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TOWN OF NEW LLAND
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1997
With Comparative Totals for June 30, 1996

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the court, if so required, and is available for public inspection at the Bureau of Records of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 2 1998

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ROZIER, HARRINGTON & MCKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John S. Baker, IV, C.P.A.
M. Dale Harrington, C.P.A.
Scott S. McKay, C.P.A.

100 W. 58th, C.P.A.
Scott S. McKay, C.P.A.

MAILING ADDRESS
P.O. Box 12078
Alexandria, LA 71315-0208

Telephone (504) 342-1888
Telex (504) 451-2907

August 22, 1987

Independent Auditors' Report

The Honorable Vic Smith, Mayor
and Members of the Board of Aldermen
Town of New Llano, Louisiana

We have audited the accompanying general-purpose financial statements of the Town of New Llano, Louisiana as of and for the year ended June 30, 1987, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of New Llano, 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 and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of New Llano, Louisiana, as of June 30, 1987, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 1987, on our consideration of the Town of New Llano, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF NEW LLAND, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
All Governmental Fund Types
For the year ended June 30, 1997
With Comparative Totals for the Year Ended June 30, 1996

			Informational Totals	
	General	Capital Programs	1997	1996
Revenues:				
Taxes:				
Ad valorem	\$ 70,121	\$ -	\$ 18,121	\$ 17,561
Sales tax	75,879	-	75,879	75,574
License and permits:				
Occupational license	65,804	-	65,804	75,687
Franchise	61,381	-	61,381	62,561
Intergovernmental:				
Federative	15,111	-	15,111	15,561
State tax	2,041	-	2,041	3,000
State police	88,211	-	88,211	89,999
Grant revenues	-	-	-	484,000
Miscellaneous:				
Fees	60,125	-	60,125	70,600
Interest	5,114	-	5,114	31,144
Other	7,721	-	7,721	6,750
Total revenues	<u>487,600</u>	<u>-</u>	<u>487,600</u>	<u>873,677</u>
Expenditures:				
General government	87,760	-	87,760	82,707
Public safety	245,806	-	245,806	240,400
Health and Welfare	45,626	-	45,626	47,910
Capital Outlays	34,808	7	34,815	288,361
Total expenditures	<u>413,999</u>	<u>7</u>	<u>413,999</u>	<u>660,478</u>
Excess (deficiency) of revenues over				
expenditures	<u>(26,399)</u>	<u>(7)</u>	<u>(26,399)</u>	<u>(112,099)</u>
OTHER FINANCING SOURCES (USES):				
Granting bonds or	64,000	-	64,000	77,614
Receiving transfers in	-	(20,400)	(20,400)	(55,412)
Total other financing sources (uses)	<u>64,000</u>	<u>(20,400)</u>	<u>43,600</u>	<u>(17,798)</u>
Excess (deficiency) of revenues and				
and other financing sources over				
expenditures and other uses	38,601	(20,407)	18,191	(128,017)
Fund balance - beginning	<u>114,388</u>	<u>28,409</u>	<u>142,797</u>	<u>(80,400)</u>
Fund balance - end of year	<u>\$ 152,989</u>	<u>\$ 7,992</u>	<u>\$ 160,981</u>	<u>\$ (128,717)</u>

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

TOWN OF NEW ILLANO, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
General Fund
 For the year ended June 30, 1993

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 98,000	\$ 91,790	\$ (6,210)
Licenses and permits	123,000	127,580	4,580
Inter-governmental	50,000	110,000	60,000
Miscellaneous	100,000	71,600	(28,400)
Total revenues	<u>361,000</u>	<u>401,000</u>	<u>40,000</u>
Expenditures:			
General and administrative	85,000	97,760	(12,000)
Public safety	209,000	240,000	4,000
Street and drainage	50,000	45,000	(5,000)
Capital/Outlay	20,000	35,140	(15,140)
Total expenditures	<u>364,000</u>	<u>417,900</u>	<u>(13,900)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,000)</u>	<u>(7,900)</u>	<u>4,900</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	80,000	80,000
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(3,000)</u>	<u>72,100</u>	<u>75,100</u>
Fund balance - beginning of year	<u>126,000</u>	<u>126,000</u>	<u>-</u>
Fund balance - end of year	<u>\$ 123,000</u>	<u>\$ 198,100</u>	<u>\$ 75,100</u>

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

TOWN OF NEW ORLEANS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
Proprietary Fund Type
For the year ended June 30, 2007
With Comparative Data for the Year Ended June 30, 2006

	Subsequent Events	
	2007	2006
Operating revenues:		
Water charges	\$ 170,617	\$ 104,117
Service charges	34,044	34,439
Service charges	14,854	5,000
Miscellaneous	521	710
Total operating revenues	219,936	148,266
Operating expenses:		
Water purchases	81,148	80,084
Salaries and wages	36,897	52,279
Materials, supplies, and maintenance	23,767	19,219
Office and postage	3,920	5,200
Payroll taxes	3,700	2,898
Vehicle and travel	3,700	3,400
Insurance	34,664	4,400
Professional fees	4,173	4,139
Miscellaneous	4,210	4,300
Utilities and telephone	11,089	14,071
Contractual printing	478	788
Depreciation	23,647	11,000
Uniforms and equipment rental	1,104	511
Total operating expenses	204,211	170,284
Operating income	15,725	77,982
Nonoperating revenues (or expense)		
Interest income	5,100	5,154
Total nonoperating revenues (expense)	5,100	5,154
Income (loss) before operating transfers	20,825	83,136
Operating transfers (to/from):		
Transfers to	-	49,836
Transfers from	162,390	133,070
Total operating transfers (to/from)	162,390	83,234
Net income (loss)	83,215	166,370
Retained earnings - beginning	164,401	164,190
Retained earnings - end of year	\$ 247,616	\$ 330,560

This accompanying note is an integral part of the financial statements.

TOWN OF NEW LAND, LOUISIANA
STATEMENT OF CASH FLOWS
Proprietary Fund Type
For the year ended June 30, 1997
With Comparative Data for the Year Ended June 30, 1996

	Enterprise Fund	
	1997	1996
Cash flow from operating activities:		
Operating income (loss)	\$ 91,946	\$ 88,749
Adjustments to reconcile operating income (loss) with provided by operating activities:		
Depreciation	28,687	(8,756)
Changes/Decreases in accounts receivable	(9,009)	(22,414)
Changes/Increases in due from other funds	-	8,481
(Decrease) increase in due to other funds	-	(28,817)
(Decrease) increase in accounts payable	8,817	(2,778)
(Decrease) increase in accrued liabilities	1,000	792
(Decrease) increase in contractual liabilities	8,897	(7,727)
Net cash provided (used) by operating activities	142,738	9,054
Cash flows from non-capital financing activities:		
Operating transfers in (out)	(82,200)	11,000
Net cash provided (used) by non-capital financing activities	(82,200)	11,000
Cash flows from capital and related financing activities:		
Dividend fund proceeds	576,073	-
Acquisition and contribution of capital assets	(789,872)	(80,811)
Net cash provided (used) by capital and related financing activities	(213,799)	(80,811)
Cash flows from investing activities:		
Interest and other income	5,100	3,114
Net cash provided (used) by investing activities	5,100	3,114
Net increase (decrease) in cash	76,739	(68,643)
Beginning cash balance	222,124	290,767
Ending cash balance	\$ 298,863	\$ 222,124

Supplemental disclosures of cash flow information:

For the years ended June 30, 1997 and 1996 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

TOWN OF NEW LIANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Town of New Liano (the Town) was incorporated under the provisions of the Louisiana Act and operates under a Mayor-board of Aldermen form of government. The Town provides various services including public safety (police protection), streets and drainage, sanitation, public improvements, utility, water, sewerage and general administrative services.

The accounting and reporting practices of the Town of New Liano, Louisiana, conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of New Liano, Louisiana, is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (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 or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of New Liano, Louisiana, 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 includes:

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 or significance of the relationship.

Based upon the above criteria, the Town of New Liano has no component units for the year ended June 30, 1997.

TOWN OF NEW LLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the Town:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Fund - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

PROPRIETARY FUND

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - 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. The enterprise funds of the Town account for operations of a combined water and sewer system.

ACCOUNT GROUPS

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the Town other than those accounted for in the Proprietary Funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as current assets. Taxpayer-assessed income, grants receipts, and sales taxes are considered "measurable" when in the hands of the Town and are recognized as revenue at

TOWN OF NEW ILLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1986.

Budgetary Practices

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed budget for the general fund for the upcoming year and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of that year. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and prior to the commencement of the new year, the budget is legally enacted through passage of an ordinance.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Mayor and Board of Aldermen. Such amendments were not material in relation to the original appropriations.

TOWN OF NEW LLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town may invest in U.S. bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if original maturities are 90 days or less, they are classified as cash equivalents. The Town had no investments at June 30, 1997.

Due To/From Other Funds

Amounts in each fund listed as due to/from are offset by corresponding entries in other funds. Funds shown as such are considered available for expenditure unless specifically restricted within the statements. Interfund receivables and payables are not eliminated in the preparation of combined financial statements.

Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and they are reported as expenditures in the governmental fund types when purchased. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost including interest, unless they were donated in which case they are valued at fair market value at the date of donation. At June 30, 1997, there were no material amounts of donated assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. As of and for the year ended June 30, 1997, there was no activity in the General Long-Term Debt Group.

These two account groups are not "funds." They are considered only with the measurement of financial position. They are not involved with measurement of results of operations.

Fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund at historical cost including interest. For the year ended June 30, 1997, total interest costs capitalized amounted to \$7,836. Depreciation of all exhaustible fixed assets used by proprietary fund is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over

TOWN OF NEWLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility	
Water Lines and System	50 years
Fire Hydrants	10 years
Meters	10 years
Equipment	5-7 years
Sewer Utility	
Lines and System	50 years
Trucks	5 years
Equipment	5-20 years

Contributed Capital

In the Enterprise Funds, amounts contributed to the Town for acquisition or construction of fixed assets are recorded as contributed capital. Depreciation of these contributed capital assets is computed using the straight-line method over the estimated useful lives of the assets and is charged as a current period expense.

Reserves

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

Statement of Cash Flows

The Town has adopted Government Auditing Standards Board Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." This statement requires entities to report a statement of cash flows as part of a full set of financial statements instead of reporting a statement of changes in financial position. For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank and certificates of deposit.

For the year ended June 30, 1997, there were no material non-cash investing activities or non-capital and related financing activities.

Compensated Absences

It is not practical to estimate the amount of compensation for future absences under the Town's accounting system. Accordingly, no liability is recorded. The Town's policy is to recognize the cost of compensated absences when actually paid to employees.

TOWN OF NEWELLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

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

Total Columns on Combined Statements - Overview

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

Bad Debt

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account based on historical information which would indicate the uncollectibility as a percentage of the particular receivable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

TOWN OF NEWELLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
 June 30, 1997

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 1997 cash and cash equivalents totaled \$512,824 (Bank Balance) and \$539,355 (Bank Balance). The composition of these accounts is as follows:

	Bank Balance	Bank Balance
Demand Deposits - Non-Interest Bearing	\$ 268,161	\$ 304,992
Interest Bearing Checking and Certificates of Deposit	214,363	214,363
Petty Cash	<u>300</u>	<u>0</u>
Total Cash	\$ 512,824	\$ 539,355

Under state law, these deposits must be secured by Federal Deposit Insurance or the pledge of securities owned by the bank. The securities pledged are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1997 all deposits with financial institutions were fully covered by federal deposit insurance and pledged securities. A detailed analysis of this coverage is as follows:

Total Cash at June 30, 1997 (Bank Balance)	\$ 539,355
Less FDIC Coverage	(200,000)
Subtotal	339,355
Less Securities Pledged to Town But held in the Name of the Financial Institution (Uncollateralized - GASB Category 3)	<u>839,883</u>
Excess of FDIC Insurance and Pledged Securities	\$ 500,522

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the pledging bank has failed to pay deposited funds upon demand.

NOTE 3 - AD VALOREM

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 1997, taxes of 4.0 mills were levied on property and were dedicated to general corporate purposes. There were no material amounts of taxes receivable at June 30, 1997.

TOWN OF NEW LAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 4 - RECEIVABLES

The receivables at June 30, 1997, are as follows:

	General Fund	Enterprise Fund	Memorandum Total
Charges for Services	\$ ---	\$ 81,880	\$ 81,880
Other	42,000	---	42,000
Allowance for Uncollectibles	---	(23,500)	(23,500)
Totals	<u>\$ 42,000</u>	<u>\$ 58,380</u>	<u>\$ 100,380</u>
Due from Other Governments	<u>24,780</u>	<u>---</u>	<u>24,780</u>
Receivables Net	<u>\$ 17,220</u>	<u>\$ 58,380</u>	<u>\$ 75,600</u>

NOTE 5 - GENERAL FIXED ASSETS

A summary of changes in general fixed assets, at cost, follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Buildings and Land Improvements Other	\$ 107,155	\$ ---	\$ ---	\$ 107,155
Than Buildings	690,721	20,091	---	710,812
Equipment	<u>350,801</u>	<u>3,645</u>	<u>---</u>	<u>354,446</u>
	<u>\$1,058,677</u>	<u>\$ 24,736</u>	<u>\$ ---</u>	<u>\$1,083,413</u>

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of the property and equipment in the Enterprise Fund at June 30, 1997, consists of the following:

Land	\$ 28,835
Building	4,400
Distribution System	624,180
Equipment	54,000
Vehicles	20,080
Construction in Progress	<u>700,212</u>
	1,612,257
Less Accumulated Depreciation	<u>(182,811)</u>
Net Property and Equipment	<u>\$1,429,446</u>

TOWN OF NEW LENO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
 June 30, 1997

NOTE 7 - WATER CONTRACT

The Town has a contract with the City of Leesville for the purchase of water. The contract has a primary term of seven (7) years commencing April 1, 1994. There are no minimum payments required under the contract except for amounts of actual delivery, with the rate set at ninety cents (\$.90) per one thousand (1,000) gallons for the entire contract period.

NOTE 8 - RISK MANAGEMENT

Town of New Leno is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 9-BOARD MEMBER SALARIES

For the year ended June 30, 1997, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

Name	Position	Salary
Vic Smith	Mayor	\$ 8,700
Carolyn Todd	Alderman	2,900
Bruce Crier	Alderman	2,900
Jeremy Stewart	Alderman	2,700
Ernest Phineuf	Alderman	2,800
Ronald Marzano	Alderman	2,700
Totals		<u>\$ 22,300</u>

NOTE 10- CONTRIBUTED CAPITAL

Changes in contributed capital account for the year ended June 30, 1997, are as follows:

	Enterprise Fund
Balance at June 30, 1996	\$790,046
Additions	<u>0</u>
Balance at June 30, 1997	<u>\$790,046</u>

TOWN OF NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 11- LONG TERM DEBT

Notes payable in the Enterprise Fund represent money borrowed from the Louisiana Department of Environmental Quality for Phase II of the Sewer Treatment Facility. Funds are drawn for the project as needed and are not to exceed \$1,000,000 in total. At June 30, 1997, the principal balances of funds drawn totaled \$770,472. The notes bear an interest rate of 2.45% per annum with interest payments due semi-annually and commencing September 1, 1998. Principal payments are due annually with payments commencing March 1, 1999 and ending March 1, 2017. A summary by years of the principal payments owed on their notes are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Principal</u> <u>Payments</u>
1998	40,000
1999	40,000
2000	40,000
2001	40,000
2002	40,000
Thereafter	570,472
Total	770,472

ROZIER, HARRINGTON & MCKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John S. Rozier, M. C.P.A.
M. Gail Harrington, C.P.A.
Mark S. McKay, C.P.A.

Lee W. Yarb, C.P.A.
Russ S. Harris, C.P.A.

MAILING ADDRESS
P.O. Box 12178
Alexandria, LA 71315-2178

Telephone (504) 332-1558
Telex (504) 481-2857

August 22, 1997

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mc Smith, Mayor
and Members of the Board of Aldermen
Coffey, Louisiana

We have audited the financial statements of the Town of New Llano, Louisiana as of and for the year ended June 30, 1997, and have issued our report thereon dated August 22, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of New Llano, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 97-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of New Llano, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of New Llano, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Members
American Institute of Certified Public Accountants - Society of Louisiana, CIMA

The Honorable Vic Smith, Mayor
and the Board of Aldermen
August 22, 1997
Page 2

Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 97-2 and 97-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF NEW LLANO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
Year Ended June 30, 1997

- 97-1 Louisiana statute requires that the budget be submitted for public inspection fifteen (15) days prior to year end and approved prior to the beginning of the ensuing fiscal year. For the year ended June 30, 1996, the above budgetary process was not completed until July 23, 1996.
- 97-2 In order to maintain control of fixed assets and to serve as documentation for insurance purposes, we recommend that an inventory of the fixed assets be completed by each department.
- 97-3 As noted in the prior year, the current billing program does not produce aged accounts receivable reports, transaction histories or records of adjustments to individual accounts. Roder, Harrington and McKay did note that the Town has purchased a new utility billing system, which we believe will adequately address the above concerns. However, as of the date of this report, the new system has not been installed.