ 7,072,310</u>	 <u>\$ 7,795,037</u>	 <u>\$ 722,727</u>

Year Ended
June 30,
1995

Actual

\$ 90,872
24,482
22,791
49,286
48,869
17,821
5,466
\$ 259,587

\$ 128,658

\$ 51,609
9,844
183,674
\$ 245,127

\$ 7,431,023

CITY OF BASTROP, LOUISIANA

STATEMENT OF GENERAL FIXED ASSETS BY SOURCE

June 30, 1996

GENERAL FIXED ASSETS

Land and buildings	\$ 6,648,098
Improvements other than buildings	27,742,314
Equipment and vehicles	<u>5,810,508</u>
	<u>\$ 40,200,920</u>

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE

General revenues	\$ 18,762,290
Federal grants	12,302,894
Other sources	4,409
Property acquired prior to July 1, 1975*	<u>9,131,327</u>
	<u>\$ 40,200,920</u>

*Prior to July 1, 1975, records were not maintained indicating the source from which general fixed assets were acquired.

See Notes To Financial Statements.

Year Ended
June 30,
1995

Actual

\$ 1,023,071
158,735
161,477
21,647
36,087
35,377
8,127
10,999
36,458
\$ 1,491,978
\$ 2,894,806

\$ 240,631
29,473
39,446
2,978
34,444
84,222
779
74,630
\$ 506,603

(continued)

Special Revenue

<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
<u>6,489,195</u>	<u>6,095,829</u>	<u>(393,346)</u>
<u>\$ 6,489,195</u>	<u>\$ 6,095,829</u>	<u>\$ (393,346)</u>
\$ 370,279	\$ 682,118	\$ 311,839
<u>-</u>	<u>990,262</u>	<u>990,262</u>
<u>\$ 370,279</u>	<u>\$ 1,672,380</u>	<u>\$ 1,302,101</u>

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
Year Ended June 30, 1996
With Comparative Totals for Year Ended June 30, 1995

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Enterprise</u>	<u>Pension Trust</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$(15,247)	\$(134,756)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	9,257	-
(Increase) decrease in accrued interest receivable	-	936
(Increase) decrease in other receivable	6,542	-
(Increase) decrease in loans receivable - net	(31,531)	-
(Increase) decrease in net investment in direct financing lease	<u>9,093</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$(21,886)</u>	<u>\$(133,820)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	\$ 14,646	\$ -
Purchase of investments	<u>-</u>	<u>(11,852)</u>
Net cash flows provided (used) by investing activities	<u>\$ 14,646</u>	<u>\$(11,852)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of fixed assets	\$ -	\$ -
Retirement of revenue anticipation notes	<u>-</u>	<u>-</u>
Net cash flows provided (used) by capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	<u>\$ -</u>	<u>\$ 145,938</u>

Year Ended
June 30,
1995

Actual

\$ 29,156
2,629
5,931
2,536
3,686
11,370
911
56,219

\$ 307,896
32,704
29,279
53,837
11,236
73,318
4,402
512,672

\$ 90,213
11,049
14,981
990
5,364
10,834
142
133,573

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND CURRENT EXPENDITURES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		Variance -
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Public works (continued):			
Building maintenance:			
Salaries	\$ 70,400	\$ 85,212	\$(14,812)
Payroll taxes and retirement	9,834	11,429	(1,595)
Insurance	12,800	12,881	(81)
Vehicle	1,700	667	1,033
Maintenance and supplies	25,780	21,759	4,021
Other	-	176	(176)
Total building maintenance	<u>\$ 120,514</u>	<u>\$ 132,124</u>	<u>\$(11,610)</u>
Capital outlay	<u>\$ 136,000</u>	<u>\$ 63,252</u>	<u>\$ 72,748</u>
Total public works	<u>\$ 1,605,396</u>	<u>\$ 1,668,685</u>	<u>\$(63,289)</u>
Sanitation:			
Sewer collection:			
Salaries	\$ 171,960	\$ 155,448	\$ 16,512
Payroll taxes and retirement	23,375	21,500	1,875
Insurance	36,000	21,457	14,543
Utilities	10,000	11,116	(1,116)
Vehicles	15,500	13,124	2,376
Maintenance and supplies	45,900	103,329	(57,429)
Other	1,700	1,977	(277)
Capital outlay	<u>95,000</u>	<u>48,743</u>	<u>46,257</u>
Total sewer collection	<u>\$ 399,435</u>	<u>\$ 376,694</u>	<u>\$ 22,741</u>

Year Ended
June 30,
1995

Actual

\$ 44,118
5,241
9,242
525
22,357
-
\$ 81,483
\$ 99,254
\$ 1,389,804

\$ 141,304
17,752
25,005
11,479
15,040
52,681
491
12,301
\$ 276,053

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND CURRENT EXPENDITURES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Sanitation (continued)			
Sewer treatment:			
Salaries	\$ 139,460	\$ 139,711	\$ (251)
Payroll taxes and retirement	18,504	19,414	(910)
Insurance	14,000	11,396	2,604
Utilities	50,000	70,430	(20,430)
Vehicles	3,250	2,515	735
Maintenance and supplies	55,000	42,639	12,361
Other	12,950	22,810	(9,860)
Capital outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total sewer treatment	<u>\$ 323,164</u>	<u>\$ 308,915</u>	<u>\$ 14,249</u>
Total sanitation	<u>\$ 722,599</u>	<u>\$ 685,609</u>	<u>\$ 36,990</u>
Total general fund current expenditures	<u>\$ 7,768,450</u>	<u>\$ 7,624,651</u>	<u>\$ 143,799</u>

Year Ended
June 30,
1995

Actual

\$	130,077
	16,130
	12,537
	35,114
	5,467
	49,824
	6,285
	<u>28,534</u>
\$	<u>283,968</u>
\$	<u>560,021</u>
\$	<u>6,617,596</u>

Totals
(Memorandum Only)
Year Ended June 30,
1996 1995

\$ (6,974)	\$ (376,424)
<u>221,544</u>	<u>597,968</u>
<u>\$ 214,570</u>	<u>\$ 221,544</u>

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS -
 ALL PROPRIETARY AND FIDUCIARY FUND TYPES (Continued)
 Year Ended June 30, 1996
 With Comparative Totals for Year Ended June 30, 1995

	<u>Proprietary Fund Type</u> <u>Enterprise</u>	<u>Fiduciary Fund Type</u> <u>Pension Trust</u>
Net increase (decrease) in cash and cash equivalents	\$(7,240)	\$ 266
Cash and cash equivalents - beginning	<u>208,430</u>	<u>13,114</u>
Cash and cash equivalents - ending	<u>\$ 201,190</u>	<u>\$ 13,380</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITY

The Capital Projects Funds expended \$224,661 for capital assets to be utilized by the Enterprise Fund.

See Notes To Financial Statements.

Totals	
(Memorandum Only)	
Year Ended June 30,	
<u>1996</u>	<u>1995</u>
\$(150,003)	\$(109,067)
9,257	5,148
936	(4,697)
6,542	(6,542)
(31,531)	2,977
<u>9,093</u>	<u>11,167</u>
\$(<u>155,706</u>)	\$(<u>101,014</u>)
\$ 14,646	\$ 17,034
<u>(11,852)</u>	<u>(207,900)</u>
<u>\$ 2,794</u>	<u>\$(190,866)</u>
\$ -	\$(60,388)
<u>-</u>	<u>(165,852)</u>
<u>\$ -</u>	<u>\$(226,240)</u>
<u>\$ 145,938</u>	<u>\$ 141,696</u>

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND CURRENT EXPENDITURES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Public safety (continued):			
Fire:			
Salaries	\$ 1,087,300	\$ 1,231,842	\$ (144,542)
Payroll taxes and retirement	170,824	168,559	2,265
Insurance	174,000	157,419	16,581
Utilities	25,000	24,298	702
Vehicles	18,500	27,114	(8,614)
Maintenance and supplies	44,200	49,631	(5,431)
Uniforms and laundry	15,600	15,356	244
Other	13,050	10,256	2,794
Capital outlay	<u>100,000</u>	<u>55,879</u>	<u>44,121</u>
Total fire	<u>\$ 1,648,474</u>	<u>\$ 1,740,354</u>	<u>\$ (91,880)</u>
Total public safety	<u>\$ 3,305,086</u>	<u>\$ 3,485,588</u>	<u>\$ (180,502)</u>
Public works:			
Highways and streets:			
Salaries	\$ 283,399	\$ 275,198	\$ 8,201
Payroll taxes and retirement	38,708	37,167	1,541
Insurance	51,840	37,661	14,179
Utilities	3,500	3,841	(341)
Vehicle	33,000	33,295	(295)
Maintenance	87,450	92,498	(5,048)
Other	600	899	(299)
Capital outlay	<u>80,000</u>	<u>243,836</u>	<u>(163,836)</u>
Total highways and streets	<u>\$ 578,497</u>	<u>\$ 724,395</u>	<u>\$ (145,898)</u>

In planning and performing our audit of the financial statements of City of Bastrop, 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 financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

We noted the following reportable condition:

- o **Criteria:** Monthly procedures should include reconciliation of accounts receivable per general ledger to subsidiary and collection procedures should be enforced.

- Condition:** Accounts receivable of the (Sewer Use Fee) Special Revenue Fund are not reconciled monthly and uncollectible accounts are accumulating.

- Cause:** The provisions for collecting from and reinstating service to delinquent customers in the Sewer Fee Billing and Collection Agreement with The Peoples Water Service Company of Louisiana, Inc. ("Peoples"), should be renewed and possibly revised. Delinquent sewer use fee customers are being allowed to have water restored by Peoples after several months and are being assigned new account numbers; therefore, numerous sewer use fee accounts are accumulating that can never be collected.

- Effect:** Control in billing and collection is weak.

- Recommendation:** We recommend that these reconciliation practices be implemented immediately and performed monthly. We strongly recommend that the agreement with Peoples be reviewed.

- Management's response:** We concur in the finding.

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

The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 6, 1996.

We have also audited the compliance of City of Bastrop, Louisiana, with the requirements governing types of services allowed or unallowed; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of City of Bastrop, Louisiana, is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, City of Bastrop, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program for the year ended June 30, 1996.

CITY OF BASTROP, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Year Ended June 30, 1996

<u>Federal Grantor/Pass Through Grantor /Program Title</u>	<u>CFDA Number</u>	<u>Federal Revenue</u>	<u>Total Expenditures</u>
<u>Department of Housing and Urban Development</u>			
Louisiana Division of Administration Community Development Block Grant - Small Cities Program	* 14.219	\$ 471,693	\$ 471,693
<u>Department of Commerce</u>			
Louisiana Division of Administration Economic Development - Grants and Loans for Public Works and Development Facilities	11.300	211,727	211,727
<u>Department of Justice</u>			
Louisiana Commission on Law Enforcement Drug Control and Systems Improvement - Formula Grant	16.579	<u>2,701</u>	<u>2,701</u>
		<u>\$ 686,121</u>	<u>\$ 686,121</u>

* major program

HILL, INZINA & COMPANY

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

The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Compliance with laws, regulations, contracts and grants applicable to City of Bastrop, Louisiana, is the responsibility of the management of City of Bastrop, Louisiana. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the 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 herein under *Government Auditing Standards*. We noted certain immaterial instances of noncompliance that we have reported to the management of City of Bastrop, Louisiana, in a separate letter dated September 6, 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.

September 6, 1996

Hill, Inzina & Co.

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NOTES TO FINANCIAL STATEMENTS

Funding Policy:

Plan members are required by state statute to contribute 8.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the City 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 based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 1996, 1995, and 1994, were \$79,588, \$76,742 and \$70,249, respectively, equal to the required contributions for each year.

Note 9. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan's trustee under one of three investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Note 10. Commitments

In November, 1992, approval was given by the State Bond Commission for the City to issue sewer revenue bonds in an amount not to exceed \$5,500,000 for the purpose of financing the acquisition and construction of extensions and improvements to its sewage and wastewater collection, treatment and disposal system. In July, 1994, approval was obtained from the Commission to issue \$2,000,000 additional sewer revenue bonds for the same purpose. A \$7,475,000 sewer revenue bond issue loan and pledge agreement was

NOTES TO FINANCIAL STATEMENTS

Proceeds of the above bond issue were used to finance the purchase of land and the construction and acquisition of buildings and equipment currently leased by JRA Apparel Manufacturing, Ltd. and assigns. Payments are received by the City from the lessee in amounts sufficient to meet the debt service requirements of the issue. These payments are secured by the land, buildings and equipment of the lessee.

At June 30, 1996, \$30,744 is available in the Debt Service Fund to service the general obligation bonds.

\$4,900,000 Sewer Revenue Bonds- dated December 1, 1994, bear interest at 2.45% per annum on the outstanding principal balance of the loan if all bonds are delivered prior to December 1, 1997, interest payable semiannually during interim loan period in arrears and principal payable July 1 of each year beginning in 1997.

The annual change to compensated absences accounted for in the General Long-Term Debt Account Group as of June 30, 1996, is as follows:

<u>Balance</u> <u>July 1, 1995</u>	<u>Increase</u>	<u>Balance</u> <u>June 30, 1996</u>
<u>\$ 123,273</u>	<u>\$ 7,877</u>	<u>\$ 131,150</u>

Note 12. Contributed Capital

During the year ended June 30, 1996, contributed capital of the Enterprise Fund increased by \$224,661. The amount represents the fixed assets funded by proceeds of the Capital Projects Fund.

Note 13. Enterprise Fund Retained Earnings - Reserved

Repayment of the loans made to JRA Apparel Manufacturing, Ltd. and assigns, Delta Biological Products, Inc. and individual proprietors, and interest collected thereon, addressed in Note 6, are restricted to other loans and expenditures related to economic development and the creation of jobs.

Note 14. Special Revenue Fund Balance - Reserved

Revenue collected by the Special Revenue Fund through the institution of sewer use fees is dedicated for repayment of funds borrowed for improvements to the sewage treatment system and to commence work on the sewage collection system.

CITY OF BASTROP, LOUISIANA

SCHEDULE OF MAYOR AND ALDERMEN'S COMPENSATION
Year Ended June 30, 1996

Clarence Hawkins, Mayor	\$ 51,689
Tom Carter, Mayor Pro-Tem	8,614
Willie Lenoir, Alderman	8,614
Arthur Hamlin, Alderman	8,614
Peyton Spear, Alderman	8,614
John Bentley, Alderman	<u>8,614</u>
 Total compensation	 <u>\$ 94,759</u>

COMBINING INDIVIDUAL
FUND AND ACCOUNT GROUP
FINANCIAL STATEMENTS

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CITY OF BASTROP
FINANCIAL REPORT
JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditee, 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 27 1996

HILL, INZINA & COMPANY

Certified Public Accountants • A Professional Corporation
701 East Madison Avenue • P.O. Box 631 • Bastrop, Louisiana 71221-0631
Telephone 318-281-4492 • Fax 318-281-4087

GENERAL FUND

To account for all financial resources, except those required to be accounted for in another fund.

A material weakness is a reportable condition in which the design or operation of the specific 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of City of Bastrop, Louisiana, for the year ended June 30, 1996.

- o Criteria: Adequate segregation of duties is essential to a proper internal control structure.
- Condition: The segregation of duties is inadequate to provide effective internal control.
- Cause: The condition is due to economic and space limitations.
- Effect: Not determined.
- Recommendation: No action is recommended.
- Management's response: We concur in the finding.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of City of Bastrop, Louisiana, in a separate letter dated September 6, 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.

September 6, 1996

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CITY OF BASTROP, LOUISIANA

GENERAL FUND

BALANCE SHEETS
June 30, 1996 and 1995

	<u>June 30,</u>	
	<u>1996</u>	<u>1995</u>
ASSETS		
Cash and cash equivalents	\$ 1,307,604	\$ 1,420,616
Investments	-	300,000
Receivables:		
Taxes	92,243	107,050
Accrued interest	-	6,590
Due from other governments	58,642	48,819
Due from other funds	11,586	11,586
Restricted assets:		
Cash and cash equivalents	<u>104,206</u>	<u>81,673</u>
	<u>\$ 1,574,281</u>	<u>\$ 1,976,334</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 157,385	\$ 453,967
Deferred revenue	30,000	-
Accrued salaries	51,819	42,743
Payable from restricted assets	<u>96,026</u>	<u>76,116</u>
	<u>\$ 335,230</u>	<u>\$ 572,826</u>
Fund balance - unreserved - undesignated	<u>\$ 1,239,051</u>	<u>\$ 1,403,508</u>
	<u>\$ 1,574,281</u>	<u>\$ 1,976,334</u>

See Notes To Financial Statements.

HILL, INZINA & COMPANY

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

The Honorable Clarence W. Hawkins, Mayor
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 6, 1996.

We have applied procedures to test the compliance of City of Bastrop, Louisiana, 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:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements

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 City's compliance with the requirements listed in the preceding paragraph. 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 City of Bastrop, Louisiana, had not complied, in all material respects, with those requirements.

CITY OF BASTROP, LOUISIANA

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		Variance - Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Taxes	\$ 5,864,802	\$ 6,201,549	\$ 336,747
Licenses and permits	383,020	398,844	15,824
Intergovernmental	389,496	677,190	287,694
Fee, charges and commissions for services	207,890	226,471	18,581
Fines and forfeitures	131,600	145,356	13,756
Interest and miscellaneous	<u>95,502</u>	<u>145,627</u>	<u>50,125</u>
	<u>\$ 7,072,310</u>	<u>\$ 7,795,037</u>	<u>\$ 722,727</u>
Expenditures:			
Current:			
General government	\$ 2,135,369	\$ 1,784,769	\$ 350,600
Public safety	3,305,086	3,485,588	(180,502)
Public works	1,605,396	1,668,685	(63,289)
Sanitation	722,599	685,609	36,990
Debt service:			
Principal	154,860	97,093	57,767
Interest and fiscal charges	-	57,767	(57,767)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,923,310</u>	<u>\$ 7,779,511</u>	<u>\$ 143,799</u>
Excess (deficiency) of revenues over expenditures	<u>\$(851,000)</u>	<u>\$ 15,526</u>	<u>\$ 866,526</u>

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.

September 6, 1996

Hill, Oryza & Co.

NOTES TO FINANCIAL STATEMENTS

Note 15. Contingencies and Risk Management

The City has been named in several lawsuits, all of which relate to risks which are commercially insured. The City's legal counsel is of the opinion that the City has no liability beyond its deductible.

The City 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 City 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.

Note 16. Conduit Debt Obligations

In April, 1996, the City adopted a resolution approving the issuance of \$2,000,000 of Environmental Improvement Revenue bonds for International Paper Company by the Industrial Development Board of City of Bastrop, Louisiana, Inc. The bond instrument bears the name of the City but the City has no obligation for such debt beyond the resources provided by related leases or loans of which there were none as of June 30, 1996.

NOTES TO FINANCIAL STATEMENTS

Fixed Assets:

Governmental fund type:

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental fund types. Public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost. Donated assets are valued at their estimated fair value on the date of donation. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Proprietary fund type:

Additions to proprietary fund type fixed assets are recorded at cost or, if contributed property, at their estimated fair value at the 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 the buildings and improvements classes of depreciable property using the straight line method over an estimated useful life of 30 years.

Revenue Recognition - Ad Valorem and Sales Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the City in September or October, are actually billed to the taxpayers in November and are due and payable on or before January 1 of the following year. All unpaid taxes become delinquent on March 15 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. The City's ad valorem tax revenues are recognized when levied.

Sales taxes collected and held by other governments at year end on behalf of the City and those collected by other governments and remitted to the City within 60 days after June 30 for preceding months are recognized as revenue.

CITY OF BASTROP, LOUISIANA

STATEMENT OF GENERAL LONG-TERM DEBT
June 30, 1996

AMOUNT AVAILABLE AND TO BE PROVIDED FOR
THE PAYMENT OF GENERAL LONG-TERM DEBT

Bonds payable:		
Amount available in Debt Service Fund	\$ 30,744	
Amount to be provided	<u>7,168,111</u>	\$ 7,198,855
Pension liabilities:		
Amount to be provided		795,787
Compensated absences:		
Amount to be provided		<u>131,150</u>
		<u>\$ 8,125,792</u>

GENERAL LONG-TERM DEBT PAYABLE

General obligation bonds payable	\$ 95,000
Sewer revenue bonds payable	7,103,855
Pension liabilities	795,787
Compensated absences	<u>131,150</u>
	<u>\$ 8,125,792</u>

See Notes To Financial Statements.

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS (Continued)
Year Ended June 30, 1996

		<u>General</u>	
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Other financing sources:			
Operating transfers in (out)	\$(149,000)	\$(190,373)	\$(41,373)
Sales of fixed assets	-	10,390	10,390
Proceeds of long-term debt	-	-	-
Total other financing sources (uses)	<u>\$(149,000)</u>	<u>\$(179,983)</u>	<u>\$(30,983)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$(1,000,000)	\$(164,457)	\$ 835,543
Fund balances - beginning	<u>1,000,000</u>	<u>1,403,508</u>	<u>403,508</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,239,051</u>	<u>\$ 1,239,051</u>

See Notes To Financial Statements.

NOTES TO FINANCIAL STATEMENTS

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504)929-7411.

Funding Policy:

Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the City 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 based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 1996, 1995, and 1994, were \$81,642, \$71,852 and \$71,548, respectively, equal to the required contributions for each year.

Firefighters' Retirement System of Louisiana (System)

Plan Description:

Membership in the Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members 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, not to exceed 100% of their final-average salary. 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 12 years of service and do not withdraw their employee contributions may retire at or after 55 (or at or after age 50 with at least 20 years of creditable service at termination) 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. That report may be obtained by writing to the Firefighters' Retirement System of Louisiana, P. O. Box 94095, Baton Rouge, Louisiana 70804, or by calling (504)925-4060.

NOTES TO FINANCIAL STATEMENTS

highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That 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 (504)925-4810.

Funding Policy:

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include 1/4 of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls or 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 City 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 based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 1996, 1995, and 1994, were \$111,665, \$77,669 and \$83,012, respectively, equal to the required contributions for each year.

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 previously 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.

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plan and Other Pension Liabilities

The City maintains one pension plan, the Bastrop Firemen's Pension and Relief Fund. It is accounted for as the Pension Trust Fund, and covers those firemen who were already receiving benefits before December, 1981. There were no current contributions to the plan.

In December, 1981, active City firemen were accepted into the Firefighters' Retirement System of Louisiana. Terms of the agreement require the City to pay \$928,236 plus interest of \$1,169,052 in 30 annual installments of \$69,910.

In November, 1978, the Bastrop Police Pension and Relief Fund was merged with the Municipal Police Employees' Retirement System of Louisiana. Terms of the merger require the City to pay \$1,020,426 plus interest of \$648,160 in 12 semi-annual installments of \$39,941 and 28 semi-annual installments of \$42,475.

The liabilities described in the two preceding paragraphs have been recorded in the General Long-Term Debt Account Group.

Substantially all employees of City of Bastrop, Louisiana, are members of the Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System of Louisiana or Firefighters' Retirement System of Louisiana. These systems are cost-sharing (multiple-employer), defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

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 City 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 City funds and all elected City 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 a retirement benefit, payable monthly for life, equal to 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

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 6, 1996. These financial statements are the responsibility of the management of City of Bastrop, Louisiana. Our responsibility is to express an opinion on these 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 (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. 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 opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of City of Bastrop, 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 financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

September 6, 1996

Hill, Inzina & Co.

NOTES TO FINANCIAL STATEMENTS

Total taxes levied were \$2,238,816. There were no uncollected ad valorem taxes at June 30, 1996. State law authorizes the City to levy a maximum adjusted millage of 9.81 mills for general corporate purposes. All other specific tax millages levied are at the authorized maximum adjusted millages.

Note 4. Restricted Cash and Cash Equivalents and Liabilities Payable From Same

Restricted cash and cash equivalents of \$104,206 of the General Fund represent monies collected from properties bought at tax sales for nonpayment of taxes by original owners and interest earned thereon. Subsequent to these sales, the original owners redeemed the properties but those buying the properties at tax sales have not been located to refund their monies.

In addition to the monies discussed in the preceding paragraph, liabilities payable from restricted cash and cash equivalents also include \$103,743 of ad valorem taxes paid under protest.

Restricted cash and cash equivalents of \$114,618 of the Special Revenue Fund consist of funds required by the sewer revenue bond loan and pledge agreement to be maintained and their use is restricted for specific purposes.

Note 5. Loans Receivable

<u>Lendee</u>	<u>Original Note</u>	<u>Monthly Payment</u>	<u>Term in Months</u>	<u>Interest Rate</u>	<u>Balance at June 30, 1996</u>
Delta Biological Products, Inc.	\$30,000	\$580	60	6.00%	\$ 9,960
Elizabeth Johnson and Eddie Robinson, Jr.	15,000	400	42	6.00%	8,915
Phillip Atlas	5,000	97	60	6.00%	3,497
Mountain Valley Water of North- east Louisiana, Inc.	20,000	387	60	6.00%	17,610
Thomas D. and Katherine E. Hankins	15,000	290	60	6.00%	13,704
Donald and Teresa Britton	10,000	193	60	6.00%	9,415
Kimberly Lynn	250	43	6	8.00%	<u>250</u>
					<u>\$63,351</u>

No payments have been received as of June 30, 1996, on the \$250 loan made in June, 1994, which were scheduled to begin August 5, 1994.

NOTES TO FINANCIAL STATEMENTS

entered into between the City and Louisiana Department of Environmental Quality on December 1, 1994. The original issuance was for \$4,900,000 evidencing the initial portion of the total debt. As of June 30, 1996, \$7,108,855 of the total debt proceeds had been received or obligated.

The City was awarded a Community Development Block Grant from the State of Louisiana Division of Administration in August, 1996, for \$490,000 to be used for street improvements. As of the date of this report, no major activity had begun on this grant project.

Note 11. Changes in Long-Term Debt

The following is a summary of bond transactions of the City for the year ended June 30, 1996:

	Public Improvement <u>Bonds</u>	Sewer Revenue <u>Bonds</u>
Bonds payable - July 1, 1995	\$ 135,000	\$ 1,008,026
Additions (retirements)	<u>(40,000)</u>	<u>6,095,829</u>
Bonds payable - June 30, 1996	<u>\$ 95,000</u>	<u>\$ 7,103,855</u>

The issues outstanding are as follows:

\$650,000 Public Improvement Bonds - general obligation bonds dated November 1, 1972, bear interest at 5.0 - 5.4%, payable May 1 and November 1 of each year. Principal due November 1 of each year is as follows:

1997	\$45,000	1998	\$50,000
------	----------	------	----------

The annual requirements to amortize the preceding bonded debt as of June 30, 1996, including interest payments of \$4,965 are as follows:

Year Ending <u>June 30,</u>	
1997	\$ 48,715
1998	<u>51,250</u>
	<u>\$ 99,965</u>

NOTES TO FINANCIAL STATEMENTS

Budgets and Budgetary Accounting:

The Board of Aldermen adopt annual budgets for the General and Special Revenue Funds. The annual budgets are prepared in accordance with the basis of accounting utilized by the funds. The City Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. Subsequent to year end, the Board of Aldermen, if necessary, adopt amended budgets approving such additional expenditures. All annual appropriations lapse at fiscal year end.

Cash and Cash Equivalents:

The City considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Cash is reported at net book value - the June 30, 1996, bank balance plus deposits in transit and less checks that have not cleared the bank as of that date.

Under state law, the City may invest in obligations of the United States, deposit funds in state banks organized under state law or national banks having their principal office in Louisiana, or in mutual or trust institutions which have underlying investments consisting solely of securities of the U.S. government or its agencies.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. City officials are of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Certificate of deposit:

The certificate of deposit is carried at cost plus interest earned and received to date.

NOTES TO FINANCIAL STATEMENTS

All proprietary and fiduciary fund types 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 fund types are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings/fund balance components. Proprietary and fiduciary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund.

Those major revenues susceptible to accrual are ad valorem, sales and gross receipts taxes, intergovernmental revenues and sewer use fees. Licenses and permits, charges for services (other than sewer use fees), fines and other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

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dated after the actual purchase date on the original invoice examined. One other individual purchase order (totaling \$5) only had the items to be purchased described as supplies. Detailed descriptions of items to be purchased should be noted on the purchase order to eliminate the problem of employees buying items in addition to those actually requisitioned.

This communication is intended solely for the information and use of management and the Board of Aldermen and should not be used for any other purpose.

September 6, 1996

Hill, Prigmore & Co.

- The fixed asset inventory listings should be expanded to include date acquired, cost, serial number and disposition, if any, and a physical inventory taken at least annually.
- The City's personnel policy states the allowable annual vacation based on length of continuous employment by the City and that if an employee is unable to utilize his/her full vacation during the year following that in which it was accrued, the unused portion of the vacation time shall be credited to him/her as extended sick leave. According to the payroll clerk's record of accumulated vacation hours provided as of June 30, 1996, we noted that 1,403 hours of vacation time were allowed by department heads to be taken later than a year after the year in which the hours were accrued rather than being credited as extended sick leave. All department heads should be instructed by the Mayor to adhere to the personnel policies.
- As the City's policy is not to include vehicles in the fixed asset inventory, but to maintain separate records thereon, copies of the original purchase documents should be retained in each file so that upon disposition, trade, etc., the original cost, date of purchase and source of funds will be readily determinable.
- The Governmental Accounting Standards Board Statement 24 *Accounting and Financial Reporting for Certain Grants and Other Financial Assistances* establishes accounting and financial reporting standards for "on-behalf" payments for fringe benefits and salaries. "On-behalf" payments for fringe benefits and salaries are direct payments made by the paying entity to a recipient who is an employee of another legally separate entity.

The statement provides that employer governments recognize revenue equal to the amounts that employee recipients of the payments received and that are receivable at fiscal year end. If the employer government is not legally responsible for the payment, it should recognize expenditures equal to the amount recognized as revenue.

Supplemental pay received directly by police and fire personnel should be accounted for and reported under the standards of Statement 24.

- Care should be taken to insure that all collected funds legally required to be deposited into separate accounts are deposited as such. During the current fiscal year, property taxes paid under protest amounting to \$19,910 were erroneously deposited into the general checking account instead of into the separate account that had been opened for such deposits.
- We noted, in our tests of 34 individual check transactions (totaling \$85,182), several problems with issuing purchase orders. Seven individual purchase orders (totaling \$232) were noted as not being issued for transactions for which purchase orders should have been issued. Items (totaling \$1,183) were noted as being purchased in addition to those items actually listed on seven other individual purchase orders. Three purchase orders examined (totaling \$196) were actually written to vendors other than the vendor from whom the actual purchase was made. One individual purchase order (totaling \$56) was

HILL, INZINA & COMPANY

**The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana**

In performing our audit of the general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996, we noted certain matters that are presented for your information and as suggestions for improvement.

- We noted two checks (totaling \$1,412 in the General Fund) that have been outstanding since the end of the prior fiscal year. These checks should be investigated and written off, or new checks issued if determined appropriate.
- All records received or produced by the City as support for any transaction should be retained for a period of at least three years or until audited, whichever is longer. We noted instances of transmittal advices and records supporting payroll report (Form 941) amounts not being retained.
- Revenue and expenditure accounts should not be netted by coding both revenue and expenditure transactions to the same account (except in the cases of voided checks, reimbursement of overpayments, duplicate payments, etc.).
- Payroll amounts reported in the general ledger should be reconciled to payroll related computer generated reports and then to actual payroll reports as filed.
- More effort should be exerted to contact those parties indebted to the City for notes and leases to obtain payments as they become due. No payments have been received on a \$250 note as of June 30, 1996, on which the payments were scheduled to begin in August, 1994. As of June 30, 1996, one party was behind three lease payments of \$1,578 each, and another party was behind six note payments of \$580 each. One employee of the City should be assigned the responsibility of ascertaining that all payments are received timely and following up on those which are not.
- As funds become available, the amount due from the Firemen's Pension Trust Fund to the General Fund should be repaid.

NOTES TO FINANCIAL STATEMENTS

Note 6. Net Investment in Direct Financing Lease

The City is leasing a commercial trucking facility to Jarrell Transport, Inc. The lease is classified as a direct financing lease and will expire over the next 10 years.

Total minimum lease payments to be received for years ending June 30 are as follows:

1997	\$ 23,670
1998	18,936
1999	18,936
2000	18,936
2001	18,936
Thereafter	<u>66,277</u>
	\$165,691
Less unearned revenue	<u>37,030</u>
	<u>\$128,661</u>

Note 8. Changes in Fixed Assets

A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance July 1, 1995	Additions	Retirement and Transfers	Balance June 30, 1996
Land and buildings	\$ 6,625,568	\$ 22,530	\$ -	\$ 6,648,098
Improvements other than buildings	21,450,361	6,352,589	60,635	27,742,315
Equipment and vehicles	<u>5,371,512</u>	<u>500,915</u>	<u>61,920</u>	<u>5,810,507</u>
	<u>\$33,447,441</u>	<u>\$ 6,876,034</u>	<u>\$ 122,555</u>	<u>\$40,200,920</u>

A summary of the Enterprise Fund fixed assets and depreciation at June 30, 1996, is as follows:

	Cost	Accumulated Depreciation	Net	Current Depreciation
Buildings	\$ 290,093	\$ 27,977	\$ 262,116	\$ 4,141
Improvements other than buildings	<u>340,698</u>	<u>6,122</u>	<u>334,576</u>	<u>5,116</u>
	<u>\$ 630,791</u>	<u>\$ 34,099</u>	<u>\$ 596,692</u>	<u>\$ 9,257</u>

CITY OF BASTROP, LOUISIANA

SEWER USE FEE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Excess (deficiency) of revenues over expenditures	\$(6,118,896)	\$(5,413,711)	\$ 705,185
Other financing sources:			
Proceeds of long-term debt	<u>6,489,175</u>	<u>6,095,829</u>	<u>(393,346)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 370,279	\$ 682,118	\$ 311,839
Fund balance - reserved - beginning	<u> -</u>	<u>990,262</u>	<u>990,262</u>
Fun balance - reserved - ending	<u>\$ 370,279</u>	<u>\$ 1,672,380</u>	<u>\$ 1,302,101</u>

See Notes To Financial Statements.

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended June 30, 1996

With Comparative Totals for Year Ended June 30, 1995

	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 6,201,549	\$ -
Licenses and permits	398,844	-
Intergovernmental	677,190	-
Fees, charges and commissions for services	226,471	567,551
Fines and forfeitures	145,356	-
Interest and miscellaneous	<u>145,627</u>	<u>79,390</u>
	<u>\$ 7,795,037</u>	<u>\$ 646,941</u>
Expenditures:		
Current:		
General government	\$ 1,784,769	\$ -
Public safety	3,485,588	-
Public works	1,668,685	177,819
Sanitation	685,609	-
Debt service:		
Principal	97,093	-
Interest and fiscal charges	57,767	135,926
Capital outlay	<u>-</u>	<u>5,746,907</u>
	<u>\$ 7,779,511</u>	<u>\$ 6,060,652</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 15,526</u>	<u>\$(5,413,711)</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u> <u>(Memorandum Only)</u> <u>Year Ended June 30,</u>	
		<u>1996</u>	<u>1995</u>
\$ -	\$ -	\$ 6,201,549	\$ 5,983,819
-	-	398,844	387,572
-	683,420	1,125,994	1,060,851
-	-	794,022	817,426
-	-	145,356	128,658
46,814	-	271,831	410,895
<u>\$ 46,814</u>	<u>\$ 683,420</u>	<u>\$ 8,937,596</u>	<u>\$ 8,789,221</u>
\$ -	\$ -	\$ 1,784,769	\$ 1,772,965
-	-	3,250,972	2,894,806
-	-	1,846,504	1,584,314
-	-	685,609	560,021
40,000	-	137,093	131,746
6,212	-	199,905	76,557
-	727,855	6,474,762	2,298,889
<u>\$ 46,212</u>	<u>\$ 727,855</u>	<u>\$14,379,614</u>	<u>\$ 9,319,298</u>
<u>\$ 602</u>	<u>\$ (44,435)</u>	<u>\$ (5,442,018)</u>	<u>\$ (530,077)</u>

(continued)

CITY OF BASTROP, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (Continued)
 Year Ended June 30, 1996
 With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Other financing sources:			
Operating transfers in (out)	\$(149,000)	\$(190,373)	\$(41,373)
Sale of fixed assets	-	10,390	10,390
Assets not in use and related liability transferred to Enterprise Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>\$(149,000)</u>	<u>\$(179,983)</u>	<u>\$(30,983)</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	 \$(1,000,000)	 \$(164,457)	 \$ 835,543
 Fund balances - beginning	 <u>1,000,000</u>	 <u>1,403,508</u>	 <u>403,508</u>
 Fund balances - ending	 <u>\$ -</u>	 <u>\$ 1,239,051</u>	 <u>\$ 1,239,051</u>

See Notes To Financial Statements.

Year Ended
June 30, 1995

Actual

\$(141,696)
18,173

168,852
\$ 45,329

\$ 700,896

702,612

\$ 1,403,508

SPECIAL REVENUE FUND

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Sewer Use Fee Fund - to account for a dedicated source of revenue available for repayment of funds borrowed for improvements to the sewage treatment system and to commence work on the sewage collection system.

CITY OF BASTROP, LOUISIANA

SEWER USE FEE

BALANCE SHEETS
June 30, 1996 and 1995

	<u>1996</u>	<u>June 30,</u> <u>1995</u>
ASSETS		
Cash and cash equivalents	\$ 1,532,905	\$ 1,337,763
Receivables:		
Accounts	72,636	87,448
Other	5,065	-
Due from other governments	4,352	-
Restricted assets:		
Cash and cash equivalents	<u>114,618</u>	<u>77,675</u>
	<u>\$ 1,729,576</u>	<u>\$ 1,502,886</u>
LIABILITIES AND FUND BALANCE		
Accounts payable	\$ 57,196	\$ 512,624
Fund balance - reserved	<u>1,672,380</u>	<u>990,262</u>
	<u>\$ 1,729,576</u>	<u>\$ 1,502,886</u>

See Notes To Financial Statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	June 30,	
Enterprise	Pension Trust			1996	1995
\$ -	\$ -	\$ -	\$ -	\$ 214,581	\$ 972,653
-	-	-	-	30,000	-
-	-	-	-	51,819	42,743
-	11,586	-	-	11,586	11,586
-	-	-	-	96,026	76,116
-	-	-	95,000	95,000	135,000
-	-	-	7,103,855	7,103,855	1,008,026
-	-	-	795,787	795,787	892,879
-	-	-	131,150	131,150	123,273
<u>\$ -</u>	<u>\$ 11,586</u>	<u>\$ -</u>	<u>\$ 8,125,792</u>	<u>\$ 8,529,804</u>	<u>\$ 3,262,276</u>
\$ 776,757	\$ -	\$ -	\$ -	\$ 776,757	\$ 552,096
-	-	40,200,920	-	40,200,920	33,447,441
213,137	-	-	-	213,137	213,740
-	-	-	-	1,672,380	990,262
-	-	-	-	30,744	30,142
-	225,306	-	-	225,306	214,125
-	-	-	-	1,239,051	1,403,508
<u>\$ 989,894</u>	<u>\$ 225,306</u>	<u>\$40,200,920</u>	<u>\$ -</u>	<u>\$44,358,295</u>	<u>\$36,851,314</u>
<u>\$ 989,894</u>	<u>\$ 236,892</u>	<u>\$40,200,920</u>	<u>\$ 8,125,792</u>	<u>\$52,888,099</u>	<u>\$40,113,590</u>

Year Ended
June 30, 1995

Actual

\$ 557,839
 59,278

\$ 617,117

\$ 33,595
 4,151
 83,665
 15,393
 5,725
 51,981

 4,929

1,606,780

\$ 1,806,219

(continued)

Year Ended
June 30, 1995

Actual

\$(1,189,102)

1,008,026

\$(181,076)

1,171,338

\$ 990,262

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.

September 6, 1996

Hill, Morgan & Co.

DEBT SERVICE FUND

To account for the accumulation of resources for, and the payment of, general long-term debt including principal, interest and related costs.

HILL, INZINA & COMPANY

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

The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

The management of City of Bastrop, 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.*

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u> <u>(Memorandum Only)</u> <u>Year Ended June 30,</u>	
		<u>1996</u>	<u>1995</u>
\$ -	\$ 44,435	\$(145,938)	\$(141,696)
-	-	10,390	18,173
-	-	6,095,829	1,008,026
-	-	-	165,852
<u>\$ -</u>	<u>\$ 44,435</u>	<u>\$ 5,960,281</u>	<u>\$ 1,050,355</u>
\$ 602	\$ -	\$ 518,263	\$ 520,278
<u>30,142</u>	<u>-</u>	<u>2,423,912</u>	<u>1,903,634</u>
<u>\$ 30,744</u>	<u>\$ -</u>	<u>\$ 2,942,175</u>	<u>\$ 2,423,912</u>

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended June 30, 1996

	<u>Budget</u>	<u>General Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 5,864,802	\$ 6,201,549	\$ 336,747
Licenses and permits	383,020	398,844	15,824
Intergovernmental	389,496	677,190	287,694
Fee, charges and commissions for services	207,890	226,471	18,581
Fines and forfeitures	131,600	145,356	13,756
Interest and miscellaneous	95,502	145,627	50,125
	<u>\$ 7,072,310</u>	<u>\$ 7,795,037</u>	<u>\$ 722,727</u>
Expenditures:			
Current:			
General government	\$ 2,135,369	\$ 1,784,769	\$ 350,600
Public safety	3,305,086	3,485,588	(180,502)
Public works	1,605,396	1,668,685	(63,289)
Sanitation	722,599	685,609	36,990
Debt service:			
Principal	154,860	97,093	57,767
Interest and fiscal charges	-	57,767	(57,767)
Capital outlay	-	-	-
	<u>\$ 7,923,310</u>	<u>\$ 7,779,511</u>	<u>\$ 143,799</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (851,000)</u>	<u>\$ 15,526</u>	<u>\$ 866,526</u>

Special Revenue

<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
560,000	567,551	7,551
-	-	-
<u>35,000</u>	<u>79,390</u>	<u>44,390</u>
<u>\$ 595,000</u>	<u>\$ 646,941</u>	<u>\$ 51,941</u>

\$ -	\$ -	\$ -
-	-	-
545,896	177,819	368,077
-	-	-
-	-	-
-	135,926	(135,926)
<u>6,168,000</u>	<u>5,746,907</u>	<u>421,093</u>
<u>\$ 6,713,896</u>	<u>\$ 6,060,652</u>	<u>\$ 653,244</u>
<u>\$(6,118,896)</u>	<u>\$(5,413,711)</u>	<u>\$ 705,185</u>

(continued)

CITY OF BASTROP, LOUISIANA

SEWER USE FEE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>Year Ended June 30, 1996</u>		Variance -
	<u>Budget</u>	<u>Actual</u>	Favorable
			<u>(Unfavorable)</u>
Revenues:			
Fee, charges and commissions for services	\$ 560,000	\$ 567,551	\$ 7,551
Interest and miscellaneous	<u>35,000</u>	<u>79,380</u>	<u>44,390</u>
	<u>\$ 595,000</u>	<u>\$ 646,941</u>	<u>\$ 51,941</u>
Expenditures:			
Current:			
Salaries	\$ 84,000	\$ 60,258	\$ 23,742
Payroll taxes and retirement	12,096	8,331	3,765
Maintenance and supplies	107,500	48,072	59,428
Office	20,000	14,659	5,341
Insurance	14,000	9,750	4,250
Other	308,300	36,749	271,551
Debt service:			
Interest and fiscal charges	-	135,926	(135,926)
Capital outlay	<u>6,168,000</u>	<u>5,746,907</u>	<u>421,093</u>
	<u>\$ 6,713,896</u>	<u>\$ 6,060,652</u>	<u>\$ 653,244</u>

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CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

(Continued)

Year Ended June 30, 1996

With Comparative Totals for Year Ended June 30, 1995

	<u>General</u>	<u>Special Revenue</u>
Other financing sources (uses):		
Operating transfers in (out)	\$(190,373)	\$ -
Sale of fixed assets	10,390	-
Proceeds of long-term debt	-	6,095,829
Asset not in use and related liability transferred to Enterprise Fund	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>\$(179,983)</u>	<u>\$ 6,095,829</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	 \$(164,457)	 \$ 682,118
 Fund balances - beginning	 <u>1,403,508</u>	 <u>990,262</u>
 Fund balances - ending	 <u>\$ 1,239,051</u>	 <u>\$ 1,672,380</u>

See Notes To Financial Statements.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's
response: We concur in the finding.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of City of Bastrop, Louisiana, in a separate letter dated September 6, 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.

September 6, 1996

Hill, Prigmore & Co.

HILL, INZINA & COMPANY

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

The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 6, 1996.

In connection with our audit of the financial statements of City of Bastrop, Louisiana, and with our consideration of the City's control structure used to administrator federal financial assistance programs, as required by Office Of Management and Budget (OMB) 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 services allowed or unallowed; matching, level of effort or earmarking; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's 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 City of Bastrop, 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.

September 6, 1996

Hill, Inzina & Co.

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

The Honorable Clarence W. Hawkins, Mayor
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 6, 1996. We have also audited the compliance of City of Bastrop, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated September 6, 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 financial statements are free of material misstatement and about whether City of Bastrop, 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 City of Bastrop, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of City of Bastrop, Louisiana, and on the compliance of City of Bastrop, 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 and the combining, individual fund and account group financial statements in a separate report dated September 6, 1996.

The management of City of Bastrop, 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 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:

Accounting Controls

- Cash receipts/disbursements
- Investments
- Revenue/receivables
- Expenditures/expenses/
accounts payable
- Property and equipment
- Debt and debt service
- Payroll
- Financial reporting/budgeting

Administrative Controls

- General requirements:
 - Political activity
 - Davis-Bacon Act
 - Civil rights
 - Cash management
 - Federal financial reports
 - Allowable costs/cost principles
 - Drug-Free Workplace Act
 - Administrative requirements
- Specific requirements:
 - Types of services allowed or unallowed
 - Matching, level of effort or earmarking
 - Reporting
 - Special tests and provisions
- Claims for advances and reimbursements

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

64 - 67

- Amounts claimed or used for matching

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, City of Bastrop, Louisiana, expended 68.75% of its total federal financial assistance under a major federal financial assistance program.

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 the City's major federal financial assistance program, which is 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.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the City's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

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.

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 be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the City's compliance with requirements applicable to its major federal financial assistance program for the year ended June 30, 1996, and this report does not affect our report thereon dated September 6, 1996.

- Criteria: Adequate segregation of duties is essential to a proper internal control structure.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>	
		<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>June 30, 1996</u>	<u>1995</u>
<u>Enterprise</u>	<u>Pension Trust</u>				
\$ 201,190	\$ 13,380	\$ -	\$ -	\$ 3,085,823	\$ 3,010,065
-	219,751	-	-	219,751	507,900
-	-	-	-	72,636	87,448
-	-	-	-	92,243	107,050
-	3,761	-	-	3,761	11,287
-	-	-	-	5,065	6,542
-	-	-	-	62,994	54,881
-	-	-	-	11,586	11,586
-	-	-	-	218,824	159,348
63,351	-	-	-	63,351	31,820
128,661	-	-	-	128,661	137,756
596,692	-	40,200,920	-	40,797,612	33,828,729
-	-	-	30,744	30,744	30,142
-	-	-	7,168,111	7,168,111	1,112,884
-	-	-	795,787	795,787	892,879
-	-	-	131,150	131,150	123,273
<u>\$ 989,894</u>	<u>\$ 236,892</u>	<u>\$40,200,920</u>	<u>\$ 8,125,792</u>	<u>\$52,888,099</u>	<u>\$40,113,590</u>

(continued)

In accordance with *Government Auditing Standards*, we have also issued reports dated September 6, 1996, on the City's compliance with laws and regulations and on our consideration of its internal control structure which are presented on pages 55 and pages 56 through 58, respectively, of this document.

Our audit of the June 30, 1996, financial statements was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the combining, individual fund and account group financial statements. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of City of Bastrop, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

September 6, 1996

Hill, Arzoo & Co.

GENERAL-PURPOSE FINANCIAL STATEMENTS

(COMBINED STATEMENTS - OVERVIEW)

CITY OF BASTROP, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1996

With Comparative Totals for June 30, 1995

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents (Notes 1 and 2)	\$1,307,604	\$1,532,905	\$ 30,744
Certificate of deposit (Notes 1 and 2)	-	-	-
Receivables:			
Accounts	-	72,636	-
Taxes (Notes 1 and 3)	92,243	-	-
Accrued interest	-	-	-
Other	-	5,065	-
Due from other governments	58,642	4,352	-
Due from other funds	11,586	-	-
Restricted assets:			
Cash and cash equivalents (Notes 1 and 2)	104,206	114,618	-
Loans receivable - net (Note 5)	-	-	-
Net investment in direct financing lease (Note 6)	-	-	-
Fixed assets - net (Notes 1 and 7)	-	-	-
Other debits:			
Amount available in Debt Service Fund (Note 11)	-	-	-
Amount to be provided for retirement of general long-term debt (Note 11)	-	-	-
Amount to be provided for retirement of pension liabilities (Note 8)	-	-	-
Amount to be provided for compensated absences (Notes 1 and 11)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets and other debits	<u>\$1,574,281</u>	<u>\$1,729,576</u>	<u>\$ 30,744</u>

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPORTING SCHEDULES AS SUPPLEMENTARY DATA

The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the accompanying general-purpose financial statements and the combining, individual fund and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1996. These financial statements are the responsibility of the management of City of Bastrop, Louisiana. Our responsibility is to express an opinion on these 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. 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Bastrop, Louisiana, as of June 30, 1996, and the results of its operations and cash flows of its proprietary and fiduciary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund and account group financial statements as of and for the year ended June 30, 1996, and the individual fund financial statements as of and for the year ended June 30, 1995, present fairly, in all material respects the financial position of each of the individual funds and account groups of City of Bastrop, Louisiana, as of June 30, 1996 and 1995, and the results of operations of such funds and the cash flows of individual proprietary and fiduciary fund types for the years then ended in conformity with generally accepted accounting principles.

CITY OF BASTROP, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

(Continued)

June 30, 1996

With Comparative Totals for June 30, 1995

Governmental Fund Types

LIABILITIES, EQUITY AND OTHER CREDITS	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Liabilities:			
Accounts payable	\$ 157,385	\$ 57,196	\$ -
Deferred revenue (Note 1)	30,000	-	-
Accrued salaries	51,819	-	-
Due to other funds	-	-	-
Payable from restricted assets (Note 4)	96,026	-	-
General obligation bonds payable (Note 11)	-	-	-
Sewer revenue bonds (Notes 10 and 11)	-	-	-
Pension liabilities (Note 8)	-	-	-
Compensated absences payable (Notes 1 and 11)	-	-	-
Total liabilities	<u>\$ 335,230</u>	<u>\$ 57,196</u>	<u>\$ -</u>
Equity and other credits:			
Contributed capital (Note 12)	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-
Retained earnings - reserved (Note 13)	-	-	-
Fund balances:			
Reserved for sewage system (Note 14)	-	1,672,380	-
Reserved for debt service (Note 11)	-	-	30,744
Reserved for firemen's pension (Note 8)	-	-	-
Unreserved - undesignated	<u>1,239,051</u>	<u>-</u>	<u>-</u>
Total equity and other credits	<u>\$1,239,051</u>	<u>\$1,672,380</u>	<u>\$ 30,744</u>
 Total liabilities, equity and other credits	 <u>\$1,574,281</u>	 <u>\$1,729,576</u>	 <u>\$ 30,744</u>

See Notes To Financial Statements.

Year Ended
June 30, 1995

Actual

\$ 5,983,819
387,572
426,260
259,587
128,658
245,127
\$ 7,431,023

\$ 1,772,965
2,894,806
1,389,804
560,021

91,746
63,114

-
\$ 6,772,456

\$ 658,567

(continued)