

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

ENTERPRISE FUND  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	WATER			SEWER		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OPERATING REVENUES</b>						
Charges for Service	\$ 530,000.00	\$ 564,416.40	\$ 34,416.40	\$ .00	\$ .00	\$ .00
Water Sales	18,000.00	21,053.98	3,053.98	.00	.00	.00
Penalties and Reconnections/Connections	.00	.00	.00	205,000.00	197,996.46	(7,003.54)
Sewer Sales	4,000.00	4,523.90	523.90	.00	.00	.00
Tapping Fees	.00	4,010.95	4,010.95	.00	.00	.00
Miscellaneous	.00	.00	.00	.00	.00	.00
Total Operating Revenues	\$ 552,000.00	\$ 594,005.23	\$ 42,005.23	\$ 205,000.00	\$ 197,996.46	\$ (7,003.54)
<b>OPERATING EXPENDITURES</b>						
Cost of Sales and Service	\$ 234,100.00	\$ 227,163.72	\$ 6,936.28	\$ 225,000.00	\$ 201,519.28	\$ 23,480.72
Administration	194,300.00	195,007.36	(707.36)	80,275.00	80,772.33	(497.33)
Depreciation	.00	103,726.82	(103,726.82)	.00	121,696.00	(121,696.00)
Total Operating Expenses	\$ 428,400.00	\$ 525,897.90	\$ (97,497.90)	\$ 305,275.00	\$ 403,987.61	\$ (98,712.61)
<b>OPERATING INCOME (LOSS)</b>	\$ 123,600.00	\$ 68,107.33	\$ (55,492.67)	\$ (100,275.00)	\$ (205,991.15)	\$ (105,716.15)
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Interest Income	\$ 7,000.00	\$ 6,967.24	\$ (32.76)	\$ 2,000.00	\$ 2,091.26	\$ 91.26
Interest Expense	.00	(6,098.12)	(6,098.12)	.00	.00	.00
Total Nonoperating Revenue (Expenses)	\$ 7,000.00	\$ 869.12	\$ (6,130.88)	\$ 2,000.00	\$ 2,091.26	\$ 91.26
<b>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	\$ 130,600.00	\$ 68,976.45	\$ (61,623.55)	\$ (98,275.00)	\$ (203,899.89)	\$ (105,624.89)
<b>(TRANSFER TO)/FROM OTHER FUNDS</b>						
General Fund	\$ (23,500.00)	\$ (23,500.00)	\$ .00	\$ .00	\$ .00	\$ .00
Capital Projects Fund	.00	.00	.00	.00	.00	.00
<b>NET (LOSS) BEFORE NON-OPERATING ADDITIONS (DEDUCTIONS)</b>	\$ 107,100.00	\$ 45,476.45	\$ (61,623.55)	\$ (98,275.00)	\$ (203,899.89)	\$ (105,624.89)
Add Back Depreciation on Assets Acquired with Capital Grants	.00	57,852.96	57,852.96	.00	104,465.00	104,465.00
<b>NET INCOME (LOSS)</b>	\$ 107,100.00	\$ 103,329.41	\$ (3,770.59)	\$ (98,275.00)	\$ (99,434.89)	\$ (1,159.89)
(Increase) Decrease in Reserved for Depreciation and Contingency Fund	.00	.00	.00	35,000.00	25,719.01	(9,280.99)
Net Change in Unreserved Retained Earnings for the Year	\$ 107,100.00	\$ 103,329.41	\$ (3,770.59)	\$ (63,275.00)	\$ (73,715.88)	\$ (10,440.88)
<b>RETAINED EARNINGS - UNRESERVED - JULY 1</b>	567,581.22	567,581.22		247,212.99	247,212.99	
<b>RETAINED EARNINGS - UNRESERVED - JUNE 30</b>	\$ 674,681.22	\$ 670,910.63	\$ (3,770.59)	\$ 183,937.99	\$ 173,497.11	\$ (10,440.88)

See accompanying notes and auditors' report.

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
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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 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.

We noted other matters involving the internal control structure and its operation that we have reported to the management of the Town of Farmerville, Louisiana, in a separate letter dated October 11, 1996.

This report is intended for the information of the Mayor and members of the Board of Alderman and Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

*Garrett & Garrett*

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
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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:

1. Control environment
2. Accounting System
3. Control procedures

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

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

1. LCDBG GRANT 101-5025
2. LCDBG GRANT 101-6053

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 have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Towns's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures.

We did not note any matters involving the internal control structure and its operation that we consider to be reportable conditions 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 Town's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

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October 11, 1996

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

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

We have audited the financial statements of the Town of Farmerville, Louisiana, for the year ended June 30, 1996 and 1995, and have issued our report thereon dated October 11, 1996. We have also audited the Town of Farmerville, Louisiana, compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated October 11, 1996.

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

In planning and performing our audit for the year ended June 30, 1996, we considered the Town's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Town's general purpose financial statements and not to provide assurance on the internal control structure. 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 policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated October 11, 1996.

The management of the Town of Farmerville, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
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For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

1. Cycles of the entity's activity
  - A. Revenue/receipts
  - B. Purchases/disbursements
2. Financial statement captions
  - A. Cash and cash equivalents
  - B. Receivables
  - C. Property and Equipment
  - D. Payables and accrued liabilities
  - E. Debt
  - F. Fund balance
3. Accounting applications
  - A. Billings
  - B. Receivables
  - C. Cash receipts
  - D. Cash disbursements

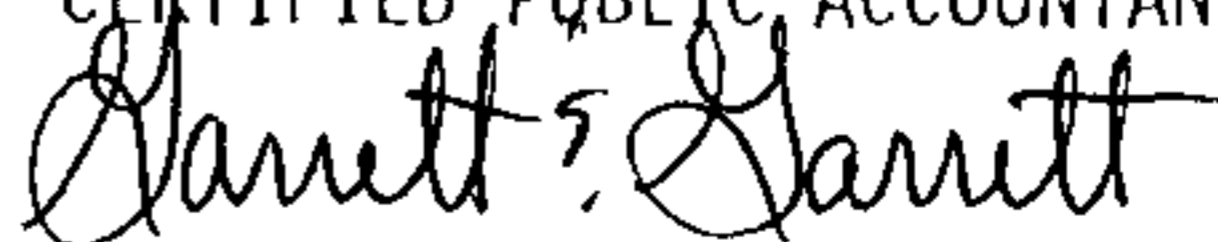
For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 general purpose financial statements being audited may occur and not be detected within the timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Town of Farmerville, Louisiana, in a separate letter dated October 11, 1996.

This report is intended solely for the information of the Mayor and members of the Board of Alderman and Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

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October 11, 1996

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTES IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

We have audited the financial statements of the Town of Farmerville, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated October 11, 1996.

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

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

The management of the Town of Farmerville, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective 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.

COMMENTS ON COMPLIANCE AND INTERNAL CONTROL

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	LAND	BUILDING	IMPROVEMENTS OTHER THAN BUILDING	MACHINERY AND EQUIPMENT	OFFICE FURNITURE AND EQUIPMENT	MISCELLANEOUS	TOTAL
<u>GENERAL FIXED ASSETS</u>							
July	\$ 108,313.79	\$ 373,850.04	\$ 1,010,981.55	\$ 1,086,031.66	\$ 65,065.87	\$ 19,320.85	\$ 2,663,563.77
<u>ADDITIONS</u>							
General Fund	.00	9,930.00	.00	4,337.77	3,398.91	.00	17,666.68
Sales Tax Fund	.00	.00	.00	9,145.25	.00	.00	9,145.25
Totals	.00	9,930.00	.00	13,483.02	3,398.91	.00	26,811.93
<u>DEDUCTIONS</u>							
Assets Sold/Traded or Junked							
General Fund	.00	.00	.00	.00	.00	.00	.00
<u>GENERAL FIXED ASSETS - JUNE 30</u>	\$ 108,313.79	\$ 383,780.04	\$ 1,010,981.55	\$ 1,099,514.68	\$ 68,464.78	\$ 19,320.85	\$ 2,690,375.70



TOWN OF FARMERVILLE, LOUISIANA STATEMENT G-1  
FARMERVILLE, LOUISIANA  
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - BY SOURCE  
JUNE 30, 1996 AND 1995

	1996	1995
<u>GENERAL FIXED ASSETS</u>		
Land	\$ 108,313.79	\$ 108,313.79
Building	383,780.04	373,850.04
Improvements Other Than Building	1,010,981.56	1,010,981.56
Machinery and Equipment	1,187,300.31	1,170,418.38
<u>Total General Fixed Assets</u>	<u>\$ 2,690,375.70</u>	<u>\$ 2,663,563.77</u>
 <u>Investment in General Fixed Assets By Source</u>		
<u>Prior to 1975</u>	\$ 374,181.21	\$ 374,181.21
General Fund	1,942,849.19	1,925,182.51
Special Revenue Fund	373,345.30	364,200.05
<u>Total Investment in General Fixed Assets</u>	<u>\$ 2,690,375.70</u>	<u>\$ 2,663,563.77</u>

\*Records reflecting source from which assets were acquired were not maintained prior to July 1, 1975.

See accompanying notes and auditors' report.

GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

ENTERPRISE FUNDS

SCHEDULE OF UTILITY PLANT AND EQUIPMENT

JUNE 30, 1996

	ACQUIRED	LIFE	COST	ACCUMULATED DEPRECIATION 06/30/96	NET	DEPRECIATION
<u>PLANTS - SEWER/WATER</u>						
<u>SEWER</u>						
Sewer System	59/88	50	\$ 631,255.85	\$ 408,543.00	\$ 222,712.85	\$ 12,625.00
Sewer System	1993	50	207,060.44	12,423.00	194,637.44	4,141.00
Wastewater Treatment Plant	1987	50	4,590,098.00	915,165.00	3,674,933.00	91,802.00
Sewer System - Motors	1993	10	51,570.73	15,471.00	36,099.73	5,157.00
<u>WATER</u>						
Water System Extension	54/93	25-50	2,670,284.77	425,196.44	2,245,088.33	67,935.14
Water Meters	91/93	15	84,205.26	20,817.68	63,387.58	5,613.68
Water Plant	67/93	60	573,889.53	124,716.85	449,172.68	10,836.85
Water System	1959	60	32,665.23	21,408.60	11,256.63	637.60
Total Plants			\$ 8,841,029.81	\$ 1,943,741.57	\$ 6,897,288.24	\$ 198,749.27
<u>EQUIPMENT</u>						
<u>Sewer System</u>						
Backhoe	1992	10	26,920.95	10,768.00	16,152.95	2,692.00
Computer	1989	10	9,250.00	7,400.00	1,850.00	925.00
1993 Ford #86061	1993	5	16,983.00	10,191.00	6,792.00	3,397.00
Fence	1989	25	2,063.39	287.00	1,776.39	41.00
IBM Computer - New System	1994	5	4,583.31	1,832.00	2,751.31	916.00
Lift 1/4 Interest			986.25	.00	986.25	.00
<u>WATER</u>						
Office Equipment	87/93	10	22,505.53	6,446.51	16,059.02	2,103.93
Trucks	81/91	5	68,985.90	68,426.11	559.79	3,095.11
Equipment	78/93	10	102,183.44	75,644.48	26,538.96	6,557.08
Computer - New System	1994	5	26,812.96	9,784.03	17,028.93	5,049.03
Computer - Old System	1988	10	18,974.00	13,279.40	5,694.60	1,897.40
Total Equipment			\$ 300,248.73	\$ 204,058.53	\$ 96,190.20	\$ 26,673.55
<u>LAND</u>						
			\$ 25,752.00	.00	\$ 25,752.00	.00
<u>GRAND TOTAL</u>			\$ 9,167,030.54	\$ 2,147,800.10	\$ 7,019,230.44	\$ 225,422.82

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 GENERAL LONG-TERM DEBT  
 COMBINING BALANCE SHEETS

JUNE 30, 1996

(WITH COMPARATIVE TOTALS FOR JUNE 30, 1995)

	PUBLIC IMPROVEMENTS BONDS	PUBLIC IMPROVEMENTS BONDS FIRE #2	SALES TAX BONDS	CITY HALL BONDS	SAFETY BONDS	TOTALS
\$	200.00	6,243.60	143,351.12	18,389.07	11,612.36	179,796.15
					08/01/90	1996
						:995
	.00	.00	1,261,648.88	.00	.00	1,261,648.88
	.00	.00	.00	66,610.93	63,387.64	129,998.57
\$	200.00	6,243.60	1,405,000.00	85,000.00	75,000.00	1,571,443.60
\$	.00	4,000.00	1,405,000.00	85,000.00	75,000.00	1,569,000.00
	200.00	2,243.60	.00	.00	.00	2,443.60
\$	200.00	6,243.60	1,405,000.00	85,000.00	75,000.00	1,571,443.60
						\$ 1,665,578.19

AMOUNT AVAILABLE IN THE DEBT SERVICE FUND

RESOURCES TO BE PROVIDED IN FUTURE YEARS

1% Sales and Use Tax  
 General Obligation Bonds

TOTAL AVAILABLE AND TO BE PROVIDED

GENERAL LONG-TERM DEBT PAYABLE

Bonds Payable  
 Accumulated Funds in Excess of Bond Payable

TOTAL GENERAL LONG-TERM DEBT PAYABLE

See accompanying notes and auditors' report.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

## ENTERPRISE FUND

SCHEDULE OF DETAIL OF EXPENSES, BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	WATER			SEWER		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$	17,000.00	17,635.50	\$ (635.50)	\$	\$	\$
Chlorine	2,000.00	2,101.70	(101.70)	-	-	-
Chlorine Equipment Repair	30,000.00	29,445.31	554.69	-	-	-
Supplies	155,000.00	150,317.80	4,682.20	-	-	-
Utilities	10,000.00	6,783.88	3,216.12	-	-	-
Major Well and Tank Repairs	100.00	.00	100.00	-	-	-
Major Repairs	20,000.00	20,879.53	(879.53)	-	-	-
Meter Replacement	234,100.00	227,163.72	6,936.28	-	-	-
Totals	\$	\$	\$	\$	\$	\$

## COST OF SALES AND SERVICES

## WATER SUPPLIES AND MATERIALS

Chlorine	2,000.00	2,101.70	(101.70)
Chlorine Equipment Repair	30,000.00	29,445.31	554.69
Supplies	155,000.00	150,317.80	4,682.20
Utilities	10,000.00	6,783.88	3,216.12
Major Well and Tank Repairs	100.00	.00	100.00
Major Repairs	20,000.00	20,879.53	(879.53)
Meter Replacement	234,100.00	227,163.72	6,936.28
Totals	\$	\$	\$

## SEWER SUPPLIES AND MATERIALS

Chlorine	-	-	-	15,000.00	12,260.00	2,740.00
Chemicals	-	-	-	1,500.00	1,513.25	(13.25)
Chemical Test	-	-	-	5,500.00	5,104.00	396.00
Supplies	-	-	-	8,000.00	5,923.85	2,076.15
Utilities	-	-	-	48,000.00	40,626.04	7,373.96
Pump Repair	-	-	-	30,000.00	24,248.53	5,751.47
Treatment Plant Repairs	-	-	-	115,000.00	110,234.43	4,765.57
Major Repairs	-	-	-	2,000.00	1,609.18	390.82
Totals	\$	\$	\$	\$	\$	\$
				225,000.00	201,519.28	23,480.72

## ADMINISTRATIVE

Auditing	5,000.00	4,750.00	250.00	3,000.00	4,750.00	(1,750.00)
Administrative Fee	7,500.00	7,500.00	.00	7,500.00	7,500.00	.00
Bad Debts	8,000.00	6,883.97	1,116.03	.00	.00	.00
Computer Expense	3,000.00	1,845.00	1,155.00	500.00	.00	500.00
Dues	500.00	401.02	98.98	.00	.00	.00
Insurance - Liability	10,000.00	12,240.31	(2,240.31)	10,000.00	11,466.46	(1,466.46)
Miscellaneous	500.00	4,300.22	(3,800.22)	500.00	309.50	190.50
Office Supplies	9,000.00	9,992.17	(992.17)	1,500.00	657.71	842.29
Telephone	6,000.00	5,549.73	450.27	600.00	544.32	55.68
Travel and Training	2,500.00	913.16	1,586.84	500.00	458.99	41.01
Equipment - Gas and Oil	.00	515.00	(515.00)	500.00	90.00	410.00
Equipment Repairs	10,000.00	4,439.55	5,560.45	2,000.00	1,730.71	269.29
Truck - Gas and Oil	5,000.00	4,150.10	849.90	4,000.00	4,034.44	(34.44)
Truck Repairs	6,000.00	11,095.05	(5,095.05)	5,000.00	4,722.49	277.51
Radio Repairs	800.00	771.40	28.60	100.00	.00	100.00
Uniforms	1,000.00	447.19	552.81	500.00	132.00	368.00

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October 11, 1996

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

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

We have audited the general purpose financial statements of the Town of Farmerville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We have also audited Town of Farmerville, Louisiana's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. 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:

1. Control environment
2. Accounting System
3. Control procedures

The management of the Town of Farmerville, Louisiana is responsible for the Town of Farmerville, Louisiana'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 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 Town of Farmerville, Louisiana's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no material instances on noncompliance with the requirements referred to above.

Equipment Repairs	4,439.55	1,730.71	5,170.26	5,091.82
Truck - Gas & Oil	4,150.10	4,034.44	8,184.54	7,081.45
Truck Repairs	11,095.05	4,722.49	15,817.54	9,948.95
Radio Repairs	771.40	.00	771.40	95.50
Uniforms	447.19	132.00	579.19	760.77
Salaries	97,021.68	35,587.41	132,609.09	127,577.85
Retirement Expense	3,297.29	1,182.82	4,480.11	3,426.95
Medicare Tax	1,392.31	522.14	1,914.45	1,834.05
FICA Contributions	5,953.39	2,232.51	8,185.90	7,843.42
Unemployment Tax	338.59	126.67	465.26	632.43
Hospital Insurance	4,216.08	2,108.16	6,324.24	5,228.60
Worker's Compensation Insurance	5,951.56	2,556.00	8,507.56	7,609.88
Employee Drug Testing	120.00	60.00	180.00	150.00
Prior Labor & Expense	193.53	.00	193.53	498.84
Cash Short & Over	729.06	.00	729.06	.00
<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 195,007.36</b>	<b>\$ 80,772.33</b>	<b>\$ 275,779.69</b>	<b>\$ 253,794.98</b>

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

ENTERPRISE FUND

COMBINING SCHEDULE OF DETAIL OF EXPENSES

FOR THE FISCAL YEAR ENDED JUNE 30, 1995

(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1995)

	WATER	SEWER	TOTALS
	1996	1995	
Chlorine	\$ 17,635.50	\$ .00	\$ 17,635.50
Chlorine Equipment Repair	2,101.70	.00	2,101.70
Supplies	29,445.31	.00	29,445.31
Utilities	150,317.80	.00	150,317.80
Major Well and Tank Repairs	6,783.88	.00	6,783.88
Meter Replacement	20,879.53	.00	20,879.53
Totals	\$ 227,163.72	\$ .00	\$ 227,163.72

COST OF SALES AND SERVICES

WATER SUPPLIES AND MATERIALS

Chlorine	\$ 17,635.50	\$ .00	\$ 17,635.50
Chlorine Equipment Repair	2,101.70	.00	2,101.70
Supplies	29,445.31	.00	29,445.31
Utilities	150,317.80	.00	150,317.80
Major Well and Tank Repairs	6,783.88	.00	6,783.88
Meter Replacement	20,879.53	.00	20,879.53
Totals	\$ 227,163.72	\$ .00	\$ 227,908.99

SEWER SUPPLIES AND MATERIALS

Chlorine	\$ .00	\$ 12,260.00	\$ 12,260.00
Chemicals	.00	1,513.25	1,513.25
Chemical Test	.00	5,104.00	5,104.00
Supplies	.00	5,923.85	5,923.85
Utilities	.00	40,626.04	40,626.04
Pump Repair	.00	24,248.53	24,248.53
Major Repair	.00	1,609.18	1,609.18
Treatment Plant Repairs	.00	110,234.43	110,234.43
Totals	\$ .00	\$ 201,519.28	\$ 201,519.28

TOTAL COST OF SALES AND SERVICE

	\$ 227,163.72	\$ 201,519.28	\$ 428,683.00
			\$ 384,177.86

ADMINISTRATIVE

Auditing	\$ 4,750.00	\$ 4,750.00	\$ 9,500.00
Administrative Fee	7,500.00	7,500.00	15,000.00
Bad Debts	6,883.97	.00	6,883.97
Computer Expense	1,845.00	.00	1,845.00
Dues	401.02	.00	401.02
Insurance - Liability	12,240.31	11,466.46	23,706.77
Miscellaneous	4,300.22	309.50	4,609.72
Office Supplies	9,992.17	657.71	10,649.88
Telephone	5,549.73	544.32	6,094.05
Travel and Training	913.16	458.99	1,372.15
Equipment - Gas & Oil	515.00	90.00	605.00
			12,830.00
			15,000.00
			7,837.96
			2,593.96
			274.43
			25,645.90
			24.01
			11,262.11
			6,189.12
			2,577.45
			779.42



TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 ENTERPRISE FUNDS

COMBINING STATEMENTS OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1996  
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1995

	1996		1995
	WATER	SEWER	TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Received from Customers	\$ 571,686.88	\$ 197,966.40	\$ 769,653.28
Cash Paid to Suppliers	(281,350.88)	(170,454.37)	(451,805.25)
Cash Paid to Employees	(96,020.31)	(36,007.91)	(132,028.22)
Payment of Staff and Administrative Expenses	(91,101.71)	(45,184.92)	(136,286.63)
<u>NET CASH FROM OPERATING ACTIVITIES</u>	<u>\$ 103,213.98</u>	<u>\$ (53,680.80)</u>	<u>\$ 49,533.18</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Payments to Other Funds	\$ (23,500.00)	\$ .00	\$ (23,500.00)
Operating Transfers from Other Funds	.00	.00	.00
<u>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</u>	<u>\$ (23,500.00)</u>	<u>\$ .00</u>	<u>\$ (23,500.00)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal Paid on Long-Term Debt	\$ (75,000.00)	.00	\$ (75,000.00)
Interest Paid on Long-Term Debt	(6,098.12)	.00	(6,098.12)
Acquisition of Capital Assets	(3,681.21)	(986.25)	(4,667.46)
<u>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</u>	<u>\$ (84,779.33)</u>	<u>\$ (986.25)</u>	<u>\$ (85,765.58)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest on Investments	\$ 6,967.24	\$ 2,091.26	\$ 9,058.50
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>\$ 6,967.24</u>	<u>\$ 2,091.26</u>	<u>\$ 9,058.50</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>\$ 1,901.89</u>	<u>\$ (52,575.79)</u>	<u>\$ (50,673.90)</u>
<u>CASH AND CASH EQUIVALENTS, JULY 1</u>	<u>192,549.07</u>	<u>67,592.97</u>	<u>260,142.04</u>
<u>CASH AND CASH EQUIVALENTS, JUNE 30</u>	<u>\$ 194,450.96</u>	<u>\$ 15,017.18</u>	<u>\$ 209,468.14</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>			
Operating Income	\$ 68,107.33	\$ (205,991.15)	\$ (137,883.82)
Adjustments			
Depreciation	103,726.82	121,696.00	225,422.82
(Increase)Decrease in Assets			
Receivables	(15,464.44)	.00	(15,464.44)
Restricted Assets	(7,219.04)	25,719.01	18,499.97
Increase(Decrease) in Liabilities			
Accounts Payable	(38,073.06)	5,315.84	(32,757.22)
Trust Liabilities and Deposits	(8,865.00)	.00	(8,865.00)
Accrued Compensated Absences	1,061.37	(480.50)	580.87
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 103,273.98</u>	<u>\$ (53,740.80)</u>	<u>\$ 49,533.18</u>
Noncash Transactions Affecting Financial Bond Retirement in Excess of Refunding Issuance	\$ .00	\$ .00	\$ .00

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

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1995)

	WATER	SEWER	TOTALS
	1996	1995	
<u>OPERATING REVENUES</u>			
Charges for Service			
Water Sales	\$ 564,416.40	\$ .00	\$ 564,416.40
Penalties and Reconnections/Connections	21,053.98	.00	21,053.98
Sewer Sales	.00	197,996.46	197,996.46
Tapping Fees	4,523.90	.00	4,523.90
Miscellaneous	4,010.95	.00	4,010.95
Total Operating Revenues	\$ 594,005.23	\$ 197,996.46	\$ 792,001.69
<u>OPERATING EXPENSES</u>			
Cost of Sales and Service			
Administration	\$ 227,163.72	\$ 201,519.28	\$ 428,683.00
Depreciation	195,007.36	80,772.33	275,779.69
Total Operating Expenses	\$ 422,171.08	\$ 282,291.61	\$ 704,462.69
<u>OPERATING INCOME (LOSS)</u>	\$ 171,834.15	\$ (84,295.15)	\$ (158,447.48)
<u>NONOPERATING REVENUE (EXPENSES)</u>			
Interest Income	\$ 6,967.24	\$ 2,091.26	\$ 9,058.50
Interest Expense	(6,098.12)	.00	(6,098.12)
Total Nonoperating Revenue (Expenses)	\$ 869.12	\$ 2,091.26	\$ 2,960.38
<u>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	\$ 172,703.27	\$ (82,203.89)	\$ (150,374.02)
<u>(TRANSFER TO)/FROM OTHER FUNDS</u>			
General Fund	(23,500.00)	.00	(23,500.00)
Capital Projects Funds	.00	.00	.00
<u>NET (LOSS) BEFORE NON-OPERATING ADDITIONS (DEDUCTIONS)</u>	\$ 149,203.27	\$ (82,203.89)	\$ (200,374.02)
Add Back Depreciation on Assets Acquired with Capital Grants	57,852.96	104,465.00	162,317.96
<u>NET INCOME (LOSS)</u>	\$ 207,056.23	\$ (37,738.89)	\$ (158,447.48)
(Increase) Decrease in Reserved for Depreciation and Contingency Fund	.00	25,719.01	25,719.01
Net Change in Unreserved Retained Earnings for the Year	103,329.41	(73,715.88)	29,613.53
<u>RETAINED EARNINGS - UNRESERVED - JULY 1</u>	567,581.22	247,212.99	814,794.21
<u>RETAINED EARNINGS - UNRESERVED - JUNE 30</u>	\$ 670,910.63	\$ 173,497.11	\$ 844,407.74

See accompanying notes and auditors' report.

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Vouchers Payable	\$ 34,492.61	\$ 9,591.05	\$ 44,083.66	\$ 57,575.06
Retainage Payable	.00	.00	.00	3,032.32
Certificates of Indebtedness - Current Portion	40,000.00	.00	40,000.00	70,000.00
Other Accrued Expenses	2,729.29	122.04	2,851.33	522.71
Due To/From - Other Funds - Garbage	18,895.94	(3,740.00)	15,155.94	34,928.54
Due To/From - Sewer/Water	(89,748.08)	89,748.08	.00	.00
Due To/From - Garbage Deposits	(3,102.19)	.00	(3,102.19)	.00
Total Current Liabilities	\$ 3,257.57	\$ 95,721.17	\$ 98,988.74	\$ 166,058.63

CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)

Customer's Deposit	\$ 37,015.00	\$ .00	\$ 37,015.00	\$ 45,880.00
<u>NONCURRENT LIABILITIES</u>				
Accumulated Unpaid Vacation and Salaries	\$ 6,702.00	\$ 1,535.00	\$ 8,237.00	\$ 7,656.13
Certificates of Indebtedness (Less Current Portion)	.00	.00	.00	45,000.00
Total Noncurrent Liabilities	\$ 6,702.00	\$ 1,535.00	\$ 8,237.00	\$ 52,656.13
<u>TOTAL LIABILITIES</u>	\$ 46,984.57	\$ 97,256.17	\$ 144,240.74	\$ 264,594.76

EQUITY

Fund Equity

Contributed Capital				
Municipality	\$ 254,055.00	\$ 1,421,154.44	\$ 1,675,210.44	\$ 1,718,185.00
Federal Grant	2,251,454.68	2,448,416.00	4,699,870.68	4,814,445.08
FEMA Grant	.00	33,385.38	33,385.38	38,154.38
Total Contributed Capital	\$ 2,505,510.68	\$ 3,902,955.82	\$ 6,408,466.50	\$ 6,570,784.46

RETAINED EARNINGS

Unreserved	\$ 670,910.63	\$ 173,497.11	\$ 844,407.74	\$ 814,794.21
Reserved (Water Tank and Sewer Repairs)	.00	20,029.82	20,029.82	45,748.83
Total Retained Earnings	\$ 670,910.63	\$ 193,526.93	\$ 864,437.56	\$ 860,543.04

TOTAL EQUITY

\$ 3,176,421.31	\$ 4,096,482.75	\$ 7,272,904.06	\$ 7,431,327.50	
<u>TOTAL LIABILITIES AND EQUITY</u>	\$ 3,223,405.88	\$ 4,193,738.92	\$ 7,417,144.80	\$ 7,595,922.26

See accompanying notes and auditors' report.

STATEMENT F-1

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 ENTERPRISE FUNDS  
 COMBINING BALANCE SHEETS  
 JUNE 30, 1996

(WITH COMPARATIVE TOTALS FOR JUNE 30, 1995)

	WATER	SEWER	TOTALS	
			1996	1995
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 83,401.74	\$ 15,017.18	\$ 98,418.92	\$ 107,718.80
Investments - Certificate of Deposits	111,049.22	.00	111,049.22	152,423.24
Accounts Receivable (Net of Allowance for Uncollectible)	114,115.77	.00	114,115.77	98,651.33
Other	.00	.00	.00	4,312.67
Total Current Assets	\$ 308,566.73	\$ 15,017.18	\$ 323,583.91	\$ 363,106.04
<b>RESTRICTED ASSETS</b>				
Customer's Deposit				
Demand Account	14,482.73	.00	14,482.73	7,253.69
Certificates of Deposit	39,817.90	.00	39,817.90	39,817.90
Depreciation and Contingency Fund				
Certificates of Deposit	.00	20,029.82	20,029.82	45,735.52
FEMA Grant				
Savings	.00	.00	.00	13.31
Total Restricted Assets	\$ 54,300.63	\$ 20,029.82	\$ 74,330.45	\$ 92,830.42
<b>FIXED ASSETS</b>				
Land	25,752.00	.00	25,752.00	25,752.00
Machinery and Equipment	239,461.83	60,786.90	300,248.73	295,561.27
Sewer/Water Plant	3,361,044.79	5,479,985.02	8,841,029.81	8,841,029.81
Total	3,625,258.62	5,540,771.92	9,167,030.54	9,162,363.08
Less: Accumulated Depreciation	765,720.10	1,382,080.00	2,147,800.10	1,922,377.28
Net Property, Plant and Equipment	\$ 2,859,538.52	\$ 4,158,691.92	\$ 7,019,230.44	\$ 7,239,985.80
<b>TOTAL ASSETS</b>	\$ 3,223,405.88	\$ 4,193,738.92	\$ 7,417,144.80	\$ 7,595,922.26

ENTERPRISE FUNDS

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 CAPITAL PROJECTS  
 COMBINING BALANCE SHEETS  
 JUNE 30, 1996 AND 1995

STATEMENT E-1

	EDA GRANT 08-01-02778	LCDBG GRANT 101-5025	LCDBG GRANT 101-6053	TOTAL
				1996
				1995
<u>ASSETS</u>				
Cash	\$ .00	\$ .00	\$ .00	\$ 3,446.24
Due From/To Other Government	.00	.00	324,048.12	.00
Due From/To Other Fund	.00	.00	.00	.00
<u>TOTAL ASSETS</u>	<u>.00</u>	<u>.00</u>	<u>324,048.12</u>	<u>\$ 3,446.24</u>
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Estimate and Retainage Payable	\$ .00	\$ .00	\$ 324,048.12	\$ .00
<u>EQUITY</u>				
<u>FUND BALANCES</u>				
Unreserved	\$ .00	\$ .00	\$ .00	\$ 3,446.24
Designated for Capital Improvements	.00	.00	324,048.12	.00
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>.00</u>	<u>.00</u>	<u>324,048.12</u>	<u>\$ 3,446.24</u>

See accompanying notes and auditors' report.

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
Page 5

REPLY

The council will hire a clerk to handle the general ledger reconciliation duties and the mayor's secretary will now process the NSF checks. Also, the council will prohibit the employees from cashing checks from the Town's cash fund.

10. COMPUTER SYSTEM

The interface to the general ledger system from the other systems; payroll, cash receipts, accounts receivable, and payables had problems. The interface dropped some of the transaction before they posted. I could not find any consistencies with this problem. According to the water clerk, the bills still have some problems with payments posting to the bill correctly.

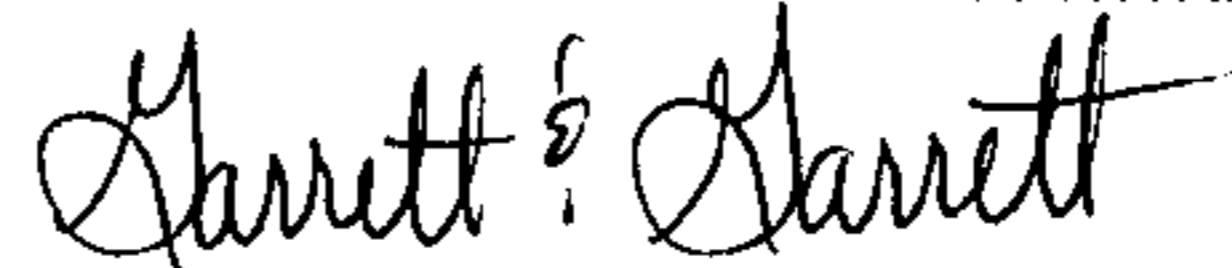
RECOMMENDATION

I would start looking for a new accounting system that interfaces with the meter reading system.

REPLY

The Town clerk has expanded the memory of the computer system which should eliminate the problems with the software dropping transactions.

GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

Handwritten signature of Garrett & Garrett in cursive script.

Salaries	95,000.00	(2,021.68)	35,000.00	35,587.41	(587.41)
Retirement Expense	4,500.00	1,202.71	1,500.00	1,182.82	317.18
Medicare Tax	1,400.00	7.69	500.00	522.14	(22.14)
FICA Contributions	6,000.00	46.61	2,200.00	2,232.51	(32.51)
Unemployment Tax	500.00	161.41	175.00	126.67	48.33
Hospital Insurance	4,000.00	(216.08)	2,200.00	2,109.15	91.84
Worker's Compensation Insurance	7,800.00	1,848.44	2,500.00	2,556.00	(56.00)
Employee Drug Testing	300.00	180.00	.00	60.00	(60.00)
Prison Labor & Expense	.00	(193.53)	.00	.00	.00
Cash Short & Over	.00	(729.06)	.00	.00	.00
Total Administrative	<u>\$ 194,300.00</u>	<u>\$ 195,007.36</u>	<u>\$ 80,275.00</u>	<u>\$ 80,772.33</u>	<u>\$ (497.33)</u>



TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

STATEMENT OF STATISTICAL INFORMATION  
JUNE 30, 1996

	TOTAL				
	1995	1996	1997	1998	1999
\$ 328,943.	\$ 315,383.	\$ 361,800.	\$ 279,031.	\$ 285,288.	\$ 277,139.
326,252.	325,543.	326,955.	299,652.	224,448.	273,706.
79,647.	75,820.	59,856.	36,612.	261,580.	30,149.
184,353.	176,089.	186,633.	102,570.	103,974.	102,206.
1,348.	2,653.	479.	2,893.	2,893.	3,833.
171,641.	195,599.	191,751.	199,717.	169,823.	145,795.
6,118.	9,169.	0.	0.	0.	0.
6,972.	5,824.	0.	0.	0.	0.
0.	320.	0.	0.	0.	0.
<u>\$ 1,105,274.</u>	<u>\$ 1,105,400.</u>	<u>\$ 1,127,484.</u>	<u>\$ 920,475.</u>	<u>\$ 1,048,006.</u>	<u>\$ 832,828.</u>

GENERAL GOVERNMENTAL AND SPECIAL REVENUE  
EXPENDITURES BY FUNCTION

General Government	
Public Safety	
Fire	
Sanitation	
Recreation	
Street	
Prison Labor	
Maintenance Department	
Drug Task Force	
Total	

GENERAL REVENUES AND SPECIAL REVENUES BY SOURCE

\$ 464,079.	\$ 424,439.	\$ 426,625.	\$ 380,204.	\$ 384,847.	\$ 351,541.
250,886.	240,469.	231,895.	215,407.	196,505.	212,480.
177,439.	149,210.	156,684.	110,778.	107,986.	104,287.
43,054.	54,683.	61,981.	62,154.	70,475.	47,561.
254,861.	227,411.	246,911.	171,264.	123,330.	121,626.
27,323.	26,287.	42,776.	21,706.	25,208.	32,885.
75,949.	57,919.	64,711.	15,482.	17,909.	95,199.
<u>\$ 1,293,591.</u>	<u>\$ 1,180,418.</u>	<u>\$ 1,231,583.</u>	<u>\$ 976,995.</u>	<u>\$ 926,260.</u>	<u>\$ 965,579.</u>

INTEREST EARNED

\$ 3,624.	\$ 3,752.	\$ 1,366.	\$ 3,734.	\$ 12,570.	\$ 17,977.
535.	694.	2,031.	3,405.	16,192.	16,765.
8,766.	9,105.	5,729.	6,784.	2,804.	15,269.
0.	0.	25.	530.	14,777.	3,359.
9,059.	16,530.	8,896.	7,906.	12,369.	16,632.
<u>\$ 21,984.</u>	<u>\$ 30,081.</u>	<u>\$ 18,047.</u>	<u>\$ 22,359.</u>	<u>\$ 58,712.</u>	<u>\$ 70,002.</u>

Total

PROPERTY TAX RATES

7.90	7.90	3.035	3.035	2.95	2.95
-	-	3.035	3.035	2.95	2.95
5.57	5.57	5.57	5.57	5.41	5.41
-	-	-	-	-	-
2.95	2.95	2.95	2.95	2.60	2.60
2.90	2.10	2.10	2.10	2.35	2.35

RATIO OF NET BONDED DEBT PER CAPITAL

\$ 1.21	\$ 2.72	\$ 3.62	\$ 4.54	\$ 5.44	\$ 6.35
25.70	31.75	35.29	40.82	45.36	49.89
22.68	27.21	31.75	36.29	39.31	42.33
474.45	441.49	458.12	473.24	488.36	503.48

Population - 1980 Census 3,797

- 1990 Census 3,307

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
Page 4

#### RECOMMENDATION

The deposit list needs to be compared to the general ledger account for any discrepancies monthly. The clerk needs to review the differences in the two reports to determine what corrections should be made. A list of the deposits that were applied, needs to be made on a monthly basis to ensure that checks have been written to the customer or the water department to reimbursement them or the general water account for the amounts applied.

#### REPLY

The Town agreed to comply with the recommendation.

#### 8. WATER REVENUE ORDINANCE

As a benefit to the people that either work for the Town or serve the Town's interest, the charge for water has been the minimum for many years.

#### RECOMMENDATION

The ordinance describing the water rates per unit does not take into account this benefit. The council needs to amend this ordinance to include this exception to the standard waters rates.

#### REPLY

The council will amend the ordinance as suggested above.

#### 9. CASH ALL FUNDS

The cash accounts were not reconciled to the general ledger this year. NSF checks were not processed for the last half of the year.

#### RECOMMENDATION

If the bank statements were reconciled on a timely basis to the general ledger, a number of problems would be caught. If the cashier does not reconcile the receipts to her deposits on daily basis, at month end the person reconciling the bank should notice that this is not done.

Someone other than the person handling the processing of NSF checks needs to reconcile the NSF check list to the general ledger. But if the Town can not separate these duties, it would be better to have someone that handles the NSF processing reconcile the NSF check account than have no one do it. The same goes for the person reconciling the cash, if the person writing the checks reconciles the bank it marginally better than no one doing it.

To reconcile anything to the general ledger, the general ledger has to be run on a timely basis which has not been the case in the past.

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
Page 3

Any overtime worked by an employee should be approved and documented by each supervisor.

#### REPLY

The Town will inform the supervisors, that the time cards are to be checked and initialed before the cards are given to the payroll clerk. Any overtime is to be documented and attached to the time cards.

#### 5. WATER DEPARTMENT

Water customers are still receiving service even though they have not paid their bill. According to a Town ordinance, if the customer does not pay their bill by the following month, water and other utility services are to cease.

#### RECOMMENDATION

The council needs to either formally approve what the Town's employees are doing or the Town employees need to follow the Town's ordinance. The Town needs a policy concerning water leaks.

#### REPLY

The council decided to follow the ordinance and not to extend time to anyone. The council also decided to develop a policy concerning water leaks. If the leak is fixed on a timely basis, the Town will split the charges with the customer. The monthly charge will be an average of what the customer's bill has been in the past or the charges from the last bill they received, whichever is higher plus half of the difference in the current charges. There will be no extended time to pay this bill.

#### 6. BAD DEBTS

#### RECOMMENDATION

We suggest that the Town's management work on a guide for writing off customers' unpaid bills. We would suggest that these procedures include turning over accounts to a collection agency.

#### REPLY

The council agreed to develop a collection policy and the mayor will notify a collection agency to work with the Town on collecting these accounts.

#### 7. UTILITY DEPOSITS

The Town has a list of utility deposits for both water and garbage. If a customer's water meter is turned off the computer system automatically applies their deposits to their water bill.

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
Page 2

The Town collects Advalorem taxes to be used by the Fire Department only. The funds not spent in 1995 was \$26,029.97 and increased by \$9,743.33 in 1996. Since these are restricted funds, the funds should be separated from the general fund assets.

The restricted assets listed on the general fund balance sheet is the garbage container funds. The Town does not have a restricted account for the Fire Department or the Bonds funds not transferred.

#### RECOMMENDATION

The Town should transfer all Advalorem funds to the Bond fund on a yearly basis. The Town should also set up a restricted cash account for the fire department funds. Funds should be transferred from the restricted cash account to the general fund as the fire department expends these funds.

#### REPLY

The Town will transfer monies to restricted accounts.

#### 3. GARBAGE FEES

The garbage fees and expenses should be transferred back to the general fund. The garbage fees have exceeded income for several years, therefore, the original need for accounting for garbage fees in the sales tax department no longer exist.

#### RECOMMENDATION

The garbage fees should be transferred to the general fund as of July 1, 1996.

#### REPLY

The Town will make the transfer.

#### 4. PAYROLL ALL FUNDS

#### GENERAL PROCEDURES

There is still some problems with employees not completing their time cards.

#### RECOMMENDATION

The Town will always have problems with incorrect time cards. We would recommend that each supervisor review and initial their employee's time cards. Changes to the cards should be approved by the supervisor before the payroll clerk receives the information.

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October 11, 1996

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

Gentlemen:

We would like to make the following recommendations to the Town of Farmerville:

## 1. BUDGET

The budget should include a separate budget for the debt service fund. The amounts transferred to the debt service fund is included in the general fund and sales tax fund budget at the present time.

### INCOME

#### TAXES

Advalorem - City Hall Bonds	\$	
Advalorem - Public Safety		
Interest Income		
Sales Tax Transfers		
	_____	
Total		\$

#### PRINCIPAL AND INTEREST

Fire Improvement Bonds	\$	
General Obligation Bonds		
City Hall Bonds		
Public Safety		
Sales Tax Bonds		
	_____	
Total		_____

### EXCESS RECEIPTS

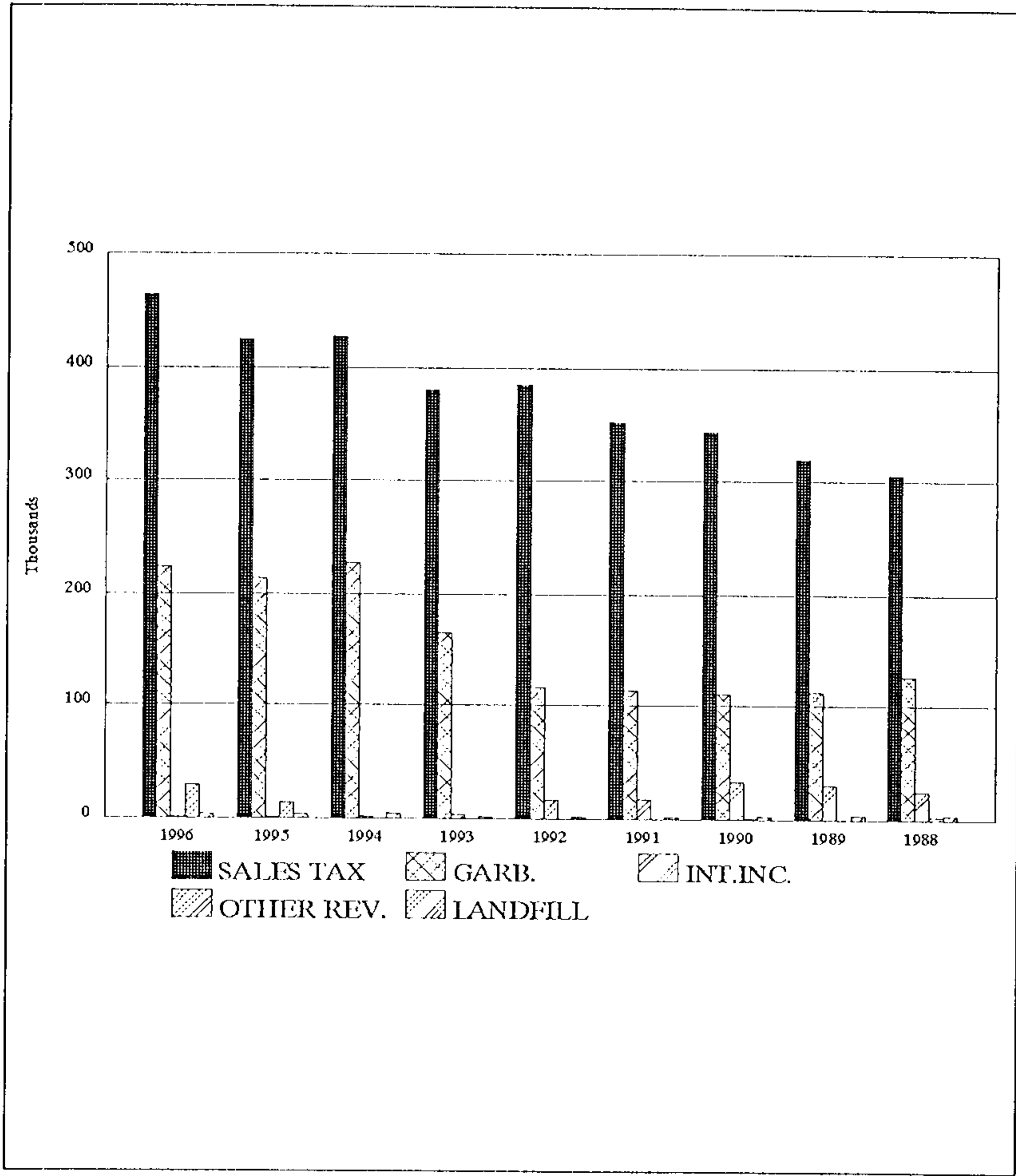
\$ \_\_\_\_\_

## 2. RESTRICTED ASSETS

The Town of Farmerville General Fund has not transferred all the Advalorem taxes collected for the bond funds. The Town has been transferring only the amount needed to pay the bonds for the current year. The total funds not transferred is \$26,995.56. Of this amount \$17,564.56 is for 1995. The Town would be in violation of the ordinance allowing the Town to collect the Advalorem taxes, since funds are not being transferred on a current basis.

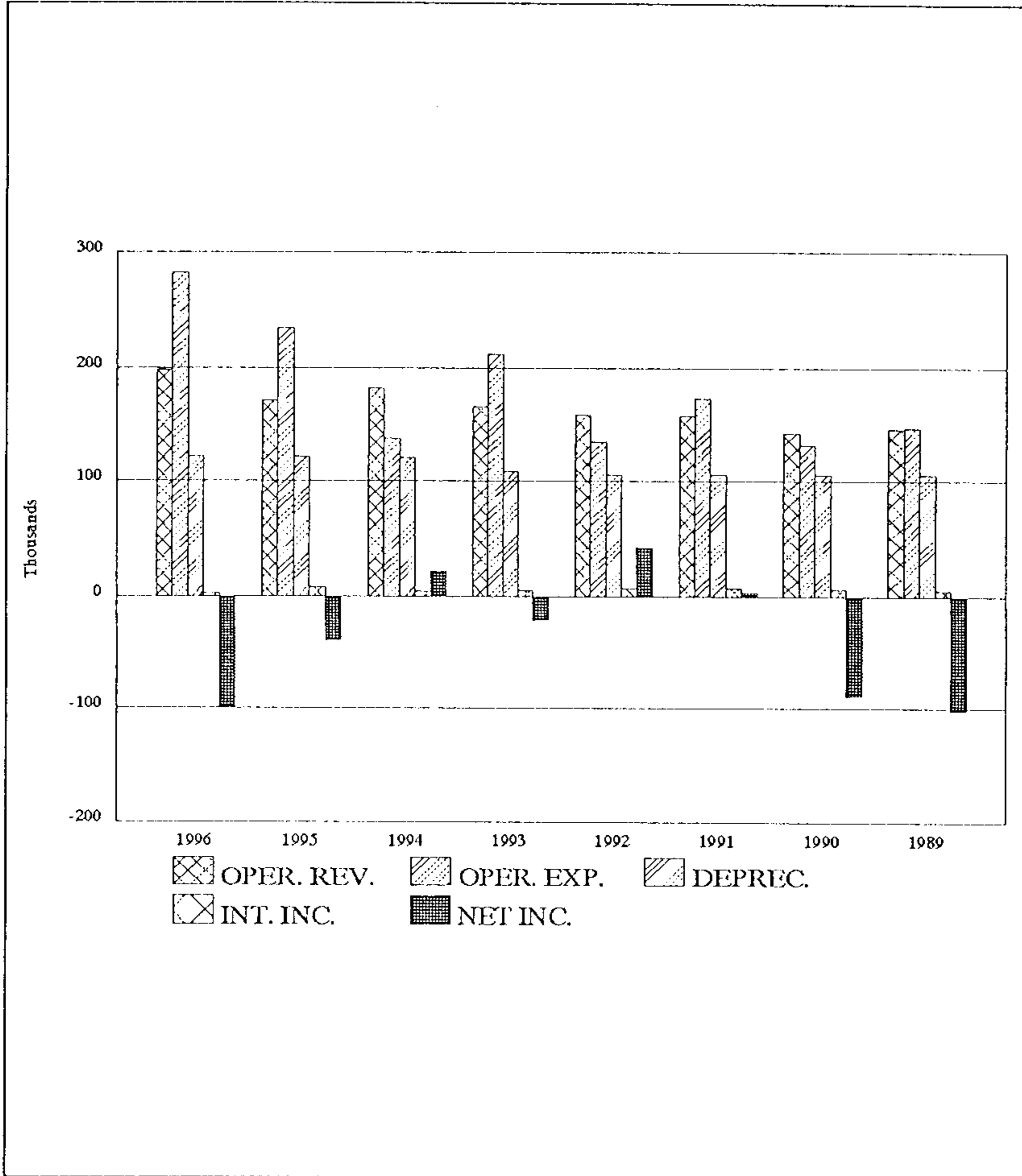
AUDIT RECOMMENDATIONS AND REPLIES

TOWN OF FARMERVILLE  
 COMPARISON OF TOTAL SALES TAX FUND REVENUES  
 JUNE 30, 1996



See auditors' report on supplementary information.

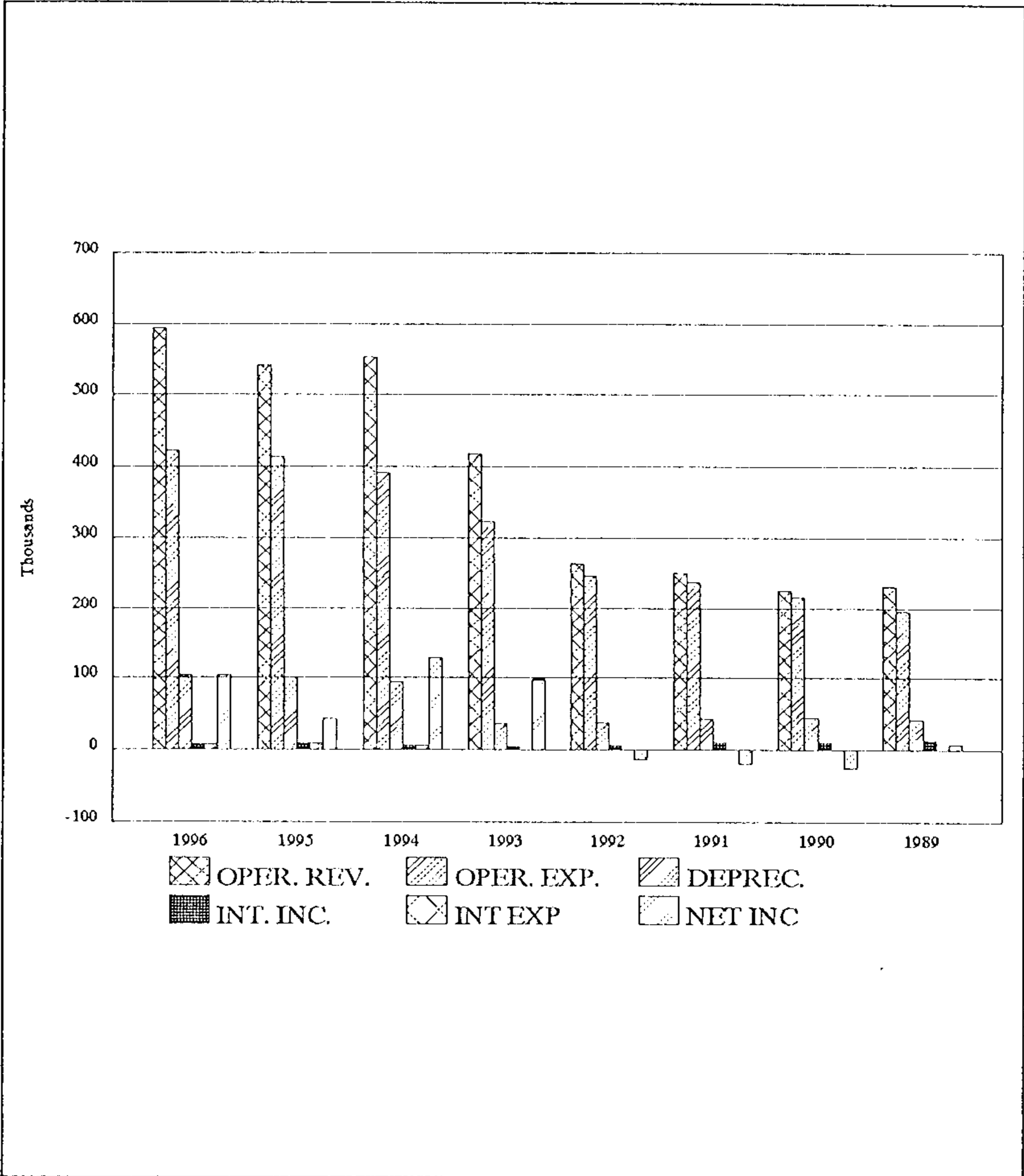
TOWN OF FARMERVILLE  
 ENTERPRISE FUND - SEWER  
 JUNE 30, 1996



See auditors' report on supplementary information.

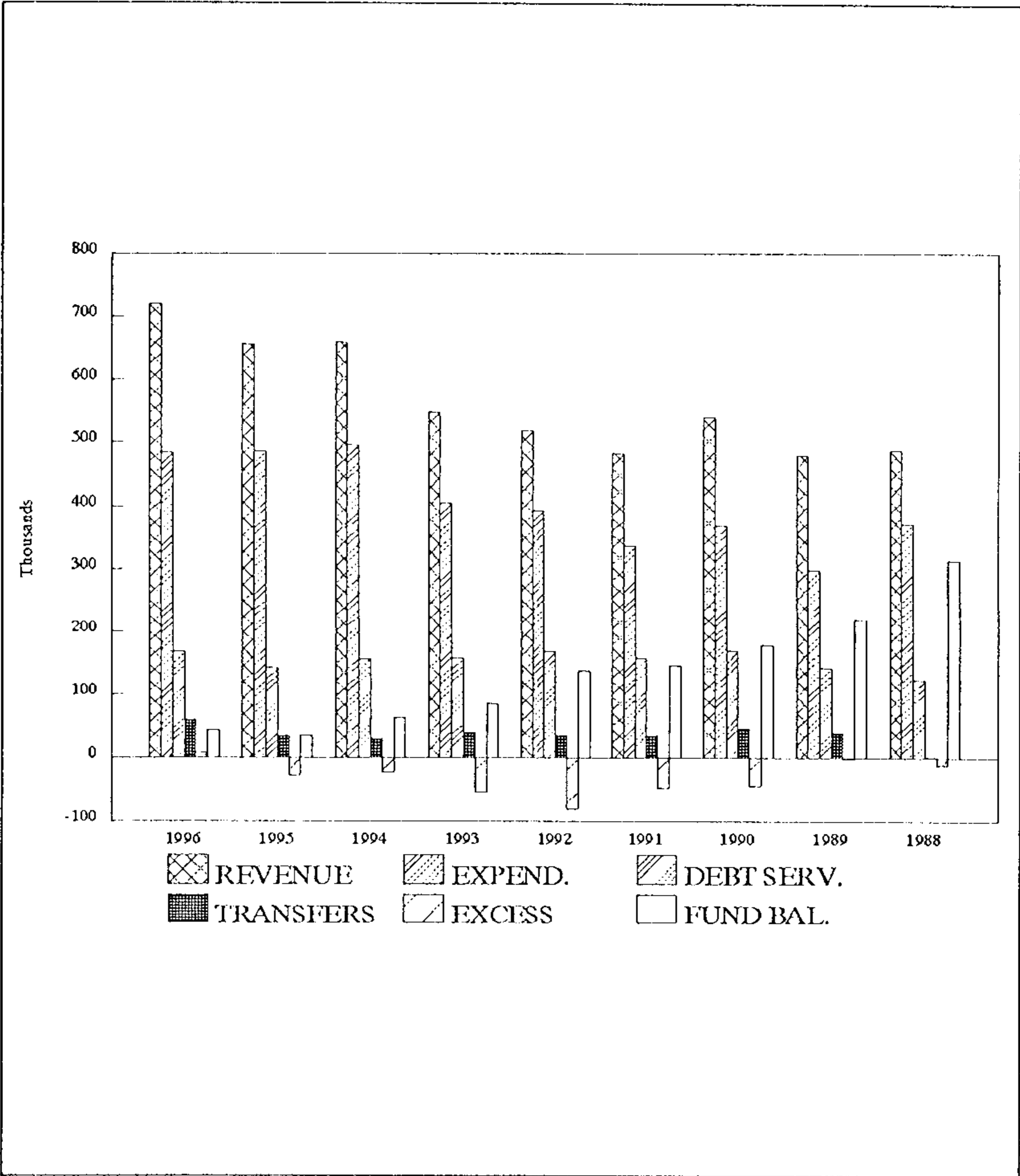


TOWN OF FARMERVILLE  
 ENTERPRISE FUND - WATER DEPARTMENT  
 JUNE 30, 1996



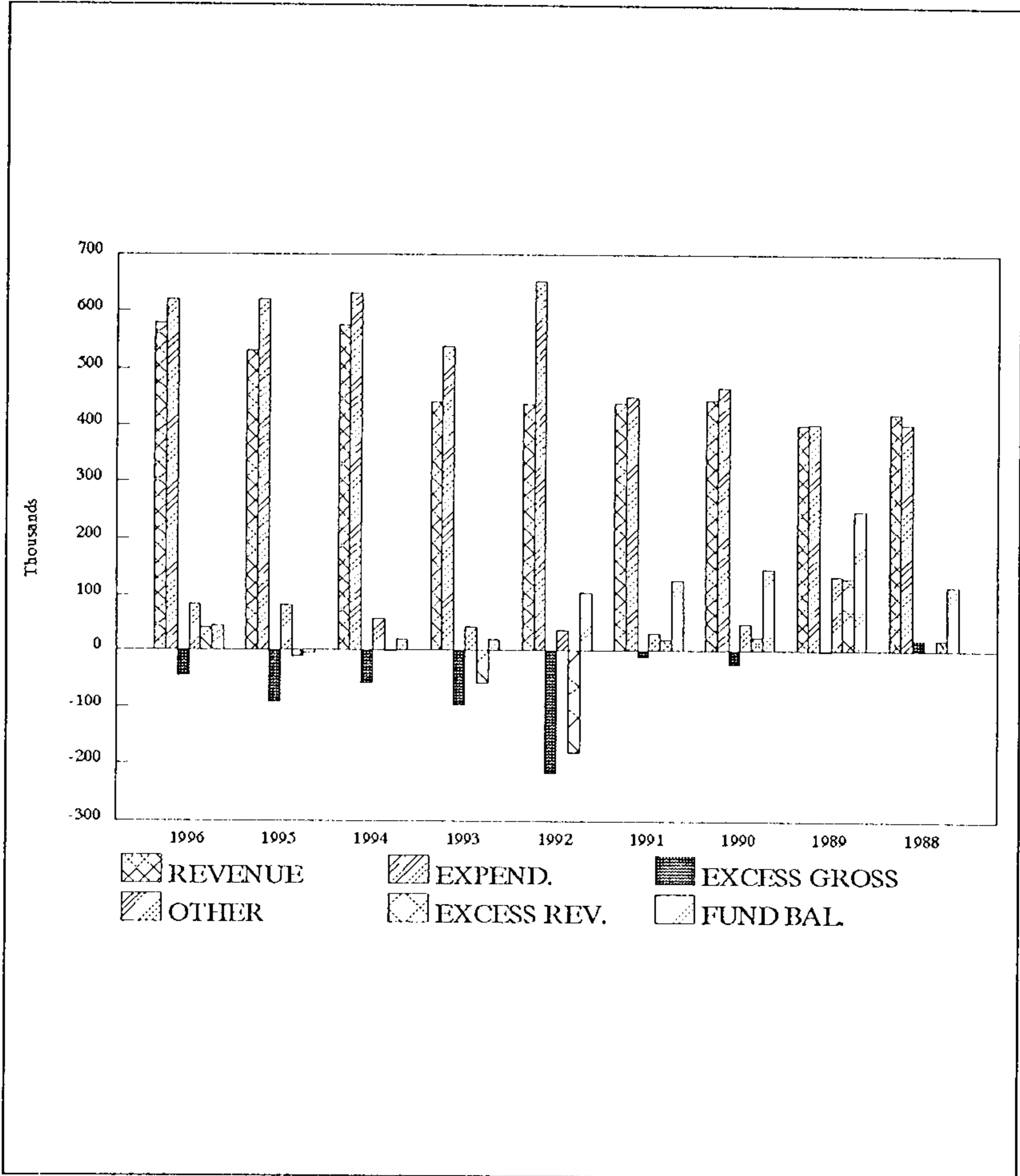
See auditors' report on supplementary information.

TOWN OF FARMERVILLE  
SALES TAX FUND COMPARISON  
JUNE 30, 1996



See auditors' report on supplementary information.

TOWN OF FARMERVILLE  
GENERAL FUND COMPARISON  
JUNE 30, 1996



See auditors' report on supplementary information.

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October 11, 1996

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

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

We have audited the general purpose financial statements of the Town of Farmerville, Louisiana, as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated October 11, 1996.

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

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

The results of our tests indicated that, with respect to the items tested, the Town of Farmerville, Louisiana, complied, in all material respects, with the provision referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town had not complied, in all material respects, with those provisions.

This report is intended solely for the information of the Mayor and members of the Board of Alderman and Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

*Garrett & Garrett*

GRAPHS

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October 11, 1996

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

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

We have audited the general purpose financial statements of the Town of Farmerville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We have applied procedures to test the Town of Farmerville, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The general requirements applicable to the entity's federal financial assistance programs (are; political activity, Davis-Bacon Act, civil rights, cash management, federal financial reports, allowable costs/cost principles and Drug-free Workplace Act.)

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Farmerville, Louisiana'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 the Town of Farmerville, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended solely for the information of the Mayor and members of the Board of Alderman and Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

*Garrett & Garrett*

STATEMENT H-2  
CONTINUED

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 1996

<u>INSURANCE COMPANY</u>	<u>POLICY</u>	<u>DATE</u>	<u>PROPERTY LOCATION</u>	<u>BUILDING*</u>	<u>PROPERTY*</u>	<u>COST</u>
Commercial Union Insurance Company (American Central Insurance Co.)	MER196215	07/03/95 - 07/03/96	509B Downsville Street	3,700		
			509C Downsville Street	3,100		
			918 Marion Highway	86,000		
			Hwy. 15 N. - Conagra - Waterwell	520,500		
			Hwy. 15 N. - Conagra - Pump House	5,200		
			Well # 5 - Conagra - Ozone Pump House	416,400		
			Hwy. 15 N. - LS # 15	5,200		
			Hwy. 15 N. - LS # 15	5,200		
			Rodeo Circle LS # 14	5,200		
			Rodeo Circle LS # 14	5,200		

\* \$ 1,000 Deductible

PROPERTY LOCATION	PROPERTY*	BUILDING*	COST
1976 Chevrolet C & C Fire SECHV73V127359	40,000		
1987 Ford F-700 Dump Truck S#3674	12,000		
1988 Chevy 3/4 Ton P/U S#5305	5,000		
1988 Chevy 3/4 Ton P/U S#5385	5,000		
1988 Mack Garbage Truck S#6201	22,000		
1990 Ford F-350 Fire Truck Rescue Unit #8997	45,000		
1979 Mack Truck #1485	15,000		
1992 Federal Motors Hurricane Fire truck	193,000		
1992 Ford Crown Victoria #8059	8,000		
1991 Dodge PU #0351	8,000		
1993 Ford F-251	12,000		
1993 Ford C - C Fire Truck & Equipment # 4160	30,000		
<b>PROPERTY LOCATION</b>	<b>PROPERTY*</b>	<b>BUILDING*</b>	<b>COST</b>
403-405 South Main Street	99,300	245,500	5,168.00
301A South Washington	24,800	257,800	
303 South Washington - Storage		3,900	
301E South Washington - Storage			
Masonry			
818 North Main		25,800	
806 Truman		38,800	
101-103R Lakeview		97,000	
#2 Preaus - Pump Station		5,700	
811 Long Lang Dr. Pump House		2,500	
509 Downsville Street Pump House		1,100	
1408 Olin Road - Pump		9,800	
1401 Olin Road - Pump		3,100	
1201A Sterlington Hwy		3,100	
1201B Sterlington Hwy		3,100	
309A Parkbay Drive		3,100	
309B Parkbay Drive		3,100	
801A Main Dr.		3,700	
801B Main Dr.		3,700	
1001A Wheeler Street		3,100	
1001B Wheeler Street		3,100	
101A Lakeview Drive		3,700	
101B Lakeview Drive		3,700	
207A Lakeview Drive		3,100	
207B Lakeview Drive		3,100	
101A Patti St.		3,100	
101B Patti St.		3,100	
103A Dori Drive		3,100	
103B Dori Drive		3,100	
1109A Ridgewood Dr.		3,100	
1109B Ridgewood Dr.		3,100	
1126A C. C. Camp Rd.		3,700	
1126B C. C. Camp Rd.		3,700	
38A Barbara Lane		3,100	
388 Barbara Lane		3,100	
27A Dump Road		3,100	
27B Dump Road		3,100	
309A Cox Ferry Road		3,700	
309B Cox Ferry Road		3,700	
610B Ouachita Street		3,700	
610A Ouachita Street		3,700	
509A Downsville Street		3,100	

Commercial Union Insurance  
Company (American Central  
Insurance Co.)

MER196215

07/03/95 - 07/03/96



TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 COMBINED SCHEDULES OF INVESTMENTS - ALL FUNDS  
 JUNE 30, 1996  
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1995)

	DUE DATES		INTEREST RATES		TOTALS	
	1996	1995	1996	1995	1996	1995
<u>GENERAL FUND</u>						
Certificate of Deposit						
Garbage Container Deposit	06/20/95	12/27/95	4.54%	4.83%	\$ 17,856.23	\$ 17,856.23
<u>SPECIAL REVENUE FUNDS</u>						
Sales Tax Fund						
Certificates of Deposit						
Sales Tax	-	-	-	-	\$ .00	\$ .00
<u>DEBT SERVICE FUNDS</u>						
Certificates of Deposit						
Fire Department Fund #2	05/24/95	11/28/95	4.54%	5.21%	\$ 6,243.50	\$ 10,378.19
Sales Tax Sinking Fund	06/27/95	07/25/95	4.54%	4.86%	26,030.76	12,735.28
Sales Tax Bond Reserve	06/27/95	07/25/95	4.54%	4.86%	117,320.36	103,800.39
Total Debt Service Funds					\$ 149,594.62	\$ 126,913.86
<u>UTILITY FUND</u>						
Certificates of Deposit						
Water Department	07/25/95	08/29/95	4.54%	4.86%	\$ 111,049.22	\$ 86,903.71
Water Meter Account	05/20/95	12/27/95	4.61%	4.83%	39,817.90	39,817.90
Sewer Department	06/27/95	07/25/94		4.86%	.00	65,519.53
Sewer Depreciation and Contingency	06/27/95	07/25/94	4.54%	4.86%	20,029.82	45,735.52
Total Utility Fund					\$ 170,896.94	\$ 237,976.66

See accompanying notes and auditors' report.

ADDITIONAL INFORMATION

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 1995

PROGRAM	POPULATION SIZE		ITEMS TESTED		ITEMS NOT IN COMPLIANCE		FINDING/NONCOMPLIANCE	QUESTIONED COSTS
	NUMBER	DOLLAR AMOUNT	NUMBER	DOLLAR AMOUNT	NUMBER	DOLLAR AMOUNT		
LC08G Program								
1. Grant No. 101-5025	-	\$ 355,085.00	-	\$ 355,085.00	-	\$ .00	None	\$ .00
2. Grant No. 101-6053	-	739,444.33	-	739,444.33	-	.00	None	.00
Total								\$ .00

SCHEDULE A

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 1996

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>CASH/ACCRUED (DEFERRED) REVENUE AT JULY 1, 1995</u>	<u>RECEIPTS OR REVENUE RECOGNIZED</u>	<u>CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 1996</u>
<u>PASSED THROUGH STATE DEPARTMENT OF COMMUNITY DEVELOPMENT:</u>						
COMMUNITY DEVELOPMENT BLOCK GRANT- STATE PROGRAM	14.219					
LCDBG GRANT #101-5025			384,288.00	.00	355,085.00	.00
LCDBG GRANT #101-6053			880,480.00	.00	739,444.33	.00

See accompanying notes and auditors' report.

## STATEMENT H-2

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 SCHEDULE OF INSURANCE IN FORCE  
 JUNE 30, 1996

INSURANCE COMPANY	POLICY	DATE	COVERAGE		COST
			TYPE	AMOUNT	
Western Security	18306710	09/01/95 - 09/01/95	Public Official Bond - Betty Boyd	10,000	100.00
	13355741	10/17/95 - 10/17/96	Public Official Bond - A. Simmons	25,000	87.00
	18295749	07/18/95 - 07/18/95	City Clerk & Tax Collector - Gay Neil McIntosh	300,000	1,750.00
Western Security	18295297	05/20/96 - 05/20/97	Public Official Bond - T. Butler	10,000	50.00
	18297290	07/03/95 - 07/03/95	Employees Blanket Bond	25,000	161.00
Western Security	13355742	08/01/95 - 08/01/96	Supervisor of Public Services		87.50
Louisiana Municipal Risk Management Agency	LML-163	05/01/96 - 05/01/97	Automobile Liability Bodily Injury & Property Damage	500,000	[30,543.32
			Commercial General Liability Premises/Operation Bodily Injury & Property Damage	500,000	
			Products/Completed Operation Bodily Injury & Property Damage	500,000	
			Medical Payments	1,000\10,000	
			Fire Legal Liability	50,000	
			Law Enforcement Officers Comprehensive Liability Deductible \$1,000		
			Personal Injury & Property Damage	500,000	
			Public Officials Errors and Omissions Liability Deductibles \$1,000	500,000	
Northbrook Property and Casualty Insurance Co.	81502442	08/03/96 - 08/03/97	Contractor Equipment	27,000	
			Cash 580SK Backhoe JJO-0165132		
			Fiatalis 65-B Motor Grader S#75A03084 With Model Engine #000809	50,000	1,147.00
			S22 Bush Hog S#9A275563 with Massey Ferguson Tractor	10,000	
			1987 WD9 Case 310 Bush Hog S#17305628	15,000	
			Double End Pickup 2000 Walk on Ramp	12,690	
Audubon Indemnity Corporation	APD800242	08/19/96 - 08/19/9	Property Floater 1965 LaFrance Fire Truck S#110032	50,000	11,022.00

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October 11, 1996

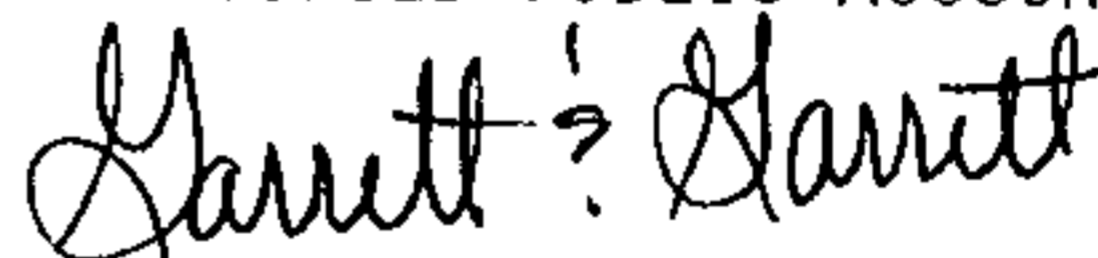
## INDEPENDENT AUDITORS' REPORT ON LOUISIANA SYSTEMS SURVEY AND COMPLIANCE QUESTIONNAIRE

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

At your request, we have also examined Parts III through VIII of the accompanying "System Survey and Compliance Questionnaire" of the Town of Farmerville, Louisiana, covering the period July 1, 1995 to June 30, 1996. Our examination was made in accordance with the procedures enumerated in the Systems Survey and Compliance Questionnaire - Recommended Procedures for Auditing.

In connection with our examination which included the procedures referred to in the proceeding paragraph, nothing came to my attention that caused me to believe that the responses to the attached questionnaire are not fairly stated.

GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS



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October 11, 1996

## **INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

We have audited the general purpose financial statements of the Town of Farmerville, Louisiana, for the year ended June 30, 1996 and 1995, and have issued our report thereon dated October 11, 1996. These general purpose financial statements are the responsibility of the Town of Farmerville, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

**GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS**

*Garrett & Garrett*

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
Page 2

In our opinion, the Town of Farmerville, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of the Mayor and Members of the Board of Alderman and Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

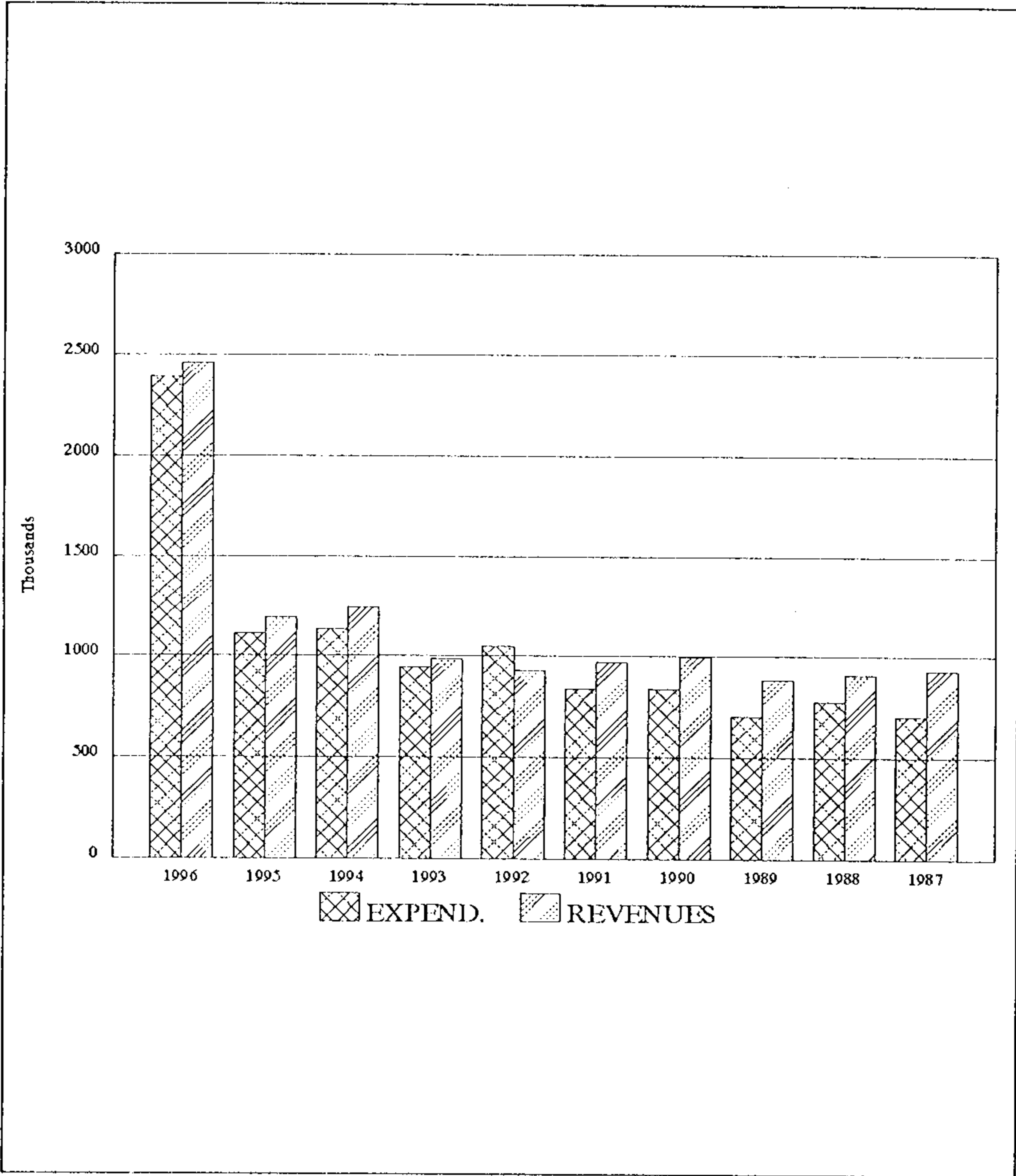
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CERTIFIED PUBLIC ACCOUNTANTS

*Garrett & Garrett*



GENERAL LONG-TERM DEBT

TOWN OF FARMERVILLE  
COMPARISON OF TOTAL EXPENDITURES AND REVENUES  
FOR GENERAL GOVERNMENTAL AND SPECIAL REVENUE FUNDS  
JUNE 30, 1996



See auditors' report on supplementary information.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Fund Equity The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

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

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

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

Comparative Data Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Encumbrances Encumbrance accounting, under which purchases orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

NOTE 2. LEGAL COMPLIANCE - BUDGET The budget for the year ended June 30, 1996 was adopted in June 1995 and revised May 1996. The budget for the year ended June 30, 1995 was adopted in June 1995. The budgets were prepared based on generally accepted accounting principles (GAAP). Budgets are adopted as totals rather than line item.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
GENERAL FUND

STATEMENT A-2

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>REVENUES</u>		
Taxes		
Property	\$ 137,566.08	\$ 135,372.83
Franchise	113,319.77	105,096.52
Licenses and Permits	177,439.30	149,209.51
Intergovernment Revenues	43,053.94	54,682.63
Charges For Services	27,970.00	10,537.50
Fines and Forfeits	27,322.56	26,287.04
Miscellaneous Revenue	46,858.33	44,762.18
Interest Revenue	3,624.11	3,752.31
<u>TOTAL REVENUES</u>	<u>\$ 577,154.09</u>	<u>\$ 529,700.52</u>
 <u>EXPENDITURES</u>		
Current		
General and Administrative	\$ 214,049.96	\$ 215,835.78
Police Department	326,251.42	325,542.83
Fire Department	79,647.00	75,820.03
Recreation Department	704.90	319.69
State Park	643.04	2,653.04
<u>TOTAL EXPENDITURES</u>	<u>\$ 621,296.32</u>	<u>\$ 620,171.37</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES</u> <u>OVER (UNDER) EXPENDITURES</u>	 <u>\$ (44,142.23)</u>	 <u>\$ (90,470.85)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfers In		
Garbage Fees	\$ 60,000.00	\$ 35,000.00
Water Department	23,500.00	45,000.00
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>\$ 83,500.00</u>	<u>\$ 80,000.00</u>
 <u>EXCESS (DEFICIENCY) OF REVENUE AND OTHER</u> <u>SOURCES OVER (UNDER) EXPENDITURES AND</u> <u>OTHER (USES)</u>	 <u>\$ 39,357.77</u>	 <u>\$ (10,470.85)</u>
 (Increase) Decrease in Reserves:		
Fire Department	6,746.67	(13,018.77)
Flag Pole	853.60	377.02
 Net Change in Unreserved Fund Balances for the Year	 <u>\$ 46,958.04</u>	 <u>\$ (23,112.60)</u>
 <u>FUND BALANCES - UNRESERVED - JULY 1</u>	 <u>(5,528.76)</u>	 <u>17,583.84</u>
 <u>FUND BALANCES - UNRESERVED - JUNE 30</u>	 <u>\$ 41,429.28</u>	 <u>\$ (5,528.76)</u>

See accompanying notes and auditors' report.

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 12. SUMMARY DISCLOSURES OF SIGNIFICANT CONTINGENCIES Risk Management Insurance handles all defense, for the Town. The Mayor advises us that the Town has several lawsuits. The Town's legal council advises us that they have not received the information from Risk Management concerning the status of the lawsuits.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 10 - EMPLOYEE RETIREMENT CONTINUED

State statute requires covered employees to contribute a percentage of their salaries to the System. Employer contributions are determined annually based on results of the valuation of the prior fiscal year with adjustments for any dedicated tax monies or appropriated funds.

The following provides certain disclosures for the municipality and the retirement systems that are required by GASB Codification Section P20-129:

	YEAR ENDED JUNE 30, 1996		
	<u>EMPLOYEES</u>	<u>POLICE</u>	<u>FIREFIGHTERS</u>
Total Current-Year Payroll	\$ 309,445.79	\$ .00	\$ .00
Total Current-Year Covered Payroll			
Contributions:			
Required by statute:			
Employees	\$ 15,472.18		
Employer	10,980.75	9,580.64	
Total			

NOTE 11. EQUITY Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below.

Reserve for Debt Service This reserve was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

Reserve for Fire Department This reserve was created for the property taxes allocated to the fire department. These funds are used for major purchase for the Volunteer Fire Department.

Reserve for Water and Sewer Repair This fund was established by order of FHA for major repairs to the new system.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 10 - EMPLOYEE RETIREMENT CONTINUED

State statute requires covered employees to contribute a percentage of their salaries to the System. Employer contributions are determined annually based on results of the valuation of the prior fiscal year with adjustments for any dedicated tax monies or appropriated funds.

The following provides certain disclosures for the municipality and the retirement systems that are required by GASB Codification Section P20-129:

YEAR ENDED JUNE 30, 1996

	<u>EMPLOYEES</u>	<u>POLICE</u>	<u>FIREFIGHTERS</u>
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Total Current-Year Covered Payroll			
Contributions:			
Required by statute:			
Employees	\$ 15,472.18		
Employer Total	10,980.75	9,580.64	

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Reserve for Fire Department This reserve was created for the property taxes allocated to the fire department. These funds are used for major purchase for the Volunteer Fire Department.

Reserve for Water and Sewer Repair This fund was established by order of FHA for major repairs to the new system.

NOTE 12. SUMMARY DISCLOSURES OF SIGNIFICANT CONTINGENCIES The town advises us that any litigation should be covered by insurance. Risk Management Insurance handles all defense. The Town is not aware of any additional liability.



TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 10 - EMPLOYEE RETIREMENT CONTINUED

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each municipality. State statute requires covered employees to contribute a percentage of their salaries to the System. 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.

B. Municipal Police Employees Retirement System of Louisiana (System)--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 per cent 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 by state statute.

State statute requires covered employees to contribute a percentage of their salaries to the system. 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.

C. Firefighters Retirement System of Louisiana--Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefigtheres employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1990, 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 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 39 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and to not withdraw their employee contributions may retire at or after age 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 by state statute.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 9. COMPENSATION CONTINUED

	<u>1996</u>	<u>1995</u>
Alderman		
Jerry Taylor	\$ 4,050.00	\$ 4,150.00
Thaddeaus Wallace	2,800.00	3,050.00
Zollie Standbury	2,900.00	3,050.00
Tommy J. Johnson	2,900.00	3,050.00
Kenneth Dixson	2,850.00	3,000.00
George Cothran (A)	450.00	450.00
	<u>\$ 15,950.00</u>	<u>\$ 16,750.00</u>

(A) Mr. Cothran is the elected Marshall. In that capacity he receives \$50 a month. He also receives a salary for his position as chief of police.

NOTE 10 - EMPLOYEE RETIREMENT

Substantially all employees of the Town of Farmerville are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana and Social Security. These systems are multiple-employer public employee retirement systems(PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)--The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of 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 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 by state statute.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 6. LONG-TERM DEBT CONTINUED

Changes in Long-Term Liabilities. During the year ended June 30, 1996, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>BALANCE JULY 1,</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE JUNE 30</u>
General Obligation Debt	<u>\$1,664,000.00</u>	<u>\$ .00</u>	<u>\$ 95,000.00</u>	<u>\$1,569,000.00</u>

LONG-TERM DEBT - ENTERPRISE FUND

Annual debt service requirements of the Certificate of Indebtedness. Series 1991 is as follows, using a 4 1/2% interest rate:

<u>YEAR</u>	<u>FIRST UNITED BANK</u>	<u>D'ARBONNE BANK</u>	<u>COMMUNITY BANK</u>	<u>TOTAL</u>	<u>INTEREST</u>
1996	14,000	13,000	13,000	40,000	1,800

NOTE 7. INTERFUND ASSETS/LIABILITIES

Due From/To Other Funds:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>	
		<u>1996</u>	<u>1995</u>
Sales Tax - Special Revenue	Water - Ent. Fund	\$ 15,176.94	\$ 34,928.54
Sewer - Enterprise	Water - Ent. Fund	15,921.80	31,257.10
Sewer - Enterprise	Water - Ent. Fund	3,740.00	3,740.00
Sales Tax - Special Revenue	General Fund	1,355.26	569.38
Bond Fund	General Fund	26,995.56	17,564.56
General Fund	Water - Ent. Fund	21.00	.00
Water - Enterprise Fund	General Fund	3,102.19	.00

NOTE 8. FIRE DEPARTMENT The Volunteer Fire Department is an incorporated enterprise, and funds are transferred to this entity to be spent for materials and supplies. During 1995, the Town hired a full time Fire Chief.

NOTE 9. COMPENSATION The amount paid the mayor and council during the audit year is as follows:

	<u>1996</u>	<u>1995</u>
Mayor, Willie Davis, Jr. Salary and Expenses	<u>\$ 16,999.84</u>	<u>\$ 16,999.84</u>

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 6. LONG-TERM DEBT CONTINUED

<u>PURPOSE</u>	<u>INTEREST RATES</u>	<u>AMOUNTS</u>
General Government-City Hall	6.40% - 11.00%	\$ 85,000.00
General Government-Public Safety	6.40% - 11.00%	75,000.00
General Government-Fire #2	5.40% - 6.00%	4,000.00

Annual debt service requirements to maturity for general obligation bonds, including interest of \$ 28,905.00, are as follows:

<u>FISCAL YEAR ENDING JUNE 30</u>	<u>PUBLIC IMPROVEMENT BONDS</u>			
	<u>CITY HALL</u>	<u>PUBLIC SAFETY</u>	<u>FIRE #2</u>	<u>TOTAL</u>
1997	\$ 25,830.00	\$ 20,145.00	\$ 4,240.00	\$ 50,215.00
1998	24,490.00	24,140.00	.00	48,630.00
1999	23,130.00	22,780.00	.00	45,910.00
2000	26,750.00	21,400.00	.00	48,150.00
Total	<u>\$ 100,200.00</u>	<u>\$ 88,465.00</u>	<u>\$ 4,240.00</u>	<u>\$ 192,905.00</u>

Revenue Bonds The government also issues bonds where the government pledges income to pay debt service. A \$.01 Sales tax is pledge to pay the revenue bonds. Revenue bonds outstanding, at June 30, 1996 are as follows:

<u>PURPOSE</u>	<u>INTEREST RATES</u>	<u>AMOUNTS</u>
Wastewater Treatment - Sewer	5.00% - 7.50%	\$ 1,405,000.00

Revenue bonds debt service requirements to maturity, including \$ 629,766.67 of interest as follows:

<u>FISCAL YEAR ENDING JUNE 30</u>	<u>AMOUNT</u>
1997	\$ 105,069.17
1998	149,340.00
1999	149,590.00
2000	150,177.50
2001	150,935.00
2002	151,395.00
2003	151,515.00
2004	146,235.00
2005	145,885.00
Thereafter	739,625.00
Total	<u>\$ 2,039,766.67</u>

On October 1, 1996, the Town refinanced the 1985 Sales Tax Bonds with a principal balance of \$930,000 at 7 1/2% interest rate. The new bonds principal is \$935,000 with interest rates of 7% to 4.95%.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 5. FIXED ASSETS CONTINUED

	1996		NET
	COST	ACCUMULATED DEPRECIATION	
<u>Office Equipment</u>			
Computer - Sewer	13,833.31	9,232.00	4,601.31
Computer - Water	45,786.96	23,063.43	22,723.53
Office Equipment	22,505.57	6,446.51	16,059.06
<u>Autos and Trucks</u>			
Trucks - Sewer	16,983.00	10,191.00	6,792.00
Trucks - Water	68,985.90	68,426.11	559.79
<u>TOTAL</u>	<u>\$ 9,137,597.67</u>	<u>\$ 2,147,800.10</u>	<u>\$ 6,989,797.57</u>
<u>GRAND TOTAL</u>	<u>\$ 9,163,349.67</u>	<u>\$ 2,147,800.10</u>	<u>\$ 7,015,549.57</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation: See Schedule F7 for depreciation.

Investments	25 - 60 years
Equipment	10 - 20 years
Vehicles	4 - 5 years

FASB-34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FASB-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisition of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned of the tax-exempt borrowing. During 1996, no interest costs were capitalized because the Town had no interest expenditures related to constructed assets.

NOTE 6. LONG-TERM DEBT The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been insured to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds, except for refunds in issues, with equal amount of principal maturing each year. General obligation bonds currently outstanding are as follows:

#### CAPITAL PROJECTS FUND

Capital projects funds should be established when capital acquisition or construction is financed, in whole or in part, through bonds, intergovernmental revenues, major private donations or special assessments. In addition, capital projects funds can be useful when capital acquisition or construction is financed by several funds or over several accounting periods.

The Town of Farmerville was awarded two LCDBG Grants. Grant #101-5025 in the amount of \$384,288.00 and Grant #101-6053 for \$880,480.00. Grant #101-5025 was overlay of streets. The project was completed and accepted by March 15, 1996. Grant #101-6053 was for a water well and water treatment improvements.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 2. LEGAL COMPLIANCE - BUDGET CONTINUED

	<u>Income</u>	<u>Expense</u>
General Fund - Budget	\$ 651,740.00	\$ 606,050.00
- Actual	660,654.09	621,296.32
Sales Tax - Budget	692,091.13	674,250.00
- Actual	720,597.13	712,386.52
Debt Service - Budget	-	-
- Actual	-	-
Water Department - Budget	559,000.00	451,900.00
- Actual	600,972.47	451,769.20
Sewer Department - Budget	207,000.00	305,275.00
- Actual	200,087.72	282,291.61

The general fund and sales tax fund expenses exceeded the budget by 2.5% and 5.6% respectfully.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits At year end, the carrying amount of the government's deposits were \$568,842.22. Of this balance, \$568,848.22 was covered by federal depository insurance or by collateral held by the government's agent in the government's name.

Investments The government's investments are categorized as either (1) insured or registered or for which the securities are held by the government or his agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the government's name.

	<u>CATEGORIES</u>			<u>CARRYING AMOUNT</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Government Security	\$ .00	\$ .00	\$ .00	\$ .00
Certificates of				
Deposit	<u>338,357.79</u>	<u>.00</u>	<u>.00</u>	<u>338,357.79</u>
Total Investments	<u>\$338,357.79</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$338,357.79</u>

The State requires collateral pledged for deposits to be held in the government's name by the trust department.

The trust department reviews collateral pledged on a quarterly basis.

STATEMENT A-3  
(CONTINUED)

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 1995 AND 1996

	1996		1995		VARIANCE
	BUDGET	ACTUAL	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>Police Department</u>					
Salaries	\$ 195,000.00	\$ 204,363.21	\$ 203,000.00	\$ 202,535.70	\$ 454.30
Salaries - Overtime	7,500.00	19,071.13	17,000.00	17,691.59	(691.59)
Dues and Subscriptions	200.00	34.85	20.00	8.00	12.00
Office Supplies	4,500.00	6,159.07	3,750.00	3,908.54	(158.54)
Travel & Training	2,500.00	749.52	2,000.00	409.53	1,590.47
Radio - Operations	2,000.00	834.00	500.00	392.70	107.30
Uniforms	3,000.00	1,905.49	2,500.00	3,274.95	(774.95)
Current Year Asset Purchases	5,000.00	1,633.25	12,000.00	12,347.55	(347.55)
Telephone	3,000.00	3,820.90	3,000.00	3,184.95	(184.95)
Prisoner's Expense	100.00	457.50	.00	.00	.00
Supplies	5,000.00	3,032.82	5,000.00	3,967.77	1,032.23
Employee Drug Testing	500.00	390.00	300.00	300.00	.00
Special Investigation	.00	.00	1,000.00	915.76	84.24
Vehicle - Gas & Oil	10,000.00	11,444.79	10,000.00	10,221.70	(221.70)
Vehicle Repair	11,500.00	12,454.98	9,000.00	10,261.53	(1,261.53)
Medicare Tax	2,800.00	3,282.49	3,500.00	3,277.92	222.08
FICA Contributions	12,000.00	14,035.46	14,000.00	14,015.31	(15.31)
Retirement	8,000.00	8,397.50	8,000.00	7,465.51	534.49
Unemployment	1,000.00	850.05	1,200.00	(24.50)	1,224.50
Hospitalization Insurance	12,000.00	12,121.92	12,500.00	12,473.28	26.72
Life Insurance	2,000.00	1,742.20	2,100.00	1,782.80	317.20
Worker's Compensation Insurance	15,000.00	19,470.29	18,000.00	17,132.24	867.76
Total Police Department	\$ 302,500.00	\$ 326,251.42	\$ 328,370.00	\$ 325,542.83	\$ 2,827.17
<u>Fire Department</u>					
Salary & Expense Fire Dept.	\$ 16,000.00	\$ 17,671.30	\$ 12,500.00	\$ 1,499.50	\$ 11,000.50
Medicare Tax	232.00	167.88	.00	16.24	(16.24)
Fireman's Retirement	1,440.00	1,427.40	.00	493.92	(493.92)
FICA Contribution	992.00	717.84	.00	69.44	(69.44)
Unemployment	80.00	46.73	.00	5.60	(5.60)
Hospitalization Insurance	1,050.00	790.56	.00	87.84	(87.84)
Worker's Compensation	2,000.00	2,008.00	.00	634.00	(634.00)
Employee Drug Testing	.00	30.00	.00	25.00	(25.00)
Uniforms	.00	2,715.77	300.00	279.72	20.28
Vehicle - Expense	.00	.00	100.00	.00	100.00
Vehicle - Gas & Oil	2,000.00	1,771.80	1,000.00	951.26	48.74
Vehicle - Repairs	5,100.00	4,295.29	37,000.00	35,493.35	506.65
Equipment Repairs	1,000.00	999.70	500.00	469.58	30.42
Radios	1,000.00	352.85	500.00	400.96	99.04
Telephone	2,000.00	1,642.27	2,000.00	1,639.49	360.51



TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

are valued at cost where historical records are available and at an estimated historical cost where no historical record exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of building, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Compensated Absences Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Amount of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. All accumulated vacation leave is expected to be taken before December 31, 1996.

Long-Term Obligations Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Receivables All receivables are reported at their gross value. Uncollectible amounts from customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables are recorded due to immateriality at June 30, 1996, and 1995.

Investments Debt securities are valued at amortized cost since it is generally the policy of the Town to hold such investments until they mature.

Short-Term Interfund Receivables/Payables During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

Interest Receivable Interest on investments and certain receivables are recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Advances to Other Funds Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Inventory The Town of Farmerville no longer maintains inventories of gasoline. The tanks were removed due to EPA regulations.

Prepaid Items Payments made to vendors for services that will benefit periods beyond June 30, 1996, are recorded as prepaid items.

Restricted Assets Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond future debt service" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The "revenue bond renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacement.

Fixed Assets General Fixed Assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and constructions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2. General Long-Term Debt Account Group--This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

C. BASIS OF ACCOUNTING

Governmental funds utilized the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenue are reported as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations which are recognized when paid.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds.

D. BUDGETARY DATA /ENCUMBRANCES

Formal budgetary accounting is employed as a management control for all funds of the Town annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, Special Revenues Funds, Debt Service Funds, and Proprietary funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgets for certain Special Revenues Funds and Capital Projects Funds are made on a project basis, spanning more than one fiscal year. Budgetary control is exercised at the departmental level or by projects.

All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

E. BALANCE SHEET ACCOUNTS

Cash includes amounts in demand deposits as well as short-term investments, with maturity date within three months of the date acquired by the government.

State statutes authorized the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, and repurchase agreement.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2. Special revenue funds--account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In addition, the General Fund of each blended component unit is reported as a special revenue fund.

3. Debt service funds--account for transactions relating to resources retained and used of the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

4. Capital projects funds--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

PROPRIETARY FUNDS

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in the their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise funds--account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

2. Internal service funds--account for the financing of goods or services provided by one department to other departments or governments on a cost-reimbursement basis. The Town of Farmerville does not have an internal service fund.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the municipality. The Town of Farmerville does not have any fiduciary funds.

ACCOUNT GROUPS

1. General Fixed Assets Account Group--This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Funds.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The following component units are discretely presented in the accompany financial statements:

Farmerville Volunteer Fire Department, Inc.

The volunteer fire department expenditures for operating the fire department is paid by the Town of Farmerville's General Fund. The transactions in the Volunteer Fire Department, Inc. is for miscellaneous fund raisers and miscellaneous expense for the volunteer fireman. The Town transfers the State of Louisiana 2% rebate to the volunteer fire department, and is accumulated for purchase of equipment.

Contributors to the Volunteer Fire Department elect all the members of the governing board. The governing board is solely responsible for the Volunteer Fire Department Operations.

B. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund Accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental Funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund--the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

components units. The components units included in the accompanying financial statements are either blended with the municipality funds or discretely presented.

FUNDS INCLUDED WITHIN THE REPORTING ENTITY

The Town of Farmerville Water Department

The Town of Farmerville rates for user charges are approved by the Town Council and the legal liability for the general obligations portion of the water authority's debt remain with the Town of Farmerville.

The Town of Farmerville Sewer Department

The sewer charges are approved by the Town Council, but are regulated by the EPA. The sewer system was financed by FHA. The FHA notes were sold to General Electric Credit in 1990.

The Town of Farmerville Sales Tax Department

The citizens of the Town of Farmerville approved a 1% sales and use tax. Proceeds of the tax have been pledged and dedicated to the retirement of sales tax Bonds dated May 1, 1985. Also the fund could be used for streets and sanitation expenditures.

The Town of Farmerville Dual State Drug Task Force

The Town pays expenditures, for one police officer, which is partially reimbursed, by the Dual State Drug Task Force.

The Town of Farmerville Capital Projects

The Town of Farmerville was awarded two LCDBG Grants. Grant #101-5025 in the amount of \$384,288 and Grant #101-6053 for \$880,480. Grant #101-5025 was overlay of streets. The project was completed and accepted by March 15, 1996. Grant #101-6053 was for a water well and water treatment improvements. The project was not completed at June 30, 1996.

BLENDED COMPONENT UNITS

The Town of Farmerville has no blended units.

DISCRETELY PRESENTED COMPONENT UNITS

Component units are legally separate from the municipality but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented. The Component Units column of the combined financial statements include the financial data of these discretely presented components units. They are reported in a separate column to emphasize that they are legally separate from the municipality.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

INTRODUCTION

The Town of Farmerville operates under an elected Mayor/Council form of government. The Town's major operations include water and sewer, public safety, fire protection, recreation and parks, and general administrative services.

The council consist of five members who are elected for a four year term. See note number nine for a detail of compensation for the mayor and council.

The Town of Farmerville is located in Union Parish surrounded by D'Arbonne Lake recreation area. The Town's major industry is timber and poultry, which includes Conagra processing plant.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town of Farmerville is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, the Town of Farmerville, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading for incomplete.

Governmental Accounting Standards Board (GASB) Statement No., 14 established criteria for determining which component units should be considered part of the Town of Farmerville for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Farmerville (the primary government) and its

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
COMBINED STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1995)

EXHIBIT E  
CONTINUED

	1996	1995
<u>RECONCILIATION OF OPERATING INCOME TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating Income	\$ (137,883.82)	\$ (163,447.48)
Adjustments		
Depreciation	225,422.82	222,161.69
(Increase)Decrease in Assets		
Receivables	(15,464.44)	674.41
Restricted Assets	18,499.97	32,091.95
Increase(Decrease) in Liabilities		
Accounts Payable	(32,757.22)	44,211.93
Trust Liabilities and Deposits	(8,865.00)	6,380.00
Accrued Compensated Absences	580.87	1,099.32
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 49,533.18</u>	<u>\$ 143,171.82</u>
Noncash Transactions Affecting Financial		
Bond Retirement in Excess of Refunding		
Issuance	<u>\$ .00</u>	<u>\$ .00</u>

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



TOWN OF FARMERVILLE, LOUISIANA EXHIBIT E  
FARMERVILLE, LOUISIANA  
COMBINED STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1995)

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>1996</u>	<u>1995</u>
Cash Received from Customers	\$ 769,653.28	\$ 702,250.30
Cash Paid to Suppliers	(451,805.25)	(297,244.43)
Cash Paid to Employees	(132,028.22)	(126,478.53)
Payment of Staff and Administrative Expenses	<u>(136,286.63)</u>	<u>(135,355.52)</u>
<u>NET CASH FROM OPERATING ACTIVITIES</u>	<u>\$ 49,533.18</u>	<u>\$ 143,171.82</u>
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Payments to Other Funds	\$ (23,500.00)	\$ (45,000.00)
Operating Transfers from Other Funds	<u>.00</u>	<u>.00</u>
<u>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</u>	<u>\$ (23,500.00)</u>	<u>\$ (45,000.00)</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Principal Paid on Long-Term Debt	\$ (75,000.00)	\$ (70,000.00)
Interest Paid on Long-Term Debt	(6,098.12)	(8,456.38)
Acquisition of Capital Assets	<u>(4,667.46)</u>	<u>(55,177.22)</u>
<u>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</u>	<u>\$ (85,765.58)</u>	<u>\$ (133,633.60)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on Investments	<u>\$ 9,058.50</u>	<u>\$ 16,529.84</u>
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>\$ 9,058.50</u>	<u>\$ 16,529.84</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>\$ (50,673.90)</u>	<u>\$ (18,931.94)</u>
<u>CASH AND CASH EQUIVALENTS, JULY 1</u>	<u>260,142.04</u>	<u>279,073.98</u>
<u>CASH AND CASH EQUIVALENTS, JUNE 30</u>	<u>\$ 209,468.14</u>	<u>\$ 260,142.04</u>

TOWN OF FARMERVILLE, LOUISIANA EXHIBIT D  
FARMERVILLE, LOUISIANA  
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1995)

	<u>PROPRIETARY FUND TYPES</u>	
	<u>ENTERPRISE</u>	
	<u>1996</u>	<u>1995</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Water Sales	\$ 564,416.40	\$ 519,679.55
Penalties & Reconnections/Connections	21,053.98	16,243.83
Sewer Sales	197,996.46	170,929.20
Tapping Fees	4,523.90	4,719.44
Miscellaneous	4,010.95	115.03
Total Operating Revenues	<u>\$ 792,001.69</u>	<u>\$ 711,687.05</u>
<u>OPERATING EXPENSES</u>		
Cost of Sales and Services	\$ 428,683.00	\$ 384,177.86
Administrative	275,779.69	263,794.98
Depreciation	225,422.82	222,161.69
Total Operating Expenses	<u>\$ 929,885.51</u>	<u>\$ 870,134.53</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ (137,883.82)</u>	<u>(158,447.48)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest Income	\$ 9,058.50	\$ 16,529.84
Interest Expense	(6,098.12)	(8,456.38)
Total Nonoperating Revenue (Expenses)	<u>\$ 2,960.38</u>	<u>\$ 8,073.46</u>
<u>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>\$ (134,923.44)</u>	<u>\$ (150,374.02)</u>
<u>TRANSFER TO/FROM OTHER FUNDS</u>		
General Fund	\$ (23,500.00)	\$ (45,000.00)
Capital Projects Funds	.00	(5,000.00)
<u>NET (LOSS) BEFORE NON-OPERATING ADDITIONS (DEDUCTIONS)</u>	<u>\$ (158,423.44)</u>	<u>\$ (200,374.02)</u>
Add Back Depreciation on Assets Acquired With Capital Grants	<u>162,317.96</u>	<u>162,857.00</u>
<u>NET INCOME (LOSS)</u>	<u>\$ 3,894.52</u>	<u>\$ (37,517.02)</u>
(Increase) Decrease in Reserves	<u>25,719.01</u>	<u>38,806.03</u>
Net Change in Unreserved Retained Earnings for the Year	<u>\$ 29,613.53</u>	<u>\$ 1,289.01</u>
<u>RETAINED EARNINGS - UNRESERVED - JULY 1</u>	<u>814,794.21</u>	<u>813,505.20</u>
<u>RETAINED EARNINGS - UNRESERVED - JUNE 30</u>	<u>\$ 844,407.74</u>	<u>\$ 814,794.21</u>

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

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1996

NOTE 4. RECEIVABLES Receivables at June 30, 1996 consist of the following:

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	ENTERPRISE
Gross Receivables	\$ 893.62	\$ .00	\$ .00	\$ 114,115.77
Less: Allowance for Uncollectables	.00	.00	.00	.00
<u>NET TOTAL RECEIVABLES</u>	<u>\$ 893.62</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 114,115.77</u>

Property taxes are levied as of January 1 on property values assessed as of the same date. The billing are mailed in October or November and is due on January 1. The delinquent taxes are sold each year, therefore, an allowance for uncollectible was not recorded.

NOTE 5. FIXED ASSETS The following is a summary of changes in the general fixed assets account group during the fiscal year.

	BALANCE JUNE 30, 1995	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 1996
Land	\$ 108,313.79	\$ .00	\$ .00	\$ 108,313.79
Buildings	373,850.04	9,930.00	.00	383,780.04
Improvements Other Than Buildings	1,010,981.56	.00	.00	1,010,981.56
Machinery and Equipment	1,150,657.66	16,422.93	.00	1,167,080.59
Other Assets	19,760.72	.00	.00	19,760.72
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$2,663,563.77</u>	<u>\$ 26,352.93</u>	<u>\$ .00</u>	<u>\$2,689,916.70</u>

The following is a summary of proprietary fund-types fixed assets at June 30.

	ENTERPRISE FUNDS		
	1996		
	ACCUMULATED COST	DEPRECIATION	NET
Land	\$ 25,752.00	\$ .00	\$ 25,752.00
Buildings	.00	.00	.00
Improvements Other Than Buildings	.00	.00	.00
<u>Water/Sewer Systems</u>			
Sewer System	5,482,048.41	1,351,889.00	4,130,159.41
Water Line	2,670,284.77	425,196.44	2,245,088.33
Water Plant/System	606,555.06	146,125.45	460,429.61
<u>Machinery/Equipment</u>			
Sewer Equipment	27,907.20	10,768.00	17,139.20
Equipment	98,502.23	75,644.48	22,857.75
Water Meters	84,205.26	20,817.68	63,387.58

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October 11, 1996

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman

We have audited the accompanying general purpose financial statements of the Town of Farmerville, Louisiana and the combining, individual fund and account group financial statements of the Town of Farmerville, Louisiana, as of and for the years ended June 30, 1996 and 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Farmerville, Farmerville, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Farmerville, Louisiana, as of June 30, 1996 and 1995, and the results of its operations and changes in cash flows of its proprietary 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 referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Town of Farmerville, Louisiana, as of June 30, 1996 and 1995, and the results of operations of such funds and the changes in cash flows of individual proprietary funds for the years then ended in conformity with generally accepted accounting principles.

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA

DEBT SERVICE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996  
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1995)

	PUBLIC IMPROVEMENTS BONDS FIRE #2	SALES TAX BONDS	CITY HALL BONDS 08/01/90	PUBLIC SAFETY BONDS 08/01/90	TOTALS
	1996	1995	1996	1995	1996
<u>REVENUES</u>					
Interest Earned	\$ 546.48	\$ 8,152.51	\$ 37.16	\$ 29.92	\$ 8,766.07
Property Taxes	.00	.00	29,455.00	28,966.00	58,431.00
Total Revenues	\$ 546.48	\$ 8,152.51	\$ 29,502.16	\$ 28,995.92	\$ 67,197.07
<u>EXPENDITURES</u>					
Debt Service					
Principal Retirement	\$ 4,000.00	\$ 55,000.00	\$ 20,000.00	\$ 15,000.00	\$ 94,000.00
Interest and Fiscal Charges	681.07	94,747.30	7,530.00	6,514.50	109,472.87
Total Expenditures	\$ 4,681.07	\$ 149,747.30	\$ 27,530.00	\$ 21,514.50	\$ 203,472.87
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (4,134.59)	\$ (141,594.79)	\$ 1,972.16	\$ 7,481.42	\$ (144,398.14)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operation Transfer In:					
Sales Tax	.00	\$ 168,410.24	.00	.00	\$ 168,410.24
Total Other Financing Sources (Uses)	.00	\$ 168,410.24	.00	.00	\$ 168,410.24
<u>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</u>	\$ (4,134.59)	\$ 26,815.45	\$ 1,972.16	\$ 7,481.42	\$ (1,448.19)
(Increase) Decrease in Reserve For Debt Service	\$ 4,134.59	\$ (26,815.45)	\$ (1,972.16)	\$ (7,481.42)	\$ 1,448.19
Net Change in Unreserved Fund Balances for the year	.00	.00	.00	.00	.00
FUND BALANCES - UNRESERVED - JULY 1	.00	.00	.00	.00	.00
FUND BALANCES - UNRESERVED - JUNE 30	.00	.00	.00	.00	.00

See accompanying notes and auditors' report.

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 DEBT SERVICE FUNDS  
 COMBINING BALANCE SHEETS

JUNE 30, 1996

(WITH COMPARATIVE TOTALS FOR JUNE 30, 1995)

	PUBLIC IMPROVEMENTS BONDS	PUBLIC IMPROVEMENTS BONDS FIRE #2	SALES TAX BONDS	CITY HALL BONDS 08/01/90	PUBLIC SAFETY BONDS 08/01/90	TOTALS
	1996	1996	1996	1996	1996	1995
<u>ASSETS</u>						
Cash	\$ 200.00	\$ .00	\$ .00	\$ 1,460.24	\$ 1,545.63	\$ 3,205.87
Due from/to General Fund Investments, at cost or Amortized Cost	.00	.00	.00	16,928.83	10,066.73	26,995.56
	.00	5,243.60	143,351.12	.00	.00	149,594.72
<u>TOTAL ASSETS</u>	<u>200.00</u>	<u>6,243.60</u>	<u>143,351.12</u>	<u>18,389.07</u>	<u>11,612.36</u>	<u>179,796.15</u>
<u>LIABILITIES AND EQUITY</u>						
<u>LIABILITIES</u>						
Matured Bonds Payable	\$ .00	\$ .00	\$ .00	\$ .00	\$ .00	\$ .00
Matured Interest Payable	.00	.00	.00	.00	.00	.00
Total Liabilities	.00	.00	.00	.00	.00	.00
<u>EQUITY</u>						
Reserved						
Designated for Debt Service	200.00	6,243.60	143,351.12	18,389.07	11,612.36	179,796.15
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>200.00</u>	<u>6,243.60</u>	<u>143,351.12</u>	<u>18,389.07</u>	<u>11,612.36</u>	<u>179,796.15</u>

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 DEBT SERVICE FUNDS

STATEMENT C-2

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
<u>REVENUES</u>		
Interest Earned	\$ 8,766.07	\$ 9,104.74
Property Taxes	58,431.00	50,753.46
Total Revenues	\$ 67,197.07	\$ 59,858.20
<u>EXPENDITURES</u>		
Debt Service		
Principal Retirement	\$ 94,000.00	\$ 89,000.00
Interest and Fiscal Charges	109,472.87	115,256.34
Total Expenditures	\$ 203,472.87	\$ 204,256.34
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	\$ (136,275.80)	\$ (144,398.14)
<u>OTHER FINANCING SOURCES (USED):</u>		
Operation Transfers In:		
Sales Tax	\$ 168,410.24	\$ 142,949.95
Other	.00	.00
Total Other Financing Sources (Uses)	\$ 168,410.24	\$ 142,949.95
<u>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ 32,134.44	\$ (1,448.19)
(Increase) Decrease in Reserves for Debt Service	(32,134.44)	1,448.19
Net Change in Unreserved Fund Balances for the Year	\$ .00	\$ .00
<u>FUND BALANCES - UNRESERVED - JULY 1</u>	.00	.00
<u>FUND BALANCES - UNRESERVED - JUNE 30</u>	\$ .00	\$ .00

See accompanying notes and auditors' report.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
DEBT SERVICE FUNDS  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 1996 AND 1995

STATEMENT C-1

	<u>1996</u>	<u>1995</u>
<u>ASSETS</u>		
Cash	\$ 3,205.87	\$ 3,183.29
Due from General Fund - Bonds	26,995.56	17,564.56
Investments, at cost or amortized cost	<u>149,594.72</u>	<u>126,913.86</u>
<u>TOTAL ASSETS</u>	<u>\$ 179,796.15</u>	<u>\$ 147,661.71</u>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Matured Bonds Payable	\$ .00	\$ .00
Matured Interest Payable	<u>.00</u>	<u>.00</u>
<u>Total Liabilities</u>	<u>\$ .00</u>	<u>\$ .00</u>
<u>EQUITY</u>		
Fund Balances		
Reserved-		
Designated for Debt Service	<u>\$ 179,796.15</u>	<u>\$ 147,661.71</u>
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>\$ 179,796.15</u>	<u>\$ 147,661.71</u>

See accompanying notes and auditors' report.



DEBT SERVICE FUNDS

Employee Drug Testing	.00	635.00	220.00
Garbage Container Expense	.00	8,193.99	6,078.40
Garbage Expense	.00	1,209.87	309.96
Uniforms	.00	706.25	1,051.79
Miscellaneous	.00	1,105.09	1,714.59
Compactor Expense	.00	21,659.94	20,776.51
Total Sanitary Landfill & Garbage	.00	<u>184,352.64</u>	<u>176,089.20</u>

<u>Street Repair</u>			
Salaries	\$ 60,960.47	\$ .00	\$ 53,244.29
Street Maintenance	13,326.64	.00	33,916.38
Truck Equipment - Oil and Gas	6,197.87	.00	6,720.15
Truck Equipment - Repairs	13,696.49	.00	23,986.42
Employee Benefits Expenses			
Medicare Taxes	867.26	.00	781.34
Municipal Retirement	1,649.83	.00	1,198.15
FICA Taxes	3,708.20	.00	3,340.72
Unemployment Taxes	206.19	.00	270.10
Hospital Insurance	2,108.16	.00	2,986.56
Worker's Compensation Insurance	13,766.38	.00	11,175.16
Employee Drug Testing	150.00	.00	150.00
Utilities	53,468.91	.00	53,423.65
Miscellaneous	937.27	.00	3,774.47
Uniforms	626.89	.00	631.79
Total Street Repair	<u>\$ 171,670.56</u>	<u>\$ .00</u>	<u>\$ 195,599.18</u>

<u>Maintenance Department</u>			
Truck Expense	\$ 1,738.54	\$ .00	\$ 1,738.54
Shop Supplies	5,233.53	.00	4,569.52
Total Maintenance Department	<u>\$ 6,972.07</u>	<u>\$ .00</u>	<u>\$ 5,824.16</u>

<u>Prison Labor and Expense</u>			
Labor	\$ 642.86	\$ .00	\$ 1,068.02
Supplies/Uniforms/Medical	534.58	.00	1,292.39
Meals/Food	4,622.96	.00	6,512.04
Insurance	317.40	.00	295.70
Total Prison Labor and Expense	<u>\$ 6,117.80</u>	<u>\$ .00</u>	<u>\$ 9,169.15</u>

<u>TOTAL EXPENDITURES</u>	<u>\$ 299,653.64</u>	<u>\$ 184,352.64</u>	<u>\$ 484,006.28</u>	<u>\$ 486,229.22</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	\$ 194,052.02	\$ 42,538.83	\$ 236,590.85	\$ 168,934.45

<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In:				
Debt Service Funds	\$ (168,410.24)	\$ .00	\$ (168,410.24)	\$ (142,949.95)
Capital Project Funds	.00	.00	.00	(18,900.00)
Transfer to Other Funds	.00	(50,000.00)	(50,000.00)	(35,000.00)
Total Other Financing Sources (Uses)	<u>\$ (168,410.24)</u>	<u>\$ (50,000.00)</u>	<u>\$ (228,410.24)</u>	<u>\$ (196,849.95)</u>

<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</u>	\$ 25,641.78	\$ (17,461.17)	\$ 8,180.61	\$ (27,915.50)
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FUND BALANCES - UNRESERVED - JULY 1				<u>62,134.26</u>
FUND BALANCES - UNRESERVED - JUNE 30			<u>\$ 42,399.37</u>	<u>\$ 34,218.76</u>

See accompanying notes and auditors' report.

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

SPECIAL REVENUES - SALES TAX FUND  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1995)

	<u>TOTAL</u>	
	<u>1996</u>	<u>1995</u>
<u>REVENUES</u>		
<u>Taxes</u>		
Sales Tax	\$ 464,079.00	\$ 464,079.00
<u>Charges for Services</u>		
Landfill	.00	3,608.00
Garbage Fees	.00	223,283.47
	\$ 464,079.00	\$ 467,687.47
<u>Miscellaneous</u>		
Interest Earned	535.53	693.92
Reimbursements	29,091.13	13,156.55
<u>TOTAL REVENUES</u>	<u>\$ 493,705.66</u>	<u>\$ 555,163.67</u>
<u>EXPENDITURES</u>		
<u>General Government</u>		
Salaries	\$ 35,155.37	\$ 42,548.32
Office Expense	4,196.87	2,659.38
Employee Benefits Expenses		
Medicare Tax	494.76	625.01
Municipal Retirement	1,031.86	1,120.65
FICA Taxes	2,115.55	2,672.52
Unemployment	117.12	215.51
Hospital Insurance	4,170.76	2,522.93
Worker's Compensation Insurance	1,122.00	(143.52)
Employee Drug Testing	60.00	50.00
Auditing	4,750.00	3,000.00
Insurance - Liability	18,186.49	18,289.82
Current Year Asset Purchases	9,145.25	1,965.99
Telephone	568.88	553.29
Travel	121.85	2,427.66
Computer	647.00	733.67
Sales Tax Collection Cost	4,640.79	4,244.39
Miscellaneous	514.31	311.94
Administrative Fees	15,000.00	15,000.00
LCDBG - Grant Expense	12,854.35	749.97
Total General Government	<u>\$ 114,893.21</u>	<u>\$ 99,547.53</u>
<u>Sanitary Landfill &amp; Garbage</u>		
Salaries	.00	\$ 99,621.82
Trucks & Equipment - Gas & Oil	.00	5,619.29
Trucks & Repair	.00	10,156.82
Employee Benefit Expenses		
Medicare Tax	.00	1,447.14
Municipal Retirement	.00	2,552.47
FICA Taxes	.00	6,183.52
Unemployment Taxes	.00	508.85
Hospital Insurance	.00	4,919.04
Workmen's Compensation Insurance	.00	14,929.00
	\$ 100,796.03	\$ 100,796.03
	6,771.35	5,619.29
	12,575.08	10,156.82
	1,446.76	1,447.14
	2,863.87	2,552.47
	6,185.61	6,183.52
	344.71	508.85
	4,128.48	4,919.04
	15,730.61	14,929.00

OTHER FINANCING SOURCES (USES)

Operating Transfer In	\$ 83,500.00	\$ .00	\$ 168,410.24	\$ 12,600.00	\$ 264,510.24	\$ 10,484.33	\$ 274,994.57
Operating Transfer Out	.00	(228,410.24)	.00	(31,479.37)	(259,889.61)	.00	(259,889.61)
Total Other Financing Sources (Uses)	\$ 83,500.00	\$ (228,410.24)	\$ 168,410.24	\$ (18,879.37)	\$ 4,620.63	\$ 10,484.33	\$ 15,104.96

EXCESS (DEFICIENCY) OF REVENUES AND

OTHER SOURCES OVER (UNDER)

EXPENDITURES AND OTHER (USES)

(Increase) Decrease in Reserves	\$ 39,357.77	\$ 8,180.61	\$ 32,134.44	\$ (3,446.24)	\$ 76,226.58	\$ 9,697.13	\$ 85,923.71
	7,600.27	.00	(32,134.44)	1,058.00	(23,476.17)	.00	(23,476.17)

Net Change in Unreserved Fund Balances for Year

	\$ 46,958.04	\$ 8,180.61	\$ .00	\$ (2,388.24)	\$ 52,750.41	\$ 9,697.13	\$ 62,447.54
	(5,528.76)	34,218.75	.00	2,388.24	31,078.24	60,410.23	91,488.47

FUND BALANCES - UNRESERVED - JULY 1

	\$ 41,429.28	\$ 42,399.37	\$ .00	\$ .00	\$ 83,828.65	\$ 70,107.36	\$ 153,936.01
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FUND BALANCES - UNRESERVED - JUNE 30

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

EXHIBIT B

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
 AND CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUND TYPES  
 AND DISCREETLY PRESENTED COMPONENT UNITS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	GOVERNMENTAL FUND TYPES				TOTAL		TOTAL
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	MEMORANDUM ONLY		
					PRIMARY GOVERNMENT	COMPONENT UNITS	
Taxes	\$ 250,885.85	\$ 464,079.00	\$ 58,431.00	\$ .00	\$ 773,395.85	\$ .00	\$ 773,395.85
Licenses and Permits	177,439.30	.00	.00	.00	177,439.30	.00	177,439.30
Intergovernment	43,053.94	.00	.00	.00	43,053.94	.00	43,053.94
Charges for Services	27,970.00	226,891.47	.00	.00	254,861.47	.00	254,861.47
Fines and Forfeits	27,322.56	.00	.00	.00	27,322.56	.00	27,322.56
Miscellaneous Revenues	46,858.33	29,091.13	.00	.00	75,949.46	3,614.09	79,563.55
Interest Income	3,624.11	535.53	8,766.07	.00	12,925.71	2,552.07	15,477.78
Grants	.00	.00	.00	1,094,529.33	1,094,529.33	.00	1,094,529.33
Total Revenues	\$ 577,154.09	\$ 720,597.13	\$ 67,197.07	\$ 1,094,529.33	\$ 2,459,477.62	\$ 5,156.15	\$ 2,465,643.78

EXPENDITURES

Current:	\$ 214,049.96	\$ 114,893.21	\$ .00	\$ .00	\$ 328,943.17	\$ 3,110.36	\$ 332,053.53
General Government	326,251.42	.00	.00	.00	326,251.42	.00	326,251.42
Public Safety	79,647.00	.00	.00	.00	79,647.00	.00	79,647.00
Fire	.00	184,352.64	.00	.00	184,352.64	.00	184,352.64
Sanitation	704.90	.00	.00	.00	704.90	.00	704.90
Recreation	643.04	.00	.00	.00	643.04	.00	643.04
State Park	.00	171,670.56	.00	.00	171,670.56	.00	171,670.56
Street	.00	6,117.80	.00	.00	6,117.80	.00	6,117.80
Prison Labor and Expense	.00	.00	.00	1,079,096.20	1,079,096.20	3,843.00	1,082,939.20
Capital Outlay	.00	6,972.07	.00	.00	6,972.07	.00	6,972.07
Maintenance Department	.00	.00	.00	.00	.00	.00	.00
Debt Service:	.00	.00	94,000.00	.00	94,000.00	.00	94,000.00
Principal Retirement	.00	.00	109,472.87	.00	109,472.87	.00	109,472.87
Interest and Fiscal Charges	.00	.00	.00	.00	.00	.00	.00
Total Expenditures	\$ 521,296.32	\$ 484,006.28	\$ 203,472.87	\$ 1,079,096.20	\$ 2,387,871.67	\$ 6,953.36	\$ 2,394,825.03

EXCESS OF REVENUE OVER AND (UNDER) EXPENDITURES

	\$ (44,142.23)	\$ 236,590.85	\$ (136,275.80)	\$ 15,433.13	\$ 71,605.95	\$ (787.20)	\$ 70,818.75
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TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
GENERAL FUND

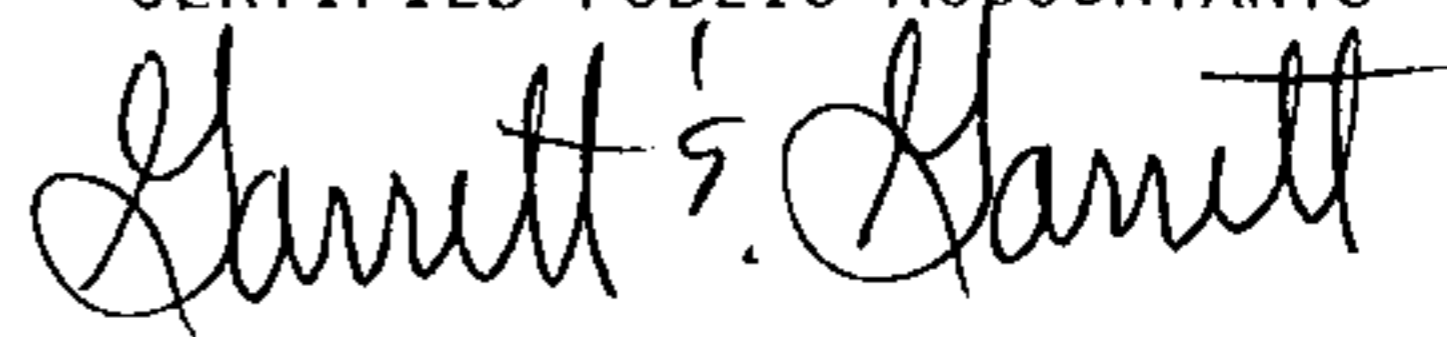
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 1996 AND 1995

	1996		1995		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	BUDGET	ACTUAL	
<b>REVENUES</b>					
<u>Taxes</u>					
Advalorem - General	\$ 51,000.00	\$ 55,634.00	\$ 51,000.00	\$ 55,977.99	\$ 4,977.99
Advalorem - Fire Department	78,900.00	78,906.00	80,000.00	79,394.84	(605.16)
Franchise	110,000.00	113,319.77	110,000.00	105,096.52	(4,903.48)
Housing Authority in Lieu of Taxes	3,000.00	3,026.08	.00	.00	.00
Total Taxes	\$ 242,900.00	\$ 250,885.85	\$ 241,000.00	\$ 240,469.35	\$ (530.65)
<u>Licenses &amp; Permits</u>					
Alcoholic Beverages	\$ 6,000.00	\$ 6,055.00	\$ 10,000.00	\$ 7,955.00	\$ (2,045.00)
Occupational	60,000.00	61,754.05	55,000.00	54,849.00	(151.00)
Occupational - Insurance	55,000.00	51,839.73	60,000.00	57,554.41	(2,445.59)
Other	5,000.00	4,660.00	5,000.00	4,460.80	(539.20)
Video Poker	45,000.00	53,130.52	21,000.00	24,390.30	3,390.30
Total Licenses & Permits	\$ 171,000.00	\$ 177,439.30	\$ 151,000.00	\$ 149,209.51	\$ (1,790.49)
<u>Intergovernmental Revenues</u>					
Tobacco	\$ 17,000.00	\$ 16,935.00	\$ 20,000.00	\$ 16,962.12	\$ (3,037.88)
State Revenue Sharing	2,000.00	2,901.00	6,000.00	3,689.00	(2,311.00)
Alcoholic Beverage	10,000.00	12,733.61	9,000.00	7,187.55	(1,812.45)
State 2% Insurance Fund	10,000.00	10,484.33	10,000.00	9,443.96	(556.04)
Total Intergovernmental Revenue	\$ 39,000.00	\$ 43,053.94	\$ 45,000.00	\$ 37,282.63	\$ (7,717.37)
<u>Charges for Services</u>					
Municipal Court Cost	\$ 15,000.00	\$ 11,585.00	\$ 14,000.00	\$ 9,813.50	\$ (4,186.50)
Accident Report	700.00	1,025.00	800.00	724.00	(76.00)
Drug Task Force	17,400.00	15,000.00	17,400.00	17,400.00	.00
Pager Service	720.00	360.00	720.00	360.00	(360.00)
Total Charges for Service	\$ 33,820.00	\$ 27,970.00	\$ 32,920.00	\$ 28,297.50	\$ (4,622.50)
<u>Fines and Forfeits</u>					
DWI Fines	\$ 10,000.00	\$ 9,216.56	\$ 12,000.00	\$ 9,430.54	\$ (2,569.46)
Municipal Court Fines	30,000.00	18,106.00	25,000.00	16,856.50	(8,143.50)
Total Fines and Forfeits	\$ 40,000.00	\$ 27,322.56	\$ 37,000.00	\$ 26,287.04	\$ (10,712.96)
<u>Miscellaneous</u>					
Copy of Records	\$ 20.00	.00	.00	.00	.00
Miscellaneous	5,000.00	10,052.93	7,000.00	1,723.31	(5,276.69)
Restitution - Police	.00	833.00	.00	.00	.00

The Honorable Willie Davis, Jr., Mayor  
and Members of the Board of Alderman  
October 11, 1996  
Page 2

Our audit 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 individual 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 the Town of Farmerville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and individual account group financial statements and, in our opinion, is fairly presented in all material respects in relations to the financial statements of each of the respective individual funds and account groups taken as a whole.

GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

A handwritten signature in cursive script that reads "Garrett & Garrett". The signature is written in dark ink and is positioned below the printed name of the firm.



Oil & Mineral Lease	.00	.00	6,000.00	6,145.17	146.17
Auto Reimbursement	204.40	204.40	.00	204.40	204.40
Collection Service	4,200.00	4,200.00	4,200.00	4,200.00	.00
Sale of Assets	.00	.00	100.00	100.00	.00
Fees - Farmers' Market	762.00	762.00	500.00	549.00	49.00
Administrative Fees & Mechanic	30,000.00	30,000.00	30,000.00	30,000.00	.00
Interest Income	3,624.11	2,624.11	2,000.00	3,752.31	1,752.31
JTPA Program	400.00	(69.00)	400.00	346.50	(53.50)
D'Arbonne State Park	200.00	275.00	20.00	200.00	180.00
Zoning Changing	475.00	275.00	20.00	932.80	(53.50)
Total Miscellaneous	\$ 41,520.00	\$ 50,482.44	\$ 50,220.00	\$ 48,154.49	\$ (2,065.51)
<b>TOTAL REVENUE</b>	\$ 568,240.00	\$ 577,154.09	\$ 557,140.00	\$ 529,700.52	\$ (27,439.48)

**EXPENDITURES**

<b>General and Administrative</b>					
Attorney Fees *	\$ 325.00	\$ (325.00)	\$ 6,000.00	\$ 6,000.00	\$ .00
Auditing	4,750.00	.00	4,000.00	4,000.00	.00
Civil Defense	356.64	(106.64)	250.00	200.61	49.39
Dues & Subscription	5,467.80	(457.80)	3,500.00	3,618.47	(118.47)
Insurance	18,458.95	(6,458.95)	18,000.00	19,421.72	(1,421.72)
Miscellaneous	4,720.63	(720.63)	5,000.00	4,751.21	248.79
Office Supplies	8,588.16	(1,088.16)	5,000.00	5,485.92	(485.92)
Salaries and Expenses	85,038.36	4,981.64	99,000.00	84,653.19	14,346.81
City Hall Maintenance & Supplies	9,157.82	(157.82)	9,000.00	10,349.72	(1,349.72)
Telephone	11,348.75	(3,348.75)	8,500.00	8,813.51	(313.51)
Travel and Education - Clerk	1,202.88	797.12	3,500.00	3,504.84	(4.84)
Travel and Education - Mayor	7,799.53	200.37	8,000.00	8,862.14	(862.14)
Travel - Attorney	553.03	446.97	1,000.00	1,078.77	(78.77)
Travel - Others	1,880.02	119.98	1,000.00	1,345.02	(345.02)
Truck - Mayor's Expense	.00	.00	1,000.00	.00	1,000.00
Utilities	17,338.90	661.10	16,000.00	16,620.99	(620.99)
Current Year Asset Purchases	3,466.31	(1,466.31)	500.00	439.87	60.13
Coroner Expense	1,755.00	245.00	2,000.00	2,650.75	(650.75)
Inspector Fees	550.00	.00	.00	271.33	(271.33)
Computer Expense	1,435.00	565.00	1,000.00	867.47	132.53
Advertising and Filing	6,750.82	1,249.18	6,000.00	7,273.85	(1,273.85)
Election Expense	651.20	348.80	600.00	546.46	53.54
Mechanics & Major Truck Expense	793.95	(793.95)	.00	966.49	(966.49)
Maintenance of Equipment	4,382.59	(1,382.59)	3,500.00	3,854.19	(354.19)
Zoning Expense	171.12	(171.12)	600.00	552.93	47.07
Economic Development	.00	.00	500.00	258.85	241.15
Farmers Market Building	138.27	61.73	.00	241.19	(241.19)
Old City Hall Expense	4,220.42	779.58	.00	1,000.00	(1,000.00)
Medicare	1,295.82	204.18	1,700.00	1,376.90	323.10
FICA Contributions	5,539.44	(39.44)	7,000.00	6,588.98	411.02
Unemployment Contributions	194.78	105.22	300.00	368.68	(68.68)
Retirement	1,374.88	625.12	1,100.00	1,079.00	21.00
Hospital Insurance	2,794.84	405.16	3,200.00	5,611.75	(2,411.75)
Workmens Compensation Insurance	637.00	863.00	1,000.00	1,158.28	(158.28)
Employee Drug Testing	90.00	210.00	300.00	75.00	225.00
Garbage Deposit Correction	.00	.00	.00	1,947.70	(1,947.70)
Triad Phone Service	507.67	292.33	.00	.00	.00
Shop Supplies	314.28	(314.28)	.00	.00	.00
Total General and Administration	\$ 210,350.00	\$ 214,049.95	\$ 218,050.00	\$ 215,835.78	\$ 2,214.22

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

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TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

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TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

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AUDIT REPORT

JUNE 30, 1996

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**TOWN OF FARMERVILLE  
FARMERVILLE, LA 71241  
JUNE 30, 1996**

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

Release Date DEC 18 1996

STATEMENT 9-2

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 1996 AND 1995

	1996		1995		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	BUDGET	ACTUAL	
<b>REVENUES</b>					
Taxes - Sales Tax	\$ 450,000.00	\$ 464,079.00	\$ 420,000.00	\$ 424,439.27	\$ 4,439.27
Charges for Services - Landfill	4,000.00	3,608.00	4,000.00	3,558.50	(441.50)
Charges for Services - Garbage Fees	200,000.00	223,283.47	200,000.00	213,315.43	13,315.43
Interest Income	9,000.00	535.53	9,000.00	693.92	(8,306.08)
Miscellaneous Reimbursements	29,091.13	29,091.13	12,000.00	13,156.55	1,156.55
<b>TOTAL REVENUES</b>	<b>\$ 692,091.13</b>	<b>\$ 720,597.13</b>	<b>\$ 645,000.00</b>	<b>\$ 655,153.67</b>	<b>\$ 10,153.67</b>
<b>EXPENDITURES</b>					
<u>General Government</u>					
Salaries	\$ 35,000.00	\$ 35,155.37	\$ 42,000.00	\$ 42,548.32	\$ (548.32)
Office Expense	4,000.00	4,196.87	2,500.00	2,659.38	(159.38)
Employee Benefits Expenses					
Medicare Taxes	500.00	494.76	650.00	625.01	24.99
Municipal Retirement	1,500.00	1,031.86	1,200.00	1,120.65	79.35
FICA Taxes	2,000.00	2,115.55	2,700.00	2,672.52	27.48
Unemployment Taxes	200.00	117.12	250.00	215.51	34.49
Hospital Insurance	2,400.00	4,170.76	4,000.00	2,522.93	1,477.07
Worker's Compensation Insurance	1,200.00	1,122.00	1,000.00	(143.52)	1,143.52
Employee Drug Testing	100.00	60.00	50.00	50.00	.00
Auditing	4,750.00	4,750.00	3,000.00	3,000.00	.00
Insurance	16,000.00	18,186.49	18,000.00	18,289.82	(289.82)
Current Year Assets Purchases	8,000.00	9,145.25	2,000.00	1,965.99	34.01
Telephone	600.00	568.88	600.00	553.29	46.71
Travel	2,000.00	121.85	2,500.00	2,427.66	72.34
Computer	1,000.00	547.00	1,000.00	733.67	266.33
Sales Tax Collection Cost	.00	4,640.79	.00	4,244.39	(4,244.39)
Miscellaneous	1,000.00	514.31	200.00	311.94	(111.94)
Administrative Fees	15,000.00	15,000.00	15,000.00	15,000.00	.00
LCDBG - Grant Expenses	.00	12,854.35	1,100.00	749.97	350.03
Total General Government	<b>\$ 95,250.00</b>	<b>\$ 114,893.21</b>	<b>\$ 97,750.00</b>	<b>\$ 99,547.53</b>	<b>\$ (1,797.53)</b>
<u>Sanitary Landfill &amp; Garbage</u>					
Salaries	\$ 100,000.00	\$ 100,796.03	\$ 98,000.00	\$ 99,621.82	\$ (1,621.82)
Truck & Equipment - Gas & Oil	6,500.00	6,771.35	6,000.00	5,619.29	380.71
Truck & Repairs	13,000.00	12,575.08	9,000.00	10,156.82	(1,156.82)
Employee Benefit Expenses					
Medicare Taxes	1,500.00	1,446.76	1,400.00	1,447.14	(47.14)
Municipal Retirement	4,000.00	2,863.87	3,000.00	2,552.47	447.53
FICA Taxes	6,500.00	6,185.61	6,000.00	6,183.52	(183.52)
Unemployment Taxes	500.00	344.71	500.00	508.85	(8.85)
Hospital Insurance	4,500.00	4,128.48	5,000.00	4,919.04	80.96
Worker's Compensation Insurance	15,000.00	15,730.61	15,000.00	14,929.00	71.00
Employee Drug Testing	1,000.00	635.00	250.00	220.00	30.00

TOWN OF FARMERVILLE, LOUISIANA  
FARMERVILLE, LOUISIANA  
SALES TAX FUND - SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1996 AND 1995

STATEMENT B-1

	1996	1995
<u>ASSETS</u>		
Cash	\$ 61,977.35	\$ 35,772.75
Investments:		
Certificates of Deposit	.00	.00
Due From Other Funds	16,532.20	35,497.92
<u>TOTAL ASSETS</u>	\$ 78,509.55	\$ 71,270.67
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Vouchers Payable	\$ 24,866.06	\$ 29,422.01
Accrued Liabilities	11,244.12	7,629.90
<u>Total Liabilities</u>	\$ 36,110.18	\$ 37,051.91
<u>EQUITY</u>		
Fund Balance		
Unreserved	\$ 42,399.37	\$ 34,218.76
<u>Total Equity</u>	\$ 42,399.37	\$ 34,218.76
<u>TOTAL LIABILITIES AND EQUITY</u>	\$ 78,509.55	\$ 71,270.67

See accompanying notes and auditors' report.



SALES TAX FUND - SPECIAL REVENUE FUND

## SPECIAL REVENUE FUNDS

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Special revenue funds are used to account for special revenues that are legally restricted to expenditures for particular purposes.

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### SALES TAX FUND

Proceeds of the 1% sales tax are to be used for costs incurred in operating a Sanitary Landfill Site for Garbage and Waste Disposal; for Street Repair and Maintenance; and for Sewer Repair and Maintenance.

Garbage fees are being accounted for in the Sales Tax fund rather than the General fund in order that all Labor Cost of the Garbage and Landfill operations will be accounted for in one fund.

Supplies	7,000.00	2,195.42	4,803.58	10,000.00	10,427.88	(427.88)
Travel & Training	2,500.00	415.94	2,084.06	1,000.00	785.67	214.33
Asset Purchases	16,506.00	12,567.12	4,038.88	24,000.00	3,342.26	20,557.74
Dues	200.00	95.00	105.00	.00	.00	.00
Office Supplies	.00	933.00	(933.00)	.00	.00	.00
Fire Station Repairs	1,000.00	1,138.40	(138.40)	600.00	595.56	4.44
Clothing Allowance	7,500.00	6,894.00	606.00	7,000.00	6,705.00	295.00
Utilities Fire Department	1,200.00	1,572.24	(372.24)	1,000.00	1,018.80	(18.80)
Transfer to Volunteer Fire Department	10,000.00	10,484.33	(484.33)	10,000.00	9,443.96	556.04
Insurance	12,000.00	8,713.16	3,286.84	2,000.00	435.00	1,565.00
Total Fire Department	\$ 90,900.00	\$ 79,647.00	\$ 11,253.00	\$ 109,500.00	\$ 75,820.03	\$ 33,679.97

<u>Recreation Department</u>						
Land Lease	\$ .00	\$ .00	\$ .00	\$ .00	\$ 59.98	\$ (59.98)
Utilities	400.00	239.74	160.26	200.00	89.22	110.78
Supplies	800.00	465.16	334.84	100.00	170.49	(70.49)
Total Recreation	\$ 1,200.00	\$ 704.90	\$ 495.10	\$ 300.00	\$ 319.69	\$ (19.69)

<u>State Park</u>						
D'Arbonne State Park - Renovation	\$ .00	\$ .00	\$ .00	\$ 2,000.00	\$ 1,827.66	\$ 172.34
Maintenance	200.00	101.26	98.74	.00	14.74	(14.74)
Supplies	200.00	45.01	154.99	50.00	67.36	(17.36)
Utilities	600.00	496.77	103.23	800.00	743.28	56.72
Total State Park	\$ 1,000.00	\$ 643.04	\$ 356.96	\$ 2,850.00	\$ 2,653.04	\$ 196.96

TOTAL EXPENDITURES	\$ 606,050.00	\$ 621,296.32	\$ (15,246.32)	\$ 659,070.00	\$ 620,171.37	\$ 38,898.63
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (37,810.00)	\$ (44,142.23)	\$ (6,332.23)	\$ (101,930.00)	\$ (90,470.85)	\$ 11,459.15

<u>OTHER FINANCING SOURCES (USES)</u>						
Operating Transfer In:						
Garbage Fee	\$ 60,000.00	\$ 60,000.00	\$ .00	\$ 40,000.00	\$ 35,000.00	\$ (5,000.00)
Water Department	23,500.00	23,500.00	.00	15,000.00	45,000.00	30,000.00
Total Other Financing Sources (Uses)	\$ 83,500.00	\$ 83,500.00	\$ .00	\$ 55,000.00	\$ 80,000.00	\$ 25,000.00

EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	\$ 45,690.00	\$ 39,357.77	\$ (6,332.23)	\$ 46,930.00	\$ (10,470.85)	\$ 36,459.15
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(Increase) Decrease in Reserves:						
Fire Department	\$ (2,000.00)	\$ 6,746.67		\$ 30,082.05	\$ (13,018.77)	
Flag Pole	.00	853.60		.00	377.02	

Net Change in Unreserved - Fund Balances for the Year	\$ 43,690.00	\$ 46,958.04		\$ (16,847.95)	\$ (23,112.60)	
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FUND BALANCES - UNRESERVED - JULY 1	(5,528.76)	(5,528.76)		17,583.84	17,583.84	
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FUND BALANCES - UNRESERVED - JUNE 30	\$ 38,161.24	\$ 41,429.28		\$ 735.89	\$ (5,528.76)	
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COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1996 AND 1995

CAPITAL PROJECTS

	EDA GRANT 08-01-02778	LCDBG GRANT 101-5025	LCDBG GRANT 101-6053	TOTAL
	1996	1996	1996	1995
<u>REVENUE</u>				
Interest Earned	\$ .00	\$ .00	\$ .00	\$ .55
Grants				
LCDBG	.00	355,085.00	739,444.33	1,094,529.33
Total Revenues	\$ .00	\$ 355,085.00	\$ 739,444.33	\$ 29,203.55
<u>EXPENDITURES</u>				
Capital Outlay				
Current Expenditures	\$ .00	\$ 339,651.87	\$ 739,444.33	\$ 1,079,096.20
<u>EXCESS OF REVENUE OVER (UNDER)</u>				
<u>EXPENDITURES</u>	\$ .00	\$ 15,433.13	\$ .00	\$ (22,841.45)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfer In	\$ .00	\$ 12,600.00	\$ .00	\$ 12,600.00
Operating Transfer Out	(2,388.24)	(29,091.13)	.00	(31,479.37)
Total Other Financing Sources (Uses)	(2,388.24)	(16,491.13)	.00	(18,879.37)
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	\$ (2,388.24)	\$ (1,058.00)	\$ .00	\$ (3,446.24)
(Increase) Decrease in Reserve	.00	1,058.00	.00	1,058.00
Net Change in Unreserve Fund Balances for the Year	\$ (2,388.24)	\$ .00	\$ .00	\$ (2,388.24)
<u>FUND BALANCE - UNRESERVED - JULY 1</u>	2,388.24	.00	.00	2,388.24
<u>FUND BALANCE - UNRESERVED - JUNE 30</u>	.00	.00	.00	.00
	\$ 2,388.24	\$ 2,388.24	\$ 2,388.24	\$ 2,388.24

See accompanying notes and auditors' report.

TOWN OF FARMERVILLE, LOUISIANA  
 FARMERVILLE, LOUISIANA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY COMPONENT UNITS  
 JUNE 30, 1996

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND GROUP		ACCOUNT GROUPS		MEMORANDUM ONLY		TOTAL	
	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	GENERAL ASSETS	GENERAL TERM DEBT	PRIMARY GOVERNMENT	COMPONENTS UNITS	MEMORANDUM ONLY REPORTING ENTITY 1996	
<b>ASSETS AND OTHER DEBITS</b>										
Assets										
Cash	\$ 141,269.45	\$ 3,205.87	\$ .00	\$ 98,418.92	\$ .00	\$ .00	\$ 394,871.59	\$ 6,921.69	\$ 311,793.28	
Investments, at cost or amortized cost	.00	149,594.72	.00	111,049.22	.00	.00	260,643.94	63,185.67	323,829.61	
Receivable (Net of Allowances for Uncollectibles Accounts)	.00	.00	.00	114,115.77	.00	.00	114,115.77	.00	114,115.77	
Services	.00	.00	.00	.00	.00	.00	324,048.12	.00	324,048.12	
Due from other agencies	.00	.00	.00	.00	.00	.00	893.62	.00	893.62	
Accounts Receivable - Other	893.62	.00	.00	.00	.00	.00	43,527.76	.00	43,527.76	
Due From Other Funds	.00	26,995.56	.00	.00	.00	.00	.00	.00	.00	
Restricted Assets										
Cash	4,396.24	.00	.00	14,482.73	.00	.00	18,875.97	.00	18,875.97	
Investment at Cost or Amortization Cost	17,866.23	.00	.00	59,847.72	.00	.00	77,713.95	.00	77,713.95	
Land	.00	.00	.00	25,752.00	108,313.79	.00	134,065.79	.00	134,065.79	
Buildings	.00	.00	.00	.00	383,780.04	.00	383,780.04	.00	383,780.04	
Improvements Other Than Buildings	.00	.00	.00	9,141,278.54	2,198,281.87	.00	11,339,560.41	62,741.00	11,402,301.41	
Accumulated Depreciation	.00	.00	.00	(2,147,800.10)	.00	.00	(2,147,800.10)	.00	(2,147,800.10)	
Other Debits										
Amount Available in Debt Service Funds	.00	.00	.00	.00	.00	179,796.15	179,796.15	.00	179,796.15	
Amount to be provided for Retirement of General Long-Term Debt	.00	.00	.00	.00	.00	1,391,647.45	1,391,647.45	.00	1,391,647.45	
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 164,425.54</b>	<b>\$ 78,509.55</b>	<b>\$ 179,796.15</b>	<b>\$ 7,417,144.60</b>	<b>\$ 2,690,375.70</b>	<b>\$ 1,571,443.60</b>	<b>\$ 12,425,743.46</b>	<b>\$ 132,848.36</b>	<b>\$ 12,558,591.82</b>	
<b>LIABILITIES AND FUND EQUITY</b>										
LIABILITIES										
Voucher Payable	\$ 23,573.10	\$ 24,866.06	\$ .00	\$ 44,083.55	\$ .00	\$ .00	\$ 92,522.82	\$ .00	\$ 92,522.82	
Accrued Liabilities	17,412.37	11,244.12	.00	11,088.33	.00	.00	39,744.82	.00	39,744.82	
Payable from Restricted Assets:										
Deposits	13,720.00	.00	.00	37,015.00	.00	.00	50,735.00	.00	50,735.00	
Due to Other Funds	31,474.01	.00	.00	12,053.75	.00	.00	43,527.76	.00	43,527.76	
Notes Payable	.00	.00	.00	40,000.00	.00	.00	40,000.00	.00	40,000.00	
Estimates and Retainage Payable	.00	.00	.00	324,048.12	.00	.00	324,048.12	.00	324,048.12	
General Obligation Bond Payable	.00	.00	.00	.00	.00	1,569,000.00	1,569,000.00	.00	1,569,000.00	
Accumulated Funds in Excess of Bonds Payable	.00	.00	.00	.00	.00	2,443.60	2,443.60	.00	2,443.60	
<b>TOTAL LIABILITIES</b>	<b>\$ 86,179.48</b>	<b>\$ 36,110.18</b>	<b>\$ 324,048.12</b>	<b>\$ 144,240.74</b>	<b>\$ 2,690,375.70</b>	<b>\$ 1,571,443.60</b>	<b>\$ 2,162,022.12</b>	<b>\$ .00</b>	<b>\$ 2,162,022.12</b>	
<b>EQUITY AND OTHER CREDITS</b>										
Contributed Capital	.00	.00	.00	\$ 6,408,466.50	\$ .00	\$ .00	\$ 6,408,466.50	\$ .00	\$ 6,408,466.50	
Investment in General Fixed Assets	.00	.00	.00	.00	2,690,375.70	.00	2,690,375.70	62,741.00	2,753,116.70	
Retained Earnings:										
Reserved for Water and Sewer Repair	.00	.00	.00	20,029.82	.00	.00	20,029.82	.00	20,029.82	
Unreserved	.00	.00	.00	844,407.74	.00	.00	844,407.74	.00	844,407.74	