

CITY OF SPRINGHILL, LOUISIANA

Combined Schedule of Bonds Payable - All Funds
June 30, 1996

	Interest		Bonds						
	Rates	Payment Dates	Issue Date	Final Maturity Date	Annual Serial Payments	Authorized	Issued	Retired	Outstanding
1992 General Obligation Bonds	6% to 11%	3/1; 9/1	08/01/92	03/01/12	Various	2,200,000	2,200,000	225,000	1,975,000
1995 Sales Tax Bonds	2.45%	3/1; 9/1	06/23/95	03/01/16	Various	4,900,000	3,369,632		3,369,632
Less: Unamortized Bond Cost									(55,961)
						<u>7,100,000</u>	<u>5,569,632</u>	<u>225,000</u>	<u>5,288,671</u>

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

J. H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants
Springhill, Louisiana

September 30, 1996

CITY OF SPRINGHILL, LOUISIANA

Statement of General Long-term Debt
June 30, 1996

	1992 General Obligation Bonds
Amount available in Debt Service Funds for debt retirement	135,636
Amount to be provided from ad valorem taxes	<u>1,839,364</u>
Total available and to be provided	<u><u>1,975,000</u></u>
General long-term obligations payable:	
Bonds payable	<u>1,975,000</u>
Total general long-term debt payable	<u><u>1,975,000</u></u>

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

Jim H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants

209 Church Street
Springhill, Louisiana 71075

Jim H. Stevens, Jr., CPA

Bill W. Smith, CPA

Dwight L. Pugh, CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Honorable Johnny Herrington, Mayor
and the Members of the Board of Aldermen
City of Springhill
Springhill, Louisiana

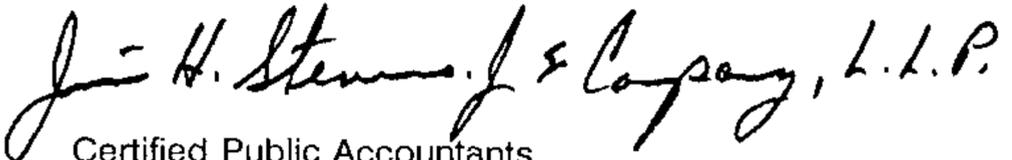
We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of the City of Springhill, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 30, 1996.

We have applied procedures to test the City of Springhill, Louisiana'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 June 30, 1996: (1) political activity, (2) Davis-Bacon Act, (3) civil rights, (4) cash management, (5) federal financial reports, (6) Drug Free Workplace Act, and (7) *administrative requirements*.

Our 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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Springhill, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Springhill, Louisiana had not complied, in all material respects, with those requirements.

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


Certified Public Accountants
Springhill, Louisiana

September 30, 1996

SUPPLEMENTARY INFORMATION

Jim H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants

209 Church Street
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Honorable Johnny Herrington, Mayor
and the Members of the Board of Aldermen
City of Springhill
Springhill, Louisiana

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of City of Springhill, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 30, 1996.

We have also audited City of Springhill, Louisiana's compliance with the following requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of City of Springhill, Louisiana, is responsible for the City of Springhill, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements 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 we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about City of Springhill, Louisiana's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, City of Springhill, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

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


Certified Public Accountants
Springhill, Louisiana

September 30, 1996

CITY OF SPRINGHILL, LOUISIANA

Schedule of Mayor's and Aldermen's Compensation and Reimbursed Expenses For the Year Ended June 30, 1996

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Mayor Herrington	32,316	2,463	34,779
Alderman Baker	4,800		4,800
Alderman Bankhead	4,800	279	5,079
Alderman Breaux	4,800	300	5,100
Alderman Hilburn	4,800	244	5,044
Alderman McMullan	4,800	199	4,999
Total	<u>56,316</u>	<u>3,485</u>	<u>59,801</u>

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

GENERAL LONG-TERM DEBT

To account for unmatured principal amounts of general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service fund.

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Expenditures Compared to Budget (GAAP Basis)
 Year Ended June 30, 1996
 With Comparative Actual Amounts for
 Year Ended June 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Administrative:				
Attorney and engineering fees	1,000	175	825	1,364
Audit	16,000	15,000	1,000	14,230
Drug testing	3,000	2,036	964	2,377
Bad debt expense		428	(428)	257
Dues and subscriptions	10,000	7,371	2,629	1,927
Election expense	6,000		6,000	895
Equipment rental and repair	12,500	6,742	5,758	6,055
Health, welfare and veterans department	2,700	2,539	161	2,539
Insurance	33,600	28,832	4,768	27,749
Janitor and public building expense	5,000	3,417	1,583	3,350
Landfill and dumping fee	7,000	5,792	1,208	5,961
Meeting and convention expense	12,000	8,663	3,337	10,747
Miscellaneous	8,500	4,394	4,106	7,382
Municipal building expense	10,000	6,858	3,142	3,377
Payroll taxes	17,000	12,300	4,700	13,356
Printing and publications	4,000	1,882	2,118	3,336
Retirement administration fees	34,350	32,606	1,744	24,233
Salaries	141,000	135,754	5,246	136,424
Stationery and supplies	16,000	15,346	654	5,975
Tax assessor	4,000	3,850	150	3,750
Utilities	32,000	27,513	4,487	26,640
Total administrative	<u>375,650</u>	<u>321,498</u>	<u>54,152</u>	<u>301,924</u>
Fire and police:				
Auto	28,000	25,125	2,875	26,732
Civil defense	1,800	1,168	632	1,133
Dog catcher supplies	2,000	1,057	943	2,172
Dues and subscriptions	200	100	100	100
Insurance	75,950	73,279	2,671	71,944
Materials and supplies	7,000	7,514	(514)	5,280
Miscellaneous	10,800	7,939	2,861	4,835
Payroll taxes	23,000	22,651	349	21,686
Police investigations and DEA expense	7,000	5,633	1,367	9,120
Police station and equipment repair	9,000	9,182	(182)	8,075
Retirement administration fees	15,500	15,537	(37)	12,098
Salaries	268,000	269,176	(1,176)	250,113
Training expense	4,000	3,148	852	1,656
Uniforms	7,000	6,529	471	7,182
Utilities	14,500	15,220	(720)	13,970
Total fire and police	<u>473,750</u>	<u>463,258</u>	<u>10,492</u>	<u>436,096</u>

(Continued)

of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

- Receipts
- Disbursements
- Reporting

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

During the year ended June 30, 1996, City of Springhill, Louisiana, expended 100% of its total federal financial assistance under major federal financial assistance programs.

We 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 we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of City of Springhill, Louisiana's, major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted a matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect City of Springhill, Louisiana's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

1. As of June 30, 1995, cash on deposit with a local bank were under-secured by approximately \$1,600,000. This was due to an error at the bank and was corrected by the bank before August 31, 1995, with additional pledged securities. We recommend that the City establish a system to monitor securities pledged for adequacy and compliance with state law.

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 noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

CITY OF SPRINGHILL, LOUISIANA

Utility Fund - Statements of Operating Expenses for the
Years Ended June 30, 1996 and 1995

	Water Department		Sewer Department		Administrative	
	1996	1995	1996	1995	1996	1995
Auto and truck expense	12,997	17,988				
Bond fiscal charges			152			
Insurance	17,541	17,177	8,771	8,588	20,434	20,144
Louisiana water fees	3,960	3,740				
Miscellaneous	637	1,539	2,180	5,947	6,830	6,107
Payroll taxes	11,250	11,583				
Training					2,076	1,888
Radio expense	217	836				
Repairs and maintenance - buildings and equipment			136	2,687		
Salaries	147,349	151,228				
Sewer lift expense			1,652	315		
Stationery and supplies					9,771	6,508
Supplies and materials	52,744	52,476	22,911	25,157		
Utilities	60,859	50,397	17,560	17,124		
Water and sewer analysis and engineering fees			8,265	8,879		
Water well expense	4,028	16,259				
Water line and tank, repairs and meters			1,928	3,200		
Totals	<u>311,582</u>	<u>323,223</u>	<u>63,555</u>	<u>71,897</u>	<u>39,111</u>	<u>34,647</u>

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF SPRINGHILL, LOUISIANA

Combined Schedule of Investments - All Funds All Funds at June 30, 1996

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Book Value</u>
General Fund:			
Certificate of deposit - Springhill Bank and Trust	4.75%	07/11/96	10,000
Certificate of deposit - Springhill Bank and Trust	4.75%	07/11/96	10,000
Certificate of deposit - Springhill Bank and Trust	4.75%	07/11/96	10,000
Certificate of deposit - Springhill Bank and Trust	4.55%	12/12/96	20,000
Certificate of deposit - Springhill Bank and Trust	4.55%	12/12/96	20,000
Certificate of deposit - Springhill Bank and Trust	4.55%	12/12/96	<u>20,000</u>
Total General Fund			<u>90,000</u>
Utility Fund:			
Unrestricted:			
Certificate of deposit - Springhill Bank & Trust	4.75%	09/26/96	20,000
Certificate of deposit - Springhill Bank & Trust	4.75%	09/26/96	20,000
Certificate of deposit - Citizens Bank and Trust	4.25%	08/16/96	20,000
Certificate of deposit - Citizens Bank and Trust	4.25%	09/18/96	<u>62,000</u>
Total unrestricted			<u>122,000</u>
Restricted:			
Certificate of deposit - Springhill Bank and Trust	4.75%	11/13/96	<u>20,000</u>
Total Utility Fund			<u>142,000</u>
Cemetery Fund:			
Certificate of deposit - Springhill Bank and Trust	4.75%	08/15/96	1,000
Certificate of deposit - Springhill Bank and Trust	4.55%	12/25/96	<u>10,000</u>
Total Cemetery Fund			<u>11,000</u>
Total Investments - All Funds			<u>243,000</u>

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**Independent Auditor's Report on Internal
Control Structure Used in Administering
Federal Financial Assistance Programs**

The Honorable Johnny Herrington, Mayor
and Board of Aldermen
City of Springhill
Springhill, Louisiana

We have audited the general purpose financial statements of City of Springhill, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 30, 1996. We have also audited the compliance of City of Springhill, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated September 30, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether City of Springhill, Louisiana complied with laws and regulations, non-compliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of City of Springhill, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of City of Springhill, Louisiana, and on the compliance of City of Springhill, Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated September 30, 1996.

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

Condition	The City is in violation of LSA-R.S.39:1309 on its Special Revenue Funds.
Cause	The budget for the Sales Tax Fund was not amended for the large operating transfers out, which were necessary because of capital outlays from other funds.
Management Response	The budgeting process for the 1996-1997 year has been enhanced with preparation of a line item budget. This budget will be strictly monitored throughout the year for compliance.
Condition	The City is in violation of LSA-R.S.39:1224.
Cause	The City had approximately \$1,600,000 deposited with one financial institution which was unsecured as of July 1, 1995.
Management Response	Management has started monitoring the pledged securities closer instead of relying on the banks to do this. The violation was noted and corrected in August, 1995.

We considered these instances of noncompliance in forming our opinion on whether City of Springhill's general purpose financial statements for the year ended June 30, 1996, are presently fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated September 30, 1996, on those general purpose financial statement

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

James H. Stevens, Jr. & Company, L.L.P.
 Certified Public Accountants
 Springhill, Louisiana

September 30, 1996

CITY OF SPRINGHILL, LOUISIANA

June 30, 1996
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types	4
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	5
Combined Statement of Cash Flows - All Proprietary Fund Types	6
Notes to Financial Statements	7-18
General Fund:	
Comparative Balance Sheet	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	20-21
Statement of Expenditures Compared to Budget (GAAP Basis)	22-24
Special Revenue Funds:	
Combining Balance Sheet	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	26
Debt Service Funds:	
Combining Balance Sheet	27
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	28

CITY OF SPRINGHILL, LOUISIANA

June 30, 1996
Table of Contents

Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	46-48
Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs	49
Independent Auditor's Report on Compliance with the Specific Requirements Applicable to Major Federal Financial Assistance Programs	50

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Independent Auditor's Report

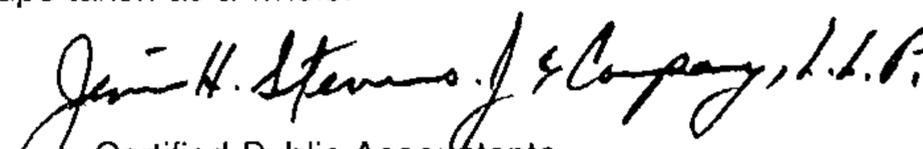
The Honorable Johnny Herrington, Mayor
and Board of Aldermen
City of Springhill
Springhill, Louisiana

We have audited the accompanying general purpose financial statements and the combining, individual fund, and account group financial statements of the City of Springhill, Louisiana, as of and for the year ended June 30, 1996, as listed in the table of contents. These financial statements are the responsibility of the City of Springhill, Louisiana, management. Our responsibility is to express an opinion on these 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Springhill, Louisiana, as of June 30, 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. Also, in our opinion, the combining and individual fund and account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Springhill, Louisiana, as of June 30, 1996, and the results of operations of such funds and the cash flows of individual proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. 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 financial statements of the City of Springhill, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, 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 of each of the respective individual funds and account groups taken as a whole.


Certified Public Accountants
Springhill, Louisiana

September 30, 1996

OTHER REPORTS

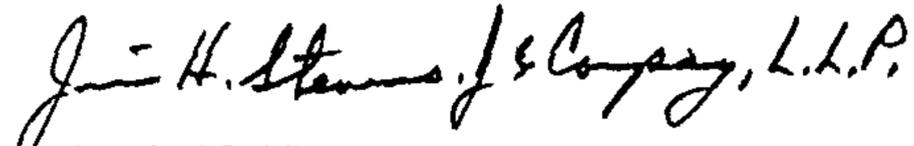
**INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE**

The Honorable Johnny Herrington, Mayor
and the Members of the Board of Aldermen
City of Springhill
Springhill, Louisiana

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of the City of Springhill, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 30, 1996. These general purpose financial statements are the responsibility of the City of Springhill, 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Springhill, Louisiana taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


Certified Public Accountants
Springhill, Louisiana

September 30, 1996

CITY OF SPRINGHILL, LOUISIANA

Schedule of Federal Financial Assistance
For the Year Ended June 30, 1996

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance at July 1, 1995</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/Expenses</u>	<u>Ending Balance at June 30, 1996</u>
U.S. Department of Housing & Urban Development:							
Community Development Block Grant-Small Cities	14.219	N/A	507,370		18,498	18,498	
Environmental Protection Agency	66.418	N/A	4,900,000		<u>3,349,332</u>	<u>3,349,332</u>	
Total Federal Assistance					<u>3,367,830</u>	<u>3,367,830</u>	

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

CITY OF SPRINGHILL, LOUISIANA

Notes to Schedule of Federal Financial Assistance June 30, 1996

- A. The accompanying Schedule of Federal Financial Assistance presents the activity of all the City of Springhill, Louisiana's federal financial assistance programs. The City's reporting entity is defined in Note 1 to the financial statements.
- B. The Community Development Block Grant revenue is recorded in a Special Revenue Fund as intergovernmental revenue with the expenditures recorded in the appropriate department.

The Environmental Protection Agency program monies is recorded as a bond payable in the Water and Sewer Utility Enterprise fund. As disbursements are made the fixed assets are capitalized.

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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 Johnny Herrington, Mayor
and Board of Aldermen
City of Springhill
Springhill, Louisiana

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of the City of Springhill, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 30, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. 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 City of Springhill, 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 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 City of Springhill, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

1. As disclosed in our report dated September 19, 1995, as of June 30, 1995, cash on deposit with a local bank was under-secured by approximately \$1,600,000. This was due to an error at the bank and was corrected by the bank before August 31, 1995, with additional pledged securities. We recommend that the City establish a system to monitor securities pledged for adequacy and compliance with state law.

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.

We consider the item above to be a material weakness because it would be possible for an error which is material to the financial statements to escape detection in the normal course of business.

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.

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


Certified Public Accountants
Springhill, Louisiana

September 30, 1996

Jim H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants

209 Church Street
Springhill, Louisiana 71075

Jim H. Stevens, Jr., CPA

Bill W. Smith, CPA

Dwight L. Pugh, CPA

**Independent Auditor's Report on Compliance Based on an
Audit of General Purpose Financial Statements
Performed in Accordance with Government Auditing Standards**

The Honorable Johnny Herrington, Mayor
and Board of Aldermen
City of Springhill
Springhill, Louisiana

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of the City of Springhill, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 30, 1996.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. 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.

Compliance with laws, regulations, contracts, and grants applicable to the City of Springhill, Louisiana, is the responsibility of the City of Springhill, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City'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.

Material instances of noncompliance consist of failures to follow requirements, or violations or prohibitions, contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following instances of noncompliance that may be material to the general purpose financial statements but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in City of Springhill, Louisiana's financial statements for the year ended June 30, 1996.

Condition	The City is in violation with LSA-R.S.39:1309 on the General Fund.
Cause	The City did not adopt a budget amendment to reflect the receipt of Grants and Contributions for certain Capital projects, nor the expenditures for those projects.
Management Response	Notification of grant approval and receipt of the funds were after the original budget preparation and management failed to amend the budget. Management has now converted to a line item budget which is continually monitored.

CITY OF SPRINGHILL, LOUISIANA

June 30, 1996
Table of Contents

	<u>Page</u>
Enterprise Funds:	
Combining Balance Sheet	29
Combining Statement of Revenue, Expenses and Changes in Retained Earnings	30
Combining Statement of Cash Flows	31
General Fixed Assets:	
Statement of General Fixed Assets	32
Statement of Changes in General Fixed Assets	33
General Long-Term Debt:	
Statement of General Long-Term Debt	34
Supplementary Information:	
Combined Schedule of Investments - All Funds	35
Combined Schedule of Bonds Payable - All Funds	36
Utility Fund - Statements of Operating Expenses	37
Schedule of Mayor's and Aldermen's Compensation and Reimbursed Expenses	38
Other Reports:	
Independent Auditor's Report on Schedule of Federal Financial Assistance	39
Schedule of Federal Financial Assistance	40
Notes to Schedule of Federal Financial Assistance	41
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	42-43
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	44-45

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies: (Continued)

Proprietary Fund Types:

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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

General Fixed Assets and General Long-term Debt Account Groups:

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

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

- C. Basis of Accounting. The accounting and financial reporting treatment applied 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.

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. Taxpayer-assessed gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Grants, interfund transfers, property taxes, and garbage collection fees are deemed to be susceptible to accrual.

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

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

12. Proprietary Fund (Continued):

During 1994, new real estate was added to the cemetery at a cost of \$3,500, and additional costs for surveying and staking in the amount of \$486 were incurred in 1995. Based on the assumption that 270 lots could be obtained from this area, \$14.76 was allocated as cost per lot sold. During 1995, new real estate was added to the cemetery at a cost, including staking and survey costs, of \$6,516. Based on the assumption that 192 lots could be obtained from this area, \$33.94 was allocated as cost per lot sold.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

10. Interfund Assets/Liabilities:

Due from/to Other Funds balances at June 30, 1996, were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	149,923	
Special Revenue Fund	233,826	
Debt Service Funds		1,010
Enterprise Funds		252,739
Capital Projects		130,000
	383,749	383,749

11. Interfund Operating Transfers:

Individual fund operating transfers for fiscal year 1996, were as follows:

	Transfers In	Transfers Out
General Fund	1,102,008	
Special Revenue Fund		1,760,197
Enterprise Fund	658,189	
	1,760,197	1,760,197

12. Proprietary Fund:

Segment Information:

	Water and Sewer Fund	Cemetery Fund	Total
Operating revenues	506,164	25,565	531,729
Depreciation and amortization	77,027	348	77,375
Operating income (loss)	14,889	10,011	24,900
Net income	697,053	11,048	708,101
Property, plant and equipment: Additions	3,299,092		3,299,092
Net working capital	730,767	81,434	812,201
Total equity	3,035,710	84,339	3,120,049

Unsold lots - new cemetery. Real estate for the new cemetery was purchased at a cost of \$8,000 in October, 1957. Based on the assumption that 3,354 lots could be obtained from this area, \$2.39 was allocated as cost per lot sold. During 1994, the cost of remaining usable lots was reallocated at a cost of \$2.07 per lot. New real estate was added to the cemetery in 1992 at a cost of \$2,500. Based on the assumption that 168 lots could be obtained from this new area \$14.89 is allocated as cost per lot sold. During 1994, the cemetery was resurveyed, creating an additional 84 usable lots. The cost of all remaining lots was allocated at \$6.98 per lot.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements

June 30, 1996

8. Pension Plan: (Continued)

Municipal Police Employees Retirement System of Louisiana (System):

A. Plan Description.

All full-time police department employees engaged in law enforcement may 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.

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.

B. Funding Policy.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Springhill, Louisiana is required to contribute at any actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Springhill, Louisiana 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 City of Springhill, Louisiana contributions to the System for the years ending June 30, 1996 and 1995, were \$15,537 and \$12,098, respectively, equal to the required contributions for each year.

9. Commitments and Contingencies:

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

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

8. Pension Plan:

Substantially all employees of the City of Springhill, 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:

Municipal Employees Retirement System of Louisiana (System):

A. Plan Description.

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

All permanent employees working at least 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 A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their 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 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.

B. Funding Policy.

Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Springhill, Louisiana is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll. The contribution requirements of plan members and the City of Springhill, Louisiana 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 City of Springhill, Louisiana contributions to the System under Plan A for the years ending June 30, 1996 and 1995, were \$32,605 and \$25,021, respectively, equal to the required contributions for each year.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

7. Dedication of Proceeds and Flow of Funds - 2 1/2% Sales and Use Tax:

Dedication of Sales Tax Proceeds. Proceeds of the 1% sales and use tax are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating, and maintaining sewers and sewerage disposal works, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and recreational facilities, streets, alleys, sidewalks and bridges, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building improvements and facilities, and for the payment of salaries of non-elected municipal employees; or for any one or more of said purposes; and such tax to be subject to funding into bonds by the City in the manner authorized by Sub-Part D, Part I, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 2711, et. seq.)

Proceeds of the 1% sales and use tax have been dedicated to the retirement of Public Improvement Bonds of 1968, the last of which was retired during the year ended June 30, 1995.

On November 21, 1987, the voters of the City of Springhill, Louisiana approved the collection of an additional 1/2 percent sales tax.

The proceeds of the 1/2% sales tax are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating, and maintaining sewers and sewerage disposal works, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and recreational facilities, streets, alleys, sidewalks and bridges, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building improvements and facilities; and for the payment of salaries of non-elected municipal employees of the above departments; or for any one or more of the above said purposes.

In November, 1991, the voters of the City of Springhill, Louisiana approved the collection of an additional 1% sales tax.

The proceeds of the 1% sales tax are dedicated to the following purposes:

To the retirement of public improvement bonds the proceeds of which are to be used in constructing, acquiring, extending, improving, and maintaining streets and sewers and sewerage disposal works.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

4. Restricted Assets-Proprietary Fund Type:

Restricted assets were applicable to the following at June 30:

	1996	1995
Cash	883,311	52,978
Investments	20,000	20,000
Accrued interest receivable	117	
Total	903,428	72,978

5. Changes in General Fixed Assets:

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

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
Land	49,720	67,917		117,637
Buildings	1,673,712			1,673,712
Improvements other than buildings	2,728,917	849,727		3,578,644
Equipment	1,045,833	61,612	53,492	1,053,953
Total general fixed assets	5,498,182	979,256	53,492	6,423,946

Fixed asset values have not been estimated; however, the source of funds for acquisition of fixed assets prior to 1959 cannot reasonably be determined.

A summary of proprietary fund type property, plant and equipment at June 30, 1996, follows:

Water and Sewer Fund:

Real estate	23,990
Furniture and fixtures	38,162
Equipment	393,690
Automotive equipment	86,405
Utility plant	6,717,557
Total	7,259,804
Less:-accumulated depreciation	(1,641,190)
Total Water and Sewer Fund	5,618,614

Cemetery Fund:

Improvements other than buildings	37,142
Equipment	6,948
Total	44,090
Less:-accumulated depreciation	(41,185)
Total Cemetery Fund	2,905
Net Assets - Enterprise Funds	5,621,519

CITY OF SPRINGHILL, LOUISIANA

Statement of Changes in General Fixed Assets For the Years Ended June 30, 1996 and 1995

	Land	Buildings	Improvements Other than Buildings	Equipment	Totals	
					1996	1995
General fixed assets, beginning of year	49,720	1,673,712	2,728,917	1,045,833	5,498,182	5,441,827
Additions:						
General Fund revenues	67,917		334,273	26,278	428,468	23,036
Federal grants			206,986		206,986	32,965
State grants			308,468		308,468	14,988
Sales tax revenue				35,334	35,334	
Total additions	<u>67,917</u>		<u>849,727</u>	<u>61,612</u>	<u>979,256</u>	<u>70,989</u>
Retirements:						
General Fund revenues				(53,492)	(53,492)	(14,634)
Total retirements				<u>(53,492)</u>	<u>(53,492)</u>	<u>(14,634)</u>
General fixed assets, end of year	<u>117,637</u>	<u>1,673,712</u>	<u>3,578,644</u>	<u>1,053,953</u>	<u>6,423,946</u>	<u>5,498,182</u>

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

**FINANCIAL STATEMENTS OF INDIVIDUAL
FUNDS AND ACCOUNT GROUPS**

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies: (Continued)

D. Budgets and Budgetary Accounting. The City follows these procedures in establishing the budgetary data in these financial statements.

1. The City Clerk prepares a proposed budget which is submitted 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.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the *General and Special Revenue Funds* are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

E. Bad Debts. Uncollectible amounts due for the customers' utility and ad valorem taxes receivable are recognized as bad debts through the use of the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable.

F. Property, Plant, and Equipment. Fixed assets used in governmental fund type operations (general fixed assets) accounted for in the General Fixed Assets Account Group are recorded as expenditures in the governmental fund types when purchased. The City has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated.

Property, plant and equipment which constitute assets of the Enterprise Funds are recorded at cost, and depreciation is computed thereon under the straight-line method of depreciation based on the estimated useful lives of the individual assets.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

6. Changes in Long-term Debt:

The following is a summary of the long-term debt transactions of the City of Springhill, Louisiana, for the year ended June 30, 1996:

	<u>General Obligation Bond Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Bonds payable at June 30, 1995	2,040,000	20,300	2,060,300
New bond issue		3,349,332	3,349,332
Bonds retired	<u>(65,000)</u>	<u> </u>	<u>(65,000)</u>
Bonds payable at June 30, 1996	<u>1,975,000</u>	<u>3,369,632</u>	<u>5,344,632</u>

Bonds payable at June 30, 1996, is comprised of the following individual issue:

General Obligation:

\$2,200,000 general obligation bonds dated August 1, 1992; due in annual installments through March 1, 2012; interest at 6% to 11%; secured by levy and collection of ad valorem taxes.	1,975,000
\$4,900,000 sales tax bond dated June 23, 1996; due in annual installments beginning March 1, 1997 through March 1, 2016; interest at 2.45% plus a .5% service fee; secured by a 1% sales tax passed in 1991. Draws against this bond are being used to fund construction of sewer improvements.	<u>3,369,632</u>
	5,344,632
Less unamortized bond costs	<u>(55,961)</u>
Total	<u>5,288,671</u>

The annual requirements to amortize all debt outstanding at June 30, 1996, including interest payments of \$1,166,046 and \$1,630,665 are as follows for sales tax and general obligation, respectively:

<u>Year Ended June 30</u>	<u>Sales Tax</u>	<u>General Obligation</u>	<u>Total</u>
1997	296,283	189,055	485,338
1998	329,240	187,055	516,295
1999	328,635	187,068	515,703
2000	327,882	187,908	515,790
2001	326,982	193,360	520,342
2002-2006	1,635,365	974,900	2,610,265
2007-2011	1,640,135	1,221,700	2,861,835
2012-2016	<u>1,646,143</u>	<u> </u>	<u>1,646,143</u>
Totals	<u>6,530,665</u>	<u>3,141,046</u>	<u>9,671,711</u>

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies:

The City of Springhill, Louisiana was incorporated under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting practices of the City of Springhill, Louisiana 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, published by the American Institute of Certified Public Accountants.

The following is a summary of significant accounting policies and practices:

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

Based on the foregoing criteria, certain governmental organizations are not part of the City and are thus excluded from the accompanying financial statements. This organization is the Ward Court, which is staffed by independently elected officials. Although the City does provide facilities and some of its financing, no control is exercised over its operations.

- B. Fund accounting. The accounts of the City of Springhill, Louisiana 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 means by which spending activities are controlled. The following funds and account groups are used by the City:

Governmental Fund Types:

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

Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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

CITY OF SPRINGHILL, LOUISIANA

Combined Statement of Cash Flows - All Proprietary Fund Types
Year Ended June 30, 1996

	<u>Enterprise Funds</u>
Cash flows from operating activities:	
Net (loss) from operations	<u>24,900</u>
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	77,375
(Increase) decrease in:	
Accounts receivable	(282,020)
Inventories	2,503
Accrued interest receivable	(391)
Increase (decrease) in:	
Accounts payable (includes adjustment for prior period)	(20,354)
Sales tax payable	69
Bond interest payable	27,399
Due to other funds	(817)
Meter deposits	<u>6,210</u>
Total adjustments	<u>(190,026)</u>
Net cash provided by operating activities	<u>(165,126)</u>
Cash flows from noncapital financing activities:	
Miscellaneous income	<u>6,454</u>
Net cash provided by noncapital financing activities	<u>6,454</u>
Cash flows from capital and related financing activities:	
Purchase of fixed assets	(2,912,113)
Transfer from Special Revenue Fund	658,189
Bond proceeds	3,349,332
Payment for bond issuance costs	(35,660)
Contributed capital - perpetual care	3,901
Interest paid	<u>(747)</u>
Net cash used by capital and related financing activities	<u>1,062,902</u>
Cash flows from investing activities:	
Reduction in Soil Products note receivable	
Interest earned	<u>19,305</u>
Net cash provided by investing activities	<u>19,305</u>
Net increase in cash	923,535
Cash and cash equivalents at the beginning of the year (including \$72,978 in restricted accounts)	<u>309,364</u>
Cash and cash equivalents at the end of the year (including \$903,291 in restricted accounts)	<u><u>1,232,899</u></u>

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

CITY OF SPRINGHILL, LOUISIANA

Combined Statement of Revenues, Expenses, and Changes in
Retained Earnings - All Proprietary Fund Types
Year Ended June 30, 1996

	Enterprise Funds
Operating revenues:	
Charges for service	506,164
Sales - cemetery lots	10,150
Assessments	15,365
Recoveries of bad debt	50
Total operating revenues	531,729
Cost of lots sold	2,203
Gross profit	529,526
Operating expenses:	
General and administrative expenses	52,114
Water department expenses	311,582
Sewer department expenses	63,555
Depreciation and amortization	77,375
Total operating expenses	504,626
Income (Loss) from operations	24,900
Non-operating revenues:	
Interest income	19,305
Miscellaneous income	6,454
Interest expense - bonds	(747)
Total non-operating revenues	25,012
Income (Loss) before operating transfers	49,912
Operating transfers:	
Operating transfers in	658,189
Total operating transfers	658,189
Net income	708,101
Retained earnings, beginning	1,885,460
 Retained earnings, ending	 2,593,561

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

CITY OF SPRINGHILL, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types
Year Ended June 30, 1996

	General Fund		Special Revenues Funds		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Taxes	312,300	317,309			5,009
Licenses and permits	166,600	172,469			5,869
Fines and forfeitures	55,000	57,268			2,268
Intergovernmental	641,325	560,338	1,550,000	1,751,816	201,816
Charges for services	215,400	11,191			(204,209)
Oil and gas royalties	30,000	35,696			5,696
Miscellaneous revenue	139,750	161,466			21,716
Total revenues	<u>1,560,375</u>	<u>1,315,737</u>	<u>1,590,000</u>	<u>1,825,047</u>	<u>33,231</u> <u>235,047</u>
Expenditures:					
Current:					
General government	375,650	321,498	68,000	38,704	29,296
Public safety	473,750	463,258			10,492
Recreation	80,880	75,700			5,180
Streets and airport	304,750	272,921			31,829
Ward court	66,700	64,839			1,861
Transportation	21,300	17,640			3,660
Maintenance garage	88,000	82,422			5,578
Capital outlays	600,000	985,823			(385,823)
Total expenditures	<u>2,011,030</u>	<u>2,284,101</u>	<u>68,000</u>	<u>38,704</u>	<u>29,296</u>
Excess (deficiency) of revenues over expenditures	<u>(450,655)</u>	<u>(968,364)</u>	<u>1,522,000</u>	<u>1,786,343</u>	<u>264,343</u>
Other financing sources (uses):					
Operating transfers in	900,000	1,102,008			202,008
Operating transfers out					(1,760,197)
Total other financing sources (uses)	<u>900,000</u>	<u>1,102,008</u>	<u>1,522,000</u>	<u>(1,760,197)</u>	<u>(1,760,197)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	449,345	133,644	1,522,000	26,146	(1,495,854)
Fund balances, beginning	418,046	418,046	2,934,974	2,934,974	
Residual equity transfer		27,182			27,182
Fund balances, ending	<u>867,391</u>	<u>578,872</u>	<u>4,456,974</u>	<u>2,961,120</u>	<u>(1,495,854)</u>

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

CITY OF SPRINGHILL, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types Year Ended June 30, 1996

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	1996	1995
Revenues:						
Taxes	317,309		217,833		535,142	2,206,295
Licenses and permits	172,469				172,469	175,690
Fines and forfeitures	57,268				57,268	44,777
Intergovernmental	557,163	1,751,816			2,308,979	92,512
Charges for services	18,685				18,685	22,439
Oil and gas royalties	35,696				35,696	35,135
Miscellaneous revenue	<u>157,147</u>	<u>73,231</u>	<u>2,866</u>	<u>22,553</u>	<u>255,797</u>	<u>154,383</u>
Total revenue	<u>1,315,737</u>	<u>1,825,047</u>	<u>220,699</u>	<u>22,553</u>	<u>3,384,036</u>	<u>2,731,231</u>
Expenditures:						
Current:						
General government	321,498	38,704	1,766		361,968	336,739
Public safety	463,258				463,258	436,096
Recreation	75,700				75,700	80,919
Streets and airport	272,921				272,921	294,660
Ward court	64,839				64,839	64,992
Transportation	17,640				17,640	19,491
Maintenance	82,422				82,422	82,687
Capital outlays:						
Current expenditures	985,823			423,193	1,409,016	71,086
Debt service:						
Principal retirement			65,000		65,000	60,000
Interest and fiscal charges			126,205		126,205	133,898
Total expenditures	<u>2,284,101</u>	<u>38,704</u>	<u>192,971</u>	<u>423,193</u>	<u>2,938,969</u>	<u>1,580,568</u>
Excess (deficiency) of revenues over expenditures	<u>(968,364)</u>	<u>1,786,343</u>	<u>27,728</u>	<u>(400,640)</u>	<u>445,067</u>	<u>1,150,663</u>
Other financing sources (uses):						
Operating transfers in	1,102,008				1,102,008	548,915
Operating transfers out		<u>(1,760,197)</u>			<u>(1,760,197)</u>	<u>(643,591)</u>
Total other financing sources (uses)	<u>1,102,008</u>	<u>(1,760,197)</u>			<u>(658,189)</u>	<u>(94,676)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	133,644	26,146	27,728	(400,640)	(213,122)	1,055,987
Fund balances, beginning	418,046	2,934,974	135,090	736,431	4,224,541	3,168,554
Residual equity transfer	<u>27,182</u>		<u>(27,182)</u>			
Fund balances, ending	<u>578,872</u>	<u>2,961,120</u>	<u>135,636</u>	<u>335,791</u>	<u>4,011,419</u>	<u>4,224,541</u>

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

	Governmental Fund Types				Proprietary Fund Types	Account Groups			Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Enterprise	General Fixed Assets	General Long-term Debt	1996	1995
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts payable	45,177				455,712			500,889	106,715	
Accrued liabilities	18,675				967			19,642	19,556	
Due to other funds			1,010	130,000	252,739			383,749	254,032	
Due to other governments	22,902							22,902	23,952	
Payable from restricted assets:										
Accrued interest payable					27,399			27,399		
Meter deposits					65,788			65,788	59,578	
Bonds payable					3,313,671		1,975,000	5,288,671	2,060,300	
Total liabilities	<u>86,754</u>		<u>1,010</u>	<u>130,000</u>	<u>4,116,276</u>		<u>1,975,000</u>	<u>6,309,040</u>	<u>2,524,133</u>	
Fund equity:										
Contributed capital					526,488			526,488	522,588	
Investment in general fixed assets						6,423,946		6,423,946	5,498,182	
Retained earnings:										
Unreserved					2,592,979			2,592,979	1,885,459	
Fund balances:										
Reserved for debt service		1,703,643	135,636					1,839,279	1,755,484	
Reserved for inventories									2,598	
Reserved for police, fire, and recreation		300,521						300,521	410,437	
Reserved for perpetual care					582			582		
Unreserved	<u>578,872</u>	<u>956,956</u>		<u>335,792</u>				<u>1,871,620</u>	<u>2,056,022</u>	
Total retained earnings and fund balances	<u>578,872</u>	<u>2,961,120</u>	<u>135,636</u>	<u>335,792</u>	<u>2,593,561</u>			<u>6,604,981</u>	<u>6,110,000</u>	
Total fund equity	<u>578,872</u>	<u>2,961,120</u>	<u>135,636</u>	<u>335,792</u>	<u>3,120,049</u>	<u>6,423,946</u>		<u>13,555,415</u>	<u>12,130,770</u>	
Total liabilities and fund equity	<u>665,626</u>	<u>2,961,120</u>	<u>136,646</u>	<u>465,792</u>	<u>7,236,325</u>	<u>6,423,946</u>	<u>1,975,000</u>	<u>19,864,455</u>	<u>14,654,903</u>	

CITY OF SPRINGHILL, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups June 30, 1996

	Governmental Fund Types			Proprietary Fund Types		Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	General Fixed Assets	General Long-term Debt	1996	1995
ASSETS									
Cash and cash equivalents	423,142	665,046	136,646	465,792	196,588			1,887,214	1,463,620
Investments, at cost	90,000				133,000			223,000	689,000
Receivables:									
Taxes									13
Trade accounts					87,823			87,823	91,638
Interest	783				1,550			2,333	10,019
Other					285,810			285,810	1,670
Due from other funds	149,923	233,826						383,749	254,032
Inventories, at cost	1,778				6,607			8,385	11,708
Restricted assets:									
Cash		2,062,248			883,311			2,945,559	2,190,097
Investments, at cost					20,000			20,000	20,000
Accrued interest received					117			117	
Land						117,637		117,637	49,720
Buildings						1,673,712		1,673,712	1,673,712
Improvements other than buildings						3,578,644		3,615,786	2,766,059
Equipment					37,142			1,060,901	1,052,781
Utility plant and equipment					6,948			7,259,804	3,960,712
Accumulated depreciation					7,259,804			(1,682,375)	(1,640,178)
Unamortized bond issue costs					(1,682,375)			20,300	
Amount available in Debt Service Fund								135,636	108,189
Amount to be provided from:									
Ad valorem taxes								1,839,364	1,931,811
Total assets	<u>665,626</u>	<u>2,961,120</u>	<u>136,646</u>	<u>465,792</u>	<u>7,236,325</u>	<u>6,423,946</u>	<u>1,975,000</u>	<u>19,864,455</u>	<u>14,654,903</u>

(Continued)

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Expenditures Compared to Budget (GAAP Basis)
 Year Ended June 30, 1996
 With Comparative Actual Amounts for
 Year Ended June 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
Maintenance garage:				
Insurance	13,100	12,322	778	11,887
Materials and supplies	12,000	12,253	(253)	14,902
Miscellaneous	2,000	249	1,751	46
Payroll taxes	3,800	3,604	196	3,552
Salaries	49,000	47,342	1,658	46,074
Truck expense	1,500	1,109	391	1,051
Utilities	6,600	5,543	1,057	5,175
Total maintenance garage	<u>88,000</u>	<u>82,422</u>	<u>5,578</u>	<u>82,687</u>
Capital outlays:				
General government		21,135	(21,135)	16,369
Parks and recreation		67,917	(67,917)	
Police		37,609	(37,609)	3,009
Streets and drainage	600,000	856,304	(256,304)	3,658
Airport		2,858	(2,858)	15,085
Total capital outlays	<u>600,000</u>	<u>985,823</u>	<u>(385,823)</u>	<u>38,121</u>
 Total expenditures	 <u>2,011,030</u>	 <u>2,284,101</u>	 <u>(273,071)</u>	 <u>1,318,890</u>

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

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

1. Summary of Significant Accounting Policies: (Continued)

The estimated useful lives are as follows:

Utility Fund:

Furniture and fixture	5-8 years
Equipment	5 years
Automotive equipment	3-5 years
Utility plant	10-60 years

Cemetery Fund:

Equipment	3-5 years
Improvements	10-20 years

- G. Inventories. Inventory of cemetery lots in the Proprietary Fund and gasoline inventories in the general fund are valued at cost (first-in, first-out).
- H. Investments. Legal investments by municipalities are restricted according to Louisiana Revised Statute 39:1271. All of the City's investments are in interest-bearing time deposits.
- I. Compensated Absences. The City requires employees to use their vacation time within one year of their anniversary date or it is forfeited. Vacation time is vested and is paid to the employee upon termination. Sick pay is lost upon termination and, therefore, is not subject to accrual.
- As of June 30, 1996, the liability for accrued vacation time is \$12,168, which is recorded \$10,707 in the General Fund, and \$1,461 in the Utility Fund.
- 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 the City's financial position and operations. However, presentation of prior year amounts by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.
- K. Total Columns on Combined Statements. 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.
- L. Statement of Cash Flows. For the purposes of the Statement of Cash Flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash equivalents.

CITY OF SPRINGHILL, LOUISIANA

Combining Statement of Revenues, Expenses,
and Changes in Retained Earnings - All Proprietary Fund Types
June 30, 1996
With Comparative Totals for June 30, 1995

	<u>Utility</u>	<u>Cemetery</u>	<u>Totals</u>	
	<u>Fund</u>	<u>Fund</u>	<u>1996</u>	<u>1995</u>
Operating revenues:				
Charges for service	506,164		506,164	477,834
Sales - cemetery lots		10,150	10,150	8,600
Assessments		15,365	15,365	14,962
Recoveries of bad debts		<u>50</u>	<u>50</u>	
Total operating revenues	<u>506,164</u>	<u>25,565</u>	<u>531,729</u>	<u>501,396</u>
Cost of lots sold		<u>2,203</u>	<u>2,203</u>	<u>2,681</u>
Gross profit	<u>506,164</u>	<u>23,362</u>	<u>529,526</u>	<u>498,715</u>
Operating expense:				
General and administrative expenses	39,111	13,003	52,114	47,155
Water department expense	311,582		311,582	323,223
Sewer department expense	63,555		63,555	71,897
Depreciation and amortization	<u>77,027</u>	<u>348</u>	<u>77,375</u>	<u>73,642</u>
Total operating expenses	<u>491,275</u>	<u>13,351</u>	<u>504,626</u>	<u>515,917</u>
Income (loss) from operations	<u>14,889</u>	<u>10,011</u>	<u>24,900</u>	<u>(17,202)</u>
Non-operating revenues (expenses):				
Interest income	18,268	1,037	19,305	6,099
Miscellaneous	6,454		6,454	8,429
Interest - expense bonds	<u>(747)</u>		<u>(747)</u>	
Total non-operating revenues	<u>23,975</u>	<u>1,037</u>	<u>25,012</u>	<u>14,528</u>
Operating transfers:				
Operating transfers in	<u>658,189</u>		<u>658,189</u>	<u>94,676</u>
Total operating transfers	<u>658,189</u>		<u>658,189</u>	<u>94,676</u>
Net income	697,053	11,048	708,101	92,002
Retained earnings (deficit), beginning	1,868,678	16,782	1,885,460	1,793,457
Prior period adjustment				
Retained earnings, ending	<u>2,565,731</u>	<u>27,830</u>	<u>2,593,561</u>	<u>1,885,459</u>

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

CITY OF SPRINGHILL, LOUISIANA

Statement of General Fixed Assets June 30, 1996 and 1995

	1996	1995
General fixed assets:		
Land	117,637	49,720
Buildings	1,673,712	1,673,712
Improvements other than buildings	3,578,644	2,728,917
Equipment	1,053,953	1,045,833
Total general fixed assets	6,423,946	5,498,182
 Investments in general fixed assets:		
Property acquired-source of funds unknown*	786,564	786,564
Bond issue of 1959	175,052	175,052
Bond issue of 1962	70,526	70,526
Bond issue of 1968	520,000	520,000
<i>Bond issue of 1992</i>	1,550,418	1,550,418
General Fund revenues	1,537,297	1,162,321
Federal Revenue Sharing Fund	617,162	617,162
Sales Tax Fund	307,778	272,444
Utility Fund	2,123	2,123
Federal Grants	444,815	237,829
State Grants	380,039	71,571
Contribution N. Webster Ind. Park	28,672	28,672
Contributions Anthony Bryan Ins.	3,500	3,500
Total investment in general fixed assets	6,423,946	5,498,182

* The source of funds for property acquired prior to 1959 cannot be determined.

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

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1996

2. Cash:

Deposits. At June 30, 1996, the carrying amount of the City's deposits was \$5,075,773 and the bank balance was \$5,250,749. Of the total bank balance \$200,000 was covered by federal depository insurance and \$5,050,749 was covered by collateral held by the City's two safekeeping bank agents, in the City's name.

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

Collateral Description	1	2	3	Carrying Amount	Market Value
FDIC Insurance	200,000			200,000	200,000
Obligations of U.S. Treasury or Agencies	4,721,274			4,550,587	5,166,280
Obligations of State of Louisiana	<u>329,475</u>			<u>325,186</u>	<u>350,000</u>
Totals	<u><u>5,250,749</u></u>			<u><u>5,075,773</u></u>	<u><u>5,716,280</u></u>

State statute requires that 100% of the City's deposits be secured by pledged collateral at all times. At July 1, 1995, \$1,506,844 of the deposits were unsecured. In August, 1995 this was discovered, and \$1.7 million in additional securities were immediately pledged.

3. Ad Valorem Taxes:

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

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

For the year ended June 30, 1996, taxes of \$334,242 were levied on property with assessed valuations totaling \$15,502,848 and were dedicated as follows:

General corporate purposes	7.56 mills
Retirement of bond indebtedness	<u>14.00 mills</u>
	<u><u>21.56 mills</u></u>

There were no taxes receivable at June 30, 1996, which were considered collectible.

CITY OF SPRINGHILL, LOUISIANA

Combining Statement of Cash Flows - All Proprietary Fund Types
June 30, 1996
With Comparative Totals for June 30, 1995

	Utility Fund	Cemetery Fund	Totals	
			1996	1995
Cash flows from operating activities:				
Net income (loss) from operations	14,889	10,011	24,900	(17,202)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	77,027	348	77,375	73,642
(Increase) decrease in:				
Accounts receivable - trade	5,807	(2,017)	3,790	(8,232)
Accounts receivable - other governments	(285,810)		(285,810)	
Inventories		2,503	2,503	(4,821)
Accrued interest receivable	(391)		(391)	
Increase (decrease) in:				
Accounts payable	(20,298)	(56)	(20,354)	17,904
Sales tax payable	69		69	(122)
Bond interest payable	27,399		27,399	
Due to other funds	(817)		(817)	32,881
Meter deposits	6,210		6,210	1,490
Total adjustments	(190,804)	778	(190,026)	112,742
Net cash provided by operating activities	(175,915)	10,789	(165,126)	95,540
Cash flows from noncapital financing activities:				
Miscellaneous income	6,454		6,454	8,429
Net cash provided by noncapital financing activities	6,454		6,454	8,429
Cash flows from capital and related financing activities:				
Purchase of fixed assets	(2,912,113)		(2,912,113)	(186,042)
Bond Proceeds	3,349,332		3,349,332	20,300
Payment of bond issuance costs	(35,660)		(35,660)	(20,300)
Transfer from Sales Tax Fund	658,189		658,189	94,676
Contributed capital - perpetual care		3,901	3,901	13,400
Interest paid	(747)		(747)	(395)
Net cash used by capital and related financing activities	1,059,001	3,901	1,062,902	(78,361)
Cash flows from investing activities:				
Reduction in Soil Products note receivable				4,022
Interest earned	18,268	1,037	19,305	6,099
Net cash provided by investing activities	18,268	1,037	19,305	10,121
Net increase (decrease) in cash	907,808	15,727	923,535	35,729
Cash and cash equivalents at beginning of the year (including \$72,978 in restricted accounts)	250,579	58,785	309,364	273,635
Cash and cash equivalents at end of the year (including \$903,291 in restricted accounts)	1,158,387	74,512	1,232,899	309,364

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

CITY OF SPRINGHILL, LOUISIANA

General Fund - Comparative Balance Sheet
June 30, 1996 and 1995

ASSETS

	<u>1996</u>	<u>1995</u>
Cash:		
General Fund	423,142	225,844
Payroll		1,000
State revenue		8,099
Oil and gas production		<u>163,270</u>
Total cash	<u>423,142</u>	<u>398,213</u>
Investments, at cost	<u>90,000</u>	<u>90,000</u>
Receivables:		
Accrued interest	783	741
Due from other funds	149,923	20,206
Ad valorem taxes receivable		13
Other		<u>1,670</u>
Total receivables	<u>150,706</u>	<u>22,630</u>
Gas and oil inventory	<u>1,778</u>	<u>2,598</u>
Total assets	<u><u>665,626</u></u>	<u><u>513,441</u></u>

LIABILITIES AND FUND BALANCE

Current liabilities:		
Accounts payable - general creditors	45,177	52,785
Due to other governments	22,902	23,952
Accrued expenses	<u>18,675</u>	<u>18,658</u>
Total liabilities	<u>86,754</u>	<u>95,395</u>
Fund balance:		
Reserved for inventory		2,598
Unreserved	<u>578,872</u>	<u>415,448</u>
Total fund balance	<u>578,872</u>	<u>418,046</u>
Total liabilities and fund balance	<u><u>665,626</u></u>	<u><u>513,441</u></u>

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

LIABILITIES AND FUND EQUITY	Utility	Cemetery	Totals	
	Fund	Fund	1996	1995
Current liabilities - payable from unrestricted assets:				
Accounts payable	454,012	1,700	455,712	53,930
Sales tax payable	967		967	898
Due to General Fund	18,913		18,913	19,730
Due to Sales Tax Fund	<u>233,826</u>		<u>233,826</u>	<u>233,826</u>
Total current liabilities - payable from unrestricted assets	<u>707,718</u>	<u>1,700</u>	<u>709,418</u>	<u>308,384</u>
Current liabilities - payable from restricted assets:				
Accrued interest payable	27,399		27,399	
Meter deposits	<u>65,788</u>		<u>65,788</u>	<u>59,578</u>
Total current liabilities - payable from restricted assets	<u>93,187</u>		<u>93,187</u>	<u>59,578</u>
Long- term debt:				
Bond payable - Series 1995	<u>3,313,671</u>		<u>3,313,671</u>	
Total long-term debt	<u>3,313,671</u>		<u>3,313,671</u>	
Total liabilities	<u>4,114,576</u>	<u>1,700</u>	<u>4,116,276</u>	<u>367,962</u>
Fund equity:				
Contributed capital	469,979	56,509	526,488	522,588
Retained earnings (deficit):				
Unreserved	2,565,731	27,248	2,592,979	1,885,459
Reserved for pertetual care income		<u>582</u>	<u>582</u>	
Total fund equity	<u>3,035,710</u>	<u>84,339</u>	<u>3,120,049</u>	<u>2,408,047</u>
Total liabilities and fund equity	<u>7,150,286</u>	<u>86,039</u>	<u>7,236,325</u>	<u>2,776,009</u>

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

CITY OF SPRINGHILL, LOUISIANA

Combining Balance Sheet - All Proprietary Fund Types
June 30, 1996
With Comparative Totals for June 30, 1995

ASSETS	Utility	Cemetery	Totals	
	Fund	Fund	1996	1995
Current assets - unrestricted:				
Cash	113,654	45,630	159,284	107,031
Money market account	37,304		37,304	36,355
Investment, at cost	122,000	11,000	133,000	93,000
Receivables:				
Accounts receivable (trade)	85,831	1,992	87,823	91,638
Accounts receivable - other Government	285,810		285,810	
Accrued interest	1,527	23	1,550	1,273
Inventories, at cost		6,607	6,607	9,110
Current assets - unrestricted	646,126	65,252	711,378	338,407
Current assets - restricted:				
Cash	865,429	17,882	883,311	52,978
Investments	20,000		20,000	20,000
Accrued interest receivable	117		117	
Current assets - restricted	885,546	17,882	903,428	72,978
Total current assets	1,531,672	83,134	1,614,806	411,385
Property, plant and equipment:				
Improvements other than buildings		37,142	37,142	37,142
Equipment		6,948	6,948	6,948
Utility, plant and equipment	7,259,804		7,259,804	3,960,712
Accumulated depreciation and amortization	(1,641,190)	(41,185)	(1,682,375)	(1,640,178)
Total property, plant and equipment	5,618,614	2,905	5,621,519	2,364,624
Total assets	7,150,286	86,039	7,236,325	2,776,009

ENTERPRISE FUNDS

Utility Fund - To account for the provision of water and sewer services to residents of the City. 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, and billing and collection.

Cemetery Fund - To account for the provision of a perpetual care publicly owned cemetery. All activities necessary to provide service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, and billing and collection.

CITY OF SPRINGHILL, LOUISIANA

Debt Service Funds - Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Year Ended June 30, 1996
With Comparative Totals for Year Ended June 30, 1995

	Ad Valorem Public Improvement Bonds of <u>1968</u>	Sales Tax Public Improvement Bonds of <u>1968</u>	1992 General Obligation Bonds <u> </u>	Totals	
				1996	1995
Revenues:					
Ad valorem taxes			217,833	217,833	205,724
Interest income	105	176	2,585	2,866	2,288
Total revenues	<u>105</u>	<u>176</u>	<u>220,418</u>	<u>220,699</u>	<u>208,012</u>
Expenditures:					
Bonds paid			65,000	65,000	60,000
Interest paid			126,205	126,205	132,805
Paying agents' fees			974	974	1,093
Bad debts			792	792	476
Total expenditures			<u>192,971</u>	<u>192,971</u>	<u>194,374</u>
Excess (deficiency) of revenues over expenditures	105	176	27,447	27,728	13,638
Fund balances, beginning	15,922	10,979	108,189	135,090	121,452
Residual equity transfer	<u>(16,027)</u>	<u>(11,155)</u>	<u> </u>	<u>(27,182)</u>	<u> </u>
Fund balance, ending	<u> </u>	<u> </u>	<u>135,636</u>	<u>135,636</u>	<u>135,090</u>

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

CITY OF SPRINGHILL, LOUISIANA

Debt Service Funds - Combining Balance Sheet
 June 30, 1996
 With Comparative Totals for June 30, 1995

	Ad Valorem Tax Public Improvement Bonds of	Sales Tax Public Improvement Bonds of	1992 General Obligation Bonds	Totals	
ASSETS	1968	1968		1996	1995
Cash			136,646	136,646	129,434
Certificates of deposit					6,000
Accrued interest receivable					132
Total assets			136,646	136,646	135,566
LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to general fund			1,010	1,010	476
Total liabilities			1,010	1,010	476
Fund balance:					
Unreserved					26,901
Reserved for debt service			135,636	135,636	108,189
Total fund balance			135,636	135,636	135,090
Total liabilities and fund balance			136,646	136,646	135,566

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

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP BASIS) and Actual
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Excess (deficiency) of revenues over (under) expenditures	<u>(450,655)</u>	<u>(968,364)</u>	<u>(517,709)</u>	<u>(595,868)</u>
Other financing sources (uses):				
Operating transfers in:				
Transfers from Sales Tax Fund	900,000	1,102,008	202,008	548,915
Total operating transfers in	<u>900,000</u>	<u>1,102,008</u>	<u>202,008</u>	<u>548,915</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	449,345	133,644	(315,701)	(46,953)
Fund balance, beginning	418,046	418,046		464,999
Residual equity transfers		<u>27,182</u>	<u>27,182</u>	
Fund balance, ending	<u>867,391</u>	<u>578,872</u>	<u>(288,519)</u>	<u>418,046</u>

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

CITY OF SPRINGHILL, LOUISIANA

Special Revenue Funds - Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Year Ended June 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		1996		Variance	
	Sales Tax Fund		LCDBG		Favorable	
	Budget	Actual	Budget	Actual	(Unfavorable)	(Unfavorable)
Revenues:						
Sales tax						
Government Grant - LCDBG	1,500,000	1,733,318	233,318	50,000	18,498	(31,502)
Interest income	<u>40,000</u>	<u>73,231</u>	<u>33,231</u>			<u>58,806</u>
Total revenues	<u>1,540,000</u>	<u>1,806,549</u>	<u>266,549</u>	<u>50,000</u>	<u>18,498</u>	<u>(31,502)</u>
Expenditures:						
General Government	<u>18,000</u>	<u>20,206</u>	<u>(2,206)</u>	<u>50,000</u>	<u>18,498</u>	<u>(31,502)</u>
Total expenditures	<u>18,000</u>	<u>20,206</u>	<u>(2,206)</u>	<u>50,000</u>	<u>18,498</u>	<u>(31,502)</u>
Excess revenues over expenditures	<u>1,522,000</u>	<u>1,786,343</u>	<u>264,343</u>			<u>1,736,225</u>
Other financing uses:						
Operating transfers out:						
General Fund		1,102,008	(1,102,008)			548,915
Utility Fund		<u>658,189</u>	<u>(658,189)</u>			<u>94,676</u>
Total other financing uses		<u>1,760,197</u>	<u>(1,760,197)</u>			<u>643,591</u>
Excess of revenues and other sources of expenditures and other uses	1,522,000	26,146	(1,495,854)			1,092,634
Fund balance, beginning	<u>2,934,974</u>	<u>2,934,974</u>				<u>1,842,340</u>
Fund balance, ending	<u>4,456,974</u>	<u>2,961,120</u>	<u>(1,495,854)</u>			<u>2,934,974</u>

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

CITY OF SPRINGHILL, LOUISIANA

Special Revenue Fund - Combining Balance Sheet June 30, 1996 and 1995

ASSETS				
	<u>LCDBG</u>	<u>Sales Tax Fund</u>	<u>1996</u>	<u>1995</u>
Current assets - unrestricted:				
Cash		665,046	665,046	564,029
Accounts receivable - sales tax				
Total current assets - unrestricted		665,046	665,046	564,029
Current assets - restricted:				
Cash		2,062,248	2,062,248	2,137,119
Total current assets - restricted		2,062,248	2,062,248	2,137,119
Due from other funds		233,826	233,826	233,826
Total assets	-0-	2,961,120	2,961,120	2,934,974

FUND BALANCE

Fund balance:				
Unreserved		956,956	956,956	877,242
Reserved for debt service		1,703,643	1,703,643	1,647,295
Reserved for police, fire, and recreation		300,521	300,521	410,437
Total fund balance	-0-	2,961,120	2,961,120	2,934,974

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

SPECIAL REVENUE FUND

Sales Tax Fund - To account for the receipt and use of the proceeds of the City's 1% sale and use tax. These taxes are dedicated to constructing, acquiring, extending, improving, operating, and maintaining sewers and sewerage disposal works, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and recreational facilities and streets, alleys, sidewalks and bridges; purchasing and acquiring the necessary land, equipment and furnishing for the aforesaid public works building improvements and facilities, title to which improvements shall be in the public; and for the payment of salaries of non-elected municipal employees; or for any one or more of said purposes; and such tax to be subject to funding into bonds by the City in the manner authorized by Sub-Part D, Part 1, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 2711, et. seq.)

To account for the receipt and use of the proceeds of the City's 1/2 percent sales and use tax. The proceeds of the 1/2 percent sales tax are dedicated to constructing, acquiring, extending, improving, operating and maintaining fire department stations and related facilities, police department stations and related facilities and public parks and recreational facilities; purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid buildings, improvements and facilities; and for the payment of salaries of non-elected municipal employees of the above departments; or for any one or more of the above said purposes.

To account for the receipt and use of the proceeds of the City's 1% sales and use tax. These taxes are dedicated to constructing, acquiring, extending, improving, operating and maintaining streets and sewer disposal works, water works, and waste disposal facilities. Such tax to be subject to funding into bonds by the City in the manner authorized by the Louisiana revised statutes of 1950.

Louisiana Community Development Block Grant(LCDBG) - To account for the receipt and use of a Grant in the total amount of \$507,370.00 per contract dated September 29, 1994. These funds are to be expended over a three year period to rehabilitate qualifying low income houses in the City.

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP BASIS) and Actual
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes	118,300	118,352	52	111,096
Airport gasoline revenue	18,000	16,361	(1,639)	19,257
Beer tax	13,000	16,520	3,520	10,425
Beer license	1,600	1,695	95	1,395
Civic Center rental	5,500	6,390	890	5,788
Fines and forfeitures	55,000	57,268	2,268	44,777
Franchise tax	135,000	139,522	4,522	134,091
Garbage collection - net	209,900	4,801	(205,099)	13,583
Governmental revenues:				
Federal awards	13,000	14,655	1,655	
State awards	625,000	541,371	(83,629)	14,988
Other government awards	3,325	4,312	987	1,500
Interest income	7,500	10,653	3,153	6,974
Miscellaneous income	6,600	7,418	818	3,678
Motor vehicle fees	17,000	14,124	(2,876)	16,238
Police department funds	2,000	17,383	15,383	22,312
Occupational licenses	160,000	164,498	4,498	172,811
Oil and gas royalties	30,000	35,696	5,696	35,135
Other grants and contributions		1,098	1,098	1,600
Permits and inspections	5,000	6,276	1,276	2,879
Recreation department revenues	13,650	13,944	294	8,856
Street revenue - miscellaneous	1,200	1,705	505	1,764
Tax penalties and interest	800	902	102	888
Tobacco tax	29,000	28,791	(209)	28,837
Video poker revenue	90,000	92,002	2,002	64,150
Total revenues	<u>1,560,375</u>	<u>1,315,737</u>	<u>(244,638)</u>	<u>723,022</u>
Expenditures:				
General government	375,650	321,498	54,152	301,924
Public safety	473,750	463,258	10,492	436,096
Recreation	80,880	75,700	5,180	80,919
Streets and airport	304,750	272,921	31,829	294,660
Ward court	66,700	64,839	1,861	64,992
Transportation	21,300	17,640	3,660	19,491
Maintenance garage	88,000	82,422	5,578	82,687
Capital outlays	600,000	985,823	(385,823)	38,121
Total expenditures	<u>2,011,030</u>	<u>2,284,101</u>	<u>(273,071)</u>	<u>1,318,890</u>

(Continued)

CITY OF SPRINGHILL, LOUISIANA.

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FINANCIAL STATEMENTS

June 30, 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 FEB 5 1997

Jim H. Stevens, Jr. & Company, L.L.P.
Certified Public Accountants
Springhill, Louisiana 71075

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Expenditures Compared to Budget (GAAP Basis)
 Year Ended June 30, 1996
 With Comparative Actual Amounts for
 Year Ended June 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Recreation:				
Auto, truck and tractor	200	176	24	184
Insurance	5,000	5,261	(261)	4,849
Materials and supplies	3,000	3,564	(564)	5,722
Miscellaneous	1,000		1,000	412
Payroll taxes	2,180	2,172	8	2,195
Repairs, building and grounds	12,000	9,246	2,754	14,297
Salaries	28,500	28,697	(197)	27,435
Utilities	29,000	26,584	2,416	25,825
Total recreation	<u>80,880</u>	<u>75,700</u>	<u>5,180</u>	<u>80,919</u>
Streets and airport:				
Airport expense, including fuel cost	32,200	28,507	3,693	27,309
Auto, truck and tractor	25,000	19,176	5,824	28,578
Insurance	42,000	37,469	4,531	39,251
Materials and supplies	25,000	22,357	2,643	29,825
Miscellaneous	3,550	1,864	1,686	3,302
Payroll taxes	7,000	6,029	971	6,549
Salaries	90,000	79,594	10,406	84,521
Street and traffic lights	70,000	69,412	588	67,362
Utilities, airport	10,000	8,513	1,487	7,963
Total streets and airport	<u>304,750</u>	<u>272,921</u>	<u>31,829</u>	<u>294,660</u>
Ward court:				
Fees and other expenses	2,200	2,127	73	2,133
Insurance	12,500	11,566	934	11,566
Judge retirement	3,300	3,248	52	3,248
Juvenile officer	2,400	2,400		2,400
Payroll taxes	2,900	2,887	13	2,878
Salaries	42,000	41,328	672	41,509
Utilities	1,400	1,283	117	1,258
Total ward court	<u>66,700</u>	<u>64,839</u>	<u>1,861</u>	<u>64,992</u>
Transportation:				
Insurance	4,700	3,769	931	4,317
Payroll taxes	1,100	907	193	1,010
Salaries	13,500	11,663	1,837	13,171
Van expense	2,000	1,301	699	993
Total transportation	<u>21,300</u>	<u>17,640</u>	<u>3,660</u>	<u>19,491</u>

(Continued)

GENERAL FIXED ASSETS

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

DEBT SERVICE FUNDS

Public Improvement 10/01/68 - To accumulate monies for payment of the 1968 \$520,000 Public Improvement general obligation bonds, which are serial bonds due in annual installments, plus interest, through maturity in 1993. Debt service is financed by the levy of a specific ad valorem tax.

Public Improvement 10/01/68 - To accumulate monies for payment of the 1968 \$675,000 Public Improvement Bonds, which are serial bonds due in annual installments plus interest, through maturity in 1993. Debt service is financed from proceeds of the City's 1% sales and use tax.

General Obligation Bonds-1992 - To accumulate monies for the payment of \$2,200,000 of general obligation bonds, which are serial bonds due in annual installments, plus interest, through maturity in 2012. Debt service is financed by the levy of a specific ad valorem tax.