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TOWN OF HAYNESVILLE, LOUISIANA

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Financial Statements

June 30, 1999

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Raymond H. ...
JAN 2 3 2000

TOWN OF HAYNESVILLE, LOUISIANA

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

809 WYMANWAY STREET SUITE 1000 • MONROE, LOUISIANA 70130-5000 • TELEPHONE (504) 222-7000 • FAX (504) 224-8700
401 WASHINGTON ROAD SUITE 110 • BOSSIER CITY, LOUISIANA 70111 • TELEPHONE (504) 546-4900 • FAX (504) 546-4900

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Haynesville, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Haynesville, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Government Accounting Standards Board Technical Bulletin 98-1, Disclosure About Fair Value Measurements, requires disclosure of certain matters regarding the year 2000 issue. The Town of Haynesville, Louisiana, has included such disclosures in Note 9. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Town of Haynesville, Louisiana's disclosures with respect to the Year 2000 issue made in Note 9. Further, we do not provide assurance that the Town of Haynesville, Louisiana, is or will be year 2000 ready, that the Town of Haynesville, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Haynesville, Louisiana, does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Haynesville, Louisiana, as of June 30, 1999, 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 December 11, 1999, on our consideration of the Town of Haynesville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedule of compensation and reimbursed expenses paid to the Mayor and Board of Aldermen listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Haynesville, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements of the Town of Haynesville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Smith Pugh Robinson LLP
Certified Public Accountants

December 11, 1999

COMBINED FINANCIAL STATEMENTS – OVERVIEW

TOWN OF HAYNEVILLE, LOUISIANA
 Combined Balance Sheet - All Fund Types and Governmental Organizations

June 30, 2006

	Governmental Fund Types				Proprietary Fund Types		Special Districts		Total	
	General	Special Revenue	Cash Services	Capital Projects	Enterprise	Debt	General		Total	
							Fixed Assets	Current Liab.	Fixed Assets	Current Liab.
Cash and cash equivalents	6,647	10,124	10,494	0	0	20,822	0	0	0	68,536
Investments, at cost	-	21,581	-	-	11,609	-	-	-	-	20,475
Investments at fair value	-	-	-	-	-	-	-	-	-	20,475
Accounts receivable	-	-	-	-	18,922	-	-	-	-	18,922
Due from other funds	14	9,911	-	-	-	-	-	-	-	10,045
Prepaid expenses	2,600	14	1,277	-	-	-	-	-	-	4,111
Inventory	-	-	-	-	-	-	-	-	-	-
Property plant and equipment, net of accumulated depreciation	-	-	-	-	1,113,995	479,126	-	-	-	1,593,121
Amount available for services (Funds)	-	-	-	-	-	-	-	-	-	94,079
Amount set aside for debt service	-	-	-	-	-	-	-	-	-	27,002
Amount set aside for debt service of general long-term debt	-	-	-	-	-	-	-	-	-	27,002
Total assets	9,261	31,715	11,771	0	1,132,917	479,126	17,482	0	0	1,652,593
Accounts payable	0	0	0	0	14,213	0	0	0	0	14,213
Deferred revenues	-	-	-	-	-	-	-	-	-	-
Due to other funds	1,200	3,800	0	141	-	-	-	-	-	5,141
Payable to or from other funds	-	-	-	-	15,000	-	-	-	-	15,000
Notes payable	-	-	-	-	-	-	-	-	-	-
Capital lease payable	-	-	-	-	3,867	-	30,120	-	-	33,987
Total liabilities	1,200	3,800	0	141	19,080	0	30,120	0	0	53,150
Fund Balances	8,061	27,915	11,771	0	1,113,837	479,126	17,482	0	0	1,599,443
Unassigned	1,000	6,407	0	0	1,211,769	0	0	0	0	1,818,176
Assigned to general fund	-	-	-	-	-	479,126	-	-	-	479,126
Assigned to other funds	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	11,068	-	-	-	-	11,068
Unassigned	-	-	-	-	19,912	-	-	-	-	19,912
Proprietary	0	0	0	0	0	0	0	0	0	0
Special Revenue	0	0	0	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0	0	0	0
Enterprise	0	0	0	0	0	0	0	0	0	0
Debt	0	0	0	0	0	0	0	0	0	0
Total	8,061	27,915	11,771	0	1,113,837	479,126	17,482	0	0	1,599,443

See accompanying notes for financial statements.

TOWN OF HAYNESVILLE, LOUISIANA

**Condensed Statement of Revenues, Expenditures, and Changes
in Fund Balances - All Governmental Fund Types
Year Ended June 30, 1999**

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	L.C.D.W. Project	(Miscellaneous Only)	
					1999	1998
Revenues:						
Taxes	\$ 349,605	\$ 495,368	\$ 112,957	\$ -	\$ 157,870	\$ 746,313
Licenses and permits	48,878	-	-	-	48,878	55,411
Intergovernmental	40,608	-	-	-	40,608	58,475
Federal and State grants	-	-	23,588	429,693	448,193	45,462
Municipal Park	-	-	953	-	953	959
Franch	-	47,304	-	-	47,304	58,664
Interest	351	15,121	-	-	15,472	13,627
Miscellaneous	24,088	-	3,589	-	33,596	23,696
Total revenues	278,521	557,881	138,127	429,693	1,394,017	1,008,117
Expenditures:						
Current:						
General government	302,896	144,684	24,974	-	572,556	598,784
Public safety	189,203	35,880	-	-	246,826	189,178
Water and drainage	129,196	-	-	-	129,196	128,024
Recreation	-	-	38,277	-	38,277	24,166
Grant expenditures	-	-	-	437,897	437,897	43,353
Capital outlays	7,399	71,387	8,244	-	87,030	79,881
State Services:						
Principal retirement	-	7,915	41,800	-	50,715	187,941
Interest and fiscal charges	-	982	35,696	-	11,281	35,597
Total expenditures	529,295	300,661	115,721	437,897	1,334,271	934,679
Excess (deficiency) of revenues over expenditures	(249,244)	247,211	22,406	(7,204)	69,880	76,479
Other financing sources (uses):						
Operating transfers in	276,792	14,919	9,609	-	301,311	278,696
Operating transfers out	-	(185,358)	(18,975)	-	(204,311)	(265,339)
Total other financing sources (uses)	276,792	(170,439)	(9,366)	-	97,000	13,357
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	27,548	76,772	13,040	(7,204)	166,880	190,136
Fund balance (deficit) at beginning of year	(77,417)	318,413	64,058	2,119	307,856	319,099
Reconciling:						
Price period adjustment (basis 1994)	90,648	83,389	(61,585)	-	142,818	-
Fund balance (deficit) at beginning of year - audited	13,231	401,802	22,473	2,119	450,674	319,099
Fund balance (deficit) at end of year	\$ 40,779	\$ 478,574	\$ 31,058	\$ 1,915	\$ 508,676	\$ 332,656

See accompanying notes to financial statements.

TOWN OF HAYNESVILLE, LOUISIANA

Condensed Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (FIRM) Basis and Actual - General,
Special Revenue, Debt Service, and LCDBG Project Fund
Year Ended June 30, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 1,048,000	\$ 1,048,000	\$ -	\$ 486,000	\$ 491,000	\$ 5,000
License and permit	54,000	66,874	12,874	-	-	-
Intergovernmental	60,000	60,000	0	-	-	-
Federal and State grants	-	-	-	-	-	-
Monies/Fees	-	-	-	-	-	-
Donations	-	-	-	24,000	17,000	(7,000)
Interest	-	300	300	-	15,000	15,000
Other Revenues	20,000	20,000	0	50,000	-	(50,000)
Total Revenues	1,142,000	1,154,874	12,874	560,000	523,000	(37,000)
Expenditures:						
Current						
General government	84,000	82,800	(1,200)	200,000	195,400	(4,600)
Public safety	84,000	88,500	4,500	18,000	18,000	0
Water and Sewerage	3,000	13,000	10,000	-	-	-
Education	-	-	-	-	-	-
Social expenditures	-	-	-	-	-	-
Capital outlay	14,000	1,000	(13,000)	-	10,000	(3,000)
Debt Service:						
Principal retirement	-	-	-	7,000	7,000	0
Interest and fiscal charges	-	-	-	33,000	33,000	0
Total expenditures	98,000	93,800	(4,200)	41,000	39,400	(1,600)
Excess (Deficiency) of Revenues over Expenditures	(64,000)	(28,826)	35,174	149,000	(131,600)	(82,600)
Other Financing Sources/Uses:						
Operating transfers in	20,000	20,000	0	-	14,000	14,000
Operating transfers out	-	-	-	(200,000)	(241,700)	(41,700)
Noncurrent financing sources (uses)	(20,000)	(20,000)	0	(200,000)	(170,000)	(30,000)
Excess (Deficiency) of Financing Sources over Expenditures and/or Financing Sources (Uses)	0	(20,000)	20,000	(200,000)	(217,700)	(17,700)
Available (pending) at beginning of year	175,475	175,475	0	30,000	30,000	0
From prior department/other (N/A)	-	50,000	50,000	-	50,000	50,000
Available (pending) at beginning of year - continued	175,475	175,475	0	30,000	80,000	50,000
Available (pending) at end of year	\$ 175,475	\$ 48,649	\$ 126,826	\$ 30,000	\$ 102,300	\$ 72,300

See accompanying notes to financial statements.

	2024 Service Fund			2024 Project Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
1	\$0.00	\$11,807	\$ 11,807	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	14,000	14,000	401,000	401,000	-
	-	800	800	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,700	1,700	1,700	-	-	-
	<u>100,000</u>	<u>100,000</u>	<u>0.000</u>	<u>401,000</u>	<u>401,000</u>	<u>-</u>
	11,200	10,270	(930)	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	10,000	10,270	(270)	-	-	-
	-	-	-	471,000	471,000	-
	1,000	1,000	(1,000)	-	-	-
	40,000	40,000	(1,000)	-	-	-
	10,100	10,270	170	-	-	-
	40,000	40,000	(1,000)	471,000	471,000	-
	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>-</u>
	-	0.000	0.000	-	-	-
	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	(0,000)	(0,000)	-	-	-
	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>-</u>
	0.000	0.000	-	1.000	1.000	-
	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>-</u>
	0.000	0.000	-	1.000	1.000	-
	<u>0.000</u>	<u>1.000</u>	<u>(1.000)</u>	<u>0.000</u>	<u>0.000</u>	<u>-</u>

TOWN OF HAYESVILLE, LOUISIANA

Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Proprietary Fund
Year Ended June 30, 1999

With Comparative Totals for Year Ended June 30, 1998

	Biological Funds	
	1999	1998
Operating revenues:		
Interest water sales	\$ 254,268	\$ 271,278
Sewerage service charges	159,216	141,877
Solid waste disposal service charges	85,525	81,841
Miscellaneous revenues	3,869	4,125
Total operating revenues	<u>602,878</u>	<u>599,121</u>
Operating expenses:		
Personnel services	300,798	311,718
Supplies	27,958	34,973
Utilities	18,185	18,600
Repairs and maintenance	148,385	122,040
Contractual services	185,370	97,688
Miscellaneous expenses	3,187	8,370
Depreciation	83,884	76,152
Total operating expenses	<u>958,467</u>	<u>876,741</u>
Operating income	<u>31,276</u>	<u>33,601</u>
Nonoperating revenues:		
Interest income	2,871	1,784
Total nonoperating revenues	<u>2,871</u>	<u>1,784</u>
Income before operating transfers	<u>14,807</u>	<u>15,411</u>
Other financing sources (uses):		
Operating transfers in	3,008	2,495
Operating transfers out	(3,008)	(17,877)
Total other financing sources (uses)	<u>-</u>	<u>(11,279)</u>
Net income	<u>14,807</u>	<u>9,116</u>
Amount charged to contribution accounts - depreciation on fixed assets	28,145	28,145
Retained earnings at beginning of year	<u>187,783</u>	<u>154,583</u>
Adjustments:		
Prior period adjustment (Note 15A)	(641,838)	-
Prior period adjustment (Note 15B)	65,973	-
Retained earnings at beginning of year - restated	<u>(114,882)</u>	<u>154,583</u>
Retained earnings at end of year	<u>\$ 14,807</u>	<u>\$ 187,783</u>

See the accompanying notes to financial statements.

TOWNSHIP OF MAYNESVILLE, LOUISIANA

Continued Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 1999

With Comparative Totals for Year Ended June 30, 1998

	Enterprise Funds	
	1999	1998
Cash flows from operating activities:		
Cash received from customers	\$ 389,118	\$ 317,381
Cash payments for supplies and services	(261,581)	(217,287)
Cash payments for salaries and benefits	(208,883)	(210,845)
Net operating transfers to other funds	(142,808)	-
Net cash provided by operating activities	<u>(224,154)</u>	<u>(90,551)</u>
Cash flows from capital and related financing activities:		
Principal payments	(5,114)	(4,789)
Interest paid	(487)	(2,594)
Net cash used for capital and related financing activities	<u>(5,601)</u>	<u>(7,383)</u>
Cash flows from noncapital financing activities:		
Net increases in trust deposits	2,955	2,802
Net cash provided by noncapital financing activities	<u>2,955</u>	<u>2,802</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(26,470)	-
Net decrease in investment receivables	142,308	1,885
Payments for investments	(234)	(11,895)
Net cash used for investing activities	<u>(10,396)</u>	<u>(9,310)</u>
Net increase in cash and cash equivalents	89,198	71,166
Cash and cash equivalents at beginning of year	155,612	118,187
Cash and cash equivalents at end of year	<u>\$ 244,810</u>	<u>\$ 189,353</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 12,518	\$ 13,603
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	81,804	66,312
Changes in assets and liabilities:		
Decreases (increases) in operating assets:		
Accounts receivable	2,481	(8,978)
Increases (decreases) in operating liabilities:		
Accounts payable	4,487	(2,685)
Adjustments:		
Retained earnings	(142,818)	-
Operating transfers in	1,888	2,580
Operating transfers out	(1,898)	(13,872)
Nonoperating income	2,071	1,784
Interest paid	(487)	(1,824)
Net cash provided by operating activities	<u>\$ (24,176)</u>	<u>\$ (90,551)</u>

See accompanying notes to financial statements.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1999

The Town of Haynesville, Louisiana (Town), was incorporated August 14, 1981, under the provisions of the Louisiana Act. The Town operates under the Mayor-Board of Aldermen form of government.

1. Summary of Significant Accounting Policies

The Town of Haynesville complies with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. GAAP as applicable to government also conforms to the requirements of Louisiana revised statute 24:517 and the guides set forth in the Louisiana *Intergovernmental Audit and Accounting Guide* and to the industry guide, *Audit of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies:

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

GOVERNMENTAL FUNDS

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

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

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

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

PROPRIETARY FUNDS

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

TOWN OF HAYSEVILLE, LOUISIANA

Notes to Financial Statements June 30, 2009

1. Summary of Significant Accounting Policies (Continued)

B. Fixed Assetting (Continued)

GENERAL FIXED ASSETS AND GENERAL LONG-TERM DEBT ACCOUNT GROUPS

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for general purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-term Debt - The General Long-term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

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

All proprietary funds are accounted for on a flow of economic resources measurement basis. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue and charges for services. Fines, permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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

The preparation of financial statements generally requires management to make estimates and assumptions for effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TOWNS OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements June 30, 1999

1. Summary of Significant Accounting Policies (Continued)

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

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than 180 days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The 1999 and 1998 budgets were not amended.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

E. **Investments** - All investments are interest bearing deposits with original maturity dates in excess of three months and are stated at cost which approximates market value. The Town's investments comply with Louisiana Statute (LSA-RS 24:2931).

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

G. **Bad Debt** - Uncollectible amounts due for the customer's utility and all various taxes receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. No provision for uncollectible all various taxes has been deemed necessary. The allowance for customer's utility receivables was \$1,708 and \$1,708 at June 30, 1999, and 1998, respectively.

H. **Property, Plant, and Equipment** -

GENERAL FIXED ASSETS ACCOUNT GROUP

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

TOWN OF HAYNEVILLE, LOUISIANA

Notes to Financial Statements June 30, 2008

I. Summary of Significant Accounting Policies (Continued)

H. Property, Plant, and Equipment (Continued)

UTILITY AND SEWER SYSTEM

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

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

Utility Fund:	
Water Utility:	
Water Works	40 Years
Water Meters	40 Years
Compressor	4 & 5 Years
Other Equipment	4, 5 & 10 Years
Water Tank, Borewell	15 Years
Sewerage and Collection:	
Lines, Pump Stations, Pits	40 Years
Joints and Trunks	4 - 5 Years
Other Equipment	10 Years
Landfill	20 Years
Sewer User Plant:	
Sewerage Disposal Plant	40 Years
Equipment	40 Years
Warehouses	4 & 5 Years
Lift Pump Station	10 Years

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

Vacation - five days after one continuous year of service; ten days after two continuous years of service and thereafter. Vacation days must be used in the calendar year of entitlement. Unused days do not accrue.

Sick leave - limited to thirty days at full pay and thirty days at half-pay. Days must be used within the calendar year and do not accrue.

The cost of current leave privileges, computed in accordance with GASB Codification Section 336, is recognized as a current-year expenditure in the governmental funds and proprietary funds, when leave is actually taken.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1998

J. Summary of Significant Accounting Policies (Continued)

F. Fund Equity

CONTRIBUTED CAPITAL

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

RESERVES

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

DESIGNATED FUND BALANCES

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

K. Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as inwards. Moving-in or in-kind-in payments transfers of equity are reported as received equity transfers. All other interfund transfers are reported as operating transfers.

L. Debt Taxes

Proceeds from a ten percent (7%) sales tax and one ten shall be dedicated and used for the purposes of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges; constructing, acquiring, extending, improving, maintaining and/or maintaining street light facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities and parking and acquiring the necessary land, equipment and furnishings for the aforementioned public works, buildings, improvements and facilities, all as authorized by Sub-Part I, Chapter 4, Title 11 of the Louisiana Revised Statutes of 1998 (R.S. 11:2701 et seq.).

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1999

1. Summary of Significant Accounting Policies (Continued)

L. Sales Tax (Cont.)

The Town of Haynesville, Louisiana, is also authorized to levy and collect a tax of one percent (1%) for a period of five (5) years upon the sale at retail, the use, and lease or rental, the consumption and storage for use or consumption of tangible personal property and on sales of services in said Town, as defined in R. S. 47:361 to 47:317, inclusive, with the revenues derived from said sales and use tax to be deposited in a special fund and dedicated and used for the purposes of industrial construction, industrial and processing, opening, constructing, paving, resurfacing, improving and/or maintaining roads, alleys, sidewalks and bridges, constructing, acquiring, extending, improving, resurfacing and/or maintaining street lighting facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities and parking facilities, and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements and facilities, 80% in which improvements shall be in the public, or for any one or more of said purposes, all as authorized by Sub-part 2, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:1701), et seq.)

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

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

O. Statements of Cash Flows – For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased in its cash equivalents.

P. Receivable Deposits – The Utility Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.

Q. Reconciliation – Certain 1998 amounts were reclassified in conformity to 1999 presentation.

1. Cash and Cash Equivalents

At June 30, 1999, the carrying amount of the Town's deposits was \$688,199 and the bank liability was \$703,296. The total bank balance was covered by federal depository insurance. The Town has a three-party servicing agreement between the Town, Minnesota National Bank, and the Federal Reserve Bank in New Orleans. The Town also has another three-party servicing agreement between the Town, Bank One, and the Federal Reserve Bank in Atlanta.

TOWN OF HAYNESVILLE, LOUISIANA

Statements of Financial Statements
June 30, 1999

1. Cash and Cash Equivalents (Continued)

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

	Cash and Cash Equivalents	Total
General Fund	\$ 64,250	\$ 64,250
Special Revenue Fund	380,529	380,529
Debt Service Fund	30,444	30,444
LCCDBG Project Fund	63	63
Enterprise Funds	<u>382,811</u>	<u>382,811</u>
	<u>\$ 858,107</u>	<u>\$ 858,107</u>

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

Description	Category			Carrying Amount	Market Value
	1	2	3		
FIDE Insurance - Bank-Dep	\$ 100,000	\$	\$	\$ 100,000	\$ 100,000
FIDE Insurance - Mutual	200,000			198,000	198,000
FMLB - Mutual	111,907			111,907	106,750
FMLB - Bank-Dep	400,140			400,140	396,622
	<u>\$ 712,157</u>	<u>\$</u>	<u>\$</u>	<u>\$ 712,157</u>	<u>\$ 701,372</u>

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

2. Levied Taxes

For the year ended June 30, 1999, taxes of \$4.31 mills were levied on property with assessed valuations totaling \$1,183,568 and were allocated as follows:

General operations	3.24 mills
Sewerage and streets	1.07 mills

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1999

3. Levied Taxes (Continued)

Total taxes levied was \$683,144. Taxes in the amount of \$1,617 were collectible at June 30, 1999. All taxes due are from current roll.

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

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

4. Interfund Receivables, Payables

A summary of interfund receivables and payables is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 28,000	\$ 8,280
Special Revenue Funds	183	20,881
LCRMO Project Fund	-	147
Water Service Fund	8,797	-
	<u>\$ 36,980</u>	<u>\$ 29,314</u>

5. Changes in Fixed Assets

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

	Balance June 30, 1998	Additions	Deductions	Balance June 30, 1999
Land	\$ 389,379	\$ -	\$ -	\$ 389,379
Buildings and Improvements	3,128,979	540,880	-	3,669,859
Equipment	884,000	77,348	-	961,348
	<u>\$ 4,412,358</u>	<u>\$ 618,228</u>	<u>\$ -</u>	<u>\$ 5,030,586</u>

TOWN OF MAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1999

5. Changes in Fixed Assets (Continued)

A summary of proprietary fixed-asset assets as of June 30, 1999 and 1998, are as follows:

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 1998
Utility Fund				
Water utility:				
Land	\$ 5,800	\$ -	\$ -	\$ 5,800
Waterworks	882,450	16,675	-	899,125
Water meters	32,968	-	-	32,968
Compressor	9,375	-	-	9,375
Other equipment	95,691	-	-	95,691
Water tank truck	57,988	-	-	57,988
Water well control truck	25,121	-	-	25,121
Sewerage and sanitation:				
Lines, pump-stations, etc.	634,843	-	-	634,843
Trucks and trucks	79,870	18,000	-	97,870
Other equipment	156,712	-	-	156,712
Land/BL	165,909	-	-	165,909
Less: accumulated depreciation	(1,418,508)	(261,372)	-	(1,419,880)
Net fixed assets	\$ 654,882	\$ (25,882)	\$ -	\$ 629,000
	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
Sewer User Fund				
Land	\$ 16,500	\$ -	\$ -	\$ 16,500
Land - right of way	9,800	-	-	9,800
Sewerage disposal plant	1,832,576	-	-	1,832,576
Equipment	18,986	-	-	18,986
Warehouse	1,746	-	-	1,746
Lift pump truck	23,219	-	-	23,219
Less: accumulated depreciation	(692,471)	(271,872)	-	(964,343)
Net fixed assets	\$ 1,335,562	\$ (271,872)	\$ -	\$ 1,063,690

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1999

6. Leases

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

Type	Recorded Amount
Equipment (LTDAAE)	\$ 350,770

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 1999:

Fiscal	Equipment LTDAAE
2000	\$ 53,766
2001	53,828
Total minimum lease payments	111,594
Less - amount representing interest	(21,287)
Present value of net minimum lease payments	\$ 89,307

All principal and interest requirements are funded in accordance with Louisiana Law by the annual ad valorem tax levied on taxable property within the parish (or other as indicated). At June 30, 1999, the Town of Haynesville has accumulated \$72,976 in the Debt Service Fund for future debt requirements.

In accordance with Louisiana Revised Statutes, the Town of Haynesville is legally restricted to the amount of long-term bonded debt that may be issued. At June 30, 1999, the Town has no outstanding bonded debt.

The Town of Haynesville has no operating leases.

7. Note Payable

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

Type	Recorded Amount
Equipment (Interparish Funds)	\$ 12,800

TOWN OF HAYNESVILLE, LOUISIANA

**Notes to Financial Statements
June 30, 1999**

1. Note payable (Continued)

The following is a schedule of future loan payments, together with the present value of the loan payments, as of June 30, 1999:

	Equipment (Integeric Fund)
_____ Total _____	
2000	\$ 2,215
Total Loan Payments	2,215
Less - amount representing interest	_____ 45
Present value of loan payments	\$ 2,167

2. Pension Plan

Municipal Employees' Retirement System of Louisiana (System)

A. Plan Description

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 33 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Under Plan A, employees who retire at or after age 60 with at least 30 years of creditable service, or at or after age 55, with at least 35 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their Total Average Salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the percent of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7017 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 935-8830.

B. Funding Policy

Under Plan A, members are required by state statute to contribute 5.15 percent of their annual covered salary and the Town of Haynesville is required to contribute at an actuarially determined rate. The current rate is 5.75 percent of annual general payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. These net deficits are divided between Plan A and Plan B based pro-rata based on the status of the active members of each plan. The contribution requirements of plan members and the Town of Haynesville are established and may be

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1997

8. Pension Plan (Continued)

amounted by state statute. As provided by Louisiana Revised Statute 11:305, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Haynesville contributions to the System under Plan A for the years ending June 30, 1995, 1996, and 1997, were \$13,150, \$13,900, and \$13,512, respectively, equal to the required contributions for each year.

Municipal Police Employees Retirement System of Louisiana (System)

A. Plan Description

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 10 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3.33 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employer contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7007 Office Park Boulevard, Baton Rouge, Louisiana 70805, or by calling (504) 933-4448.

B. Funding Policy

Plan members are required by state statute to contribute 1.5 percent of their annual covered salary and the Town of Haynesville is required to contribute an actuarially determined rate. The current rate is 3.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Haynesville are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:181, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Haynesville's contributions to the System for the years ending June 30, 1995, 1996, and 1997, were \$11,271, \$9,864, and \$12,742, respectively, equal to the required contributions for each year.

9. Year 2000 Issue

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 99) to identify the year when processing date-sensitive information. This method of identifying dates would cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could prevent date accurately or stop functioning altogether. The effects of the year 2000 is expected to extend beyond systems and any equipment that is dependent on microchip technology.

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements June 30, 1999

9. Year 2000 Issue (Continued)

As stated in Note 3, the Town provides public utilities, public safety and various other public works to its citizens. The provision of these services generally does not rely upon municipal technology since these services are not automated in nature. However, the effect of the year 2000 issue upon the Town's vendors, utilities, and utility providers from which it obtains services has not been determined. As a result, the effect of any of these entities' non-compliance with the year 2000 issue upon the Town has also not been determined.

For the year ended June 30, 1999, the Town of Haynesville, Louisiana, incurred no material remediation costs concerning the year 2000 issue. No significant loss due to impairment of equipment that is not year 2000 compliant was recognized for the year ended June 30, 1999.

10. Interfund Operating Transfers

Individual fund operating transfers for fiscal year 1999, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 370,700	\$ -
Special Revenue Funds	14,939	183,758
Water Service Fund	9,800	14,970
Enterprise Funds	1,800	1,000
Totals	<u>\$ 397,239</u>	<u>\$ 199,728</u>

11. Miscellaneous Revenue

Miscellaneous revenue for the year ended June 30, 1999, in the General Fund consisted of the following:

Oil and gas royalties	\$ 9,511
Rental income	4,812
Police levy contributions	2,000
Cable revenue - General Fund	7,568
BOB receipts	1,489
Cable revenue - Park Fund	8,920
Total miscellaneous revenue	<u>\$ 34,099</u>

12. Commitments and Contingencies

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

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1999

12. Commitments and Contingencies (Continued)

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The Town is the defendant in various lawsuits arising principally in normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

During the year ended June 30, 1999, expenditures for a water well on Highway 79 in Haynesville, Louisiana, were approved and paid by the Town of Haynesville, Louisiana. Subsequent to year end, a disputed claim involving these expended funds was made by the local fire district. According to legal representation, the various intergovernmental agreement between the fire district and the Town is vague and does not offer adequate guidance as to what expenditures are appropriate and who has title to the equipment. As of the date of this audit report, a formal claim has not been made.

13. Unreserved and Designated Retained Earnings/Fund Balances

Enterprise Fund	\$ 51,040
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The Enterprise Fund requires that cash be restricted to an amount equal to the money deposits. Since adequate cash is unavailable at June 30, 1999, the amount was reserved from retained earnings.

14. Related Party Transactions

Proceeds, disbursements, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 1999.

15. Prior Period Adjustments

The Town of Haynesville has made adjustments to fund balances/retained earnings which are classified as prior period adjustments. The following is a summary of these adjustments:

- The Town originally classified certain residual receipts in prior years as interfund receivables and payables. These receipts are being classified for June 30, 1999, by a town resolution dated December 18, 1998, as receivables since the original intent was for these funds not to be disbursed. Reclassifications to fund balances/retained earnings are as follows:

General Fund:	
Receivable - Fire District Fund	\$ (179,900)
Payable - Sewer User Tax Fund	186,700
Payable - Utility Fund	61,170
Payable (Paid) - Sewer User Tax Fund	400
Payable (Paid) - Utility Fund	10,000
Payable (Paid) - Debt Service	60,110
Total	\$ 68,480

TOWN OF HAYNESVILLE, LOUISIANA

Notes to Financial Statements
June 30, 1999

15. Prior Period Adjustment (Continued)

Special Revenue Fund	
Payable (Fire District) - General Fund	\$ 119,863
Receivable (Sales Tax Fund) - Sewer User Fund	(44,376)
Payable (Sales Tax Fund) - Utility Fund	8,280
Total	<u>\$ 73,227</u>
Multi-Sector Fund	
Receivable (Police) - General Fund	\$ 131,118
Enterprise Fund	
Receivable (Sewer User) - General Fund	\$ (136,309)
Receivable (Sewer User) - Fair	(800)
Payable (Sewer User) - Sales Tax Fund	44,876
Payable (Sewer User) - Utility Fund	2,308
Receivable (Utility Fund) - General Fund	151,115
Receivable (Utility Fund) - Sales Tax Fund	(8,408)
Receivable (Utility Fund) - Fair	(1,000)
Receivable (Utility Fund) - Sewer User	(1,000)
Total	<u>\$ (1,523)</u>

16. The Town originally classified certain transfers in the Sewer User Fund in prior years as contributed capital. These transfers in the Sewer User Fund are being reclassified for June 30, 1999, by a town resolution dated December 18, 1999, as retained earnings as follows:

Contributed Capital - Sales Tax Fund	\$ 58,447
Contributed Capital - General Fund	11,185
Contributed Capital - Utility Fund	123
Total	<u>\$ 69,755</u>

SUPPLEMENTARY INFORMATION

TOWN OF HAYNESVILLE, LOUISIANA**Schedule of Mayor's and Aldermen's
Compensation and Reimbursed Expenses
For the Year Ended June 30, 1999**

	Compensation	Reimbursed Expenses	Total
Mayor Crocker	\$ 30,400	\$ 2,798	\$ 33,198
Alderman Farlow	3,800	288	4,088
Alderman Kendrick	3,600	251	3,851
Alderman K. Riggs	3,800	167	3,967
Alderman Major	3,300	-	3,300
Alderman Skid	<u>3,100</u>	<u>3,509</u>	<u>6,609</u>
Total	\$ 48,000	\$ 6,953	\$ 54,953

TOWN OF HANNESVILLE, LOUISIANA**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Program or Award Amount</u>
Community Planning and Development, U. S. Department of Housing and Urban Development		
Community Development Block Grant Program	14.219	<u>\$ 831,893</u>

TOWN OF HAYNESVILLE, LOUISIANA

*Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999*

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Haynesville, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is prepared in accordance with the requirements of OMB Circular A-101, *Guide for State, Local Governments, and Non-Profit Organizations*. Therefore, stated amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Risk-Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$500,000. The Town does not qualify as a low-risk auditee.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133**

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

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

We have audited the general purpose financial statements of the Town of Haynesville, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999, which was qualified because insufficient audit evidence exists to support the Town of Haynesville, Louisiana's disclosures with respect to the year 2000 issue. Although as discussed in the preceding sentence, 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 Haynesville, Louisiana's general purpose 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 these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 99-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Haynesville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions are a matter relating to an attribute 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 Haynesville, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

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 misstatements in amounts that would be material in relation to the general purpose 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 consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of Management, Board of Aldermen, and Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Smith Leigh Robinson III
Chief Financial Officer

December 31, 1999



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
GIVEN COMPLIANCE IS ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Tom Cradock, Mayor
and the Members of the Board of Aldermen of the
Town of Haysville, Louisiana

Compliance

We have audited the compliance of the Town of Haysville, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Requirements that are applicable to each of its major federal programs for the year ended June 30, 1999. The Town of Haysville, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Haysville, Louisiana's management. Our responsibility is to express an opinion on the Town of Haysville, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Haysville, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Haysville, Louisiana's compliance with those requirements.

In our opinion, the Town of Haysville, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of current audit findings and questioned costs as items 99-2, 99-3, 99-4, and 99-5.

Internal Control Over Compliance

The management of the Town of Haysville, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Haysville, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, Board of Advisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Smith-Byrd Robinson LLP
Certified Public Accountants

December 11, 2009

TOWN OF HAYNESVILLE, LOUISIANA

Schedule of Prior Audit Findings and Corrective Costs
As of and For the Year Ended June 30, 1999

**PROBABLE FINDINGS RELATED TO FINANCIAL STATEMENTS
REPORTED IN A SEPARATE LETTER TO MANAGEMENT**

1998-1: Public Bid Law

Condition: The Town of Haynesville, Louisiana, did not comply with the Public Bid Law in two instances.

Recommendation: The Town should review their purchase policy for adequacy. The policy should specify items which require bids and items which are exempt. There should be a file maintained for all purchases that exceed \$1,500. Proper file documentation for these purchases would include, at a minimum, evidence of quotes obtained for documentation supporting exemption from this requirement(s) and notation of the bid accepted.

Correct Status: Resolved.

1998-2: Public Servant Related Travel Expenditures

Condition: The Town of Haynesville, Louisiana, failed to get travel receipts from council members. One significant instance involved Alderwoman Lynn Major's NLC Conference trip in March 1998 where an invoice for her hotel stay was not submitted to the Town.

Recommendation: The Town should review and revise their policies and procedures on this matter to prevent similar incidents from happening in the future. We also recommend that the Town obtain the hotel receipts from Alderwoman Major and for her to refund the Town, if necessary.

Correct Status: The Town reviewed and revised policies to prevent this incident from happening again. Alderwoman Major was unable to get the receipts for the hotel. She is now having \$100 per month deducted from her pay to pay back the Town for her hotel bill.

1998-3: Cash Management Law

Condition: The Town of Haynesville, Louisiana, did not comply with the cash management law concerning the Town's deposits at Peoples Bank & Trust.

Recommendation: The Town should review their deposits on at least a monthly basis with their bank to determine if there is adequate securities pledged against their deposits.

Correct Status: Resolved.

TOWN OF HAYNESVILLE, LOUISIANA

Schedule of Current Audit Findings and Questioned Costs As of and For the Year Ended June 30, 1999

We have audited the financial statements of the Town of Haynesville, Louisiana, as of and for the year ended June 30, 1999. 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, and the provisions of GMR Circular A-133. Our audit of the financial statements as of June 30, 1999, resulted in a qualified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses - Yes
Reportable Conditions - Yes

Compliance

Compliance Material to Financial Statements - No

b. Federal Awards

Internal Control:

Material Weaknesses - No
Reportable Conditions - No

Type of Opinion on Compliance for Major Programs - Unqualified

Are there findings required to be reported in accordance with Circular A-133, Section 504 - Yes

c. Identification of Major Programs:

CFDA Number	Name of Federal Program
14.219	Community Development Block Grant/ Small Cities Program

Dollar threshold used to distinguish between Type A and Type B Programs was \$50,000.

Is the auditor a "narrowed" auditor, as defined by GMR Circular A-133 - No

Section II. Financial Statement Findings

99-1 (1)(g)

Condition: Police fees collected are stored in a lockbox until a bank deposit is made. The police department issues a receipt to the person paying the fee as the fees are collected. The police department sends the money to Town Hall for bank deposit. In turn, Town Hall issues a receipt to the police department. There were eight (8) receipts issued by the police department totaling \$880 with no supporting documentation maintained by Town Hall verifying that the money was deposited at the bank.

Action for improvement needed: To ensure that all monies collected for fees are properly deposited in the appropriate bank account.

TOWN OF HAYNESVILLE, LOUISIANA

Schedule of Current Audit Findings and Questioned Costs As of and For the Year Ended June 30, 1999

Cause of condition: The lockbox that held the funds prior to the bank deposit was not adequately secured to prevent unauthorized access.

Recommendation: The Town should secure the lockbox to prevent unauthorized access. In addition, records for funds collected should be deposited in a more timely manner.

Management's response: The Town has adequately secured the lockbox to prevent unauthorized access. Also, the Town will begin making deposits on a daily basis. This incident has been reported to the State Police, District Attorney, and to the Legislative Auditor's office. Subsequently, a warrant was issued for an employee's arrest, the case is still pending.

Section III. Federal Award Findings and Questioned Costs

99-1 Labor Standards

Community Development Block Grant, CFDA #14.219

Condition: The Notice of Contract Award was not received by the Division of Administration within 10 days after the award of contract date.

Reason for improvement needed: To comply with the 1997 Grants Handbook.

Cause of Condition: Unknown.

Recommendation: The Town should submit written assurance that the Notice of Contract Award will be sent to the Division of Administration (DOA) timely for any future LCDRG programs.

Management's response: It has been standard practice for the Town to submit the Notice of Contract Award to the DOA within 10 days of the award of contract date. With any future LCDRG projects, these documents will be submitted within the current time frame.

99-2 Labor Standards

Community Development Block Grant, CFDA #14.219

Condition: No documentation exists in the Town records that document the issuance of the "Contractor's Guide to Davis Bacon" to the prime contractor.

Reason for improvement needed: To comply with the 1997 Grants Handbook.

Cause of Condition: Unknown.

Recommendation: The Town should submit written assurance that the issuance of the "Contractor's Guide to Davis Bacon" will be documented for any future LCDRG programs.

Management's response: The "Contractor's Guide to Davis Bacon" was given to the prime contractor during the preconstruction conference but was not properly documented in the file indicating that such guide was provided. In the future, the presentation of the "Guide" will be noted in the minutes for the preconstruction conference.

TOWN OF HAYNESVILLE, LOUISIANA

Schedule of Current Audit Findings and Questioned Costs As of and For the Year Ended June 30, 1999

99-4 Financial Management

(Community Development Block Grant, CFDA #54.109)

Condition: Three disbursement checks written by the Town only had one signature.

Reason for improvement needed: To comply with the Working Manual.

Class of Condition: Unknown.

Recommendation: The Town should ensure that all checks are signed by two authorized individuals under any direct LCDBG program.

Management's Response: With respect to any future LCDBG programs, all checks will be signed by two authorized individuals.

99-5 Public Facility Improvements

(Community Development Block Grant, CFDA #14.119)

Condition: Table A of the "Section 3 Plan" was not completed.

Reason for improvement needed: To comply with the 1997 Grants Handbook.

Class of Condition: Unknown.

Recommendation: The Town should ensure that Table A of the "Section 3 Plan" is properly completed under any direct LCDBG program.

Management's Response: The Town will ensure that Table A of the "Section 3 Plan" is properly completed by all contractors and subcontractors on all direct LCDBG's.

TOWN OF HAYNESVILLE, LOUISIANA

Corrective Action Plan As of and For the Year Ended June 30, 1999

Our corrective action plan is as follows:

Finding 89-1

Contact person responsible for action: Honorable Tim Crocker, Mayor

Anticipated completion date: Completed by audit report date

Corrective action planned: The Town has adequately secured the facilities. This incident was reported to the proper authorities and the case is now pending.

Finding 89-2

Contact person responsible for action: Honorable Tim Crocker, Mayor

Anticipated completion date: Completed by corrective action from Division of Administration.

Corrective action planned: With any future LCD&G projects, the Town will submit the Notice of Contract Award within 10 days to the DCA.

Finding 89-3

Contact person responsible for action: Honorable Tim Crocker, Mayor

Anticipated completion date: Completed by corrective action from Division of Administration.

Corrective action planned: With any future LCD&G projects, the Town will document the issuance of the "Contractor's Guide to Davis-Bacon".

Finding 89-4

Contact person responsible for action: Honorable Tim Crocker, Mayor

Anticipated completion date: Completed by corrective action from Division of Administration.

Corrective action planned: With any future LCD&G projects, all checks will be signed by two authorized individuals.

Finding 89-5

Contact person responsible for action: Honorable Tim Crocker, Mayor

Anticipated completion date: Completed by corrective action from Division of Administration.

Corrective action planned: With any future LCD&G projects, the Town will ensure that Table A of the "Section 3 Plan" is properly completed.