

The management of the Town of New Llano, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of non-compliance 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:

General Requirements

Political Activity
Davis-Bacon Act
Cash Management
Allowable Cost/Cost Principles
Administrative Requirements

Specific Requirements

Types of Services
Reporting
Special Tests and Provisions

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 New Llano, Louisiana, expended 100 percent of its federal financial assistance under the Louisiana Community Development Block Grant.

We performed tests of controls, as required by OMB Circular A-133, 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 non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the aforementioned major programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



ROGER, HARRINGTON & MCKAY
Certified Public Accountants

BOZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 70001

John E. Bozier, IV, C.P.A.
M. Dale Harrington, C.P.A.
Mark S. McKay, C.P.A.

Lee W. Webb, C.P.A.
Garry J. Layfield, C.P.A.
Scott S. Smith, C.P.A.

MAILING ADDRESS
P.O. Box 1128
Alexandria, LA 71102-0128

Telephone (504) 885-1800
Telex (504) 487-0307

October 10, 1996

SINGLE AUDIT REPORT ON COMPLIANCE WITH
THE FEDERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Town of New Llano, Louisiana as of and for the year ended June 30, 1996 and have issued our report thereon dated October 10, 1996.

We have applied procedures to test the Town's compliance with the following requirements applicable to the Louisiana Community Development Block Grant Program for the year ended June 30, 1996:

Political Activity

Davis-Bacon Act

Civil Rights

Administrative Requirements

Cash Management

Allowable Cost/Cost Principles

Drug-Free Workplace Act

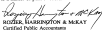
Our procedures were limited to the applicable procedures described in the Office of Management and Budget Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the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

Attorneys

American Institute of Certified Public Accountants - Society of Louisiana, CPAs

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


DOUGLAS HARRINGTON & MCKAY
Certified Public Accountants

We considered these instances of noncompliance in forming our opinion on whether the Town of New Llano, Louisiana's 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 30, 1996, on these general purpose financial statements.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Town of New Llano in a separate letter dated October 10, 1996.

This report is intended for the information of management. This notation is not intended to limit the distribution of this report, which is a matter of public record.


ROGER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF NEW LLEANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of the property and equipment in the Enterprise Fund at June 30, 1996, consists of the following:

Land	\$ 38,835
Building	4,408
Distribution System	882,296
Equipment	48,782
Vehicles	20,058
Construction in Progress	<u>44,873</u>
	1,037,358
Less Accumulated Depreciation	<u>(154,166)</u>
Net Property and Equipment	<u>\$ 873,212</u>

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 rates set at ninety cents (\$.90) per one thousand (1,000) gallons for the entire contract period.

NOTE 8 - RISK MANAGEMENT

Town of New Llano is exposed to various risks of loss related to theft, 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.

TOWN OF NEW LLAND, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1996

NOTE 10 - BOARD MEMBER SALARIES

For the year ended June 30, 1996, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

Name	Position	Salary
W. Smith	Mayor	\$ 8,700
Carolyn Todd	Alderman	2,500
Bruce Cryer	Alderman	2,500
Sammy Stewart	Alderman	2,500
Grant Phares	Alderman	2,500
Ronald Monroze	Alderman	2,500
Totals		<u>\$ 21,600</u>

NOTE 11 - PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 1994, the activity of the Louisiana Community Development Block Grant Program was accounted for in the Enterprise Fund. The Grant requires this activity be accounted for in a Capital Projects Fund. A prior period adjustment has been made to properly account for this Grant.

NOTE 12 - CONTRIBUTED CAPITAL

Changes in contributed capital account for the year ended June 30, 1996, are as follows:

	<u>Enterprise Fund</u>
Balance at June 30, 1995	\$ 114,885
Additions	<u>855,161</u>
Balance at June 30, 1996	<u>\$ 970,046</u>

ROZIER, HARRINGTON & MCKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

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

MOBILE OFFICE
P.O. Box 1178
Mossburn, LA 71313-0178

Lee R. Wills, C.P.A.
Shirley A. Layfield, C.P.A.
Scott S. Smith, C.P.A.

Telephone (504) 841-0668
Telex/cable (504) 487-0287

October 18, 1996

**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF FEDERAL ASSISTANCE**

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

We have audited the general purpose financial statements of the Town of New Llano, Louisiana for the year ended June 30, 1996, and have issued our report thereon dated October 18, 1996. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of New Llano, 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.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF NEW LLAND, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1996

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 1996 cash and cash equivalents totaled \$395,188 (Bank Balance) and \$403,407 (Bank Balance). The composition of these accounts is as follows:

	Bank Balance	Bank Balance
Demand Deposits -		
Non-Interest Bearing	\$ 148,806	\$ 156,125
Interest Bearing Checking and Certificates of Deposit	247,282	247,282
Petty Cash	<u>100</u>	<u>0</u>
Total Cash	<u>\$ 395,188</u>	<u>\$ 403,407</u>

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, 1996 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, 1996 (Bank Balance)	\$ 403,407
Less FDIC Coverage	<u>(200,000)</u>
Subtotal	<u>203,407</u>
Less Securities Pledged to Town But held in the Name of the Financial Institution (Uncollateralized - CASH Category 3)	<u>(68,248)</u>
Excess of FDIC Insurance and Pledged Securities	<u>\$ 482,248</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of CASH 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 taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

TOWN OF NEW ORLEANS, LOUISIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 1996

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grant Revenues</u>	<u>Expenditures</u>
Louisiana Community Development Block Grant	14.228	484,035	484,035

TOWN OF NEW LLANO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1996

NOTE 3 - AD VALOREM (Continued)

For the year ended June 30, 1996, 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, 1996.

NOTE 4 - RECEIVABLES

The receivables at June 30, 1996, are as follows:

	General Fund	Enterprise Fund	Nonconsolidated Total
Charges for Services	\$ 18,566	\$ 71,947	\$ 71,947
Other			18,566
Allowance for Uncollectibles		<u>(23,500)</u>	<u>(23,500)</u>
Totals	<u>\$ 18,566</u>	<u>\$ 48,447</u>	<u>\$ 67,013</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	\$ 51,867	\$ 55,288	\$	\$ 107,155
Than Buildings	514,696	15,125		529,821
Equipment	<u>343,427</u>	<u>3,828</u>	<u> </u>	<u>347,255</u>
	<u>\$ 910,000</u>	<u>\$ 74,241</u>	<u>\$</u>	<u>\$1,004,241</u>

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John S. Rozier, IV, C.P.A.
M. Dale Harrington, C.P.A.
Mark E. McKay, C.P.A.

MAILING ADDRESS
P.O. Box 1338
Alexandria, LA 71302-0138

Lee W. Wells, C.P.A.
Shady L. LeBlanc, C.P.A.
David S. Harris, C.P.A.

Telephone (504) 981-1400
Telexphone (504) 481-1400

October 10, 1996

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO**

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

We have audited the general purpose financial statements of the Town of New Llano, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated October 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town is the responsibility of the Town's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of 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. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards by which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Town of New Llano, Louisiana's 1996 financial statements.

The Town of New Llano, Louisiana, failed to comply with certain statutory requirements regarding the budget by overspending total budgeted expenditures by greater than five percent (5%). The general purpose financial statements do not include an adjustment for any liability that may result from the actions of the entity in relation to violation of the budget.

-Attorneys-

American Institute of Certified Public Accountants - Society of Louisiana, CPA

RECEIVED
DEC 10 1996
DEC 10 11 09 AM

STATE
POLICE
DO NOT OPEN CASE
State Property
Claims from this
Case are PAID
HERE IN 1996

TOWN OF NEW LLANO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1996
With Comparative Totals for June 30, 1995

20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, 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 10 1996

DEC 10 1996

ROZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

1401 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John E. Rozier, III, C.P.A.
W. Dale Harrington, C.P.A.
Mark D. McKay, C.P.A.

MEMPHIS OFFICE
P.O. Box 11176
Memphis, GA 38111-0176

Lee W. Mills, C.P.A.
Orsley L. Lambert, C.P.A.
David S. Smith, C.P.A.

Telephone (915) 621-1600
Telex (915) 487-2077

October 10, 1996

The Honorable Mayor and
Board of Aldermen
Town of New Llano, Louisiana

In planning and performing our audit of the financial statements of the Town of New Llano, for the year ended June 30, 1996, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding these matters are provided as follows:

DELINQUENT UTILITY COLLECTIONS:

Past due amounts have increased by approximately \$10,000 over the last year. Most of these additional delinquent accounts are eventually being collected, however, customer payments are slow. Our research determined that over thirty percent (30%) of total monthly billings are not being collected within the allotted due dates.

We recommend that New Llano review its current procedures and establish a more uniform collection and cutoff policy. Furthermore, we recommend that Mayoral approval be obtained for any delay of cutoff procedures. This will ensure equitable cutoff and billing procedures for all New Llano citizens while allowing for certain hardships and emergency situations.

BUDGETING:

State Law requires the inclusion of a budget message which provides a description of important features along with a summary of the financial plan, policies, objectives, assumptions, and budgetary basis. In addition, the State requires the budget to be published in the Town's official journal prior to the public hearing addressing the budget. Also, budgets for future years and any amendments to those budgets should be published ten days before conducting public hearings.

TOWN OF NEW ELAND, LOUISIANA

STATEMENT OF CASH FLOWS

Fiscal Year Type

For the year ended June 30, 1999

With Comparative Totals for the Year Ended June 30, 1998

	Fiscal Year Type	
	1999	1998
Cash flow from operating activities:		
Operating income (loss)	\$ 69,808	\$ 111,659
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	11,739	6,414
(Increase) decrease in accounts receivable	(12,833)	14,014
(Increase) decrease in due from other funds	8,991	-
(Increase) increase in due to other funds	(26,839)	(19,211)
(Increase) increase in accounts payable	(5,278)	4,411
(Increase) increase in accrued liabilities	790	632
(Increase) increase in restricted liabilities	2,737	1,411
	<u>2,962</u>	<u>53,211</u>
Net cash provided (used) by operating activities	<u>72,770</u>	<u>164,870</u>
Cash flow from non-capital financing activities:		
Operating leases to (for)	15,000	-
Net cash provided (used) by non-capital financing activities	<u>15,000</u>	<u>-</u>
Cash flow from capital and related financing activities:		
Acquisition and construction of capital assets	(28,813)	(28,690)
Net cash provided (used) by capital and related financing activities	<u>(28,813)</u>	<u>(28,690)</u>
Cash flow from investing activities:		
Interest and other income	1,111	5,028
Net cash provided (used) by investing activities	<u>1,111</u>	<u>5,028</u>
Net increase (decrease) in cash	19,068	69,767
Beginning cash balance	301,660	231,893
Ending cash balance	<u>\$ 320,728</u>	<u>\$ 301,660</u>

Supplemental disclosure of cash flow information:

For the years ended June 30, 1998 and 1997 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

TOWN OF NEW LLANO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1996

NOTE 9 - CAPITAL PROJECTS

Capital project activity for the year ended June 30, 1996, is summarized as follows:

	LCHDC Sewer Treatment System Project (Phase II)	Other Miscellaneous Projects	Total
Revenues	\$ 484,035	\$ 125	\$484,160
Expenditures	<u>484,035</u>	<u>49,685</u>	<u>533,720</u>
Excess Revenues Over Expenditures	-	(49,410)	(49,410)
Operating Transfer In	<u>-</u>	<u>35,481</u>	<u>35,481</u>
Excess Revenues and Other Sources Over Expenditures	-	(13,929)	(13,929)
Fund Balance, Beginning	<u>-</u>	<u>34,332</u>	<u>34,332</u>
Fund Balance, Ending	<u>-</u>	<u>\$ 20,403</u>	<u>\$ 20,403</u>

LCHDC Sewer Treatment System Project (Phase I) - The Town has been awarded a Louisiana Community Development Block Grant for the first phase of the construction and related improvements of the sewer treatment system. At June 30, 1996, Phase I of the project was 100% complete. Expenditures since inception of the project are summarized as follows:

	Construction/ Engineering	Acquisition	Administration	Totals
Current Year	\$ 476,833	\$	\$ 7,300	\$ 484,133
Previous Years	<u>147,058</u>	<u>16,790</u>	<u>24,328</u>	<u>188,176</u>
Total Expenditures	623,891	16,790	31,728	672,411
Local Funds	<u>117,250</u>	<u>117,250</u>	<u>117,250</u>	<u>351,750</u>
Federal Funds	<u>\$ 506,641</u>	<u>\$ 9,540</u>	<u>\$ 21,728</u>	<u>\$ 537,909</u>

Other Miscellaneous Projects - Includes funds which were previously restricted for the use of general fund construction. During the year, funds were utilized for various street repairs and improvements.

TOWN OF NEW LLANO, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
Proprietary Fund Type
 For the year ended June 30, 2009.
 With Comparative Totals for the Year Ended June 30, 2008

	Proprietary Funds	
	2009	2008
Revenues		
Water charges	\$ 208,000	\$ 201,000
Service charges	70,000	70,000
Service charges	5,000	5,000
Miscellaneous	000	-
Total operating revenues	283,000	276,000
Expenses		
Plant purchase	20,000	20,000
Salaries and wages	207,700	200,000
Materials, supplies, and maintenance	70,000	70,000
Office and postage	2,000	2,000
Facilities costs	2,000	2,000
Travel and travel	2,000	2,000
Insurance	5,000	5,000
Professional fees	2,000	2,000
Miscellaneous	2,000	2,000
Utilities and telephone	14,000	14,000
Telephone/cabling	000	000
Depreciation	10,000	10,000
Bad debts	-	20,000
Utilities and equipment/rental	500	-
Total operating expenses	350,500	330,000
Operating income	32,500	46,000
Dispositional revenues (expense)		
Interest expense	(3,000)	(3,000)
Total dispositional revenues (expense)	(3,000)	(3,000)
Income (loss) before operating transfers	29,500	43,000
Operating transfers (to) (of)		
Transfers-in	000	-
Transfers-out	(25,000)	-
Total Operating Transfers (to) (of)	(25,000)	-
Net Income (Loss)	4,500	43,000
Retained earnings - beginning	243,000	141,000
Other period adjustments	-	(25,000)
Retained earnings at (ended)	243,000	116,000
Retained earnings - end of year	\$ 248,500	\$ 241,000

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

TOWN OF NEW ILLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absence

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.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/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 all valuers taxes and customers' utility accretions are recognized as bad debts through the establishment of an allowance account based on historical information which would indicate the uncollectibility of a percentage of the particular receivable.

TOWN OF NEW LLANO, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

General Fund

For the year ended June 30, 1996

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 98,000	\$ 97,396	\$ (604)
License and permits	88,000	108,800	20,800
Impregmentental	31,000	37,884	6,884
Miscellaneous	80,000	88,215	(11,987)
Total revenues	<u>297,000</u>	<u>332,395</u>	<u>35,395</u>
Expenditures:			
General and administrative	171,180	92,915	78,265
Public safety	224,050	238,855	(14,805)
Street and drainage	48,000	48,319	3,319
Capital Outlays	80,000	82,665	(2,665)
Total expenditures	<u>523,230</u>	<u>662,754</u>	<u>(139,524)</u>
Excess (deficiency) of revenues over expenditures	<u>(226,230)</u>	<u>(330,359)</u>	<u>(104,129)</u>
OTHER FINANCING SOURCES (USES)			
Opening transfers in	103,000	41,900	(61,100)
Opening transfers out	-	(84,400)	(84,400)
Total other financing sources (uses)	<u>103,000</u>	<u>(42,500)</u>	<u>(145,900)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>24,000</u>	<u>(378,859)</u>	<u>(402,859)</u>
Fund balance - beginning of year	<u>282,855</u>	<u>282,855</u>	<u>-</u>
Fund balance - end of year	<u>\$ 306,855</u>	<u>\$ 103,996</u>	<u>\$ (202,859)</u>

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

TOWN OF NEW LLANO, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
All Governmental Fund Types
For the year ended June 30, 2004
With Comparative Totals for the Year Ended June 30, 2003

	Fiscal	Capital	Debt	Measurement Years	
				2003	2004
Revenues					
Taxes:					
Ad valorem	\$ 11,624	\$ -	\$ -	\$ 17,603	\$ 18,136
Sales tax	79,792	-	-	79,363	89,477
Licenses and permits					
Occupational license	77,689	-	-	76,489	75,049
Franchise	43,611	-	-	42,471	77,894
Intergovernmental					
Tuition/fees	11,434	-	-	12,571	12,596
Grant fee	1,000	-	-	3,604	3,214
Utility fees	26,749	-	-	26,449	28,000
Grants/contracts	1,620	499,870	-	494,464	421,782
Miscellaneous					
Fees	76,000	-	-	76,000	94,871
Interest	2,777	100	500	3,149	1,200
Other	4,976	-	-	6,026	7,177
Total revenues	<u>179,776</u>	<u>499,970</u>	<u>500</u>	<u>473,605</u>	<u>478,914</u>
Expenditures					
General government	92,470	-	-	82,414	81,508
Maintenance	176,000	-	-	186,884	181,805
Interest and debt service	40,139	-	-	45,077	51,948
Capital outlay	65,863	470,706	-	536,423	441,915
Total expenditures	<u>374,472</u>	<u>470,706</u>	<u>-</u>	<u>750,801</u>	<u>757,176</u>
Excess (deficiency) of revenues over					
expenditures	<u>(194,696)</u>	<u>(70,736)</u>	<u>(500)</u>	<u>(277,196)</u>	<u>(278,262)</u>
Change in fund balance available for					
operating purposes in					
operating activities are	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
	<u>(24,200)</u>	<u>-</u>	<u>(27,000)</u>	<u>(90,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,200)</u>	<u>22,000</u>	<u>(27,000)</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of revenues and					
and other financing sources over					
expenditures and other uses	<u>(16,400)</u>	<u>(47,736)</u>	<u>(27,000)</u>	<u>(102,196)</u>	<u>(278,262)</u>
Fund balance - beginning	<u>26,000</u>	<u>14,000</u>	<u>7,000</u>	<u>29,000</u>	<u>29,000</u>
Fund balance - end of year	<u>9,600</u>	<u>34,000</u>	<u>14,000</u>	<u>26,804</u>	<u>10,738</u>
Fund balance - total year	<u>\$ 35,600</u>	<u>\$ 48,000</u>	<u>\$ 21,000</u>	<u>\$ 55,804</u>	<u>\$ 39,738</u>

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

TOWN OF NEW LEANS, LOUISIANA
COMPREHENSIVE FINANCIAL STATEMENTS - ALL FUND TYPES AND ACCOUNTING PERIODS

June 30, 2025
 With Comparative Data for June 30, 2024

Assets	Governmental Fund		Capital Services	Enterprise		Account Groups		Governmental Funds	
	General	Capital Services		Enterprise	Enterprise	Plant assets	Other	Other	Other
Code include explanation									
Revenues (and deferred to 2025)	\$ 14,041	\$ 0	-	\$ 14,041	-	\$ -	-	\$ 14,041	\$ 170,038
Other	8,556	-	-	48,487	-	-	-	47,043	20,681
Due from other funds	-	-	-	0	-	-	-	0	0
Due from other governments	13,417	-	-	-	-	-	-	13,417	50,850
Revenues and other assets	-	-	-	64,728	-	-	-	64,728	20,681
Property and equipment (and accumulated depreciation)	-	-	-	87,124	-	-	-	87,124	1,061,819
Total assets	\$ 35,774	\$ 0	\$ -	\$ 174,080	\$ -	\$ 1,061,819	\$ -	\$ 1,235,959	\$ 1,323,419
Liabilities and fund equity									
Liabilities									
Accounts payable	\$ 2,975	\$ -	\$ -	\$ 4,411	\$ -	\$ -	\$ -	\$ 4,411	\$ 28,170
Accrued liabilities	5,835	\$ -	-	3,756	-	-	-	9,441	14,176
Payroll disbursements	-	-	-	6,754	-	-	-	6,754	9,940
Customer deposits	-	-	43	-	-	-	-	43	2,095
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	\$ 8,810	\$ 0	\$ -	\$ 14,921	\$ -	\$ -	\$ -	\$ 21,359	\$ 53,381
Fund equity									
Residual (Funded) Resources	-	-	-	-	-	1,061,819	-	1,061,819	62,169
Capital assets	-	-	-	99,144	-	-	-	99,144	1,000
Unassigned	-	-	-	14,467	-	-	-	14,467	28,339
Reserve	-	-	-	-	-	-	-	-	4,974
Non-current liabilities	-	-	-	-	-	-	-	-	25,256
Total fund equity	\$ 0	\$ 0	\$ -	\$ 113,611	\$ -	\$ 1,061,819	\$ -	\$ 1,175,680	\$ 120,838
Total liabilities and fund equity	\$ 8,810	\$ 0	\$ -	\$ 14,921	\$ -	\$ 1,061,819	\$ -	\$ 1,197,039	\$ 1,444,257

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

We noted certain 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 judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Fixed Assets

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. A standardized form should be used so that all necessary information can be collected. The information need is as follows:

- | | |
|--------------------------|--------------------------------|
| 1. Description of Assets | 4. Estimated Purchase Date |
| 2. Identification Number | 5. Estimated Original Cost |
| 3. Year/Make/Model | 6. Estimated Replacement Value |

We also recommend that, during the inventory and for subsequent equipment purchases, the equipment be marked with a special identification number (a sticker, tag, or other form can be used) to facilitate the taking of future inventories.

Dual Signatures

An important component of the internal control structure is a policy requiring two signatures for each disbursement. Based on our examination of the Town's checkbook, we determined that some of the unused checks were signed in advance. By signing blank checks the Town has circumvented the policy requiring two signatures for each disbursement.

In order to ensure that the Town's funds are disbursed in the proper manner, we recommend voiding each document that has been signed in advance. In the future, checks should be signed only when the payee and amount portions are complete.

We recommend a thorough review of budget requirements to ensure that future budgets fully comply with State Law.

ACCRUED LEAVE:

The Town's policy states that employees forfeit accrued sick leave upon termination; however, during the course of our engagement, we encountered an instance when an employee was mistakenly compensated for accrued sick leave upon termination of employment. We recommend requesting that this amount be repaid to the Town.

We will be available at your convenience to discuss our comments and suggestions in greater detail. Our firm will also be available to assist in implementing these recommendations.

Sincerely,


KEVIN L. HARRINGTON & MARY
Certified Public Accountants


ALAN S. ROGERS, IV
Partner

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	3
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	3
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (GAAP Basis) and Actual - General Fund	4
Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type	5
Statement of Cash Flows Proprietary Fund Type	6
Notes to Financial Statements	7-17
Independent Auditors' Report on Schedule of Federal Assistance	18
Schedule of Federal Financial Assistance	19
Independent Auditors' Report on Compliance with Laws and Regulations Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards Issued by the GAO	20-21
Independent Auditors' Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Conducted in Accordance with Government Auditing Standards	22-24
Single Audit Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs	25-26
Single Audit Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	27-28
Single Audit Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs	29-31

TOWN OF NEW LLIANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Town of New Llano (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 Llano, 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 Llano, 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 Llano, Louisiana, for financial reporting purposes. The basic criteria 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.

BOZIER, HARRINGTON & McKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John S. Bozier, Jr., C.P.A.
M. Dale Harrington, C.P.A.
Mark S. McKay, C.P.A.

MAILING ADDRESS
P.O. Box 1179
Monroe, LA 71219-0179

Lee W. Wills, C.P.A.
Grady J. Layfield, C.P.A.
Brid S. Smith, C.P.A.

Telephone (504) 484-0668
Telex (504) 487-0187

October 30, 1996

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

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

We have audited the general purpose financial statements of the Town of New Llano, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated October 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements.

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

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

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

Billing System

During fieldwork, Rouse, Harrington & McKay noted that the current billing program does not produce aged accounts receivable reports, transaction histories or records of adjustments to individual accounts. The inadequacies of the report functions of this system could prove to have serious internal control implications in the future. The Town has simply outgrown the capabilities of the current system. We recommend that the Town consider the need to purchase a new billing system.

Management's Response

The material weakness that existed on June 30, 1996, was subsequently corrected. Correction was accomplished by replacing the utility billing system. Management believes that the new system will adequately address the Town's current and future needs.

We also noted certain matters involving the internal control structure and its operation that we have reported to management in a separate letter dated October 10, 1996.

This report is intended for the information of the management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


ROUSE, HARRINGTON & MCKAY
Certified Public Accountants

ROZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

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

MAILING ADDRESS
P.O. Box 1179
Monroe, La. 71103-1179

Lee W. Williams, C.P.A.
Stratton J. Layfield, C.P.A.
Rosal E. Stone, C.P.A.

Telephone (504) 443-8000
Telex (504) 497-2827

October 30, 1996

SINGLE AUDIT REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Town of New Llano, Louisiana, as of and for the year ended June 30, 1996 and have issued our report thereon dated October 10, 1996.

We have also audited Town of New Llano, Louisiana's, (the Town's), compliance with the requirements governing the types of services allowed or unallowed, reporting and special tests and provisions 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. The management of the Town of New Llano, Louisiana, is responsible for the Town's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements 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 OMB Circular A-128, *Audit 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 New Llano, 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 instances of noncompliance with the requirements referred to above.

In our opinion, the Town of New Llano, Louisiana, complied, in all material respects, with the requirements governing the types of services allowed or unallowed, special taxes and provisions 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 management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



ROGER, HARRINGTON & MCKAY
Certified Public Accountants

ROZIER, HARRINGTON & McKAY

CERTIFIED PUBLIC ACCOUNTANTS

DEPT. PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

Mike B. Rozier, IV, C.P.A.
M. Dale Harrington, C.P.A.
Matt S. McKay, C.P.A.

MAILING ADDRESS
P.O. Box 11719
Baton Rouge, LA 70811-1179

Lee W. Mills, C.P.A.
Orrin L. Layland, C.P.A.
Hud S. Mills, C.P.A.

Telephone (504) 443-1000
Teletype (504) 481-2627

October 30, 1996

SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements of the Town of New Llano, Louisiana, as of and for the year ended June 30, 1996 and have issued our report thereon dated October 30, 1996. We have also audited the Town of New Llano, Louisiana's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated October 10, 1996.

We conducted our audits in accordance with generally accepted auditing standards, *Governor Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, *Audit of State and Local Governments*. Those standards and OMB Circular A-133 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 about whether the Town complied with laws and regulations, non-compliance with which would be material to a federal financial assistance program.

In planning and performing our audits 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 opinions on the Town's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-133. 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 10, 1996.

(Members)

American Institute of Certified Public Accountants - Society of Louisiana, CPAs

TOWN OF NEW LIANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Based upon the above criteria, the Town of New Liano has no component units for the year ended June 30, 1998.

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.

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

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 FUNDS

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 Fund Asset Account Group - This group of accounts is used to account for fund assets of the Town other than those accounted for in the Proprietary Funds.

TOWN OF NEW LLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of the Town and are recognized as revenue at 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.

Budgets and 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.

TOWN OF NEW LLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 as June 30, 1996.

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.

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 recorded as expenditures in the governmental fund types when purchased. The Town has elected to capitalize public domains ("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, unless they were donated in which case they are valued at fair market value at the date of donation. At June 30, 1996, 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, 1996, there was no activity in the General Long-Term Debt Group.

TOWN OF NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Flood assets used in the proprietary fund type operations are included on the balance sheet of the fund at historical cost. Depreciation of all exhaustible flood 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 the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility	
Water Lines and Systems	50 years
Pipe Hydrants	10 years
Meters	10 years
Equipment	5-7 years
Sewer Utility	
Lines and System	50 years
Trunks	3 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, 1996, there were no material non-cash investing activities or non-capital and related financing activities.

ROZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John A. Rozier, IV, C.P.A.
M. Dale Harrington, C.F.A.
Mark S. McKay, C.P.A.

MAILING ADDRESS
P.O. Box 1279
Alexandria, La 71302-2709

Lee W. Miller, C.P.A.
Owen L. Spelman, C.P.A.
Neil S. Nantz, C.F.A.

Telephone (504) 461-1400
Telex (504) 461-1401

October 30, 1996

Independent Auditor's Report

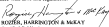
The Honorable Vic Smith, Mayor
and Members of the Board of Aldermen
Town of New Llano, Louisiana

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

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. 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 amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with Government Auditing Standards, we have also issued a report dated October 10, 1996, on our consideration of the Town of New Llano, Louisiana's internal control structure and a report dated October 30, 1996 on its compliance with laws and regulations.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants