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TOWN OF VIVIAN, LOUISIANA

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FINANCIAL STATEMENTS

June 30, 1997

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 ~~NOV 05 1997~~

TOWN OF VIVIAN, LOUISIANA

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

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INDEPENDENT AUDITOR'S REPORT

The Honorable Raymond L. Lee, Mayor,
and the Members of the Board of Aldermen of
The Town of Vivian, Louisiana

We have audited the accompanying general purpose financial statements and the individual fund and account group financial statements of the Town of Vivian, Louisiana, as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Vivian, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Vivian, Louisiana, as of June 30, 1997, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account group of the Town of Vivian, Louisiana, as of June 30, 1997, and the results of operations of such funds and cash flows of the proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 11, 1997, on our consideration of the Town of Vivian, Louisiana's internal control structure and a report dated September 11, 1997, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules and on the individual fund and account group financial statements in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Vivian, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Smith Pugh Rabinowitz LLP
Certified Public Accountants
Shreveport, Louisiana

September 11, 1997

COMBINED STATEMENTS - OVERVIEW

TOWN OF VIVIAN, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1997

	Governmental Fund Types				Proprietary Fund Type	Account Groups		Totals (Memorandum Only)			
	Special Revenue		Debt Service			Capital Projects		General Fixed Assets	General Long-term Debt	June 30, 1997	June 30, 1996
	General										
Assets											
Cash and cash equivalents	\$ 474,922	\$ 674,593	\$ 54,290	\$ 1	\$ 201,289	\$	\$	\$ 1,405,095	\$ 1,394,345		
Investments	222,273				30,131			252,404	251,448		
Receivables (net, where applicable, of allowances for uncollectibles):											
Accounts	13,809				132,982			146,791	150,184		
Grants	30,030							30,030	-		
Special assessments		556,347						556,347	595,724		
Interest	2,850				3,388			6,238	6,238		
Prepaid expenses	33,526				10,136			43,662	36,029		
Due from other funds	326,703	857	1,199		85,948			414,707	340,338		
Restricted assets:											
Cash and cash equivalents					392,016			392,016	380,028		
Investments					267,458			267,458	266,425		
Fixed assets (net of accumulated depreciation)					3,808,372	4,754,433		8,562,805	8,797,444		
Deferred charges					24,574			24,574	27,651		
Amount available in Debt Service Funds							54,290	54,290	72,049		
Amount to be provided for retirement of general long-term debt							1,714,424	1,714,424	1,794,977		
Total Assets	\$ 1,104,113	\$ 1,231,797	\$ 55,489	\$ 1	\$ 4,956,294	\$ 4,754,433	\$ 1,768,714	\$ 13,870,841	\$ 14,112,880		

	Governmental Fund Types					Proprietary Fund Type	Account Groups			Totals (Memorandum Only)	
	General		Special Revenue	Debt Service	Capital Projects		General Fixed Assets	General Long-term Debt	June 30, 1997	June 30, 1996	
	\$	\$	\$	\$	\$		\$	\$	\$	\$	
Liabilities											
Accounts payable	90,850	650				24,848		116,348		35,558	
Accrued expenses	40,155					9,106		49,261		55,948	
Due to other funds	85,948	270,048	1,199	1		57,511		414,707		340,338	
Deferred revenue		556,347						556,347		595,724	
Payable from restricted assets:											
Current portion of revenue bonds payable						115,000		115,000		105,000	
Accrued interest-revenue bonds						29,871		29,871		31,630	
Deposits						64,194		64,194		63,920	
Note payable							66,714	66,714		89,026	
General obligation bonds payable							1,702,000	1,702,000		1,778,000	
Revenue bonds payable						1,510,000		1,510,000		1,625,000	
Total liabilities	216,953	827,045	1,199	1		1,810,530		4,624,442		4,720,144	
Fund Equity											
Contributed capital						1,495,967		1,495,967		1,495,967	
Investment in general fixed assets							4,754,433	4,754,433		4,857,741	
Retained earnings:											
Reserved for revenue bond retirement						141,378		141,378		167,400	
Unreserved						1,508,419		1,508,419		1,488,546	
Fund balance:											
Reserved for debt service							54,290	54,290		72,049	
Unreserved/undesignated	887,160	404,752						1,291,912		1,311,033	
Total retained earnings/fund balance	887,160	404,752	54,290			1,649,797		2,995,999		3,039,028	
Total fund equity	887,160	404,752	54,290			3,145,764	4,754,433	9,246,399		9,392,736	
Total Liabilities and Fund Equity	1,104,113	1,231,797	55,489	1		4,956,294	4,754,433	13,870,841		14,112,880	

TOWN OF VIVIAN, LOUISIANA

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
Year Ended June 30, 1997

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	1997	1996
Revenues:						
Taxes	\$ 229,465	\$ 751,648	\$	\$	\$ 981,113	\$ 953,025
Oil and gas income	14,366				14,366	7,584
Licenses and permits	100,599				100,599	92,359
Intergovernmental	60,845				60,845	52,097
Charges for services	177,896				177,896	167,961
Fines and forfeitures	22,608				22,608	31,926
Franchise tax	84,351				84,351	82,331
Interest	29,604	5,413	359		35,376	41,550
Special assessment		39,377			39,377	36,348
Miscellaneous	52,628		182,382		235,010	247,537
LCDB Capital Grant					-	246,276
Total revenues	<u>772,362</u>	<u>796,438</u>	<u>182,741</u>	<u>-</u>	<u>1,751,541</u>	<u>1,958,994</u>
Expenditures:						
Current:						
General government	198,464	7,918			206,382	219,008
Public safety	504,636				504,636	532,330
Public works	323,585				323,585	261,558
Town services	242,203				242,203	198,430
Recreation	89,197				89,197	66,506
Capital outlay	150,651				150,651	319,472
Debt service:						
Principal retirement			98,313		98,313	90,000
Interest and fiscal charges			129,432		129,432	131,779
Total expenditures	<u>1,508,736</u>	<u>7,918</u>	<u>227,745</u>	<u>-</u>	<u>1,744,399</u>	<u>1,819,083</u>
Excess (deficiency) of revenues over expenditures	(736,374)	788,520	(45,004)	-	7,142	139,911
Other financing sources (uses):						
Operating transfers in	650,494	92,928	27,245	66	770,733	726,047
Operating transfers out	(71,333)	(743,422)			(814,755)	(795,315)
Total other financing sources (uses)	<u>579,161</u>	<u>(650,494)</u>	<u>27,245</u>	<u>66</u>	<u>(44,022)</u>	<u>(69,268)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(157,213)	138,026	(17,759)	66	(36,880)	70,643
Fund balance at beginning of year	<u>1,044,373</u>	<u>266,726</u>	<u>72,049</u>	<u>(66)</u>	<u>1,383,082</u>	<u>1,312,439</u>
Fund balance at end of year	<u>\$ 887,160</u>	<u>\$ 404,752</u>	<u>\$ 54,290</u>	<u>\$ -</u>	<u>\$ 1,346,202</u>	<u>\$ 1,383,082</u>

See accompanying notes to financial statements.

TOWN OF VIVIAN, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual- All Governmental Fund Types Year Ended June 30, 1997

	General Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ 207,167	\$ 229,465	\$ 22,298
Oil and gas income	6,000	14,366	8,366
Licenses and permits	81,210	100,599	19,389
Intergovernmental	71,080	60,845	(10,235)
Charges for services	170,450	177,896	7,446
Fines and forfeits	20,600	22,608	2,008
Franchise tax	82,000	84,351	2,351
Interest	31,300	29,604	(1,696)
Special assessment			
Miscellaneous	30,250	52,628	22,378
Total revenues	700,057	772,362	72,305
Expenditures:			
Current:			
General government	194,594	198,464	(3,870)
Public safety	489,285	504,636	(15,351)
Public works	282,411	323,585	(41,174)
Town services	219,825	242,203	(22,378)
Recreation	103,473	89,197	14,276
Capital outlay	147,664	150,651	(2,987)
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	1,437,252	1,508,736	(71,484)
Excess (deficiency) of revenues over expenditures	(737,195)	(736,374)	821
Other financing sources (uses):			
Operating transfers in	680,277	650,494	(29,783)
Operating transfers out	(68,833)	(71,333)	(2,500)
Total other financing sources (uses)	611,444	579,161	(32,283)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(125,751)	(157,213)	(31,462)
Fund balance at beginning of year	1,044,373	1,044,373	-
Fund balance at end of year	\$ 918,622	\$ 887,160	\$ (31,462)

TOWN OF VIVIAN, LOUISIANA

Statement of Revenues, Expenses and
 Changes in Retained Earnings - Proprietary Fund Type
 Year Ended June 30, 1997
 With Comparative Amounts as of June 30, 1996

	Enterprise Funds	
	June 30, 1997	June 30, 1996
Operating revenues:		
Water sales	\$ 416,480	\$ 416,085
Sewer user charges	248,956	254,715
Delinquent charges	27,710	28,718
Miscellaneous revenues	<u>2,290</u>	<u>4,838</u>
Total operating revenues	<u>695,436</u>	<u>704,356</u>
Operating expenses:		
General and administrative expenses	70,133	80,382
Water department expenses	369,521	338,187
Sewer department expenses	<u>215,668</u>	<u>204,449</u>
Total operating expenses	<u>655,322</u>	<u>623,018</u>
Operating income	<u>40,114</u>	<u>81,338</u>
Non-operating revenues (expenses):		
Maintenance fees	1,200	1,200
Collection fees	6,600	6,600
Interest income	36,810	38,222
Amortization - bond issue costs	(3,077)	(3,152)
Loss on disposal of assets	(5,511)	-
Interest expense and fiscal charges	<u>(126,307)</u>	<u>(132,526)</u>
Total non-operating revenues (expenses)	<u>(90,285)</u>	<u>(89,656)</u>
Income (loss) before operating transfers	(50,171)	(8,318)
Operating transfers:		
Operating transfers in:		
General fund	<u>44,022</u>	<u>42,022</u>
Net income (loss)	(6,149)	33,704
Retained earnings at beginning of year	<u>1,655,946</u>	<u>1,622,242</u>
Retained earnings at end of year	<u>\$ 1,649,797</u>	<u>\$ 1,655,946</u>

TOWN OF VIVIAN, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type
Year Ended June 30, 1997

	<u>Enterprise Fund</u>	
	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Cash flows from operating activities:		
Cash received from customers	\$ 636,111	\$ 680,206
Cash payments to suppliers for goods and services	(272,567)	(272,880)
Cash payments to employees for services	<u>(182,591)</u>	<u>(171,853)</u>
Net cash provided by operating activities	<u>180,953</u>	<u>235,473</u>
Cash flows from noncapital financing activities:		
Ad valorem taxes received	44,023	42,022
Miscellaneous revenues	<u>7,800</u>	<u>7,800</u>
Net cash provided by noncapital financing activities	<u>51,823</u>	<u>49,822</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(28,949)	(37,872)
Principal paid on revenue bond maturities	(105,000)	(100,000)
Interest paid on revenue bonds	<u>(128,067)</u>	<u>(134,151)</u>
Net cash used for capital and related financing activities	<u>(262,016)</u>	<u>(272,023)</u>
Cash flows from investing activities:		
Interest on investments	<u>35,909</u>	<u>37,366</u>
Net cash provided by investing activities	<u>35,909</u>	<u>37,366</u>
Net increase in cash and cash equivalents	6,669	50,638
Cash and cash equivalents at beginning of year (including \$380,028 in restricted accounts for 1997, \$342,479 for 1996)	<u>586,636</u>	<u>535,998</u>
Cash and cash equivalents at end of year (including \$392,016 in restricted accounts for 1997, \$380,028 for 1996)	<u>\$ 593,305</u>	<u>\$ 586,636</u>

(Continued)

TOWN OF VIVIAN, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type
Year Ended June 30, 1997Reconciliation of Operating Income to Net Cash
Provided by Operating Activities

	<u>Enterprise Fund</u>	
	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Operating income	<u>\$ 40,114</u>	<u>\$ 81,338</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	154,769	153,401
Bad debt expense	-	11,600
Changes in assets and liabilities:		
Increase in accounts receivable	(10,257)	(16,239)
Increase in due from other funds	(49,342)	(8,174)
Increase in prepaid expenses	(530)	(1,410)
Increase in due to other funds	29,888	13,021
Increase in accounts payable	17,865	708
Increase (decrease) in accrued expenses	(1,828)	966
Increase in customer deposits	<u>274</u>	<u>262</u>
Total adjustments	<u>140,839</u>	<u>154,135</u>
Net cash provided by operating activities	<u>\$ 180,953</u>	<u>\$ 235,473</u>

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

The Town of Vivian was incorporated February 12, 1912, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of the Town of Vivian 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."

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 responsibilities.
- 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, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds and group of accounts are used by the Town:

Governmental Fund Types:

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 resources for, and the payment of, general long-term debt including principal, interest, and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities of the Town.

Proprietary Fund Types:

Enterprise Fund - The Enterprise Fund is 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 on a continuing basis are financed through user charges. The Town maintains an Enterprise Fund for water and sewer utilities provided.

The Town applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Account Groups:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control 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.

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Account Groups (Continued):

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

- C. Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement 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 focus. With this measurement focus, all assets and liabilities associated with the operation 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 (e.g., revenues) and decreases (e.g., 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. Special assessments in the debt service fund, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, a special assessment receivable is recorded and deferred until it becomes available. 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 that affect the reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

1. The accounting clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen 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.

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

D. Budgets and Budgetary Accounting (Continued) -

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. Amendments to the budget were made and adopted by the Board of Aldermen during the fiscal year ended June 30, 1997.

6. The Town utilizes formal budgetary integration as a management control device for all funds.

E. Investments - Legal investments by municipalities are restricted according to Louisiana Revised Statute 39:1276. Further, the Town's investment policy allows investments only in:

(1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.

(2) The certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in that state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, or share accounts and share certificates accounts of federally or state chartered credit unions issuing time certificates of deposit. Funds invested in accordance with this paragraph shall not exceed at any time the amount insured by the Federal Deposit Insurance Corporation in any one bank, or in any one savings and loan association, or by the National Credit Union Administration in any one credit union, unless the uninsured portion is collateralized by the pledge of securities in the manner provided in R.S. 39:1221.

(3) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

Cash and cash equivalents are comprised of daily cash balances above the day-to-day needs and funds set aside for portfolio strategy reasons. Short term investments of cash and cash equivalents may be placed in:

(1) Obligations of the U.S. Treasury, federal agencies, or U.S. government instrumentalities (as provided herein) with maturities of less than 2 years.

(2) Time certificates of deposit, as provided herein.

(3) Money market mutual funds, as provided herein.

(4) The Louisiana Asset Management Pool, Inc. as provided in Op. Atty. Gen. 94-186.

For fiscal year 1997, the Town invested only in U.S. Treasury Notes. These investments are stated at cost which approximates market value.

F. Bad Debts - Uncollectible amounts due for the customers' utility and ad valorem taxes receivable 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 ad valorem taxes receivable has been deemed necessary. The allowance for uncollectible customers' utilities was \$21,300 at June 30, 1997 and 1996.

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

G. 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, and are recorded as expenditures in the governmental fund types when purchased. 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.

Water 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:

Buildings	20-40 Years
Water System	10-40 Years
Sewer System	10-40 Years
Equipment	6-8 Years

- H. Restricted Assets - The Debt Service and Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The Enterprise Funds also restrict customer and vendor deposits.
- I. Compensated Absences - No liability is recorded for nonvesting accumulating rights to receive vacation or sick pay benefits.
- J. Comparative Data - Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data (presentation of prior year amounts by fund type) in each of the statements has not been included since their inclusion would make the combined statements unduly complex and difficult to read. Some prior year balances have been reclassified to conform with the current year presentation.
- K. Total Columns on Combined Statements - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
- L. Statement 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 to be cash equivalents.
- M. Inventories - Inventory of supplies in the Proprietary Fund is not material and is charged to operations as purchased.

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

N. Refundable Deposits - The Enterprise 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 disconnects service.

O. Fund Equity -

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 represent those portions of fund equity not appropriable for expenditures or legally separated for a specific future use.

P. Interfund Transactions - Interfund transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the Town are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund are recorded as expenditures or expenses (as appropriate) in the reimbursing fund, or as reductions of the expenditures or expense in the fund that is reimbursed and are distinguished from revenues, expenses, or expenditures in the financial statements. These transfers are reported in the "Other Financing Sources (Uses)" section in the Statement of Revenues, Expenditures, and Changes in Fund Balance (governmental funds) and in the "Operating Transfers" section in the Statement of Revenues, Expenses, and Changes in Retained Earnings (proprietary fund).

2. DEPOSITS AND INVESTMENTS:

Deposits

Deposits are carried at cost which approximates market value.

The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at June 30, 1997. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized.

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

2. DEPOSITS AND INVESTMENTS (Continued):

Deposits (Continued)

Deposits, categorized by level of risk, are:

<u>Description</u>	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
General fund	\$ 32,961	\$ 402,884	\$ -	\$ 435,845	\$ 474,922
Special revenue fund	46,078	563,207	-	609,285	674,593
Debt service fund	4,805	49,485	-	54,290	54,290
Capital projects fund	1	-	-	1	1
Enterprise fund	<u>116,155</u>	<u>466,148</u>	<u>-</u>	<u>582,303</u>	<u>593,305</u>
Total deposits	<u>\$ 200,000</u>	<u>\$ 1,481,724</u>	<u>\$ -</u>	<u>\$ 1,681,724</u>	<u>\$ 1,797,111</u>

Investments

The Town's investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 1997. The categories are described as follows:

Category 1 - Insured or registered, with securities held by the Town or its agent in the Town's name.

Category 2 - Uninsured or unregistered, with the securities held by the counterparty's trust department or agent in the Town's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the Town's name.

Investments, categorized by level of risk, are:

<u>Description</u>	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Treasury Notes	<u>\$ 525,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519,862</u>	<u>\$ 524,712</u>

3. GRANTS RECEIVABLE:

Grants receivable consist of receivables for reimbursement of expenditures under various state programs and grants. All amounts are expected to be collected within one year.

4. SPECIAL ASSESSMENT RECEIVABLE:

The Town of Vivian completed a building in 1991 for a new industry (Novatron) in the Industrial Park. Novatron is assessed \$3,029 a month to reimburse the Town for these expenditures.

5. AD VALOREM TAXES:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Tax notices are prepared by the tax assessor and mailed by the Town in November. All unpaid taxes become delinquent on January 1 of the following year.

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

5. AD VALOREM TAXES (Continued):

Revenues from ad valorem taxes are budgeted in the year billed. For the year ended June 30, 1997, taxes of \$219,251 were levied on property with assessed value totaling \$10,038,970 and were dedicated as follows.

General corporate purposes	14.86 mills
Street maintenance	2.79 mills
Sewer maintenance	2.79 mills
Water maintenance	<u>1.40 mills</u>
 Total	 <u>21.84 mills</u>

6. COMPONENTS OF RESTRICTED ASSETS:

Enterprise Fund

	Revenue Bond Sinking Fund	Revenue Bond Reserve Fund	Revenue Bond Contingency Fund	Customer Deposits	Total
Cash	\$ 40,610	\$ 8,547	\$ 307,215	\$ 35,644	\$ 392,016
U.S. Government Securities	_____	237,092	_____	30,366	267,458
	<u>\$ 40,610</u>	<u>\$ 245,639</u>	<u>\$ 307,215</u>	<u>\$ 66,010</u>	<u>\$ 659,474</u>

The ordinance authorizing the water and sewer system revenue bonds requires that the Town establish the following funds:

- A. A Revenue Bond Sinking Fund sufficient in amount to pay promptly and fully the principal and interest on bonds by transferring monthly, in advance, a sum equal to 1/6 of the interest falling due on the next interest payment date and 1/12 of the principal falling due on the next principal payment date.
- B. A Revenue Bond Reserve Fund solely for the purpose of paying the principal and interest on the bonds payable from the Sinking Fund, as to which there would otherwise be default, by transferring from the proceeds of the Bonds to the Reserve Fund the amount of \$240,000.
- C. A Revenue Bond Contingency Fund to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the utilities system by transferring monthly a sum at least equal to 5% of the gross revenue of the utilities system for the preceding month, provided that sum is available after provision for the above payments. The payments shall continue as long as any of the bonds are outstanding. Money in this fund may also be used to pay debt service on the bonds when the amounts in the Sinking Fund and Reserve Fund are not sufficient.

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

6. COMPONENTS OF RESTRICTED ASSETS (Continued):

Enterprise Fund (Continued)

The amount of retained earnings reserved for revenue bond retirement is detailed as follows:

Restricted Assets -			
Revenue Bond Sinking Fund	40,610		
Revenue Bond Reserve Fund	<u>245,639</u>		\$ 286,249
Less -			
Accrued revenue bond interest payable from restricted assets	29,871		
Current portion of revenue bonds payable from restricted assets	<u>115,000</u>		<u>144,871</u>
Retained earnings reserved			<u>\$ 141,378</u>

7. CHANGES IN GENERAL FIXED ASSETS:

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance June 30, 1996	Additions	Deductions	Balance June 30, 1997
Land	\$ 1,080,849	\$	\$	\$ 1,080,849
Buildings	1,912,711			1,912,711
Improvements other than buildings	932,621	41,807		974,428
Equipment	<u>931,560</u>	<u>87,529</u>	<u>232,644</u>	<u>786,445</u>
	<u>\$ 4,857,741</u>	<u>\$ 129,336</u>	<u>\$ 232,644</u>	<u>\$ 4,754,433</u>

A summary of proprietary fund-type assets is as follows:

Land	\$ 61,786
Buildings	23,856
Water system	2,471,514
Sewer system	2,996,395
Machinery and equipment	<u>168,079</u>
	5,721,630
Less accumulated depreciation	<u>1,913,258</u>
Net property, plant and equipment	<u>\$ 3,808,372</u>

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

8. CHANGES IN LONG-TERM DEBT:

The following is a summary of the long-term debt transactions of the Town of Vivian, Louisiana, for the year ended June 30, 1997:

	Note Payable	General Obligation	Utilities Revenue	Total
Debt payable at June 30, 1996	\$ 89,026	\$ 1,778,000	\$ 1,730,000	\$ 3,597,026
Additions to debt payable				
Debt retired	22,312	76,000	105,000	203,312
Debt payable at June 30, 1997	\$ 66,714	\$ 1,702,000	\$ 1,625,000	\$ 3,393,714

Debt payable at June 30, 1997 is comprised of the following individual issues:

Note payable:

\$136,041 note payable to Citizens Bank and Trust Company dated February 24, 1994; due in 72 monthly installments of \$2,270 through February 24, 2000, interest at 6.25% (secured by levy and collection of ad valorem taxes). \$ 66,714

General obligation:

\$275,000 Public Improvement (Sewer Utilities) bonds dated June 1, 1968; due in annual installments of \$8,000 - \$17,000 through June 1, 1998, interest at 5.5% (secured by levy and collection of ad valorem taxes). \$ 17,000

\$1,850,000 Industrial Development bonds dated May 1, 1992; due in annual installments of \$50,000-\$180,000 through May 1, 2012, interest at 6.8% to 9.85% (secured by levy and collection of ad valorem taxes). 1,685,000
\$ 1,702,000

Enterprise fund obligation:

\$2,400,000 Utilities Revenue (Water and Sewer) bonds dated April 1, 1987; due in annual installments of \$55,000 - \$225,000 through April 1, 2007; interest at 6.2% - 10.0%. \$ 1,625,000

The annual requirements to amortize all debt outstanding as of June 30, 1997, including interest payments of \$1,813,779 are as follows:

Year Ending June 30,	Note Payable	General Obligation	Enterprise Fund Obligations	Total
1998	\$ 27,245	\$ 199,342	\$ 234,485	\$ 461,072
1999	27,245	181,045	231,665	439,955
2000	18,188	180,375	233,265	431,828
2001	-	179,300	234,035	413,335
2002	-	177,900	238,955	416,855
2003-2007	-	908,883	1,194,780	2,103,663
2008-2012	-	940,785	-	940,785
	\$ 72,678	\$ 2,767,630	\$ 2,367,185	\$ 5,207,493

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

9. DEDICATION OF PROCEEDS AND FLOW OF FUNDS - 2% SALES AND USE TAX:

Proceeds of a 1% sales and use tax levied by the Town of Vivian (collections for the year ended June 30, 1997 and 1996 are \$371,711 and \$363,024, respectively) are dedicated to the following purposes:

1. Providing funds in the amount of 25% of the proceeds of such tax each year for constructing, acquiring, improving and/or maintaining industrial parks and buildings and equipment to induce the location of industry in the Town.
2. Providing funds in the amount of 25% of the proceeds of such tax for such year to the General Fund of the Town to be used for any lawful corporate purpose.
3. The remaining proceeds are to be used for street improvements and/or recreational programs.

Proceeds of another 1% sales and use tax levied by the Town of Vivian (collections for the year ended June 30, 1997 and 1996 are \$371,711 and \$363,024, respectively) are dedicated to the Police Department to be used for any lawful corporate purpose.

10. INTERFUND ASSETS/LIABILITIES:

Due from/to other funds balances at June 30, 1997, were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 326,703	\$ 85,948
Special Revenue Funds	857	270,048
Debt Service Funds	1,199	1,199
Capital Projects Fund	-	1
Enterprise Fund	85,948	57,511
	\$ 414,707	\$ 414,707

11. INTERFUND OPERATING TRANSFERS:

Individual fund operating transfers for fiscal year 1997, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 650,494	\$ 71,333
Special Revenue Funds	92,928	743,422
Debt Service Funds	27,245	-
Capital Projects Fund	66	-
Enterprise Fund	44,022	-
	\$ 814,755	\$ 814,755

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

12. RETIREMENT COMMITMENTS:

Substantially all full-time employees of the Town of Vivian, Louisiana are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

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 B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established 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. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 3.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ending June 30, 1997, 1996, and 1995, were \$25,886, \$27,668, and \$22,374, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

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 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 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 employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF VIVIAN, LOUISIANA

Notes to Financial Statements
June 30, 1997

12. RETIREMENT COMMITMENTS (Continued):

B. Municipal Police Employees Retirement System of Louisiana (System)(Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system for the years ending June 30, 1997, 1996, and 1995, were \$10,828, \$12,719, and \$10,781, respectively, equal to the required contributions for each year.

13. 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 employee health and accident insurance.

During the year ended June 30, 1997, a litigation settlement for \$25,000 was reached with a plaintiff who alleged that the Town did not maintain safe facilities at the Office of Motor Vehicles located in Vivian, Louisiana. The settlement was recorded in the current expenditures of the general fund for the year ended June 30, 1997. The settlement was paid July 9, 1997.

During the year ended June 30, 1996, an out-of-court litigation settlement for \$36,750 was reached with a former employee who alleged that the Town discriminated against them in their employment. The settlement was paid and recorded in the current expenditures of the general fund during the year ended June 30, 1996.

No settlements exceeded insurance coverage during the year ended June 30, 1995.

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.

Various claims and lawsuits are pending against the Town. In the opinion of management, the potential loss on all claims and lawsuits will not be significant to the Town's financial statements.

14. SUBSEQUENT EVENTS:

In July, 1997, the Town resolved to refund and reissue the Utility Revenue Bonds. On August 21, 1997, \$1,690,000 of Utilities Revenue Refunding Bonds, Series 1997, of the Town of Vivian, State of Louisiana, were issued.

In August, 1997, the Town entered into an operating lease for office facilities. This lease has an initial period of one year and is renewable, at the Town's option, for three additional one-year terms. Lease payments during the initial period will be \$800 per month.

SUPPLEMENTAL INFORMATION

TOWN OF VIVIAN, LOUISIANA

GENERAL FUND
 Statement of Current Expenditures by Department
 Year Ended June 30, 1997
 With Comparative Amounts for Year Ended June 30, 1996

	<u>June 30,</u> <u>1997</u>	<u>June 30,</u> <u>1996</u>
General Government		
Personal services	\$ 94,999	\$ 89,837
Heat, light and power	5,696	2,784
Insurance and maintenance	17,674	9,316
Professional fees and legal costs	23,458	18,877
Supplies	9,025	3,266
Airport expense	7,265	6,840
Cemetery expense	24,404	18,556
Miscellaneous	<u>15,943</u>	<u>13,798</u>
Total general government expenditures	<u>198,464</u>	<u>163,274</u>
Public Safety		
Personal services	354,066	344,716
Heat, light and power	20,452	13,674
Insurance and maintenance	84,796	94,021
Professional fees and legal costs	791	37,172
Supplies	38,134	35,529
Miscellaneous	<u>6,397</u>	<u>7,218</u>
Total public safety expenditures	<u>504,636</u>	<u>532,330</u>
Public Works		
Personal services	153,602	141,980
Heat, light and power	33,313	33,644
Insurance and maintenance	109,015	61,173
Supplies	<u>27,655</u>	<u>24,761</u>
Total public works expenditures	<u>323,585</u>	<u>261,558</u>
Town Services		
Personal services	6,958	-
Heat, light and power	2,320	3,309
Insurance and maintenance	2,626	4,171
Professional fees and legal costs	40,388	29,129
Garbage collection expense	180,941	157,694
Supplies	2,317	643
Main Street expense	2,134	-
Miscellaneous	<u>4,519</u>	<u>3,484</u>
Total town services	<u>242,203</u>	<u>198,430</u>

(Continued)

TOWN OF VIVIAN, LOUISIANA

GENERAL FUND
 Statement of Current Expenditures by Department
 Year Ended June 30, 1997
 With Comparative Amounts for Year Ended June 30, 1996

	<u>June 30,</u> <u>1997</u>	<u>June 30,</u> <u>1996</u>
Recreation		
Personal services	\$ 38,276	\$ 29,957
Heat, light and power	8,617	6,880
Insurance and maintenance	18,450	17,546
Supplies	17,707	5,556
Miscellaneous	<u>6,147</u>	<u>6,567</u>
Total recreation	<u>89,197</u>	<u>66,506</u>
Capital outlay		
General government	8,278	472
Public safety	40,026	19,598
Public works	24,483	41,218
Town services	5,343	-
Recreation	<u>72,521</u>	<u>11,842</u>
Total capital outlay	<u>150,651</u>	<u>73,130</u>
Total current expenditures	<u>\$ 1,508,736</u>	<u>\$ 1,295,228</u>

TOWN OF VIVIAN, LOUISIANA
 SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 June 30, 1997
 With Comparative Totals for June 30, 1996

			<u>Totals</u>	
	<u>Sales Tax</u>	<u>Industrial Development</u>	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Assets				
Cash	\$ 135,701	\$ 538,892	\$ 674,593	\$ 538,313
Special assessment receivable		556,347	556,347	595,724
Due from other funds		<u>857</u>	<u>857</u>	<u>1,103</u>
Total assets	<u>\$ 135,701</u>	<u>\$ 1,096,096</u>	<u>\$ 1,231,797</u>	<u>\$ 1,135,140</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 650	\$	\$ 650	\$ 668
Due to other funds	6,415	263,633	270,048	272,022
Deferred revenue		<u>556,347</u>	<u>556,347</u>	<u>595,724</u>
Total liabilities	7,065	819,980	827,045	868,414
Fund balance:				
Unreserved - undesignated	<u>128,636</u>	<u>276,116</u>	<u>404,752</u>	<u>266,726</u>
Total liabilities and fund balance	<u>\$ 135,701</u>	<u>\$ 1,096,096</u>	<u>\$ 1,231,797</u>	<u>\$ 1,135,140</u>

TOWN OF VIVIAN, LOUISIANA

SPECIAL REVENUE FUNDS
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Year Ended June 30, 1997
With Comparative Totals for Year Ended June 30, 1996

	<u>Totals</u>			
	<u>Sales Tax</u>	<u>Industrial Development</u>	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Revenues:				
Taxes	\$ 751,648	\$	\$ 751,648	\$ 733,917
Miscellaneous - interest	1,092	4,321	5,413	5,476
Special assessment	<u> </u>	<u>39,377</u>	<u>39,377</u>	<u>36,348</u>
Total revenues	752,740	43,698	796,438	775,741
Expenditures:				
General government	<u>7,518</u>	<u>400</u>	<u>7,918</u>	<u>55,734</u>
Excess of revenues over expenditures	<u>745,222</u>	<u>43,298</u>	<u>788,520</u>	<u>720,007</u>
Other financing sources (uses):				
Operating transfers in		92,928	92,928	90,756
Operating transfers out	<u>(743,422)</u>	<u> </u>	<u>(743,422)</u>	<u>(726,048)</u>
Total other financing sources (uses)	<u>(743,422)</u>	<u>92,928</u>	<u>(650,494)</u>	<u>(635,292)</u>
Excess of revenues over expenditures and other financing sources (uses)	1,800	136,226	138,026	84,715
Fund balance at beginning of year	<u>126,836</u>	<u>139,890</u>	<u>266,726</u>	<u>182,011</u>
Fund balance at end of year	<u>\$ 128,636</u>	<u>\$ 276,116</u>	<u>\$ 404,752</u>	<u>\$ 266,726</u>

TOWN OF VIVIAN, LOUISIANA

SPECIAL REVENUE FUNDS

Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in

Fund Balance - Budget (GAAP Basis) and Actual

Year Ended June 30, 1997

With Comparative Actual Amounts for Year Ended June 30, 1996

	June 30, 1997			June 30, 1996
	Budget	Actual	Variance- Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 725,000	\$ 751,648	\$ 26,648	\$ 733,917
Miscellaneous - interest		1,092	1,092	1,124
Total revenues	725,000	752,740	27,740	735,041
Expenditures:				
General government:				
Collection expense	7,250	7,518	(268)	7,868
Excess of revenues over expenditures	717,750	745,222	27,472	727,173
Other financing uses:				
Operating transfers out	(717,750)	(743,422)	(25,672)	(726,048)
Excess of revenues over expenditures and other financing uses	-	1,800	1,800	1,125
Fund balance at beginning of year	126,836	126,836	-	125,711
Fund balance at end of year	\$ 126,836	\$ 128,636	\$ 1,800	\$ 126,836

TOWN OF VIVIAN, LOUISIANA

SPECIAL REVENUE FUNDS
 Industrial Development Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 1997
 With Comparative Actual Amounts for Year Ended June 30, 1996

	<u>June 30, 1997</u>			<u>June 30, 1996</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues:				
Miscellaneous - interest	\$ 4,000	\$ 4,321	\$ 321	\$ 4,173
Special assessment	<u>36,348</u>	<u>39,377</u>	<u>3,029</u>	<u>36,348</u>
Total revenues	40,348	43,698	3,350	40,521
Expenditures:				
General government:				
Insurance, utilities and other	<u>8,000</u>	<u>400</u>	<u>7,600</u>	<u>650</u>
Excess of revenues over expenditures	32,348	43,298	10,950	39,871
Other financing sources (uses):				
Operating transfers in	89,719	92,928	3,209	90,756
Operating transfers out	<u>(52,245)</u>	<u>-</u>	<u>52,245</u>	<u>-</u>
Total other financing sources (uses)	<u>37,474</u>	<u>92,928</u>	<u>55,454</u>	<u>90,756</u>
Excess of revenues over expenditures and other financing sources (uses)	69,822	136,226	66,404	130,627
Fund balance at beginning of year	<u>139,890</u>	<u>139,890</u>	<u>-</u>	<u>9,263</u>
Fund balance at end of year	<u>\$ 209,712</u>	<u>\$ 276,116</u>	<u>\$ 66,404</u>	<u>\$ 139,890</u>

TOWN OF VIVIAN, LOUISIANA

DEBT SERVICE FUNDS
Combining Balance Sheet
June 30, 1997

With Comparative Totals for June 30, 1996

Assets	1968	1971	1992	1994	Totals	
	Public	Public	Industrial	Citizens	June 30, 1997	June 30, 1996
Cash and cash equivalents	Improvement Bonds-A	Improvement Bonds-ST 1	Development Bond	Bank Note Payable	\$ 54,290	\$ 72,049
Due from other funds	\$ 39,054	\$ 14,891	\$ 345	\$ -	1,199	1,199
Total assets	\$ 39,054	\$ 14,891	\$ 1,544	\$ -	\$ 55,489	\$ 73,248
Liabilities and Fund Balance						
Due to other funds	\$ 1,199	\$ -	\$ -	\$ -	\$ 1,199	\$ 1,199
Fund balance:						
Reserved for debt service	37,855	14,891	1,544	-	54,290	72,049
Total liabilities and fund balance	\$ 39,054	\$ 14,891	\$ 1,544	\$ -	\$ 55,489	\$ 73,248

TOWN OF VIVIAN, LOUISIANA

DEBT SERVICE FUNDS

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended June 30, 1997
With Comparative Totals for Year Ended June 30, 1996

	1968 Public Improvement Bonds-A	1971 Public Improvement Bonds-ST-1	1992 Industrial Development Bond	1994 Note Citizens Bank	Totals June 30, 1997	June 30, 1996
Revenues:						
Miscellaneous:						
Rents/interest	\$ -	\$ 359	\$ 182,382	\$ -	\$ 182,741	\$ 183,396
Expenditures:						
Principal retirement	16,000		60,000	22,313	98,313	110,932
Interest and fiscal charge	2,118		122,382	4,932	129,432	138,092
Total expenditures	18,118	-	182,382	27,245	227,745	249,024
Excess (deficiency) of revenues over expenditures	(18,118)	359	-	(27,245)	(45,004)	(65,628)
Other financing sources:						
Operating transfers in	-	-	-	27,245	27,245	27,245
Excess (deficiency) of revenues over expenditures and other financing sources	(18,118)	359	-	-	(17,759)	(38,383)
Fund balance at beginning of year	55,973	14,532	1,544	-	72,049	110,432
Fund balance at end of year	\$ 37,855	\$ 14,891	\$ 1,544	\$ -	\$ 54,290	\$ 72,049

TOWN OF VIVIAN, LOUISIANA

ENTERPRISE FUND
Utility Fund
Comparative Balance Sheets
June 30, 1997 and 1996

ASSETS

	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Current assets:		
Cash and cash equivalents	\$ 201,289	\$ 206,608
Accounts receivable (net of allowance for doubtful accounts; \$21,300 for 1997 and 1996)	132,982	122,725
Due from other funds	85,948	36,606
Accrued interest receivable	3,388	3,388
Prepaid expenses	<u>10,136</u>	<u>9,606</u>
Total current assets	<u>433,743</u>	<u>378,933</u>
Restricted assets:		
Cash and cash equivalents	392,016	380,028
Investments, at cost	<u>267,458</u>	<u>266,425</u>
Total restricted assets	<u>659,474</u>	<u>646,453</u>
Other assets:		
Investments, at cost	30,131	30,263
Deferred charges	<u>24,574</u>	<u>27,651</u>
Total other assets	<u>54,705</u>	<u>57,914</u>
Property, plant and equipment:		
Land	61,786	61,786
Buildings	23,856	23,856
Water system	2,471,514	2,499,387
Sewer system	2,996,395	2,987,795
Machinery and equipment	<u>168,079</u>	<u>163,324</u>
	5,721,630	5,736,148
Less accumulated depreciation	<u>1,913,258</u>	<u>1,796,445</u>
Net property, plant and equipment	<u>3,808,372</u>	<u>3,939,703</u>
Total assets	<u>\$ 4,956,294</u>	<u>\$ 5,023,003</u>

LIABILITIES AND FUND EQUITY

	<u>June 30, 1997</u>	<u>June 30, 1996</u>
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ 24,848	\$ 6,983
Accrued expenses	9,106	10,934
Due to other funds	<u>57,511</u>	<u>27,623</u>
Total current liabilities (payable from current assets)	<u>91,465</u>	<u>45,540</u>
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	115,000	105,000
Accrued revenue bond interest	29,871	31,630
Customers' deposits	<u>64,194</u>	<u>63,920</u>
Total current liabilities (payable from restricted assets)	<u>209,065</u>	<u>200,550</u>
Long-term liabilities (net of current portion):		
Revenue bonds	<u>1,510,000</u>	<u>1,625,000</u>
Total liabilities	<u>1,810,530</u>	<u>1,871,090</u>
Fund equity:		
Contributed capital:		
Municipality	474,517	474,517
Intergovernmental	<u>1,021,450</u>	<u>1,021,450</u>
Total contributed capital	<u>1,495,967</u>	<u>1,495,967</u>
Retained earnings:		
Reserved for revenue bonds	141,378	167,400
Unreserved	<u>1,508,419</u>	<u>1,488,546</u>
Total retained earnings	<u>1,649,797</u>	<u>1,655,946</u>
Total fund equity	<u>3,145,764</u>	<u>3,151,913</u>
Total liabilities and fund equity	<u>\$ 4,956,294</u>	<u>\$ 5,023,003</u>

TOWN OF VIVIAN, LOUISIANA

ENTERPRISE FUND
Utility FundStatement of Operating Expenses by Department
Year Ended June 30, 1997
With Comparative Amounts for Year Ended June 30, 1996

	June 30, 1997	June 30, 1996
General and administrative:		
Personal services	\$ 44,344	\$ 42,163
Supplies	8,081	8,100
Maintenance	993	2,547
Heat, light and power	1,917	2,246
Depreciation	11,419	10,968
Bad debts	-	11,600
Miscellaneous	<u>3,379</u>	<u>2,758</u>
Total administrative expenses	<u>70,133</u>	<u>80,382</u>
Water:		
Personal services	132,859	127,486
Supplies	19,873	18,816
Maintenance	103,406	71,775
Heat, light and power	20,341	30,241
Depreciation	65,061	64,758
Miscellaneous	<u>27,981</u>	<u>25,111</u>
Total water department expenses	<u>369,521</u>	<u>338,187</u>
Sewer:		
Personal services	47,586	44,696
Supplies	10,621	7,559
Maintenance	32,205	40,640
Heat, light and power	35,684	23,422
Depreciation	78,289	77,675
Miscellaneous	<u>11,283</u>	<u>10,457</u>
Total sewer department expenses	<u>215,668</u>	<u>204,449</u>
Total operating expenses	<u>\$ 655,322</u>	<u>\$ 623,018</u>

TOWN OF VIVIAN, LOUISIANA

Schedule of Mayor's and Aldermen's Compensation and Expense Reimbursement
For the Year Ended June 30, 1997

	<u>Compensation</u>	<u>Expense Reimbursement</u>
Mayor Raymond L. Lee (January, 1997 to June, 1997)	\$ 3,000	\$ 608
Mayor Richard J. McMillan, II (July, 1996 to November 1996)	5,978	-
Alderman Benny Beckham	1,800	-
Alderman Kenneth Clay	1,800	79
Alderman Sam Curry	1,800	-
Alderman Jerry Guin	1,800	268
Alderman Betty Mathews	1,800	-
Total	<u>\$ 17,978</u>	<u>\$ 955</u>

OTHER REPORTS



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

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Raymond L. Lee, Mayor
and the Members of the Board of Aldermen of
The Town of Vivian, Louisiana

We have audited the general purpose financial statements of the Town of Vivian, Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated September 11, 1997.

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

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

In planning and performing our audit of the general purpose financial statements of the Town of Vivian, Louisiana, for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 and 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants

September 11, 1997



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

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

The Honorable Raymond L. Lee, Mayor
and the Members of the Board of Aldermen of
The Town of Vivian, Louisiana

We have audited the general purpose financial statements of the Town of Vivian, Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated September 11, 1997.

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

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

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants

September 11, 1997