

ENTERPRISE FUNDS

- Water System Fund - To account for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, billing and collection.
- Sewer System Fund - To account for the provision of sewerage services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, billing and collection.

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets are normally immovable and of value only to the Village, therefore, the purpose of stewardship for these items is satisfied without recording of these assets. No depreciation has been provided on general fixed assets.

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 donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The 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.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

DEBT SERVICE FUND

1974 Sewer System
Improvement Fund - To accumulate monies from ad
valorem taxes for payment of the
two 1974 \$30,000 Sewer System
Improvement Bonds

VILLAGE OF HESSMER, LOUISIANA

CAPITAL PROJECTS FUND
 1993 LCDBG GRANT FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 For the Years Ended August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
REVENUES		
Grant Revenues	\$ 89,368	\$318,996
Local Funds	<u>49,000</u>	<u>-</u>
Total Revenues	<u>138,368</u>	<u>318,996</u>
EXPENDITURES		
Capital Outlay		
Grant Administration	4,151	4,932
Engineering Fees	5,625	4,711
Construction costs	126,397	308,103
Other	<u>2,195</u>	<u>1,250</u>
Total Expenditures	<u>138,368</u>	<u>318,996</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	\$ - =====	\$ - =====

VILLAGE OF HESSMER, LOUISIANA

CAPITAL PROJECTS FUND
 1993 LCDBG GRANT FUND
 COMPARATIVE BALANCE SHEET
 August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash in Bank	\$ 50	\$ 50
Grant Receivable	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 50 =====	 50 =====
LIABILITIES AND FUND BALANCE		
Accounts Payable		
Regular Accounts	50	50
Contracts	-	-
Retainage	<u>-</u>	<u>-</u>
Total Liabilities	<u>50</u>	<u>50</u>
 Fund Balance		
Designated for Capital Outlay	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 50 =====	 \$ 50 =====

CAPITAL PROJECTS FUND

1994 LCDBG GRANT

Water Improvement - To account for water improvements to the existing water system. Financing is provided by an LCDBG grant.

VILLAGE OF HESSMER, LOUISIANA

GENERAL FUND
 STATEMENT OF EXPENDITURES - BUDGET
 (GAAP BASIS) AND ACTUAL (CONTINUED)
 For the Year Ended August 31, 1996

With Comparative Actual Amounts for the Year Ended August 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
PUBLIC SAFETY (CONT'D)				
Fire Department:				
Salaries	\$ -	\$ -	\$ -	\$ 1,100
Payroll Taxes	-	-	-	-
Supplies	5,400	3,317	2,083	3,453
Repairs and Maint.	1,500	3,040	(1,540)	1,223
Fuel and Oil	1,500	2,179	(679)	1,325
Insurance	6,000	6,632	(632)	5,415
Miscellaneous	1,900	1,832	68	1,869
Utilities	-	652	(652)	565
TOTAL	<u>16,300</u>	<u>17,652</u>	<u>(1,352)</u>	<u>14,950</u>
STREETS & SANITATION				
Salaries	1,800	2,330	(530)	1,800
Repairs and Maint.	1,000	561	439	3,884
Fuel and Oil	100	90	10	25
Supplies	500	1,251	(751)	276
Payroll Taxes	150	190	(40)	145
Insurance	875	1,043	(168)	749
Miscellaneous	150	268	(118)	100
Street Lights	8,350	8,348	2	8,361
Sidewalk Project	1,800	1,267	533	800
Street Project	<u>3,500</u>	<u>3,272</u>	<u>228</u>	<u>-</u>
TOTAL	<u>18,225</u>	<u>18,620</u>	<u>(395)</u>	<u>16,140</u>
RECREATION				
Utilities and Supplies	<u>7,300</u>	<u>3,122</u>	<u>4,178</u>	<u>4,033</u>
CAPITAL OUTLAY				
	<u>7,000</u>	<u>8,192</u>	<u>(1,192)</u>	<u>1,510</u>
TOTAL EXPENDITURES	<u>\$102,605</u>	<u>\$107,523</u>	<u>(4,918)</u>	<u>\$ 89,252</u>
	=====	=====	=====	=====

VILLAGE OF HESSMER, LOUISIANA

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET
(GAAP BASIS) AND ACTUAL

For the Year Ended August 31, 1996

With Comparative Actual Amounts for the Year Ended August 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
GENERAL GOVERNMENT				
Salaries	\$ 7,200	\$ 7,228	\$ (28)	\$ 6,685
Per-Diem - Mayor and Aldermen	3,300	3,300	-	3,300
Clerk Expense	300	175	-	300
Legal & Professional	2,000	2,700	(700)	2,700
Repairs and Maint.	-	1,232	(1,232)	778
Printing	1,200	1,891	(691)	975
Payroll Taxes	600	556	44	543
Dues & Subscriptions	350	353	(3)	327
Insurance	3,500	3,434	66	2,910
Miscellaneous	100	1,959	(1,859)	19
Office Supplies	1,600	1,765	(165)	1,688
Utilities and Telephone	1,900	2,423	(523)	2,195
Adopt-A-Flag Program	2,000	2,387	(387)	-
Travel and Convention	1,000	420	580	570
TOTAL	<u>23,970</u>	<u>29,823</u>	<u>(5,853)</u>	<u>22,990</u>
PUBLIC SAFETY				
Police Department:				
Salaries	16,650	16,510	140	16,260
Supplies	250	292	(42)	804
Fuel and Oil	2,800	2,450	350	2,684
Payroll Taxes	1,250	1,698	(448)	1,244
Insurance	3,850	3,891	(41)	3,317
Prisoner Expense	50	60	(10)	48
Uniforms	200	275	(75)	150
Repairs and Maint.	500	988	(488)	678
Miscellaneous	1,060	285	775	255
Telephone	600	521	79	588
Health Insurance	2,600	2,856	(256)	2,561
Court Cost	-	288	(288)	1,040
TOTAL	<u>\$ 29,810</u>	<u>\$ 30,114</u>	<u>\$ (304)</u>	<u>\$ 29,629</u>

	<u>1996</u>	<u>1995</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,806	\$ 4,065
Due To Other Funds	<u>6,563</u>	<u>5,997</u>
TOTAL CURRENT LIABILITIES	<u>10,369</u>	<u>10,062</u>
CURRENT LIABILITIES (Payable from Restricted Assets)		
Customer Deposits	<u>18,935</u>	<u>18,042</u>
	<u>18,935</u>	<u>18,042</u>
TOTAL LIABILITIES	<u>29,304</u>	<u>28,104</u>
FUND EQUITY		
Contributed Capital (net of accumulated amortization)	20,234	21,301
Retained Earnings Unreserved	<u>455,756</u>	<u>459,166</u>
TOTAL FUND EQUITY	<u>475,990</u>	<u>480,467</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$505,294</u> =====	<u>\$508,571</u> =====

VILLAGE OF HESSMER, LOUISIANA

DEBT SERVICE FUND

1974 SEWER SYSTEM IMPROVEMENT FUND

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

For the Year Ended August 31, 1996

With Comparative Actual Amounts for the Year Ended August 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
REVENUES				
Ad Valorem Taxes	\$ 3,900	\$ 3,448	\$ (452)	\$ 3,406
Late Penalties and Interest	-	14	14	36
Interest on Investments	500	601	101	546
Total Revenues	<u>4,400</u>	<u>4,063</u>	<u>(337)</u>	<u>3,988</u>
EXPENDITURES				
Bond Principal Retirement	1,900	2,000	(100)	2,000
Interest	2,000	2,000	-	2,000
Assessors Charge and Postage	500	520	(20)	589
Total Expenditures	<u>4,400</u>	<u>4,520</u>	<u>(120)</u>	<u>4,589</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(457)	(457)	(601)
FUND BALANCE, Beginning	<u>25,840</u>	<u>25,840</u>	-	<u>26,441</u>
FUND BALANCE, Ending	<u>\$ 25,840</u>	<u>\$ 25,383</u>	<u>\$ (457)</u>	<u>\$ 25,840</u>

Totals	
(Memorandum Only)	
<u>1996</u>	<u>1995</u>
\$ 28,033	\$ 48,612
30,140	29,790
(1,365)	(2,109)
(225)	(220)
430	-
(378)	519
<u>1,281</u>	<u>1,061</u>
<u>29,883</u>	<u>29,695</u>
<u>57,916</u>	<u>78,307</u>
705	1,909
<u>33,000</u>	<u>(33,000)</u>
<u>(32,295)</u>	<u>(31,091)</u>
(4,000)	(4,000)
(7,100)	(7,500)
<u>(56,981)</u>	<u>-</u>
<u>(68,081)</u>	<u>(11,300)</u>
(8,658)	(16,609)
<u>15,500</u>	<u>14,515</u>
<u>6,842</u>	<u>2,094</u>
(35,618)	33,822
<u>226,779</u>	<u>192,957</u>
\$191,161	\$226,779
=====	=====

VILLAGE OF HESSMER, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES
August 31, 1996 and 1995

	Water System Fund	Sewer System Fund	Totals (Memorandum Only)	
			1996	1995
ASSETS				
CURRENT ASSETS				
Cash	\$ 14,944	\$ 68,282	\$ 83,226	\$ 126,332
Investments	105,830	25,590	131,420	125,600
Accounts Receivable	14,701	4,603	19,304	17,939
Accrued Interest Receivable	344	581	925	1,076
Inventory	7,185	638	7,823	8,253
Due From Other Fund	326	1,996	2,322	2,461
Prepaid Expenses	1,578	186	1,764	1,539
TOTAL CURRENT ASSETS	<u>144,908</u>	<u>101,876</u>	<u>246,784</u>	<u>283,200</u>
RESTRICTED ASSETS				
Cash	11,195	96,740	107,935	100,447
Investments	12,500	56,574	69,074	66,236
Accrued Interest	792	1,193	1,985	1,249
TOTAL RESTRICTED ASSETS	<u>24,487</u>	<u>154,507</u>	<u>178,994</u>	<u>167,932</u>
PLANT and EQUIPMENT, at cost				
	630,239	630,817	1,261,056	1,204,075
Less Accumulated Depreciation	<u>(294,340)</u>	<u>(260,922)</u>	<u>(555,262)</u>	<u>(525,122)</u>
NET PROPERTY, PLANT AND EQUIPMENT	<u>335,899</u>	<u>369,895</u>	<u>705,794</u>	<u>678,953</u>
TOTAL ASSETS	<u>\$ 505,294</u> =====	<u>\$ 626,278</u> =====	<u>\$1,131,572</u> =====	<u>\$1,130,085</u> =====

	Water System <u>Fund</u>	Sewer System <u>Fund</u>	Totals (Memorandum Only)	
			<u>1996</u>	<u>1995</u>
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES				
(Payable from Current Assets)				
Accounts Payable	\$ 3,806	\$ 734	\$ 4,540	\$ 4,918
Due to Other Fund	<u>6,563</u>	<u>12,484</u>	<u>19,047</u>	<u>18,481</u>
	<u>10,369</u>	<u>13,218</u>	<u>23,587</u>	<u>23,399</u>
CURRENT LIABILITIES				
(Payable from Restricted Assets)				
Bonds Payable	-	4,000	4,000	4,000
Accrued Interest	-	4,594	4,594	4,727
Customer Deposits	<u>18,935</u>	<u>5,129</u>	<u>24,064</u>	<u>22,783</u>
	<u>18,935</u>	<u>13,723</u>	<u>32,658</u>	<u>31,510</u>
LONG-TERM LIABILITIES				
Bonds Payable (Net of Current Portion)	<u>-</u>	<u>134,000</u>	<u>134,000</u>	<u>138,000</u>
TOTAL LIABILITIES	<u>29,304</u>	<u>160,941</u>	<u>190,245</u>	<u>192,909</u>
FUND EQUITY				
Contributed Capital (net of accumulated amortization)	<u>20,234</u>	<u>224,147</u>	<u>244,381</u>	<u>263,194</u>
Retained Earnings				
Reserved	-	140,599	140,599	130,285
Unreserved	<u>455,756</u>	<u>100,591</u>	<u>556,347</u>	<u>553,697</u>
TOTAL RETAINED EARNINGS	<u>455,756</u>	<u>241,190</u>	<u>696,946</u>	<u>683,982</u>
TOTAL FUND EQUITY	<u>475,990</u>	<u>465,337</u>	<u>941,327</u>	<u>937,176</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 505,294</u>	<u>\$ 626,278</u>	<u>\$1,131,572</u>	<u>\$1,130,085</u>

VILLAGE OF HESSMER, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES

For the Year Ended August 31, 1996

With Comparative Actual Amounts for the Year Ended August 31, 1995

	<u>Water System</u>	<u>Sewer System</u>
OPERATING REVENUES		
Charges for Services	<u>\$122,438</u>	<u>\$ 41,192</u>
OPERATING EXPENSES		
Salaries	20,399	2,970
Payroll Taxes	1,662	236
Utilities	8,329	-
Office Supplies	2,822	879
Fuel and Oil	1,162	-
Chemicals and Supplies	15,067	4,569
Legal & Professional	5,419	1,071
Repairs & Maintenance	24,436	6,821
Insurance	4,048	491
Depreciation	16,424	13,716
Other Operating Expenses	1,573	2,684
Laboratory Test	-	819
TOTAL OPERATING EXPENSES	<u>101,341</u>	<u>34,256</u>
OPERATING INCOME	<u>21,097</u>	<u>6,936</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	7,426	8,659
Grant Proceeds	-	-
Interest Expense	-	<u>(6,967)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,426</u>	<u>1,692</u>
OTHER FINANCING (USES)		
Operating Transfers Out	<u>(33,000)</u>	<u>-</u>
NET INCOME	(4,477)	8,628
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	1,067	7,746
RETAINED EARNINGS, Beginning	<u>459,166</u>	<u>224,816</u>
RETAINED EARNINGS, Ending	\$455,756 =====	\$241,190 =====

Totals (Memorandum Only)	
<u>1996</u>	<u>1995</u>
<u>\$163,630</u>	<u>\$152,433</u>
23,369	22,041
1,898	1,801
8,329	7,540
3,701	2,883
1,162	3,625
19,636	9,005
6,490	1,758
31,257	15,385
4,539	4,063
30,140	29,790
4,257	5,086
819	844
<u>135,597</u>	<u>103,821</u>
<u>28,033</u>	<u>48,612</u>
16,085	14,767
-	-
<u>(6,967)</u>	<u>(7,167)</u>
<u>9,118</u>	<u>7,600</u>
<u>(33,000)</u>	<u>(33,000)</u>
4,151	23,212
8,813	8,813
<u>683,982</u>	<u>651,957</u>
<u>\$696,946</u>	<u>\$683,982</u>
=====	=====

<u>Totals</u>	
<u>1996</u>	<u>1995</u>
\$ 28,033	\$ 48,612
30,140	29,790
(1,365)	(2,109)
(225)	(220)
430	-
(378)	519
<u>1,281</u>	<u>1,061</u>
<u>29,883</u>	<u>29,695</u>
<u>57,916</u>	<u>78,307</u>
705	1,909
-	-
<u>(33,000)</u>	<u>(33,000)</u>
<u>(32,295)</u>	<u>(31,091)</u>
(4,000)	(4,000)
(7,100)	(7,300)
<u>(56,981)</u>	<u>-</u>
<u>(68,081)</u>	<u>(11,300)</u>
(8,658)	(16,609)
<u>15,500</u>	<u>14,515</u>
<u>6,842</u>	<u>2,094</u>
(35,618)	33,822
<u>226,779</u>	<u>192,957</u>
\$191,161	\$226,779
=====	=====

Mayor and Board of Aldermen
Village of Hessmer
Page 3

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for reimbursements and amounts claimed or used for matching that are applicable to the Village's nonmajor federal financial assistance program, which is identified in the accompanying schedule of federal financial assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structures policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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. I noted the matter identified on page 67 of this report involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

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



Hessmer, Louisiana
February 02, 1997

VILLAGE OF HESSMER, LOUISIANA
 ENTERPRISE FUND
 WATER SYSTEM FUND
 COMPARATIVE BALANCE SHEET
 August 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
CURRENT ASSETS		
Cash	\$ 14,944	\$ 63,574
Investments	105,830	100,600
Accounts Receivable	14,701	13,888
Accrued Interest Receivable	344	516
Inventory	7,185	7,599
Due From Other Funds	326	326
Prepaid Expenses	<u>1,578</u>	<u>1,325</u>
TOTAL CURRENT ASSETS	<u>144,908</u>	<u>187,828</u>
RESTRICTED ASSETS		
Cash	11,195	10,246
Investments	12,500	12,500
Accrued Interest Receivable	<u>792</u>	<u>9</u>
TOTAL RESTRICTED ASSETS	<u>24,487</u>	<u>22,755</u>
PLANT AND EQUIPMENT		
Plant & Equipment, at cost	630,239	575,904
Accumulated Depreciation	<u>(294,340)</u>	<u>(277,916)</u>
NET PROPERTY, PLANT & EQUIPMENT	<u>335,899</u>	<u>297,988</u>
TOTAL ASSETS	<u>\$505,294</u> =====	<u>\$508,571</u> =====

VILLAGE OF HESSMER, LOUISIANA

GENERAL FUND
STATEMENT OF REVENUES - BUDGET
(GAAP BASIS) AND ACTUAL

For the Year Ended August 31, 1996

With Comparative Actual Amounts for the Year Ended August 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
TAXES				
Franchise Fees	\$ 15,400	\$ 16,951	\$ 1,551	\$ 15,493
LICENSES & PERMITS				
Occupational	19,500	22,203	2,703	20,014
INTERGOVERNMENTAL				
Tobacco Taxes	3,100	3,125	25	3,129
Beer Taxes	1,350	2,991	1,641	1,340
2% Fire Insurance	5,800	5,963	163	6,043
Rural Fire	1,200	1,200	-	1,200
Mowing-State Contract	2,700	2,671	(29)	2,671
Video Poker	2,700	3,737	1,037	5,969
TOTAL	16,850	19,687	2,837	20,352
FINES & FORFEITS	6,500	1,586	(4,914)	8,026
MISCELLANEOUS				
Grand Casino Funds	16,000	23,737	7,737	-
Other	910	2,312	1,402	201
Interest Income	1,500	1,483	(17)	1,624
Sale of General Fixed Assets	100	-	(100)	505
TOTAL	18,510	27,532	9,022	2,330
TOTAL REVENUES	\$ 76,760	\$ 87,959	\$ 11,199	\$ 66,215
	=====	=====	=====	=====

Proprietary Fund Types	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	1996	1995
Enterprise				
\$ 4,540	\$ -	\$ -	\$ 6,803	\$ 6,834
4,000	-	-	4,000	4,000
4,594	-	-	4,594	4,727
24,064	-	-	24,064	22,783
19,047	-	-	21,043	20,616
134,000	-	-	134,000	138,000
-	-	36,000	36,000	38,000
<u>190,245</u>	<u>-</u>	<u>36,000</u>	<u>230,504</u>	<u>234,960</u>
244,381	-	-	244,381	253,194
-	127,089	-	127,089	119,157
140,599	-	-	140,599	130,285
556,347	-	-	556,347	553,697
<u>696,946</u>	<u>-</u>	<u>-</u>	<u>696,946</u>	<u>683,982</u>
-	-	-	7,913	8,654
-	-	-	25,383	25,840
-	-	-	68,001	53,824
-	-	-	101,297	88,318
<u>941,327</u>	<u>127,089</u>	<u>-</u>	<u>1,169,713</u>	<u>1,144,651</u>
\$1,131,572	\$ 127,089	\$ 36,000	\$1,400,217	\$1,375,610
=====	=====	=====	=====	=====

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VILLAGE OF HESSMER, LOUISIANA
FINANCIAL REPORT
AUGUST 31, 1996

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

Release Date APR 23 1997

Kenneth J. Rachal
Certified Public Accountant
Hessmer, Louisiana

VILLAGE OF HESSMER, LOUISIANA
 TABLE OF CONTENTS
 August 31, 1996

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 & 2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined Balance Sheet - All Fund Types and and Account Groups	4 - 7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund Types	8 & 9
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund and Debt Service Fund	10 & 11
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	12 & 13
Combined Statement of Cash Flows - All Proprietary Fund Types	14 & 15
Notes to Financial Statements	16 - 29
SUPPLEMENTARY INFORMATION	
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS	
General Fund:	
Comparative Balance Sheet	33
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	34
Statement of Revenues - Budget (GAAP Basis) and Actual	35
Statement of Expenditures - Budget (GAAP Basis) and Actual	36 & 37
Capital Projects Fund	
1993 LCDBG Grant Fund	
Comparative Balance Sheet	39
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	40
Debt Service Fund:	
1974 Sewer System Improvement Fund	
Comparative Balance Sheet	42
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	43

VILLAGE OF HESSMER, LOUISIANA
 TABLE OF CONTENTS (CONTINUED)
 August 31, 1996

	<u>Page</u>
Enterprise Funds:	
Combining Balance Sheet - All Proprietary Fund Types	45 & 46
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	47 & 48
Combining Statement of Cash Flows - All Proprietary Fund Types	49 & 50
Statement of Changes in Assets Restricted for Revenue Bond Debt Service	51
Water System Fund:	
Comparative Balance Sheet	52 & 53
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings	54
Comparative Statement of Cash Flows	55
Sewer System Fund:	
Comparative Balance Sheet	56 & 57
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings	58
Comparative Statement of Cash Flows	59
General Fixed Assets Account Group:	
Balance Sheet	61
Statement of Changes in General Fixed Assets	62
COMPENSATION PAID MAYOR AND BOARD OF ALDERMEN	63
INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	65 - 67
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	68 - 69
INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	70

VILLAGE OF HESSMER, LOUISIANA
TABLE OF CONTENTS (CONTINUED)
August 31, 1996

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS	71 - 73
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS	74 & 75
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS	76 & 77
Schedule of Federal Financial Assistance	78



Kenneth J. Rachal

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mark Jeansonne,
Mayor, and the Board of Aldermen
Village of Hessmer, Louisiana

I have audited the accompanying general purpose financial statements of the Village of Hessmer, Louisiana as of August 31, 1996 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Hessmer, Louisiana management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 the Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Hessmer, Louisiana as of August 31, 1996, 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.

Receipt Acknowledged
Legislative Auditor

By _____

To Mayor Jeansonne and
the Board of Aldermen

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" 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 Village of Hessmer, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report dated February 26, 1996 in which I expressed an unqualified opinion on the general purpose financial statements of the Village of Hessmer, Louisiana.

Kenneth J. Rachal

Hessmer, Louisiana
February 02, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF HESSMER

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
August 31, 1996

ASSETS AND OTHER DEBITS	Governmental Fund Types		
	General	Capital Projects	Debt Service
Cash	\$ 49,677	\$ 50	\$ 1,944
Investments, at cost	15,000	-	11,255
Receivables:			
Accounts	745		-
Accrued Interest	225		26
Inventory, at cost	-	-	-
Due From Other Funds	6,563	-	12,158
Due From Other Governments	-	-	-
Prepaid Insurance	7,913	-	-
Restricted Assets:			
Cash	-	-	-
Investments, at cost	-	-	-
Accrued Interest Receivable	-	-	-
Amounts Available in Debt Service Fund	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-
Land	-	-	-
Plant and Equipment, at cost	-	-	-
Accumulated Depreciation	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 80,123	\$ 50	\$ 25,383
	=====	=====	=====

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

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

Capital Projects Fund. The Capital Projects Fund accounts for the financial resources to be used for the improvement of the existing water system.

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

Proprietary Funds

Enterprise Funds. Enterprise Funds are 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 Water System Fund and the Sewer System Fund are used to account for the operations of the Water and Sewer Utility Enterprise Funds.

Fixed Assets and Long-term Liabilities. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

VILLAGE OF HESSMER, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
August 31, 1996

	Governmental Fund Types		
	General	Capital Projects	Debt Service
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 2,213	\$ 50	\$ -
Payable from Restricted Assets			
Revenue Bonds			
Current Portion	-	-	-
Accrued Interest	-	-	-
Customer Deposits	-	-	-
Due to Other Funds	1,996	-	-
Revenue Bonds Payable (net of Current Portion)	-	-	-
General Obligation Bonds	-	-	-
TOTAL LIABILITIES	<u>4,209</u>	<u>50</u>	<u>-</u>
FUND EQUITY			
Contributed Capital (net of amortization)	-	-	-
Investment in General Fixed Assets	-	-	-
Retained Earnings:			
Reserved	-	-	-
Unreserved	-	-	-
Total Retained Earnings	-	-	-
Fund Balances:			
Unreserved			
Designated for			
Subsequent Years Exp	7,913	-	-
Debt Service	-	-	25,383
Undesignated	68,001	-	-
Total Fund Balances	75,914	-	25,383
TOTAL FUND EQUITY	<u>75,914</u>	<u>-</u>	<u>25,383</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 80,123</u>	<u>\$ 50</u>	<u>\$ 25,383</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Hessmer was incorporated in 1955 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the Village of Hessmer conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies and practices.

Financial Reporting Entity. This report includes all funds and account groups which are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village is determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the volunteer fire department, as a governmental organization, is not part of the Village and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Village does provide facilities and some of its financing, no control is exercised over its operations. These financial statements include only expenditures incurred directly by the Village for fire protection and does not include operating expenditures paid with self-generated funds of the volunteer fire department.

Fund Accounting. The accounts of the Village 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, 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 various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

VILLAGE OF HESSMER, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended August 31, 1996

	<u>General</u>	<u>Capital Projects</u>
REVENUES		
Taxes	\$ 16,951	\$ -
Licenses and Permits	22,203	-
Intergovernmental	19,687	89,368
Fines and Forfeits	1,586	-
Miscellaneous	<u>27,532</u>	<u>49,000</u>
TOTAL REVENUES	<u>87,959</u>	<u>138,368</u>
EXPENDITURES		
Current:		
General Government	29,823	-
Public Safety:		
Police	30,114	-
Fire	17,652	-
Streets & Sanitation	18,620	-
Recreation	3,122	-
Capital Outlay	8,192	138,368
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	<u>107,523</u>	<u>138,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,564)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	33,000	-
Operating Transfers Out	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>33,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	13,436	-
FUND BALANCE, Beginning	<u>62,478</u>	<u>-</u>
FUND BALANCE, Ending	\$ 75,914 =====	\$ - =====

The accompanying notes are an integral part of this statement.

Debt Service	Totals (Memorandum Only)	
	1996	1995
\$ 3,448	\$ 20,399	\$ 18,899
-	22,203	20,014
-	109,055	339,348
-	1,586	8,026
615	77,147	2,912
<u>4,063</u>	<u>230,390</u>	<u>389,199</u>
-	29,823	22,990
-	30,114	29,629
-	17,652	14,950
-	18,620	16,140
-	3,122	4,033
-	146,560	320,506
2,000	2,000	2,000
2,520	2,520	2,589
<u>4,520</u>	<u>250,411</u>	<u>412,837</u>
<u>(457)</u>	<u>(20,021)</u>	<u>(23,638)</u>
-	33,000	33,000
-	-	-
-	<u>33,000</u>	<u>33,000</u>
(457)	12,979	9,362
<u>25,840</u>	<u>88,318</u>	<u>78,956</u>
\$ 25,383 =====	\$101,297 =====	\$ 88,318 =====

VILLAGE OF HESSMER, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
 GENERAL FUND AND DEBT SERVICE FUND
 For the Year Ended August 31, 1996

	General Fund		Variance Favorable (Unfavorable)
	1996		
	Budget	Actual	
REVENUES			
Taxes	\$ 15,400	\$ 16,951	\$ 1,551
Licenses and Permits	19,500	22,203	2,703
Intergovernmental	16,850	19,687	2,837
Fines and Forfeits	6,500	1,586	(4,914)
Miscellaneous	18,510	27,532	9,022
TOTAL REVENUES	<u>76,760</u>	<u>87,959</u>	<u>11,199</u>
EXPENDITURES			
Current:			
General Government	23,970	29,823	(5,853)
Public Safety:			
Police	29,810	30,114	(304)
Fire	16,300	17,652	(1,352)
Streets & Sanitation	18,225	18,620	(395)
Recreation	7,300	3,122	4,178
Capital Outlay	7,000	8,192	(1,192)
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
TOTAL EXPENDITURES	<u>102,605</u>	<u>107,523</u>	<u>(4,918)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(25,845)</u>	<u>(19,564)</u>	<u>6,281</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	33,000	33,000	-
Operating Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>33,000</u>	<u>33,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(7,155)	13,436	6,281
FUND BALANCE, Beginning	<u>62,478</u>	<u>62,478</u>	<u>-</u>
FUND BALANCE, Ending	\$ 69,633 =====	\$ 75,914 =====	\$ 6,281 =====

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
For the Year Ended August 31, 1996

	<u>Water System</u>	<u>Sewer System</u>
OPERATING REVENUES		
Charges for Services	\$ <u>122,438</u>	\$ <u>41,192</u>
OPERATING EXPENSES		
Salaries	20,399	2,970
Payroll Taxes	1,662	236
Utilities	8,329	-
Office Supplies	2,822	879
Fuel and Oil	1,162	-
Chemicals and Supplies	15,067	4,569
Legal & Professional	5,419	1,071
Repair & Maintenance	24,436	6,821
Insurance	4,048	491
Depreciation	16,424	13,716
Other Operating Expenses	1,573	2,684
Laboratory Test	-	819
TOTAL OPERATING EXPENSES	<u>101,341</u>	<u>34,256</u>
OPERATING INCOME	<u>21,097</u>	<u>6,936</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	7,426	8,659
Interest Expense	-	<u>(6,967)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,426</u>	<u>1,692</u>
OTHER FINANCING (USES)		
Operating Transfers Out	<u>(33,000)</u>	<u>-</u>
NET INCOME	(4,477)	8,628
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION		
THAT REDUCES CONTRIBUTED CAPITAL	1,067	7,746
RETAINED EARNINGS, Beginning	<u>459,166</u>	<u>224,816</u>
RETAINED EARNINGS, Ending	\$ <u>455,756</u> =====	\$ <u>241,190</u> =====

The accompanying notes are an integral part of this statement.

Totals (Memorandum Only)	
<u>1996</u>	<u>1995</u>
<u>\$163,630</u>	<u>\$152,433</u>
23,369	22,041
1,898	1,801
8,329	7,540
3,701	2,883
1,162	3,625
19,636	9,005
6,490	1,758
31,257	15,385
4,539	4,063
30,140	29,790
4,257	5,086
819	844
<u>135,597</u>	<u>103,821</u>
<u>28,033</u>	<u>48,612</u>
16,085	14,767
-	-
<u>(6,967)</u>	<u>(7,167)</u>
<u>9,118</u>	<u>7,600</u>
<u>(33,000)</u>	<u>(33,000)</u>
4,151	23,212
8,813	8,813
<u>683,982</u>	<u>651,957</u>
<u>\$696,946</u>	<u>\$683,982</u>
=====	=====

VILLAGE OF HESSMER, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 For the Year Ended August 31, 1996

	<u>Water System</u>	<u>Sewer System</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$ <u>21,097</u>	\$ <u>6,936</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	16,424	13,716
(Increase) Decrease in:		
Accounts Receivable	(813)	(552)
Prepaid Insurance	(253)	28
Inventory	414	16
Increase (Decrease) in:		
Accounts Payable	(259)	(119)
Customer Deposits	893	388
Total Adjustments	<u>16,406</u>	<u>13,477</u>
Net Cash Provided by Operating Activities	<u>37,503</u>	<u>20,413</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances From Other Funds	566	139
Transfers Out	<u>(33,000)</u>	<u>-</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(32,434)</u>	<u>139</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment on Bonds	-	(4,000)
Payment of Interest on Bonds	-	(7,100)
Purchase of Fixed Assets	<u>(54,335)</u>	<u>(2,646)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(54,335)</u>	<u>(13,746)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(5,230)	(3,428)
Interest Earned On Investments	<u>6,815</u>	<u>8,685</u>
Net Cash Provided (Used) By Investing Activities	<u>1,585</u>	<u>5,257</u>
 NET INCREASE (DECREASE) IN CASH	 (47,681)	 12,063
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>73,820</u>	 <u>152,959</u>
 CASH AND CASH EQUIVALENTS, end of year	 \$ 26,139 =====	 \$165,022 =====

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA
 ENTERPRISE FUNDS - SEWER FUND
 STATEMENT OF CHANGES IN ASSETS
 RESTRICTED FOR REVENUE BOND DEBT SERVICE
 Year Ended August 31, 1996

	Sewer Fund			Total
	Bond and Interest Sinking Fund	Sewer Reserve Fund	Sewer Depreciation Fund	
CASH, August 31, 1995	\$ 50,903	\$ 28,133	\$ 6,240	\$ 85,276
CASH RECEIPTS				
Transfer from Operating Account	13,200	-	1,440	14,640
Interest on Investments	1,715	896	-	2,611
TOTAL CASH RECEIPTS	<u>14,915</u>	<u>896</u>	<u>1,440</u>	<u>17,251</u>
TOTAL CASH AVAILABLE	<u>65,818</u>	<u>29,029</u>	<u>7,680</u>	<u>102,527</u>
CASH DISBURSEMENTS				
Bond Principal Payments	4,000	-	-	4,000
Bond Interest Payments	7,100	-	-	7,100
Transfers to Other Funds	-	-	-	-
TOTAL CASH DISBURSEMENTS	<u>11,100</u>	<u>-</u>	<u>-</u>	<u>11,100</u>
CASH, August 31, 1996	\$ 54,718 =====	\$ 29,029 =====	\$ 7,680 =====	\$ 91,427 =====

Proprietary Fund Types Enterprise	Account Groups		Totals (Memorandum Only)	
	General Fixed	General	1996	1995
	Assets	Long-Term Debt		
\$ 83,226	\$ -	\$ -	\$ 134,897	\$ 164,997
131,420	-	-	157,675	151,281
19,304	-	-	20,049	18,896
925	-	-	1,176	1,333
7,823	-	-	7,823	8,253
2,322	-	-	21,043	20,616
-	-	-	-	-
1,764	-	-	9,677	10,193
107,935	-	-	107,935	100,447
69,074	-	-	69,074	66,236
1,985	-	-	1,985	1,249
-	-	25,383	25,383	25,840
-	-	10,617	10,617	12,160
-	39,492	-	39,492	37,452
1,261,056	87,597	-	1,348,653	1,285,780
(555,262)	-	-	(555,262)	(525,122)
<u>\$1,131,572</u>	<u>\$ 127,089</u>	<u>\$ 36,000</u>	<u>\$1,400,217</u>	<u>\$1,379,611</u>
=====	=====	=====	=====	=====

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves. The Town records reserves to indicate that a portion of the retained earnings is legally segregated for a specific future use.

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

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

NOTE 2. DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, the Village considers all highly liquid investments (Certificates of Deposit) with a maturity of three months or less to be cash equivalents. The deposits and investments are in various state banks organized under Louisiana law which is permissible. In compliance with state law, these deposits and investments are fully secured by federal deposit insurance and investments designated by the banks.

Deposits. At year end, the carrying amount of the Village's deposits was \$242,732 and the bank balance was \$244,630. Cash on the Balance Sheet also included \$100 of cash on hand.

Investments. The Village's investments were interest bearing certificates of deposit and savings. The market value approximates the carrying amount which is \$226,749.

NOTE 3. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 2 of each year. Taxes are levied by the Village in October. Billed taxes become delinquent on January 1 of the following year. Revenues from property taxes are budgeted in the year billed.

VILLAGE OF HESSMER, LOUISIANA

DEBT SERVICE FUND
 1974 SEWER SYSTEM IMPROVEMENT FUND
 COMPARATIVE BALANCE SHEET
 August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash in Bank	\$ 1,944	\$ 2,977
Investments	11,255	10,681
Due from Other Funds	12,158	12,158
Accrued Interest Receivable	<u>26</u>	<u>24</u>
 TOTAL ASSETS	 25,383 =====	 25,840 =====
LIABILITIES AND FUND BALANCE		
Due to Other Funds	-	-
Fund Balance Designated for Debt Service	<u>25,383</u>	<u>25,840</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 25,383 =====	 \$ 25,840 =====

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
August 31, 1996

NOTE 17. LCDBG GRANT INFORMATION

The Village entered into a LCDBG grant to make improvements to the existing water system. The total grant is \$500,011.

<u>Grant Budget</u>	<u>Amount</u>
Acquisition of Real Property	\$ 15,000
Construction Costs	450,011
Administration	<u>35,000</u>
Total Grant Amount	<u>\$500,011</u>
<u>Funds Expended</u>	
Administration	\$ 23,843
Other costs	1,445
Construction Costs	
Contractor Costs	387,500
Engineering	<u>57,461</u>
Total Funds Expended Through 08/31/96	<u>470,249</u>
<u>Unexpended Funds Through 08/31/96</u>	\$ 29,762 =====

VILLAGE OF HESSMER, LOUISIANA

ENTERPRISE FUND
 WATER SYSTEM FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 For the Years Ended August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
OPERATING REVENUES		
Charges for Services	\$122,438	\$113,023
OPERATING EXPENSES		
Salaries	20,399	19,654
Payroll Taxes	1,662	1,604
Utilities	8,329	7,540
Office Supplies	2,822	2,574
Repairs & Maintenance	24,436	9,005
Legal and Professional	5,419	2,702
Fuel and Oil	1,162	958
Chemicals	15,067	11,316
Insurance	4,048	3,438
Depreciation	16,424	16,103
Other Operating Expenses	<u>1,573</u>	<u>1,976</u>
TOTAL OPERATING EXPENSES	<u>101,341</u>	<u>76,870</u>
OPERATING INCOME	<u>21,097</u>	<u>36,153</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	<u>7,426</u>	<u>7,025</u>
	<u>7,426</u>	<u>7,025</u>
OTHER USES		
Operating Transfers Out	<u>(33,000)</u>	<u>(33,000)</u>
NET INCOME	(4,477)	10,178
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	1,067	1,067
RETAINED EARNINGS, Beginning	<u>459,166</u>	<u>447,921</u>
RETAINED EARNINGS, Ending	\$455,756 =====	\$459,166 =====

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

NOTE 8. CHANGES IN LONG-TERM DEBT (CONTINUED)

The Sewer Fund is to transfer to the Sewer Revenue and Interest Sinking Fund on a monthly basis, a sum not less than one-twelfth (1/12th) of the amount of the principal which will become due on the next following payment date and not less than one-sixth (1/6th) of the amount of the interest due on the next following payment date. In addition to these transfers the Sewer Fund is to transfer to the Sewer Reserve Fund five percent (5%) of the amount to be paid to the Sinking Fund until a total of \$12,659 is accumulated therein. In addition, the Sewer Fund is to transfer \$40 per month into the Sewer Depreciation Fund.

For the year ended August 31, 1996, all required transfers were adequate.

NOTE 9. RETIREMENT COMMITMENTS

As of August 31, 1996 all employees of the Village are members of the Social Security System. All required payments into this fund have been paid for the year ended August 31, 1996. Social security taxes in the amount of \$3,713 was paid on qualified payroll of \$48,538.

NOTE 10. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. There were no encumbrances outstanding at year end.

NOTE 11. DESIGNATION OF FUND BALANCE

In the General Fund, unreserved fund balance has been designated for subsequent year's expenditures in the amount of \$7,913. This designation represents the portion of prepaid insurance at August 31, 1995 for which the Village had already expended funds.

NOTE 12. LITIGATION

The Village is not involved in any litigation as of August 31, 1996.

NOTE 13. GRANT PROCEEDS

During the year ended August 31, 1993, the Village received \$50,000 of state grant monies to be used for the upgrading of the sewer system. As of the end of the year the Village had not expended these funds. Therefore, there has been a reservation of retained earnings of \$57,766 at year end which includes interest earned on this money.

VILLAGE OF HESSMER, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

For the Year Ended August 31, 1996

With Comparative Actual Amounts for the Year Ended August 31, 1995

	<u>Water System</u>	<u>Sewer System</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$ <u>21,097</u>	\$ <u>6,936</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	16,424	13,716
(Increase) Decrease in:		
Accounts Receivable	(813)	(552)
Prepaid Insurance	(253)	28
Inventory	414	16
Increase (Decrease) in:		
Accounts Payable	(259)	(119)
Customer Deposits	<u>893</u>	<u>388</u>
Total Adjustments	<u>16,406</u>	<u>13,477</u>
Net Cash Provided by Operating Activities	<u>37,503</u>	<u>20,413</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances From Other Funds	566	139
Proceeds From Grant	-	-
Transfers Out	<u>(33,000)</u>	<u>-</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(32,434)</u>	<u>139</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Payment on Bonds	-	(4,000)
Payment of Interest on Bonds	-	(7,100)
Purchase of Fixed Assets	<u>(54,335)</u>	<u>(2,646)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(54,335)</u>	<u>(13,746)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(5,230)	(3,428)
Interest Earned On Investments	<u>6,815</u>	<u>8,685</u>
Net Cash Provided (Used) By Investing Activities	<u>1,585</u>	<u>5,257</u>
NET INCREASE (DECREASE) IN CASH	(47,681)	12,063
CASH AND CASH EQUIVALENTS, beginning of year	<u>73,820</u>	<u>152,959</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u>26,139</u> =====	\$ <u>165,022</u> =====

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
August 31, 1996

NOTE 8. CHANGES IN LONG-TERM DEBT (CONTINUED)

Sewer Revenue Bonds

<u>Year Ending</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>
1997	\$ 4,000	\$ 6,900
1998	5,000	6,700
1999	5,000	6,450
2000	5,000	6,200
2001	6,000	5,950
2002-2006	34,000	25,100
2007-2011	46,000	15,400
2012-2014	<u>33,000</u>	<u>3,300</u>
Total	\$138,000	\$ 76,000
	=====	=====

\$25,383 is available in the Debt Service Fund to retire general obligation bonds.

Dedication of Water and Sewer Revenues and Sinking Fund Requirements.
The 1963 Water Revenue Bonds were paid off during the fiscal year ended August 31, 1987.

1974 Sewer System Revenue Bonds

The revenues of the sewer system are partially pledged to retire the sewer revenue bonds dated September 16, 1974.

The bond resolution of the 1974 Issue of Bonds requires the establishment and maintenance of the following bank accounts:

- A. Sewer Revenue Bond and Interest Sinking Fund
- B. Sewer Reserve Fund
- C. Sewer Depreciation Fund

In regards to compliance with revenue bond resolutions, a summary of the applicable activity in the accounts is as follows:

<u>August 31, 1996</u>	<u>Transfers (T)</u> <u>or Minimum (M)</u> <u>Balance</u> <u>Required</u>	<u>Transfers</u> <u>During</u> <u>Year</u>	<u>Over</u> <u>(Under)</u> <u>Requirement</u>
Sewer Revenue Bond and Interest Sinking Fund	\$ 11,100 (T)	\$ 13,200	\$ 2,100
Sewer Reserve Fund	12,659 (M)	29,029	16,370
Sewer Depreciation Fund	480 (T)	1,440	960

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
August 31, 1996

NOTE 8. CHANGES IN LONG-TERM DEBT (CONTINUED)

B. \$30,000 - 1974 Sewer System Improvement serial bonds due in annual installments of \$500 to \$1,000 through January 1, 2014; interest rate at 5%, funded by property taxes.	18,000
Total General Obligation Bonds	<u>\$ 36,000</u>
	=====

Sewer Revenue Bonds

\$188,000 - 1974 Sewer Revenue serial bonds due in annual installments of \$3,000 to \$11,000 through January 1, 2014; interest rate at 5%.	\$138,000
	=====

The above revenue bonds are secured by sewer system revenues.

The annual requirements to amortize all bond debt outstanding at August 31, 1996 are as follows:

General Obligation Bonds

Year Ending August 31,	Series 1974		Series 1974	
	Principal	Interest	Principal	Interest
1997	\$ 1,000	\$ 900	\$ 1,000	\$ 900
1998	1,000	850	1,000	850
1999	1,000	800	1,000	800
2000	1,000	750	1,000	750
2001	1,000	700	1,000	700
2002-2006	5,000	2,750	5,000	2,750
2007-2011	5,000	1,500	5,000	1,500
2012-2014	3,000	300	3,000	300
Total	<u>\$ 18,000</u>	<u>\$ 8,550</u>	<u>\$ 18,000</u>	<u>\$ 8,550</u>
	=====	=====	=====	=====

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
August 31, 1996

NOTE 7. FIXED ASSETS (CONTINUED)

A summary of changes in proprietary fund type property, plant and equipment is as follows:

	Balance 09-01-95	Additions	Deletions	Balance 08-31-96
Water System	\$ 575,904	\$ 54,335	\$ -	\$ 630,239
Sewer System	628,171	2,646	-	630,817
Total	1,204,075	56,981	-	1,261,056
Less Accumulated Depreciation	(525,122)	(30,140)	-	(555,262)
	\$ 678,953	\$ 26,841	\$ -	\$ 705,794
	=====	=====	=====	=====

NOTE 8. CHANGES IN LONG-TERM DEBT

The following is a summary of bond and note transactions of the Village for the year ended August 31, 1996:

	General Obligation Bonds	Sewer Revenue Bonds	Total
Bonds Payable at 9/1/95	\$ 38,000	\$142,000	\$180,000
Less: Bonds Retired	(2,000)	(4,000)	(6,000)
Bonds Payable at 8/31/95	\$ 36,000	\$138,000	\$174,000
	=====	=====	=====

Bonds payable at August 31, 1996 are comprised of the following individual issues:

<u>General Obligation Bonds</u>	<u>Outstanding Balance</u>
A. \$30,000 - 1974 Sewer System Improvement serial bonds due in annual installments of \$500 to \$1,000 through January 1, 2014; interest rate at 5%, funded by property taxes.	\$ 18,000

SUPPLEMENTARY INFORMATION

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

NOTE 3. PROPERTY TAXES (CONTINUED)

The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish.

For the year ended August 31, 1995, taxes of 3.0 mills were levied on property with assessed valuations totaling \$1,134,800 and were dedicated as follows:

<u>Description</u>	<u>Assessment (Mills)</u>	<u>Tax Revenues</u>
Sewerage Dist. #1 Bonds	1.50	\$1,724
Sewerage Public Improvement Bonds	<u>1.50</u>	<u>1,724</u>
	3.00	\$3,448
	=====	=====

Total taxes levied were \$3,448 with collections of penalty and interest of \$14. All taxes were collected at August 31, 1996.

NOTE 4. ACCOUNTS RECEIVABLE

Receivables are made up of the following:

	<u>General Fund</u>	<u>Water System Fund</u>	<u>Sewer System Fund</u>	<u>Total</u>
Beer taxes	\$ 745	\$ -	\$ -	\$ 745
Unbilled receiv.	-	3,430	1,119	4,549
Utility billings	-	11,271	3,484	14,755
	<u>\$ 745</u>	<u>\$ 14,701</u>	<u>\$ 4,603</u>	<u>\$ 20,049</u>
	=====	=====	=====	=====

All amounts are deemed collectible.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 6,563	\$ 1,996
Debt Service Fund	12,158	-
Water System Fund	326	6,563
Sewer System Fund	<u>1,996</u>	<u>12,484</u>
Total	\$21,043	\$21,043
	=====	=====

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

NOTE 14. EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended August 31, 1996, there were no funds that had actual expenditures over budgeted appropriations.

NOTE 15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Village maintains two Enterprise Funds. Segment information for these funds for the year ended August 31, 1996 follows:

	<u>Water System Fund</u>	<u>Sewer System Fund</u>	<u>Total</u>
Operating Revenues	\$ 122,438	\$ 41,192	\$ 163,630
Depreciation	16,424	13,716	30,140
Operating Income	21,097	6,936	28,033
Net Income (loss)	(4,477)	8,628	4,151
Current Capital			
Contributions	-	-	-
Plant Property & Equipment			
Net Additions	-	-	-
Net Working Capital	134,539	88,658	223,197
Total Assets	505,294	626,278	1,131,572
Long-term Liabilities			
Payable From			
Operating Revenues	-	134,000	134,000
Total Equity	475,990	465,337	941,327

NOTE 16. RELATED PARTY TRANSACTIONS

The following is a schedule of the compensation paid to the Mayor and Aldermen for the year ended August 31, 1996.

	<u>Amount</u>
Mayor, Mark Jeansonne	\$ 1,500
Aldermen	
Vera Hickerson	600
Bobby Roy	600
Nolan Scallan	600
	<u>\$ 3,300</u>
	=====

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 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 noncompliance may nevertheless occur and not be detected. Also, protection 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, I have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls
Revenues/receipts
Purchases/disbursements

Administrative Controls
Political activity
Civil rights
Davis Bacon Act
Drug Free Act
Cash management
Relocation assistance and real property acquisition
Federal financial reports
Allowable costs/cost principles
Administrative requirements
Types of services allowed or not allowed
Special requirements (authorization of expenditures)

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

During the year ended August 31, 1996, the Village of Hessmer, Hessmer, Louisiana, expended 100 percent of its total federal financial assistance under the one nonmajor federal financial assistance program as listed in the schedule of federal financial assistance.

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

	<u>Water System</u>	<u>Sewer System</u>
Pumps, Motors, Compressors	10 years	10 years
Lines and Other System Installations	50 years	50 years
Vehicles and Movable Equipment	5-8 years	5-8 years

Major portions of the sewer system and water system were contributed by federal grants. The cost of these systems donated by the federal grants is included in Property Plant and Equipment. Depreciation on this cost is a reduction of Contributed Capital as amortization and an increase in retained earnings.

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 are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property Taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Penalties and Interest, Corporation Court Fines and Miscellaneous Revenues are recorded when received in cash because they are generally not measurable until actually received. Franchise Taxes, Intergovernmental Revenue, and Interest Income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

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

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

August 31, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting. The Village follows the following procedures in establishing the budget:

1. The Mayor meets with the Council to review the prior year revenue and expenditures as a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are taken into account and reflected in the projections.
3. Once adopted the budget is made available for public inspection and a budget summary is published in the Village's designated official journal.
4. The Village doesn't formally integrate its budget as a management tool.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets are prepared for the general fund and the debt service fund utilizing generally accepted accounting principles.

Inventories. Purchases of various operating supplies are regarded as expenditures at the time purchased. Inventories are stated at cost using the first-in, first-out method of pricing. Inventories are adjusted at year-end.

Investments. Investments are stated at cost or amortized cost. Discounts and premiums on the purchase of investments, if any, are amortized over the life of the investment remaining from the date of purchase to the date of maturity. All investments consist of time deposits.

Restricted Assets. These assets consist of cash and short term investments restricted for the Sewer System Fund's debt service.

Bad Debts. Uncollectible amounts due from customers' utility receivables are recognized as bad debts once management determines that the account will not be collected.

Accumulated Unpaid Vacation, Sick-pay, and Other Employee Benefits. Employees of the Village are not covered under any specific vacation or sick-leave policy. It is the Village's policy that unused compensated absences lapse at the end of each year. Therefore, no accruals for accumulated unused compensated absences have been made in these financial statements.

VILLAGE OF HESSMER
 HESSMER, LOUISIANA

Schedule of Federal Financial Assistance
 For the Year Ended August 31, 1996

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development: Passed - through Louisiana Division of Administration - Community Development Block Grants/State's Program	14.228	\$ 89,368 \$ 89,368
Total expenditures		=====

Note: The above program is a nonmajor program.

Mayor and Board of Aldermen
Hessmer, Louisiana
Page 2

This report is intended for the information of Management and Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Kenneth J. Rachal

Hessmer, Louisiana
February 02, 1997

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

Mayor and Board of Aldermen
Village of Hessmer
Hessmer, Louisiana

I have audited the general purpose financial statements of the Village of Hessmer, Louisiana, as of and for the year ended August 31, 1996, and have issued my report thereon dated February 02, 1997.

In connection with my audit of the general purpose financial statements of the Village of Hessmer, Louisiana, and with my consideration of the Village of Hessmer's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments", I selected certain transactions applicable to the one nonmajor federal assistance program for the year ended August 31, 1996. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; reporting; claims for reimbursements; adopting Section 3 plans; EEO and Fair Housing provisions, Section 508 citizen participation plan provisions, environmental provisions and other requirements as stipulated by LCDBG grant programs. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Hessmer's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results or those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Village of Hessmer had not complied, in all material respects, with those requirements.

Mayor and Board of Aldermen
Hessmer, Louisiana
Page 2

In reporting on prior findings, the items noted by the State during an interim monitor have been corrected.

This report is intended for the information of Management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Hessmer, Louisiana
February 02, 1997



Kenneth J. Rachal

Certified Public Accountant

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HESSMER, LOUISIANA 71341

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

Mayor and Board of Aldermen
Village of Hessmer
Hessmer, Louisiana

I have audited the general purpose financial statements of the Village of Hessmer, Louisiana, as of and for the year ended August 31, 1996, and have issued my report thereon dated February 02, 1997.

I have applied procedures to test the Village of Hessmer's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended August 31, 1996: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property acquisition, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, and administrative requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Village of Hessmer, Louisiana, compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With the 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 my attention that caused me to believe that the Village of Hessmer, Louisiana, had not complied, in all material respects, with those requirements.

VILLAGE OF HESSMER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
August 31, 1996

NOTE 6. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets consisted of cash and short-term investments in the following accounts at August 31, 1996:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Customer Deposit Fund			
Cash	\$ 9,388	\$ 5,313	\$ 14,701
Investments	12,500	-	12,500
Accrued Interest Receivable	792	-	792
	<u>22,680</u>	<u>5,313</u>	<u>27,993</u>
State Grant Funds			
Investments	-	56,574	56,574
Accrued Interest Receivable	-	1,193	1,193
	<u>-</u>	<u>57,767</u>	<u>57,767</u>
Bond Debt Service			
Revenue Bond Fund	-	54,718	54,718
Revenue Bond Reserve Fund	-	29,029	29,029
Replacement and Deprec. Fund	1,807	7,680	9,487
	<u>1,807</u>	<u>91,427</u>	<u>93,234</u>
	<u>\$ 24,487</u>	<u>\$154,507</u>	<u>\$178,994</u>
	=====	=====	=====

The cash and investments in the customer deposit funds must at least equal the liability for customer deposits. See Note 8 for restrictions on bond accounts.

NOTE 7. FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	<u>Balance 09-01-95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 08-31-96</u>
Land	\$ 37,452	\$ 2,040	\$ -	\$ 39,492
Buildings and Improvements	37,569	1,198	-	38,767
Equipment	12,326	4,694	-	20,925
Vehicles	27,905	-	-	27,905
	<u>\$119,157</u>	<u>\$ 7,932</u>	<u>\$ -</u>	<u>\$127,089</u>
	=====	=====	=====	=====

VILLAGE OF HESSMER, LOUISIANA
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended August 31, 1996

	<u>Balance</u> August 31, 1995	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> August 31, 1996
GENERAL FIXED ASSETS				
Land and Improvements	\$ 37,452	\$ 2,040	\$ -	\$ 39,492
Buildings	37,569	1,198	-	38,767
Equipment	16,231	4,694	-	20,925
Vehicles	<u>27,905</u>	<u>-</u>	<u>-</u>	<u>27,905</u>
	\$119,157	\$ 7,932	\$ -	\$127,089
	=====	=====	=====	=====
 INVESTMENT IN GENERAL FIXED ASSETS FROM				
General Fund				
Revenues	\$ 94,747	\$ 7,932	\$ -	\$102,679
Revenue Sharing	16,485	-	-	16,485
Municipality	4,975	-	-	4,975
Other	<u>2,950</u>	<u>-</u>	<u>-</u>	<u>2,950</u>
	\$119,157	\$ 7,932	\$ -	\$127,089
	=====	=====	=====	=====

VILLAGE OF HESSMER, LOUISIANA

ENTERPRISE FUND
 WATER SYSTEM FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 For the Years Ended August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$ <u>21,097</u>	\$ <u>36,153</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	16,424	16,103
(Increase) Decrease in:		
Accounts Receivable	(813)	(1,962)
Prepaid Insurance	(253)	(201)
Inventory	414	-
Increase (Decrease) in:		
Accounts Payable	(259)	761
Customer Deposits	893	802
Total Adjustments	<u>16,406</u>	<u>15,503</u>
Net Cash Provided by Operating Activities	<u>37,503</u>	<u>51,656</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances From Other Funds	566	1,506
Transfers Out	<u>(33,000)</u>	<u>(33,000)</u>
Net Cash Used By Noncapital Financing Activities	<u>(32,434)</u>	<u>(31,494)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Purchase of Fixed Assets	<u>(54,335)</u>	<u>-</u>
Net Cash Used By Capital and Related Financing Activities	<u>(54,335)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(5,230)	(4,574)
Interest Earned On Investments	<u>6,815</u>	<u>7,594</u>
Net Cash Provided By (Used) In Investing Activities	<u>1,585</u>	<u>3,020</u>
NET INCREASE (DECREASE) IN CASH	(47,681)	23,182
CASH AND CASH EQUIVALENTS, beginning of year	<u>73,820</u>	<u>50,638</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u>26,139</u> =====	\$ <u>73,820</u> =====

VILLAGE OF HESSMER, LOUISIANA
ENTERPRISE FUND
SEWER SYSTEM FUND
COMPARATIVE BALANCE SHEET
August 31, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
CURRENT ASSETS		
Cash	\$ 68,282	\$ 62,758
Investments	25,590	25,000
Accounts Receivable	4,603	4,051
Accrued Interest Receivable	581	560
Inventory	638	654
Due From Other Funds	1,996	2,135
Prepaid Expenses	<u>186</u>	<u>214</u>
TOTAL CURRENT ASSETS	<u>101,876</u>	<u>95,372</u>
RESTRICTED ASSETS		
Cash	96,740	90,201
Investments	56,574	53,736
Accrued Interest Receivable	<u>1,193</u>	<u>1,240</u>
TOTAL RESTRICTED ASSETS	<u>154,507</u>	<u>145,177</u>
PLANT AND EQUIPMENT		
Plant & Equipment, at Cost	630,817	628,171
Accumulated Depreciation	<u>(260,922)</u>	<u>(247,206)</u>
NET PROPERTY, PLANT & EQUIPMENT	<u>369,895</u>	<u>380,965</u>
TOTAL ASSETS	<u>\$626,278</u> =====	<u>\$621,514</u> =====

VILLAGE OF HESSMER, LOUISIANA
 ENTERPRISE FUND
 SEWER SYSTEM FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 For the Years Ended August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
OPERATING REVENUES		
Charges for Services	\$ <u>41,192</u>	\$ <u>39,410</u>
OPERATING EXPENSES		
Salaries	2,970	2,387
Payroll Taxes	236	197
Office	879	309
Chemicals and Supplies	4,569	923
Legal & Professional	1,071	800
Repairs and Maintenance	6,821	4,069
Insurance	491	625
Depreciation	13,716	13,687
Laboratory Tests	819	844
Other Operating Expense	<u>2,684</u>	<u>3,110</u>
TOTAL OPERATING EXPENSES	<u>34,256</u>	<u>26,951</u>
OPERATING INCOME	<u>6,936</u>	<u>12,459</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	8,659	7,742
Grant Proceeds	-	-
Interest Expense	<u>(6,967)</u>	<u>(7,167)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,692</u>	<u>575</u>
NET INCOME	8,628	13,034
DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS, AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL	7,746	7,746
RETAINED EARNINGS, Beginning	<u>224,816</u>	<u>204,036</u>
RETAINED EARNINGS, Ending	\$241,190 =====	\$224,816 =====

VILLAGE OF HESSMER, LOUISIANA
ENTERPRISE FUND
SEWER SYSTEM FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years Ended August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$ <u>6,936</u>	\$ <u>12,459</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	13,716	13,687
(Increase) Decrease in:		
Accounts Receivable	(552)	(147)
Prepaid Insurance	28	(19)
Inventory	16	-
Increase (Decrease) in:		
Accounts Payable	(119)	412
Customer Deposits	388	259
Total Adjustments	<u>13,477</u>	<u>14,192</u>
Net Cash Provided By Operating Activities	<u>20,413</u>	<u>26,651</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances From Other Funds	139	403
Proceeds of Grant	-	-
Net Cash Provided By Noncapital Financing Activities	<u>139</u>	<u>403</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Payment on Bonds	(4,000)	(4,000)
Payment of Interest on Bonds	(7,100)	(7,300)
Purchase of Fixed Assets	(2,646)	-
Net Cash Used By Capital and Related Financing Activities	<u>(13,746)</u>	<u>(11,300)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(3,428)	(12,035)
Interest Earned On Investments	8,685	6,921
Net Cash Provided (Used) By Investing Activities	<u>5,257</u>	<u>(5,114)</u>
NET INCREASE (DECREASE) IN CASH	12,063	10,640
CASH AND CASH EQUIVALENTS, beginning of year	<u>152,959</u>	<u>142,319</u>
CASH AND CASH EQUIVALENTS, end of year	\$165,022 =====	\$152,959 =====

VILLAGE OF HESSMER, LOUISIANA
 GENERAL FIXED ASSETS ACCOUNT GROUP
 COMPARATIVE BALANCE SHEET
 August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
GENERAL FIXED ASSETS		
Land and Improvements	\$ 39,492	\$ 37,452
Buildings	38,767	37,569
Equipment	20,925	16,231
Vehicles	<u>27,905</u>	<u>27,905</u>
TOTAL GENERAL FIXED ASSETS	127,089 =====	119,157 =====
INVESTMENT IN GENERAL FIXED ASSETS		
General Fund Revenues	102,679	94,747
Revenue Sharing	16,485	16,485
Municipality	4,975	4,975
Other	<u>2,950</u>	<u>2,950</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$127,089 =====	\$119,157 =====

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

VILLAGE OF HESSMER, LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
August 31, 1996

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to the aldermen was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the aldermen have elected the monthly payment method of compensation. Under this method, the mayor receives \$125 per month and the aldermen receive \$50 per month.

	<u>Amount</u>
Mark Jeansonne	\$ 1,500
Vera Hickerson	600
Bobby Roy	600
Nolan Scallan	<u>600</u>
	\$ 3,300
	=====

INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION



Kenneth J. Rachal

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURES
RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mark Jeansonne,
Mayor and the Board of Aldermen
Village of Hessmer, Louisiana

I have audited the general purpose financial statements of the Village of Hessmer, Louisiana, as of and for the year ended August 31, 1996 and have issued my report thereon dated February 02, 1997.

I conducted my audit in accordance with generally accepted auditing standards and the 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements of the Village of Hessmer, Louisiana for the year ended August 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

The management of the Village of Hessmer, 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

My 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. I believe the reportable condition described below is a material weakness.

Failure in control structure design:

Segregation of Duties - The number of individuals employed by the Village results in the impossibility of having a proper segregation of duties. It would be too costly to employ the necessary individuals to have a proper segregation of duties.

I also noted other matters involving the internal control structure and its operation that I have reported to the management of the Village of Hessmer, Louisiana, in a separate letter dated February 02, 1997. *Went over with management. Kenneth CM states there were no management letters.*

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

Kenneth J. Raebel

Hessmer, Louisiana
February 02, 1997



Kenneth J. Rachal

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

The Honorable Mark Jeansonne,
Mayor and the Board of Aldermen
Village of Hessmer, Louisiana

I have audited the general purpose financial statements of the Village of Hessmer, Louisiana, for the year ended August 31, 1996, and have issued my report thereon dated February 02, 1997.

I conducted my 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 I 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 Village of Hessmer, Louisiana, is the responsibility of the Village of Hessmer, Louisiana management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause me to conclude that the aggregation of misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of my tests disclosed no material instances of noncompliance.

Page 2

This report is intended for the information of management, aldermen and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Hessmer, Louisiana

February 02, 1997



Kenneth J. Rachal

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Mayor and Board of Aldermen
Village of Hessmer
Hessmer, Louisiana

I have audited the general purpose financial statements of the Village of Hessmer, Hessmer, Louisiana, as of August 31, 1996 and for the year then ended and have issued my report thereon dated February 02, 1997. These general purpose financial statements are the responsibility of the Village of Hessmer, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards, Governmental 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 I 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 principals used and significant estimates made by management. As well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the Village of Hessmer 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 my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Kenneth J. Rachal
Hessmer, Louisiana
February 02, 1997

GENERAL FUND

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



Kenneth J. Rachal

Certified Public Accountant

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

Mayor and Board of Aldermen
Village of Hessmer
Hessmer, Louisiana

I have audited the general purpose financial statements of the Village of Hessmer, Hessmer, Louisiana, as of and for the year ended August 31, 1996, and have issued my report thereon dated February 02, 1997.

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

In planning and performing my audit of the general purpose financial statements of the Village of Hessmer for the year ended August 31, 1996, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the Village's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structures policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated February 02, 1997.

The management of the Village of Hessmer 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

VILLAGE OF HESSMER, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended August 31, 1996

With Comparative Actual Amounts for the Year Ended August 31, 1995

	1996		Variance Favorable (Unfavorable)	1995
	Budget	Actual		Actual
REVENUES				
Taxes	\$ 15,400	\$ 16,951	\$ 1,551	\$ 15,493
Licenses & Permits	19,500	22,203	2,703	20,014
Intergovernmental	16,850	19,687	2,837	20,352
Fines & Forfeits	6,500	1,586	(4,914)	8,026
Miscellaneous	18,510	27,532	9,022	2,330
TOTAL REVENUES	<u>76,760</u>	<u>87,959</u>	<u>11,199</u>	<u>66,215</u>
EXPENDITURES				
Current:				
General Government	23,970	29,823	(5,853)	22,990
Public Safety:				
Police	29,810	30,114	(304)	29,629
Fire	16,300	17,652	(1,352)	14,950
Streets & Sanitation	18,225	18,620	(395)	16,140
Recreation	7,300	3,122	4,178	4,033
Capital outlay	7,000	8,192	(1,192)	1,510
TOTAL EXPENDITURES	<u>102,605</u>	<u>107,523</u>	<u>(4,918)</u>	<u>89,252</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,845)	(19,564)	6,281	(23,037)
OTHER FINANCING SOURCES				
Operating Transfers In	<u>33,000</u>	<u>33,000</u>	<u>-</u>	<u>33,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	7,155	13,436	6,281	9,963
FUND BALANCE, Beginning	<u>62,478</u>	<u>62,478</u>	<u>-</u>	<u>52,515</u>
FUND BALANCE, Ending	<u>\$ 69,633</u>	<u>\$ 75,914</u>	<u>\$ 6,281</u>	<u>\$ 62,478</u>

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, protection 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, I have classified the significant internal control structure policies and procedures in the following categories:

- Budget
- Cash and investments
- Revenue and receivables - governmental funds
- Service revenue and receivables - proprietary fund types
- Expenditures for goods and services and accounts payable
- Payroll and related liabilities
- Property, equipment and capital expenditures
- Debt and debt service expenditures

I noted a certain matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my 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. However, I noted the following reportable condition that I believe to be a material weakness.

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

VILLAGE OF HESSEMER, LOUISIANA

GENERAL FUND
COMPARATIVE BALANCE SHEET
August 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash	\$ 49,677	\$ 35,638
Investments	15,000	15,000
Accounts Receivable	745	957
Accrued Interest Receivable	225	233
Due From Other Funds	6,563	5,997
Prepaid Insurance	<u>7,913</u>	<u>8,654</u>
 TOTAL ASSETS	 80,123 =====	 66,479 =====
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	2,092	1,861
Accrued Expenses	121	5
Due to Other Funds	<u>1,996</u>	<u>2,135</u>
TOTAL LIABILITIES	<u>4,209</u>	<u>4,001</u>
FUND BALANCE - Unreserved:		
Designated for Subsequent Years		
Expenditures	7,913	8,654
Undesignated	<u>68,001</u>	<u>53,824</u>
TOTAL FUND BALANCE	<u>75,914</u>	<u>62,478</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 80,123 =====	 \$ 66,479 =====

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.