

TOWN OF HAYNESVILLE  
Haynesville, Louisiana

Annual Financial Statements  
With Independent Auditors' Report

As of and For the Years Ended  
June 30, 2004 and 2003  
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 2-9-05

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

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As of and For the Year Ended June 30, 2004  
With Supplemental Information Schedules

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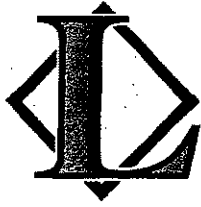
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**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report**

TOWN OF HAYNESVILLE  
Haynesville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information of the Town of Haynesville as of June 30, 2004, and for the year then ended, which collectively comprise the school board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Haynesville's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the Town of Haynesville as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with U. S. generally accepted accounting principles.

As described in Note 1 to the basic financial statements, the Town of Haynesville adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* and Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, as of July 1, 2002. This results in a change in the form and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2004, on our consideration of the Town of Haynesville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

TOWN OF HAYNESVILLE  
Haynesville, Louisiana  
Independent Auditors' Report  
June 30, 2004

Management's discussion and analysis and the General Fund and Special Revenue Funds budgetary comparison schedules on pages 7 through 12 and 50 through 56, respectively, are not a required part of the basic financial statements. Management's discussion and analysis and the General Fund and Special Revenue Funds budgetary comparison schedules are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Haynesville's basic financial statements. The supplemental information schedules listed in the table of contents, including the schedule of expenditures of Federal awards as required by U. S. office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Little's Associates LLC*

Monroe, Louisiana  
November 15, 2004

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**TOWN OF HAYNESVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE TWO YEARS**  
**ENDED JUNE 30, 2004**

As Management of the Town of Haynesville, we offer readers of the Town of Haynesville's financial statements this narrative overview and analysis of the financial activities of the Town of Haynesville as of and for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, basic Financial Statement and Management's Discussion and Analysis for state and local governments issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because the year ended June 30, 2003, was the first year of implementing the new reporting model, certain necessary comparative information for the year ended June 30, 2002, was not prepared. Considering the financial resources necessary to prepare the information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Town has elected to exclude the information in this report.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Town of Haynesville's basic financial statements. The Town's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad view of the Town of Haynesville's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Haynesville assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Haynesville is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 13 - 14 and 24 - 26 of this report.



**Fund financial statements.** The fund financial statement focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Haynesville maintains five individual governmental funds. Information as of and for the year ended June 30, 2004, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Sales Tax Fund, Fire Protection District No 3 Fund, Recreation District Wards 2 and 3 Fund, and the LCDBG Capital Projects Fund, which are considered to be major funds.

The Town of Haynesville adopts an annual appropriated budget for the general fund and the special revenue funds. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 15 - 18 and 26 - 29 of this report.

**Proprietary funds.** The Town's maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its enterprise funds to account for its sewer and water and solid waste operations.

Proprietary funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements. The proprietary funds financial statements provide separate information for all of the enterprise funds which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 19 - 22 and 30 - 33 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 49 of this report.

**Supplemental information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the Town of Haynesville's compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

## FINANCIAL HIGHLIGHTS

- The net assets of the Town exceeded its liabilities at June 30, 2004 by \$5,909,309.
- The Town's net assets decreased by \$17,468 as a result of this year's operations. While net assets of the governmental activities increased by \$20,289 (1%), the net assets of the business-type activities decreased by \$37,757 (2%).
- At June 30, 2004, the Town's governmental funds reported total ending fund balances of \$1,176,888, a decrease of \$21,512, including expenditures for capital assets. The entire balance is available for spending at the Town's discretion.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 1,331,095	\$ 1,667,128	\$ 639,780	\$ 660,783	\$ 1,970,875	\$ 2,327,911
Capital assets, net	2,312,849	2,260,980	2,202,916	2,294,521	4,515,765	4,555,501
Total assets	<u>3,643,944</u>	<u>3,928,108</u>	<u>2,842,696</u>	<u>2,955,304</u>	<u>6,486,640</u>	<u>6,883,412</u>
Current and other liabilities	154,207	468,728	194,558	182,189	348,765	650,917
Long-term liabilities	10,068		218,498	305,718	228,566	305,718
Total liabilities	<u>164,275</u>	<u>468,728</u>	<u>413,056</u>	<u>487,907</u>	<u>577,331</u>	<u>956,635</u>
Net assets:						
Invested in capital assets, net						
of related debt	2,312,849	2,260,980	1,896,425	1,913,501	4,209,274	4,174,481
Unrestricted	1,166,820	1,198,400	533,215	553,896	1,700,035	1,752,296
Total net assets	<u>\$ 3,479,669</u>	<u>\$ 3,459,380</u>	<u>\$ 2,429,640</u>	<u>\$ 2,467,397</u>	<u>\$ 5,909,309</u>	<u>\$ 5,926,777</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Town of Haynesville exceeded liabilities by \$5,909,309. A significant portion (71%) of the Town of Haynesville's net assets reflects its investments in capital assets (e.g., land, building, and improvements and equipments, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources.

## CHANGE IN NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
<b>REVENUES</b>						
General revenues:						
Taxes:						
Ad valorem	\$ 338,142	\$ 350,468			338,142	350,468
Sales taxes	388,254	429,197			388,254	429,197
Franchise tax	74,950	64,656			74,950	64,656
Other taxes	6,231	10,787			6,231	10,787
Licenses and permits	73,750	73,900			73,750	73,900
Fines, forfeitures, and court costs	40,441	45,921			40,441	45,921
Operating and capital grants	121,386	592,337		25,000	121,386	617,337
Interest earnings	21,097	13,091	6,392	5,334	27,489	18,425
Settlement of lawsuit		394,684			-	394,684
Other	74,344	106,776			74,344	106,776
Business revenues:						
Charges for services			737,192	736,257	737,192	736,257
Miscellaneous			4,010	2,562	4,010	2,562
<b>Total revenues</b>	<b>1,138,595</b>	<b>2,081,817</b>	<b>747,594</b>	<b>769,153</b>	<b>1,886,189</b>	<b>2,850,970</b>
<b>EXPENDITURES</b>						
Current:						
General government	414,411	415,822			414,411	415,822
Public safety	393,532	353,220			393,532	353,220
Public works	193,926	128,841			193,926	128,841
Parks and recreation	116,437	90,517			116,437	90,517
Sewer user			202,044	199,191	202,044	199,191
Utility			583,307	501,011	583,307	501,011
<b>Total expenditures</b>	<b>1,118,306</b>	<b>988,400</b>	<b>785,351</b>	<b>700,202</b>	<b>1,903,657</b>	<b>1,688,602</b>
Excess (Deficiency) of revenues over expenses	20,289	1,093,417	(37,757)	68,951	(17,468)	1,162,368
Net assets, beginning	3,459,380	2,365,963	2,467,397	2,398,446	5,926,777	4,764,409
Net assets, ending	<u>\$ 3,479,669</u>	<u>\$ 3,459,380</u>	<u>\$ 2,429,640</u>	<u>\$ 2,467,397</u>	<u>\$ 5,909,309</u>	<u>\$ 5,926,777</u>

**Governmental activities.** The most significant revenues of the governmental activities are general taxes (71%), which include ad valorem taxes (30%), sales taxes (34%), and franchise and other taxes (7%). Program revenues are 23% of the total revenues of the governmental activities, which includes charges for services (12%) and operating and capital grants (11%).

General government expenses are the most significant (37%) of all governmental activities expenses, followed by public safety (police and fire) expenses (35%). Depreciation expense is included in these amounts.

Governmental activities revenues decreased \$943,222 in the current year. The decrease was primarily attributable to a lawsuit settlement of \$394,684 and capital grants of 592,337 received in 2003.

Governmental activities expenses increased by \$129,906 in the current year. The increase was primarily attributable to an increase in street department expenses (Public Works).

**Business-type activities.** Business-type activities decreased the Town's net assets by \$37,757. Key elements of this change are as follows:

Charges for services remained relatively stable. However, program expenses increased by \$85,149. The increase is primarily attributable to the utility fund

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Governmental funds.** As of June 30, 2004, combined governmental fund balances of \$1,176,888 remained relatively stable as compared to 2003 by showing a decrease of \$21,512 from June 30, 2003. The entire fund balance is unreserved, which is considered available for appropriation.

Governmental funds revenues and expenses increased slightly from the prior year (excluding a capital grant utilized for sewer improvements).

**Proprietary funds.** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer User Fund's net assets decreased by \$27,419 in the current year. There were no significant or unusual changes.

The Utility Fund's net assets decreased by \$10,338 in the current year. The decrease was primarily attributable to increases in personal services, supplies, and interest expense.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The fund balance in the original budget decreased by \$50,574 as compared to the final budget. Total revenues increased by \$62,037, total expenditures decreased by \$3,864, and operating transfers out increased by a net of \$116,475.

General Fund revenues exceeded final amended budgeted revenues by \$5,317. General Fund expenses exceeded final amended budgeted amount expenses by \$26,067.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The Town of Haynesville's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$4,209,274 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture and equipment, and construction in progress. The increase in construction in progress was attributable to a Community Development Block Grant for sewer system improvements.

**Long-term debt.** At the end of the fiscal year, Town of Haynesville had total long-term debt of \$316,559. The long-term debt consisted of a capitalized lease obligation of \$306,491 and compensated absences of \$10,068.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The fiscal year 2005 budget is forecast to provide \$3,370,114 in estimated surplus and revenues to fund costs of \$2,570,460.
- Capital outlay is budgeted in the amount of \$440,000, the most significant capital outlay being through the Street Repair Program.
- The budget includes increased cost for health insurance and retirement for employees.
- The budget includes an increase in water rates of \$.25/thousand gallons to meet the increasing operating costs of the Utility department.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Haynesville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Penny Fields, City Clerk, 1711 Main Street, Haynesville, Louisiana 71038.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Statement of Net Assets**  
June 30, 2004

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 902,118	\$ 302,157	\$ 1,204,275
Investments	311,587	158,774	470,361
Accounts receivables	117,390	109,198	226,588
Prepaid expenses	-	574	574
Cash and cash equivalents - restricted	-	69,077	69,077
Capital assets (net of accumulated depreciation):	2,312,849	2,202,916	4,515,765
TOTAL ASSETS	<u>\$ 3,643,944</u>	<u>\$ 2,842,696</u>	<u>\$ 6,486,640</u>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 115,620	\$ 37,488	\$ 153,108
Contract payable	2,214	-	2,214
Retainage payable	36,373	-	36,373
Current liabilities payable from restricted assets - tenant security deposits	-	69,077	69,077
Long-term liabilities:			
Due within one year	-	87,993	87,993
Due in more than one year	10,068	218,498	228,566
Total Liabilities	<u>164,275</u>	<u>413,056</u>	<u>577,331</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,312,849	1,896,425	4,209,274
Unrestricted	<u>1,166,820</u>	<u>533,215</u>	<u>1,700,035</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,479,669</u>	<u>\$ 2,429,640</u>	<u>\$ 5,909,309</u>

The notes to the financial statements are an integral part of this statement.

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TOWN OF HAYNESVILLE  
Haynesville, Louisiana

Statement of Activities  
For the Year Ended June 30, 2004

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 414,411	\$ 133,786	\$ -	\$ -
Public safety	393,532	-	-	-
Public works	193,926	-	-	121,386
Parks and recreation	116,437	8,147	-	-
Total governmental activities	<u>1,118,306</u>	<u>141,933</u>	<u>-</u>	<u>121,386</u>
Business-type activities:				
Sewer user fund	202,044	171,408	-	-
Utility fund	583,307	569,794	-	-
Total business-type activities	<u>785,351</u>	<u>741,202</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 1,903,657</u>	<u>\$ 883,135</u>	<u>\$ -</u>	<u>\$ 121,386</u>

## Taxes:

Property taxes, levied for general purposes  
Sales taxes  
Other taxes for general purposes  
Interest and investment earnings  
Miscellaneous

## Total general revenues

Excess of revenues over expenses

Net assets - July 1, 2003

Net assets - June 30, 2004

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (280,625)	\$ -	\$ (280,625)
(393,532)	-	(393,532)
(72,540)	-	(72,540)
(108,290)	-	(108,290)
<u>(854,987)</u>	<u>-</u>	<u>(854,987)</u>
-	(30,636)	(30,636)
-	(13,513)	(13,513)
-	(44,149)	(44,149)
<u>(854,987)</u>	<u>(44,149)</u>	<u>(899,136)</u>
338,142	-	338,142
388,254	-	388,254
81,181	-	81,181
21,097	6,392	27,489
46,602	-	46,602
<u>875,276</u>	<u>6,392</u>	<u>881,668</u>
20,289	(37,757)	(17,468)
<u>3,459,380</u>	<u>2,467,397</u>	<u>5,926,777</u>
<u>\$ 3,479,669</u>	<u>\$ 2,429,640</u>	<u>\$ 5,909,309</u>

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**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**GOVERNMENTAL FUNDS**  
**Balance Sheet**  
**For the Year Ended June 30, 2004**

	MAJOR PROGRAMS		
	GENERAL FUND	SALES TAX FUND	FIRE PROTECTION DISTRICT NO. 3 FUND
<b>ASSETS</b>			
Cash and cash equivalents	\$ 404,918	\$ 162,143	\$ 197,221
Investments			311,587
Receivables, net	23,482	41,559	13,762
Interfund receivables			
<b>TOTAL ASSETS</b>	<b>\$ 428,400</b>	<b>\$ 203,702</b>	<b>\$ 522,570</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts, salaries, and other payables	\$ 43,086	\$ 35,225	\$ 8,907
Contractor payable			
Retainage payable			
Interfund payables			67
Total Liabilities	43,086	35,225	8,974
Fund balances:			
Unreserved, undesignated, reported in:			
General fund	385,314		
Special revenue fund		168,477	513,596
Capital projects funds			
Total Fund Balances	385,314	168,477	513,596
Total liabilities and fund balances	<b>\$ 428,400</b>	<b>\$ 203,702</b>	<b>\$ 522,570</b>

The notes to the financial statements are an integral part of this statement.

MAJOR PROGRAMS		
RECREATION DISTRICT WARDS 2 & 3 FUND	CAPITAL PROJECTS FUND - LCDBG	TOTAL
\$ 137,836	\$ -	\$ 902,118
		311,587
	38,587	117,390
67		67
<u>\$ 137,903</u>	<u>\$ 38,587</u>	<u>\$ 1,331,162</u>
\$ 28,402	\$ -	\$ 115,620
	2,214	\$ 2,214
	36,373	36,373
		67
<u>28,402</u>	<u>38,587</u>	<u>154,274</u>
		385,314
109,501		791,574
	-	-
<u>109,501</u>	<u>-</u>	<u>1,176,888</u>
<u>\$ 137,903</u>	<u>\$ 38,587</u>	<u>\$ 1,331,162</u>

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2004**

Total Fund Balances at June 30, 2004 - Governmental Funds		<u>\$ 1,176,888</u>
Cost of capital assets at June 30, 2004	3,345,351	
Less - accumulated depreciation as of June 30, 2004:		
Buildings and improvements	(563,399)	
Movable property	<u>(469,103)</u>	2,312,849
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(10,068)
Elimination of interfund assets and liabilities:		
Due from other funds	(67)	
Due to other funds	<u>67</u>	<u>-</u>
Net Assets at June 30, 2004		<u><u>\$ 3,479,669</u></u>

The notes to the financial statements are an integral part of this statement.

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TOWN OF HAYNESVILLE  
Haynesville, Louisiana

GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2004

	MAJOR FUNDS					TOTAL
	GENERAL FUND	SALES TAX FUND	FIRE PROTECTION DISTRICT NO. 3 FUND	RECREATION DISTRICT WARDS 2 & 3 FUND	CAPITAL PROJECTS FUND - LCDBG	
<b>REVENUES</b>						
Taxes:						
Ad valorem	\$ 105,320	\$ -	\$ 121,076	\$ 111,746	-	\$ 338,142
Sales taxes	-	388,254	-	-	-	388,254
Franchise tax	74,950	-	-	-	-	74,950
Other taxes	6,231	-	-	-	-	6,231
Licenses and permits	73,750	-	-	-	-	73,750
Fines, forfeitures, and court costs	40,441	-	-	-	-	40,441
Intergovernmental	-	-	-	-	121,386	121,386
Interest earnings	3,422	10,430	5,631	1,614	-	21,097
Other	42,931	19,594	13,742	8,147	-	84,414
Total revenues	347,045	418,278	140,449	121,507	121,386	1,148,665
<b>EXPENDITURES</b>						
Current:						
General government	183,720	201,834	-	-	-	385,554
Public safety	276,636	-	60,750	-	-	337,386
Public works	170,774	-	-	-	-	170,774
Parks and recreation	-	-	-	114,142	-	114,142
Capital outlay	5,123	-	18,820	16,992	121,386	162,321
Total expenditures	636,253	201,834	79,570	131,134	121,386	1,170,177

(Continued)



<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(289,208)	216,444	60,879	(9,627)	-	(21,512)
<b>OTHER FINANCING SOURCES (Uses):</b>						
Operating transfers in	187,500	-	16,800	-	-	204,300
Operating transfers out	-	(204,300)	-	-	-	(204,300)
Total other financing sources (uses)	187,500	(204,300)	16,800	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	(101,708)	12,144	77,679	(9,627)	-	(21,512)
<b>FUND BALANCES - JULY 1, 2003</b>	487,022	156,333	435,917	119,128		1,198,400
<b>FUND BALANCES - JUNE 30, 2004</b>	\$ 385,314	\$ 168,477	\$ 513,596	\$ 109,501	\$ -	\$ 1,176,888

The notes to the financial statements are an integral part of this statement.

(Concluded)

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances to the Statement of Activities**

**For the Year Ended June 30, 2004**

Total net change in fund balances - governmental funds (Statement E)	\$ (21,512)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period	51,869
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds - changes in long-term compensation	<u>(10,068)</u>
Change in net assets of governmental activities (Statement B)	<u>\$ 20,289</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2004**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer User Fund</b>	<b>Utility Fund</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 72,558	\$ 229,599	\$ 302,157
Investments	158,774	-	158,774
Receivables (net of allowances for uncollectibles)	29,686	79,512	109,198
Interfund receivable	-	7	7
Prepaid expenses		574	574
			-
Total Current Assets	<u>261,018</u>	<u>309,692</u>	<u>570,710</u>
Restricted Assets:			
Cash and cash equivalents	-	69,077	69,077
			-
Total Restricted Assets	<u>-</u>	<u>69,077</u>	<u>69,077</u>
Noncurrent Assets:			
Capital assets:			
Land	25,500	-	25,500
Buildings and equipment (net of accumulated depreciation)	1,305,665	871,751	2,177,416
			-
Total Non-Current Assets	<u>1,331,165</u>	<u>871,751</u>	<u>2,202,916</u>
			-
Total Assets	<u>1,592,183</u>	<u>1,250,520</u>	<u>2,842,703</u>

(Continued)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Statement of Net Assets**  
**Proprietary Funds**  
June 30, 2004

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer User Fund</b>	<b>Utility Fund</b>	<b>Total Total Enterprise Funds</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 5,373	\$ 25,279	\$ 30,652
Accrued payroll taxes	436	6,400	6,836
Interfund payable	7	-	7
Capitalized lease obligation	-	87,993	87,993
Total Current Liabilities	<u>5,816</u>	<u>119,672</u>	<u>125,488</u>
Current Liabilities payable from restricted assets - tenant security deposits	<u>-</u>	<u>69,077</u>	<u>69,077</u>
Non Current Liabilities:			
Capitalized lease obligation	<u>-</u>	<u>218,498</u>	<u>218,498</u>
Total Non-Current Liabilities	<u>-</u>	<u>218,498</u>	<u>218,498</u>
Total Liabilities	<u>5,816</u>	<u>407,247</u>	<u>413,063</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,331,165	565,260	1,896,425
Unrestricted	<u>255,202</u>	<u>278,013</u>	<u>533,215</u>
Total Net Assets	<u>\$ 1,586,367</u>	<u>\$ 843,273</u>	<u>\$ 2,429,640</u>

(Concluded)

The accompanying notes are an integral part of this statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**PROPRIETARY FUNDS**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Net Assets**  
**For the Year Ended June 30, 2004**

	<b>Business-type Activities -</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer User Fund</b>	<b>Utility Fund</b>	<b>Total Enterprise Funds</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 171,408	\$ 565,784	\$ 737,192
Miscellaneous	-	4,010	4,010
Total operating revenues	<u>171,408</u>	<u>569,794</u>	<u>741,202</u>
<b>OPERATING EXPENSES:</b>			
Personal services	59,468	197,331	256,799
Supplies	27,166	153,774	180,940
Utilities	17,466	4,472	21,938
Repairs and maintenance	34,564	2,215	36,779
Contractual services	-	137,825	137,825
Other supplies and charges	13,779	11,139	24,918
Depreciation	49,601	55,442	105,043
Total operating expenses	<u>202,044</u>	<u>562,198</u>	<u>764,242</u>
Operating income (loss)	<u>(30,636)</u>	<u>7,596</u>	<u>(23,040)</u>
<b>Non-operating revenues (expenses)</b>			
Interest earnings	3,217	3,175	6,392
Interest expense and fiscal charges	-	(21,109)	(21,109)
Total non-operating revenues (expenses)	<u>3,217</u>	<u>(17,934)</u>	<u>(14,717)</u>
Income (loss) before contributions and transfers	(27,419)	(10,338)	(37,757)
Capital contributions	-	-	-
Transfers out	-	-	-
Change in net assets	(27,419)	(10,338)	(37,757)
Total net assets-beginning	<u>1,613,786</u>	<u>853,611</u>	<u>2,467,397</u>
Total net assets-ending	<u>\$ 1,586,367</u>	<u>\$ 843,273</u>	<u>\$ 2,429,640</u>

The notes are an integral part of this financial statement.

TOWN OF HAYNESVILLE  
Haynesville, Louisiana

PROPRIETARY FUNDS  
Statement of Cash Flows  
For the Year Ended June 30, 2004

	Business-type Activities - Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 170,403	\$ 564,026	734,429
Cash payments to suppliers for goods and services	(94,632)	(312,147)	(406,779)
Cash payments to employees for services	(59,341)	(192,863)	(252,204)
Net cash provided by (used for) operating activities	16,430	59,016	75,446
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(6,213)	(9,971)	(16,184)
Payments on capital leases	-	(74,529)	(74,529)
Proceeds from capital grant	-	-	-
Interest expense	-	(21,109)	(21,109)
Net cash used for capital and related financing activities	(6,213)	(105,609)	(111,822)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities	-	-	-
Proceeds from sale of investment securities	-	-	-
Interest on earnings	3,217	3,175	6,392
Net cash provided by (used for) investing activities	3,217	3,175	6,392
Net increase (decrease) in cash and cash equivalents	13,434	(43,418)	(29,984)
Cash and cash equivalents-beginning of the year	59,124	342,094	401,218
Cash and Cash Equivalents-end of the year	\$ 72,558	\$ 298,676	\$ 371,234

(Continued)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2004**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer User Fund</b>	<b>Utility Fund</b>	<b>Total Enterprise Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATION ACTIVITIES</b>			
Operating income (loss)	\$ (30,636)	\$ 7,596	\$ (23,040)
Adjustments			
Depreciation	49,601	55,442	105,043
Net changes in assets and liabilities:			
Account receivable	(1,005)	(5,368)	(6,373)
Prepaid expenses		139	139
Tenants' security deposits	-	(400)	(400)
Accounts payable	(1,657)	(2,861)	(4,518)
Accrued payroll taxes	127	4,468	4,595
Other			
Net cash provided by (used for) operating activities	<u>\$ 16,430</u>	<u>\$ 59,016</u>	<u>\$ 75,446</u>

(Concluded)

The notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Statement of Net Assets**  
June 30, 2003

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 496,379	\$ 331,742	\$ 828,121
Investments	307,990	156,027	464,017
Accounts receivables	862,759	102,825	965,584
Prepaid expenses	-	713	713
Cash and cash equivalents - restricted	-	69,476	69,476
Capital assets (net of accumulated depreciation):	2,260,980	2,294,521	4,555,501
<b>TOTAL ASSETS</b>	<b>\$ 3,928,108</b>	<b>\$ 2,955,304</b>	<b>\$ 6,883,412</b>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 72,240	\$ 37,411	\$ 109,651
Contractor payable	369,079	-	369,079
Retainage payable	27,409	-	27,409
Current liabilities payable from restricted assets - tenant security deposits	-	69,476	69,476
Long-term liabilities:	-	-	-
Due within one year	-	75,302	75,302
Due in more than one year	-	305,718	305,718
<b>Total Liabilities</b>	<b>468,728</b>	<b>487,907</b>	<b>956,635</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,260,980	1,913,501	4,174,481
Unrestricted	1,198,400	553,896	1,752,296
<b>TOTAL NET ASSETS</b>	<b>\$ 3,459,380</b>	<b>\$ 2,467,397</b>	<b>\$ 5,926,777</b>

The notes to the financial statements are an integral part of this statement.



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**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Statement of Activities**  
**For the Year Ended June 30, 2003**

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>Functions/Programs</b>				
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 415,822	\$ 151,952	\$ 4,000	\$ -
Public safety	353,220	-	4,275	-
Public works	128,841	-	-	584,062
Parks and recreation	90,517	1,434	-	-
Total governmental activities	988,401	153,386	8,275	584,062
Business-type activities:				
Sewer user fund	199,031	180,926	-	-
Utility fund	501,011	557,893	-	25,000
Total business-type activities	700,042	738,819	-	25,000
Total primary government	\$ 1,688,443	\$ 892,205	\$ 8,275	\$ 609,062
Taxes:				
Property taxes, levied for general purposes				
Sales taxes				
Other taxes for general purposes				
Interest and investment earnings				
Transfers				
Proceeds from lawsuit settlement				
Miscellaneous				
Total general revenues				
Excess of revenues over expenses				
Net assets - July 1, 2002				
Net assets - June 30, 2003				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (259,870)	\$ -	\$ (259,870)
(348,945)	-	(348,945)
455,221	-	455,221
(89,083)	-	(89,083)
(242,678)	-	(242,678)
	(18,105)	(18,105)
	81,882	81,882
-	63,777	63,777
(242,678)	63,777	(178,901)
350,468	-	350,468
429,197	-	429,197
75,443	-	75,443
13,091	5,334	18,425
160	(160)	-
394,684	-	394,684
73,052	-	73,052
1,336,095	5,174	1,341,269
1,093,417	68,951	1,162,368
2,365,963	2,398,446	4,764,409
\$ 3,459,380	\$ 2,467,397	\$ 5,926,777

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**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**GOVERNMENTAL FUNDS**  
**Balance Sheet**  
**For the Year Ended June 30, 2003**

	MAJOR PROGRAMS		
	GENERAL FUND	SALES TAX FUND	FIRE PROTECTION DISTRICT NO. 3 FUND
<b>ASSETS</b>			
Cash and cash equivalents	\$ 114,005	\$ 132,337	\$ 116,933
Investments			307,990
Receivables, net	411,806	41,601	12,864
Interfund receivables			
<b>TOTAL ASSETS</b>	<b>\$ 525,811</b>	<b>\$ 173,938</b>	<b>\$ 437,787</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts, salaries, and other payables	\$ 38,790	\$ 17,605	\$ 1,802
Contractor payable			
Retainage payable			
Interfund payables			67
<b>Total Liabilities</b>	<b>38,790</b>	<b>17,605</b>	<b>1,869</b>
<b>Fund balances:</b>			
Unreserved, undesignated, reported in:			
General fund	487,022		
Special revenue fund		156,333	435,917
Capital projects funds			
<b>Total Fund Balances</b>	<b>487,022</b>	<b>156,333</b>	<b>435,917</b>
<b>Total liabilities and fund balances</b>	<b>\$ 525,812</b>	<b>\$ 173,938</b>	<b>\$ 437,786</b>

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS FUND - LCDBG	NONMAJOR FUND RECREATION DISTRICT WARDS 2 & 3 FUND	TOTAL
\$ -	\$ 133,104	\$ 496,379
396,488		307,990
	67	862,759
<u>396,488</u>	<u>67</u>	<u>67</u>
<u>\$ 396,488</u>	<u>\$ 133,171</u>	<u>\$ 1,667,195</u>
\$ -	\$ 14,043	\$ 72,240
369,079		\$ 369,079
27,409		27,409
		67
<u>396,488</u>	<u>14,043</u>	<u>468,795</u>
		487,022
	119,128	711,378
-		-
-	119,128	1,198,400
<u>\$ 396,488</u>	<u>\$ 133,171</u>	<u>\$ 1,667,195</u>

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2003**

Total Fund Balances at June 30, 2003 - Governmental Funds		<u>\$ 1,198,400</u>
Cost of capital assets at June 30, 2003	3,183,030	
Less - accumulated depreciation as of June 30, 2003:		
Buildings and improvements	(536,037)	
Movable property	<u>(386,013)</u>	2,260,980
Elimination of interfund assets and liabilities:		
Due from other funds	(67)	
Due to other funds	<u>67</u>	<u>-</u>
Net Assets at June 30, 2003		<u><u>\$ 3,459,380</u></u>

The notes to the financial statements are an integral part of this statement.

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**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**GOVERNMENTAL FUNDS**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2003

	MAJOR FUNDS				NONMAJOR FUND	TOTAL
	GENERAL FUND	SALES TAX FUND	FIRE PROTECTION DISTRICT NO. 3 FUND	CAPITAL PROJECTS FUND - LCDBG	RECREATION DISTRICT WARDS 2 & 3 FUND	
<b>REVENUES</b>						
Taxes:						
Ad valorem	\$ 101,015	\$ -	\$ 127,853	-	\$ 121,600	\$ 350,468
Sales taxes	-	429,197	-	-	-	429,197
Franchise tax	64,656	-	-	-	-	64,656
Other taxes	10,787	-	-	-	-	10,787
Licenses and permits	73,900	-	-	-	-	73,900
Fines, forfeitures, and court costs	45,921	-	-	-	-	45,921
Intergovernmental	8,275	-	-	584,062	-	592,337
Interest earnings	1,584	1,868	8,131	-	1,508	13,091
Other	42,749	24,201	24,633	-	1,434	93,017
Total revenues	348,887	455,266	160,617	584,062	124,542	1,673,374
<b>EXPENDITURES</b>						
Current:						
General government	215,161	176,859	-	-	-	392,020
Public safety	255,003	-	45,697	-	-	300,700
Public works	107,562	-	-	-	-	107,562
Parks and recreation	-	-	-	-	89,322	89,322
Capital outlay	58,812	-	15,869	584,062	9,903	668,646
Total expenditures	636,538	176,859	61,566	584,062	99,225	1,568,250

(Continued)

<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(287,651)	278,407	99,051	-	25,317	115,124
<b>OTHER FINANCING SOURCES (Uses):</b>						
Proceeds from lawsuit settlement	394,684	-	-	-	-	394,684
Proceeds from sale of capital assets	-	13,600	-	-	-	13,600
Operating transfers in	269,975	-	12,600	-	170	282,745
Operating transfers out	(475)	(282,110)	-	-	-	(282,585)
Total other financing sources (uses)	664,184	(268,510)	12,600	-	170	408,444
<b>NET CHANGES IN FUND BALANCES</b>	376,533	9,897	111,651	-	25,487	523,568
<b>FUND BALANCES - JULY 1, 2002</b>	110,489	146,436	324,266		93,641	674,832
<b>FUND BALANCES - JUNE 30, 2003</b>	\$ 487,022	\$ 156,333	\$ 435,917	\$ -	\$ 119,128	\$ 1,198,400

(Concluded)

The notes to the financial statements are an integral part of this statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes  
In Fund Balances to the Statement of Activities**

**For the Year Ended June 30, 2003**

Total net change in fund balances - governmental funds (Statement E)	\$ 523,568
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period:	<u>569,849</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 1,093,417</u></u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2003**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer User Fund</b>	<b>Utility Fund</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 59,124	\$ 272,618	\$ 331,742
Investments	156,027	-	156,027
Receivables (net of allowances for uncollectibles)	28,681	74,144	102,825
Interfund receivable	-	7	7
Prepaid expenses		713	713
			-
Total Current Assets	<u>243,832</u>	<u>347,482</u>	<u>591,314</u>
Restricted Assets:			
Cash and cash equivalents	-	69,476	69,476
			-
Total Restricted Assets	<u>-</u>	<u>69,476</u>	<u>69,476</u>
Noncurrent Assets:			
Capital assets:			
Land	25,500	-	25,500
Buildings and equipment (net of accumulated depreciation)	1,351,800	917,221	2,269,021
			-
Total Non-Current Assets	<u>1,377,300</u>	<u>917,221</u>	<u>2,294,521</u>
			-
Total Assets	<u>1,621,132</u>	<u>1,334,179</u>	<u>2,955,311</u>

(Continued)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2003**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer User Fund</b>	<b>Utility Fund</b>	<b>Total Total Enterprise Funds</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 7,030	\$ 28,140	\$ 35,170
Accrued payroll taxes	309	1,932	2,241
Interfund payable	7	-	7
Capitalized lease obligation	-	75,302	75,302
Total Current Liabilities	<u>7,346</u>	<u>105,374</u>	<u>112,720</u>
Current Liabilities payable from restricted assets - tenant security deposits	-	69,476	69,476
Non Current Liabilities:			
Capitalized lease obligation	-	305,718	305,718
Total Non-Current Liabilities	<u>-</u>	<u>305,718</u>	<u>305,718</u>
Total Liabilities	<u>7,346</u>	<u>480,568</u>	<u>487,914</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,377,300	536,201	1,913,501
Unrestricted	236,486	317,410	553,896
Total Net Assets	<u>\$ 1,613,786</u>	<u>\$ 853,611</u>	<u>\$ 2,467,397</u>

(Concluded)

The accompanying notes are an integral part of this statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**PROPRIETARY FUNDS**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Net Assets**  
**For the Year Ended June 30, 2003**

	<b>Business-type Activities -</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer User Fund</b>	<b>Utility Fund</b>	<b>Total Enterprise Funds</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 180,926	\$ 555,331	\$ 736,257
Miscellaneous	-	2,562	2,562
Total operating revenues	<u>180,926</u>	<u>557,893</u>	<u>738,819</u>
<b>OPERATING EXPENSES:</b>			
Personal services	75,526	184,967	260,493
Supplies	31,366	133,283	164,649
Utilities	16,498	-	16,498
Repairs and maintenance	21,108	4,366	25,474
Contractual services	-	132,152	132,152
Other supplies and charges	9,765	2,807	12,572
Depreciation	44,768	39,486	84,254
Total operating expenses	<u>199,031</u>	<u>497,061</u>	<u>696,092</u>
Operating income (loss)	<u>(18,105)</u>	<u>60,832</u>	<u>42,727</u>
<b>Non-operating revenues (expenses)</b>			
Interest earnings	2,223	3,111	5,334
Interest expense and fiscal charges	-	(3,950)	(3,950)
Total non-operating revenues (expenses)	<u>2,223</u>	<u>(839)</u>	<u>1,384</u>
Income (loss) before contributions and transfers	(15,882)	59,993	44,111
Capital contributions	-	25,000	25,000
Transfers out	(160)	-	(160)
Change in net assets	(16,042)	84,993	68,951
Total net assets-beginning	<u>1,629,828</u>	<u>768,618</u>	<u>2,398,446</u>
Total net assets-ending	<u>\$ 1,613,786</u>	<u>\$ 853,611</u>	<u>\$ 2,467,397</u>

The notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2003**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer User Fund</b>	<b>Utility Fund</b>	<b>Total Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 177,962	\$ 558,459	736,421
Cash payments to suppliers for goods and services	(79,124)	(287,320)	(366,444)
Cash payments to employees for services	(73,674)	(184,967)	(258,641)
Net cash provided by (used for) operating activities	<u>25,164</u>	<u>86,172</u>	<u>111,336</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating transfers out	(160)	-	(160)
Net cash provided by non-capital financing activities	<u>(160)</u>	<u>-</u>	<u>(160)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(15,900)	(34,150)	(50,050)
Payments on capital leases	-	(12,138)	(12,138)
Proceeds from capital grant	-	25,000	25,000
Interest expense	-	(3,950)	(3,950)
Net cash used for capital and related financing activities	<u>(15,900)</u>	<u>(25,238)</u>	<u>(41,138)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities	(16,065)	-	(16,065)
Proceeds from sale of investment securities	-	158,398	158,398
Interest on earnings	2,223	3,111	5,334
Net cash provided by (used for) investing activities	<u>(13,842)</u>	<u>161,509</u>	<u>147,667</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,738)</u>	<u>222,443</u>	<u>217,705</u>
Cash and cash equivalents-beginning of the year	63,862	119,651	183,513
Cash and Cash Equivalents-end of the year	<u>\$ 59,124</u>	<u>\$ 342,094</u>	<u>\$ 401,218</u>

(Continued)

Statement I

TOWN OF HAYNESVILLE  
Haynesville, Louisiana

PROPRIETARY FUNDS  
Statement of Cash Flows  
For the Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds		
	Sewer User Fund	Utility Fund	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATION ACTIVITIES			
Operating income (loss)	\$ (18,105)	\$ 60,832	\$ 42,727
Adjustments			
Depreciation	44,768	39,486	84,254
Net changes in assets and liabilities:			
Account receivable	(2,964)	5,606	2,642
Prepaid expenses		(713)	(713)
Inventories			
Accounts payable	4,335	(14,367)	(10,032)
Accrued payroll taxes	(2,870)	(4,672)	(7,542)
Other			
Net cash provided by (used for) operating activities	<u>\$ 25,164</u>	<u>\$ 86,172</u>	<u>\$ 111,336</u>

**Listing of Noncash Investing, Capital, and Financial Activities:**

Acquisition of capital assets through capital lease	<u>\$ 393,159</u>
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(Concluded)

The notes are an integral part of this financial statement.



## **NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**INTRODUCTION**

The Town of Haynesville, Louisiana (Town), was incorporated August 14, 1901, under the provisions the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

**B. REPORTING ENTITY**

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Town also has no component units, as defined by GASB Statement No. 14. There are no other primary governments with which the Town has a significant relationship.

**C. FUNDS**

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary, as follows:

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**Governmental Funds**

Governmental funds account for most of the Town's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Town. The following are the Town's primary governmental funds:

**General Fund** - The primary operating fund of the Town, it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

**Major Special Revenue Funds** - Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, or designated by the Town to be accounted for separately.

**LCDBG Project Fund** -The LCDBG Project Fund accounts for all financial resources used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds.

**Proprietary Funds**

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the Town.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**Direct Expenses** - The Town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Fund Financial Statements (FFS)**

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. As of and for the year ended June 30, 2004, all governmental funds are considered to be major funds and are reported in the Balance Sheet (Statement C) and in the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E).

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 (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

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

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

Interest earnings are recorded when the investments have matured and the interest is available.

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**Expenditures**

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid, sale of fixed assets, and long-term debt proceeds, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**E. BUDGETS**

The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. 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. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. 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. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Town utilizes formal budgetary integration as a management control device for all funds.

**F. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**G. INVESTMENTS**

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**H. INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are short term in nature and are classified as interfund receivables or interfund payables on the Balance Sheet (Statement C).

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**I. INVENTORIES**

Inventories of supplies in the Proprietary Fund is not material and is charged to operations as purchased.

**J. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for their intended purposes by the Town, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Utility Fund</u>	<u>Estimated Lives</u>
Water Utility:	
Water works	40 years
Water meters	40 years
Computer	4 – 5 years
Other equipment	4 – 10 years
Water tank rework	15 years
Sewerage and Sanitation:	
Lines, pump stations	40 years
Autos and trucks	4 – 6 years
Other equipment	4 – 10 years
Landfill	20 years
<u>Sewer User Fund</u>	
Sewerage disposal plant	60 years
Equipment	60 years
Warehouse	4 – 5 years
Lift pump rework	10 years

**K. ACCOUNTS PAYABLE**

Of the \$153,108 total accounts, salaries and other payables reported on the balance sheet, \$8,217 represents amounts payable to employees for salaries payable. The balance of \$144,891 is due vendors for various operating services and materials, and to taxing authorities for payroll tax withholdings.

**L. COMPENSATED ABSENCES**

Compensated absences computed by the Town is as follows:

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

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

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

The cost of leave privileges, computed in accordance with the GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death.

At June 30, 2004, employees of the Town have accumulated and vested \$10,068 of employee leave benefits, computed in accordance with GASB Codification Section C60. The entire compensated absence liability is reported on the government-wide financial statements.

**M. RESTRICTED NET ASSETS**

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

**N. FUND EQUITY**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**O. INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

**P. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**2. LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Fire Protection	10.00	10.00	2009
Recreation	5.50	5.66	2010
Street & Sewage	5.00	5.00	2011
General Operation		9.82	

The following are the principal taxpayers and related ad valorem tax revenue for the Town:

Taxpayer	Assessed Valuation (in 000's)	Percent of Total Assessed Valuation
Hibernia National Bank	\$ 9,482	29.02%
Tri-State Health Services	4,168	12.76%
BellSouth Telecommunications	4,031	12.34%
Barnette & Benefield	2,756	8.43%
U. S. Bancorp Equipment Finance	2,716	8.31%
First Guaranty Bank	2,711	8.30%
Entergy Louisiana	2,220	6.79%
Hibernia National Bank	1,821	5.57%
BW&C Equipment, Inc.	1,525	4.67%
Relaint Energy Resources Corp	1,247	3.82%
<b>Total</b>	<b>\$ 32,677</b>	<b>100.00%</b>

**3. SALES TAX**

Proceeds from a one percent (1%) sales and use tax shall be dedicated and used for the purposes of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, constructing, acquiring, extending, improving, renovating and/or maintaining street light facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities and purchasing and acquiring the necessary land, equipment and furnishings for the afore-said public works, buildings, improvements and facilities, title to which improvements shall be in the public, or for any one or more of said purposes, all as authorized by Sub-Part I, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:2711 et seq.)

The Town is also authorized to levy and collect a tax of one percent (1%) for an unlimited period upon the sale at retail, the use, and lease or rental, the consumption and storage for use or consumption of



**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

tangible personal property and on sales of services in said Town, as defined in R.S. 47:301 to 47:317, inclusive, with the revenues derived from said sales and use tax to be deposited in a special fund and dedicated and used for the purposes of industrial construction, inducement and/or procurement, opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, constructing, acquiring, ex-tending, improving, renovating and/or maintaining street lighting facilities, and waterworks.

**4. CASH AND CASH EQUIVALENTS**

At June 30, 2004, the Town had cash and cash equivalents (book balances) totaling \$1,273,352, \$654,836 of which was in demand deposits, \$382,644 in savings deposits, and \$235,872 in certificates of deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2004, the Town had \$1,458,920 in deposits (collected bank balances). These deposits are secured from risk by \$400,000 of federal deposit insurance, a \$500,000 Federal Home Loan Bank Letter of Credit and \$1,469,225 of pledged securities held in a Federal Reserve pledge account. The deposits collateralized by the Letter of Credit and the securities held in the Federal Reserve pledge account are not exposed to custodial credit risk.

**5. INVESTMENTS**

Investments are categorized into these three categories of credit risk:

- Insured or registered, or securities held by the Town or its agent in the Town's name
- Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Town's name
- Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Town's name

At June 30, 2004, the Town 's investment balances were as follows:

Type of Investment	Category			Fair Value	Carrying Amount		Total Carrying Amount
	1	2	3		Amortized Cost	Cost	
Certificates of Deposit	\$ 470,361					\$ 470,361	\$ 470,361

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**6. RECEIVABLES**

The receivables of \$226,588 at June 30, 2004, are as follows:

Class of Receivable	General Fund	Sales Tax Fund	Fire Protection Fund	Capital Projects Fund	Enterprise Fund	Total
Utility Service					109,198	109,198
Taxes Receivable	17,605	41,584				59,189
Other	5,877		13,737	38,587		58,201
	<u>\$ 23,482</u>	<u>\$ 41,584</u>	<u>\$ 13,737</u>	<u>\$ 38,587</u>	<u>\$ 109,198</u>	<u>\$ 226,588</u>

**7. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2004, is as follows:

**A. Governmental Activities**

	Balance at 7/01/03	Additions	Deletions	Balance at 6/30/04
Capital assets not being depreciated:				
Land	\$ 399,279		-	\$ 399,279
Construction in progress	633,039	121,386		754,425
Total capital assets not being depreciated	<u>1,032,318</u>	<u>121,386</u>	<u>-</u>	<u>1,153,704</u>
Other capital assets:				
Buildings	1,215,724	11,224		1,226,948
Machinery and equipment	908,064	29,709		937,773
Office furniture and equipment	26,924			26,924
Total other capital assets at historical cost	<u>2,150,712</u>	<u>40,933</u>	<u>-</u>	<u>2,191,645</u>
Less accumulated depreciation	<u>(922,050)</u>	<u>(110,452)</u>		<u>(1,032,502)</u>
Other capital assets, net	<u>1,228,662</u>	<u>(69,519)</u>	<u>-</u>	<u>1,159,143</u>
Governmental activities capital assets, net	<u>\$ 2,260,980</u>	<u>\$ 51,867</u>	<u>-</u>	<u>\$ 2,312,847</u>

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

\*Depreciation expense was charged to functions as follows:

Governmental activities:	<u>2004</u>
General government	\$ 28,857
Public safety	56,146
Public works	23,152
Parks and recreation	<u>2,297</u>
Total governmental activities depreciation expense	<u>\$ 110,452</u>

**B. Business-type activities**

	<u>Balance at</u> <u>7/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>6/30/04</u>
Capital assets not being depreciated:				
Land	\$ 25,500	\$ -	\$ -	\$ 25,500
Other capital assets:				
Utility plant and distribution system	4,071,157	4,364		4,075,521
Machinery and equipment	<u>369,346</u>	<u>9,074</u>		<u>378,420</u>
Total other capital assets at historical costs	<u>4,440,503</u>	<u>13,438</u>	-	<u>4,453,941</u>
Less accumulated depreciation	<u>(2,171,482)</u>	<u>(105,043)</u>		<u>(2,276,525)</u>
Other capital assets, net	<u>2,269,021</u>	<u>(91,605)</u>	-	<u>2,177,416</u>
Business-type activities capital assets, net	<u>\$2,294,521</u>	<u>\$ (91,605)</u>	<u>\$ -</u>	<u>\$ 2,202,916</u>

\*Depreciation expense was charged to functions as follows:

Business-type activities:	<u>2004</u>
Utility	\$ 55,442
Sewer	<u>49,601</u>
Total Business-type activities depreciation expense	<u>\$ 105,043</u>

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

A summary of changes in capital assets for the year ended June 30, 2003, is as follows:

**A. Governmental Activities**

	Balance at 7/01/02	Additions	Deletions	Balance at 6/30/03
Capital assets not being depreciated:				
Land	\$ 399,279		-	\$ 399,279
Construction in progress	48,977	584,062		633,039
Total capital assets not being depreciated	<u>448,256</u>	<u>584,062</u>	<u>-</u>	<u>1,032,318</u>
Other capital assets:				
Buildings	1,203,996	11,728		1,215,724
Machinery and equipment	757,697	150,367		908,064
Office furniture and equipment	26,924			26,924
Total other capital assets at historical cost	<u>1,988,617</u>	<u>162,095</u>	<u>-</u>	<u>2,150,712</u>
Less accumulated depreciation	<u>(823,253)</u>	<u>( 98,797)</u>		<u>( 922,050)</u>
Other capital assets, net	<u>1,165,364</u>	<u>63,298</u>	<u>-</u>	<u>1,228,662</u>
Governmental activities capital assets, net	<u>\$ 1,613,620</u>	<u>\$ 647,360</u>	<u>-</u>	<u>\$2,260,980</u>

\*Depreciation expense was charged to functions as follows:

	2003
Governmental activities:	
General government	\$ 23,802
Public safety	52,250
Public works	21,279
Parks and recreation	1,195
Total governmental activities depreciation expense	<u>\$ 98,797</u>

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**B. Business-type activities**

	Balance at 7/01/02	Additions	Deletions	Balance at 6/30/03
Capital assets not being depreciated:				
Land	\$ 25,500	\$ -	\$ -	\$ 25,500
Other capital assets:				
Utility plant and distribution system	3,642,521	428,635		4,071,157
Machinery and equipment	354,296	15,050		369,346
Total other capital assets at historical costs	3,996,817	443,685	-	4,440,503
Less accumulated depreciation	(2,087,227)	(84,254)		(2,171,482)
Other capital assets, net	1,909,590	359,431	-	2,269,021
Business-type activities capital assets, net	\$1,935,090	\$ 359,431	\$ -	\$ 2,294,521

\*Depreciation expense was charged to functions as follows:

Business-type activities:	2003
Utility	\$ 39,486
Sewer	44,768
Total Business-type activities depreciation expense	\$ 84,254

**8. RETIREMENT SYSTEMS**

**A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA(SYSTEM)**

**Plan Description**

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

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225)925-4810.

**Funding Policy**

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Haynesville is required to contribute at an actuarially determined rate. The current rate is 11% of annual covered payroll. Contributions to the System also include one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Haynesville are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year. The Town of Haynesville contributions to the System under Plan A for the years ending June 30, 2004, 2003 and 2002 were \$22,908, \$23,734, and \$23,067, respectively, equal to the required contributions for each year.

**B. MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (SYSTEM)**

**Plan Description**

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% 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. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling (225)929-7411.

**Funding Policy**

Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Haynesville is required to contribute at an actuarially determined rate. The current rate is 18.25% of annual covered payroll. The contribution requirements of plan members and the Town of Haynesville are established and may be amended by state statute. As provided by LA R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Haynesville's contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$16,682, \$13,974, and \$13,205, respectively, equal to the required contributions for each year.

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**9. CAPITAL LEASE**

The Town is leasing a meter reading system through Government Capital Corporation. The lease term is sixty months with an expiration date of April 1, 2008. Payments of \$8,045 are due on a monthly basis. The lease has a purchase option that the Town expects to exercise at the end of the lease.

The water meter reading system is included in capital assets and is being depreciated over its estimated useful economic life.

Future minimum lease payments and purchase option under the capital lease are:

Year	Amount
June 30, 2005	\$ 96,540
June 30, 2006	96,540
June 30, 2007	96,540
June 30, 2008	80,450
Total	370,070
Less: Amount representing interest	63,579
Present value of minimum lease payments	
Purchase options	306,491
Less: Current portion	87,993
Long-term portion	\$ 218,498

**10. LONG-TERM OBLIGATIONS**

Through its history, the Town has funded the liability for compensated absences due employees upon retirement or death from the fund that incurred the liability for the salaries of those employees. The Town records were not sufficient to determine the liability for and the change in compensated absences as of and for the year ended June 30, 2003. During 2003, the Town entered into a capital lease in order to obtain water meters and a reading system. The following is a summary of the long-term obligation transactions for the year ended June 30, 2004:

	Capital Lease Obligation	Compensated Absences	Total
Balance at July 1, 2002	\$ -	\$ -	\$ -
Additions	393,195	-	393,195
Deletions	(12,175)	-	(12,175)
Balance at July 1, 2003	\$ 381,020	\$ -	\$ 381,020
Additions	-	10,068	10,068

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

Deletions	(74,529)	-	(74,529)
Balance at June 30, 2004	\$ 306,491	\$ 10,068	\$ 316,559

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

	Lease Obligation	Compensated Absences	Total
Current portion	\$ 87,993	\$ -	\$ 87,993
Long term portion	218,498	10,068	228,566
Total	\$ 306,491	\$ 10,068	\$ 316,559

**11. LEASE INCOME**

The Town leases a building to a regional retailer. The lease agreement specifies that the tenant pay the town \$500 per month. On an annual basis the tenant pays the Town an amount equal to 2% of its gross sales less the monthly rent paid during the year. This lease will end on January 31, 2007.

**12. RISK MANAGEMENT**

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Town maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

**13. LITIGATION AND CLAIMS**

At June 30, 2004, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.



**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**GENERAL FUND**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 103,000	\$ 104,543	\$ 105,320	\$ 777
Sales taxes	-	-	-	-
Franchise tax	-	-	74,950	74,950
Other taxes	6,500	7,240	6,231	(1,009)
Licenses and permits	88,991	144,020	73,750	(70,270)
Fines, forfeitures, and court costs	46,500	40,744	40,441	(303)
Intergovernmental	-	-	-	-
Interest earnings	500	2,270	3,422	1,152
Other	34,200	42,911	42,931	20
Total revenues	<u>279,691</u>	<u>341,728</u>	<u>347,045</u>	<u>5,317</u>
<b>EXPENDITURES</b>				
Current:				
General government	194,650	189,994	183,720	6,274
Public safety	271,000	275,046	276,636	(1,590)
Public works	91,400	126,776	170,774	(43,998)
Parks and recreation	-	-	-	-
Capital outlay	57,000	18,370	5,123	13,247
Total expenditures	<u>614,050</u>	<u>610,186</u>	<u>636,253</u>	<u>(26,067)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(334,359)</u>	<u>(268,458)</u>	<u>(289,208)</u>	<u>(20,750)</u>
<b>OTHER FINANCING SOURCES (Uses):</b>				
Proceeds from lawsuit settlement	394,684	394,684	-	(394,684)
Operating transfers in	3,975	137,500	187,500	50,000
Operating transfers out	-	(250,000)	-	250,000
Other financing sources	-	-	-	-
Total other financing sources (uses)	<u>398,659</u>	<u>282,184</u>	<u>187,500</u>	<u>(94,684)</u>
<b>NET CHANGES IN FUND BALANCES</b>	64,300	13,726	(101,708)	(115,434)
<b>FUND BALANCES - JULY 1, 2003</b>	<u>62,648</u>	<u>62,648</u>	<u>487,022</u>	<u>424,374</u>
<b>FUND BALANCES - JUNE 30, 2004</b>	<u>\$ 126,948</u>	<u>\$ 76,374</u>	<u>\$ 385,314</u>	<u>\$ 308,940</u>

(Concluded)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**SALES TAX FUND**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales taxes	416,000	388,521	388,254	(267)
Franchise tax	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures, and court costs	-	-	-	-
Intergovernmental	-	-	-	-
Interest earnings	-	-	10,430	10,430
Other	21,700	28,955	19,594	(9,361)
Total revenues	<u>437,700</u>	<u>417,476</u>	<u>418,278</u>	<u>802</u>
<b>EXPENDITURES</b>				
Current:				
General government	198,700	200,834	201,834	(1,000)
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>198,700</u>	<u>200,834</u>	<u>201,834</u>	<u>(1,000)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>239,000</u>	<u>216,642</u>	<u>216,444</u>	<u>(198)</u>
<b>OTHER FINANCING SOURCES (Uses):</b>				
Proceeds from lawsuit settlement	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(3,975)	(187,500)	(204,300)	(16,800)
Other financing sources	-	-	-	-
Total other financing sources (uses)	<u>(3,975)</u>	<u>(187,500)</u>	<u>(204,300)</u>	<u>(16,800)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>235,025</u>	<u>29,142</u>	<u>12,144</u>	<u>(16,998)</u>
<b>FUND BALANCES - JULY 1, 2003</b>	<u>67,474</u>	<u>67,474</u>	<u>156,333</u>	<u>88,859</u>
<b>FUND BALANCES - JUNE 30, 2004</b>	<u>\$ 302,499</u>	<u>\$ 96,616</u>	<u>\$ 168,477</u>	<u>\$ 71,861</u>

(Concluded)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**FIRE PROTECTION DISTRICT NO. 3 FUND**  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 128,000	\$ 121,076	\$ 121,076	\$ -
Sales taxes	-	-	-	-
Franchise tax	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures, and court costs	-	-	-	-
Intergovernmental	-	-	-	-
Interest earnings	4,000	2,035	5,631	3,596
Other	11,500	12,864	13,742	878
Total revenues	<u>143,500</u>	<u>135,975</u>	<u>140,449</u>	<u>4,474</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	51,800	61,061	60,750	311
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	10,000	11,640	18,820	(7,180)
Total expenditures	<u>61,800</u>	<u>72,701</u>	<u>79,570</u>	<u>(6,869)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>81,700</u>	<u>63,274</u>	<u>60,879</u>	<u>(2,395)</u>
<b>OTHER FINANCING SOURCES (Uses):</b>				
Proceeds from lawsuit settlement	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Operating transfers in	16,800	16,800	16,800	-
Operating transfers out	-	-	-	-
Other financing sources	-	-	-	-
Total other financing sources (uses)	<u>16,800</u>	<u>16,800</u>	<u>16,800</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	98,500	80,074	77,679	(2,395)
<b>FUND BALANCES - JULY 1, 2003</b>	<u>423,150</u>	<u>423,150</u>	<u>435,917</u>	<u>12,767</u>
<b>FUND BALANCES - JUNE 30, 2004</b>	<u>\$ 521,650</u>	<u>\$ 503,224</u>	<u>\$ 513,596</u>	<u>\$ 10,372</u>

(Concluded)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**RECREATION DISTRICT WARDS 2& 3**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2004**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 121,500	\$ 111,746	\$ 111,746	\$ -
Sales taxes	-	-	-	-
Franchise tax	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures, and court costs	-	-	-	-
Intergovernmental	-	-	-	-
Interest earnings	1,200	8,611	1,614	(6,997)
Other	950	1,150	8,147	6,997
Total revenues	<u>123,650</u>	<u>121,507</u>	<u>121,507</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	81,180	98,671	114,142	(15,471)
Capital outlay	25,000	18,015	16,992	1,023
Total expenditures	<u>106,180</u>	<u>116,686</u>	<u>131,134</u>	<u>(14,448)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>17,470</u>	<u>4,821</u>	<u>(9,627)</u>	<u>(14,448)</u>
<b>OTHER FINANCING SOURCES (Uses):</b>				
Proceeds from lawsuit settlement	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Other financing sources	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>17,470</u>	<u>4,821</u>	<u>(9,627)</u>	<u>(14,448)</u>
<b>FUND BALANCES - JULY 1, 2003</b>	<u>124,378</u>	<u>124,378</u>	<u>119,128</u>	<u>(5,250)</u>
<b>FUND BALANCES - JUNE 30, 2004</b>	<u>\$ 141,848</u>	<u>\$ 129,199</u>	<u>\$ 109,501</u>	<u>\$ (19,698)</u>

(Concluded)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**GENERAL FUND**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2003**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 106,000	\$ 106,000	\$ 101,015	\$ (4,985)
Sales taxes	-	-	-	-
Franchise tax	-	-	64,656	64,656
Other taxes	6,000	6,000	10,787	4,787
Licenses and permits	108,500	108,500	73,900	(34,600)
Fines, forfeitures, and court costs	55,000	55,000	45,921	(9,079)
Intergovernmental	-	-	8,275	8,275
Interest earnings	300	300	1,584	1,284
Other	31,498	31,498	42,749	11,251
Total revenues	<u>307,298</u>	<u>307,298</u>	<u>348,887</u>	<u>41,589</u>
<b>EXPENDITURES</b>				
Current:				
General government	217,200	217,200	215,161	2,039
Public safety	250,600	250,600	255,003	(4,403)
Public works	100,044	100,044	107,562	(7,518)
Parks and recreation	-	-	-	-
Capital outlay	34,000	34,000	58,812	(24,812)
Total expenditures	<u>601,844</u>	<u>601,844</u>	<u>636,538</u>	<u>(34,694)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(294,546)</u>	<u>(294,546)</u>	<u>(287,651)</u>	<u>6,895</u>
<b>OTHER FINANCING SOURCES (Uses):</b>				
Proceeds from lawsuit settlement	-	-	394,684	394,684
Operating transfers in	267,450	267,450	269,975	2,525
Operating transfers out	-	-	(475)	(475)
Other financing sources	-	-	-	-
Total other financing sources (uses)	<u>267,450</u>	<u>267,450</u>	<u>664,184</u>	<u>396,734</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(27,096)</u>	<u>(27,096)</u>	<u>376,533</u>	<u>403,629</u>
<b>FUND BALANCES - JULY 1, 2002</b>	<u>68,748</u>	<u>68,748</u>	<u>110,489</u>	<u>41,741</u>
<b>FUND BALANCES - JUNE 30, 2003</b>	<u>\$ 41,652</u>	<u>\$ 41,652</u>	<u>\$ 487,022</u>	<u>\$ 445,370</u>

(Concluded)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**SALES TAX FUND**  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2003

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales taxes	420,000	420,000	429,197	9,197
Franchise tax	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures, and court costs	-	-	-	-
Intergovernmental	-	-	-	-
Interest earnings	-	-	1,868	1,868
Other	20,000	20,000	24,201	4,201
Total revenues	<u>440,000</u>	<u>440,000</u>	<u>455,266</u>	<u>15,266</u>
<b>EXPENDITURES</b>				
Current:				
General government	172,550	171,550	176,859	(5,309)
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	1,000	-	1,000
Total expenditures	<u>172,550</u>	<u>172,550</u>	<u>176,859</u>	<u>(4,309)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>				
	<u>267,450</u>	<u>267,450</u>	<u>278,407</u>	<u>10,957</u>
<b>OTHER FINANCING SOURCES (Uses):</b>				
Proceeds from lawsuit settlement	-	-	-	-
Proceeds from sale of capital assets	-	-	13,600	13,600
Operating transfers in	-	-	-	-
Operating transfers out	(267,450)	(267,450)	(282,110)	(14,660)
Other financing sources	-	-	-	-
Total other financing sources (uses)	<u>(267,450)</u>	<u>(267,450)</u>	<u>(268,510)</u>	<u>(1,060)</u>
<b>NET CHANGES IN FUND BALANCES</b>				
	-	-	9,897	9,897
<b>FUND BALANCES - JULY 1, 2002</b>				
	<u>105,897</u>	<u>105,897</u>	<u>146,436</u>	<u>40,539</u>
<b>FUND BALANCES - JUNE 30, 2003</b>				
	<u>\$ 105,897</u>	<u>\$ 105,897</u>	<u>\$ 156,333</u>	<u>\$ 50,436</u>

(Concluded)

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**FIRE PROTECTION DISTRICT NO. 3 FUND**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2003**

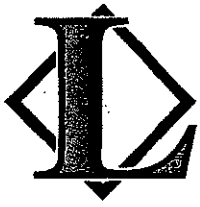
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 123,000	\$ 123,000	\$ 127,853	\$ 4,853
Sales taxes	-	-	-	-
Franchise tax	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures, and court costs	-	-	-	-
Intergovernmental	-	-	-	-
Interest earnings	8,230	8,230	8,131	(99)
Other	10,000	10,000	24,633	14,633
Total revenues	<u>141,230</u>	<u>141,230</u>	<u>160,617</u>	<u>19,387</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	56,800	56,800	45,697	11,103
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	10,000	10,000	15,869	(5,869)
Total expenditures	<u>66,800</u>	<u>66,800</u>	<u>61,566</u>	<u>5,234</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>74,430</u>	<u>74,430</u>	<u>99,051</u>	<u>24,621</u>
<b>OTHER FINANCING SOURCES (Uses):</b>				
Proceeds from lawsuit settlement	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Operating transfers in	-	-	12,600	12,600
Operating transfers out	-	-	-	-
Other financing sources	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>12,600</u>	<u>12,600</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>74,430</u>	<u>74,430</u>	<u>111,651</u>	<u>37,221</u>
<b>FUND BALANCES - JULY 1, 2002</b>	<u>322,479</u>	<u>322,479</u>	<u>324,266</u>	<u>1,787</u>
<b>FUND BALANCES - JUNE 30, 2003</b>	<u>\$ 396,909</u>	<u>\$ 396,909</u>	<u>\$ 435,917</u>	<u>\$ 39,008</u>

(Concluded)



**Independent Auditors' Reports on  
Compliance and on Internal Control**

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Town of Haynesville  
Haynesville, Louisiana

We have audited the basic financial statements of the Town of Haynesville, as of June 30, 2004, and for the year then ended, and have issued our report thereon dated November 15, 2004. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Haynesville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Haynesville's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. All of the findings described in the accompanying schedule of findings and questioned costs are reportable conditions.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However we believe that none of the reportable conditions described above to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

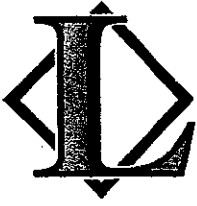
As part of obtaining reasonable assurance about whether the Town of Haynesville's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 04-01 and 04-03.

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**  
**June 30, 2004**

This report is intended solely for the information and use of the members of the City Council of the Town of Haynesville, management of the Town of Haynesville, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Litt + Associates, LLC*

November 15, 2004  
Monroe, Louisiana



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Compliance  
With Requirements Applicable to Each Major Program  
and Internal Control Over Compliance in  
Accordance With OMB Circular A-133**

Town of Haynesville  
Haynesville, Louisiana

**Compliance**

We have audited the compliance of the Town of Haynesville with the types of compliance requirements described in the U. S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Town of Haynesville's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Town of Haynesville's management. Our responsibility is to express an opinion on the Town of Haynesville's compliance based on our audit.

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

In our opinion, the Town of Haynesville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

**Internal Control Over Compliance**

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

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**  
**June 30, 2004**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the members of the City Council of the Town of Haynesville, management of the Town of Haynesville, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Little + Associates, LLC*

November 15, 2004  
Monroe, Louisiana

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2004**

**A. SUMMARY OF AUDIT RESULTS**

**Financial Statement Audit**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Town of Haynesville.

2. Reportable conditions relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance With *Government Auditing Standards*.

3. No instances of noncompliance material to the basic financial statements of the Town of Haynesville were disclosed during the audit.

**Audit of Federal Awards**

4. No reportable conditions relating to the audit of the major federal award program are reported in the Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.

5. The auditors' report on compliance for the major federal award program for the Town of Haynesville expresses an unqualified opinion.

6. No audit findings relative to the major federal award program for the Town of Haynesville are reported.

7. The program tested as a major program included:

a. Community Development Block Grants/State's Program                      CFDA 14.228

8. The threshold for distinguishing Type A and B programs was \$300,000.

9. The Town of Haynesville was determined to not be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Finding 04-01 Compliance with Local Government Budget Act**

Condition and Criteria: The Town did not adequately monitor budgets. Louisiana Revised Statute (LRS) 39:1309 – 1310 requires the Town to adopt a budget amendment when expenditures to date plus projected expenditures for the remainder of the year exceed estimated annual budgeted expenditures by five percent or more. While the Town prepared amended budgets, the fire protection district's actual expenditures exceeded budgeted expenditures by \$6,689, or 9%.

Cause: Capital outlay was not sufficiently budgeted.

Effect: Failure to monitor budgets can result in deficit spending by the Town.

**Recommendation:** The Town and the Fire Protection District should familiarize itself with and comply with all the requirements of the Local Government Budget Act.

**Management's Corrective Action:** Management of the Town and the Fire Protection District will review the Local Government Budget Act and will strive to comply with the requirements of the Act.

**Finding 04-02 Payroll Records**

**Condition and Criteria:** As part of our audit, we performed tests of payroll. Forty payroll transactions were selected for testing, and the results of our tests are summarized as follows:

- In 20 instances, authorized rates of pay were not formally documented in the personnel files.
- In 18 instances, gross payroll was not computed properly based on pay rates and authorized time sheets.
- In 28 instances, time sheets were not signed by the employees' supervisor and by the employees.
- In 4 instances, the hours worked per the time sheets did not agree with the payroll register.

**Cause:** Unknown

**Effect:** Employees made not be paid properly.

**Recommendation:** The Town should review and modify, accordingly, its policies for documentation to be maintained in its personnel files. Also, the Town should implement procedures to minimize errors occurring when computing payroll, preparing the payroll register, and using time cards and time sheets.

**Management's Corrective Action:** The Town will comply with the auditors' recommendation.

**Finding 04-03 Physical Inventory of Fixed Assets**

**Condition and Criteria:** The Town's fixed asset schedule had not been updated to properly reflect the buildings owned by the Town. The Town's fixed asset schedule should include all of the Town's fixed assets and should not include those fixed assets no longer owned by the Town.

**Cause:** Unknown

**Effect:** Lack of an up-to-date fixed asset schedule increases the risk for theft occurring and not being detected by management and misstatement of capital assets in the financial statements.

**Recommendation:** The Town should perform a physical inventory of its fixed assets. Also, the Town should implement procedures to ensure that fixed assets are properly accounted for when they are acquired or disposed.

**Management's Corrective Action:** The Town will comply with the auditors, recommendations.

**Finding 04-04 Golf Course Management Agreement**

**Condition and Criteria:** Several years ago, the Town entered into a Management Agreement with a local golf association. Under the terms of the Management Agreement, the golf association is responsible for

## Schedule 1 (Continued)

the day-to-day management of the Town's golf course. In return for its management services, the Town is to pay the golf association \$16,000 per year in any combination of labor and/or cash. During the years ended June 30, 1999 thru 2004, the Town paid management fees in the amount of \$20,000 per year to the golf association. Documentation could not be provided to support the increase in the management fee from \$16,000 to \$20,000.

Cause: Unknown

Effect: The Town has overpaid management fees by \$24,000.

Recommendation: The Town should consider seeking reimbursement of the excess amount paid under the Management Agreement and, in the future, should not pay more than the amount of \$16,000, as stipulated in the Management Agreement.

Management's Corrective Action: The Town will amend the Management Agreement to reflect a management fee of \$20,000 for future payments.

### Finding 04-05 Expenditure Controls

Condition and Criteria: Our tests of expenditures detected the following deficiencies in internal control over expenditures:

- In 14 instances, payment of the expenditure was made from a copy of the invoice and not from the original itemized invoice, which could result in improper payments being made.
- In 13 instances, the invoice was either overpaid or underpaid.
- In 12 instances, the invoice was not cancelled, which aids in the prevention of duplicate payments.
- In 12 instances, the person who received the supplies, materials, etc did not sign the invoices.
- In 4 instances, employees received reimbursement of expenses without proper support or documentation for the expense.

Recommendation: The employees of the Town should review the Town's internal controls over expenditures. Also, Management should periodically perform an internal audit of a sample of the Town's internal controls over expenditures.

Management's Corrective Action: We will comply with the auditor's recommendation.

### Finding 04-06 Sales Tax Fund

Condition and Criteria: The Sales Tax Fund is a Special Revenue Fund that is funded through sales taxes. The Sales Tax Fund was established for the purpose of providing a revenue source to be used primarily for the construction, acquisition, and renovation of the Town's buildings, sewer system, infrastructure, and recreation facilities. The Town has also deposited revenues derived from other sources into the Sales Tax Fund and has paid expenses unrelated to the purpose or the operation of the Sales Tax Fund out of the fund.

Effect: Expenses unrelated to the Sales Tax Fund could exceed the amount of non-sales tax revenues on deposit in the Sales Tax Fund. The expenses could be paid which would result in sales tax revenues being utilized to pay the expenses and, thus, would be an inappropriate use of the funds.



**Schedule 1 (Continued)**

**Recommendation:** The Town should not deposit non-sales tax revenues into the Sales Tax Fund and should not pay unrelated expenses out of the fund.

**Management's Corrective Action:** We will transfer all revenues unrelated to the Sales Tax Fund to another bank account. In addition, we will discontinue the practice of depositing unrelated funds into and paying unrelated expenses out of the Sales Tax Fund.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL  
AWARD PROGRAMS AUDIT**

None

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

Schedule of Prior Audit Findings  
For the Year Ended June 30, 2004

The status of the audit findings reported in the audit for the year ended June 30, 2002, is summarized below:

**Finding 02-1**

Condition Found: An Alderman was an employee of a vendor.

Status: Resolved.

**Finding 02-02**

Condition Found: Lack of segregation of improvements in the Police Department.

Status: Resolved

**Finding 02-03**

Condition Found: Water bills were adjusted without the appropriate level of management authorization.

Status: Resolved

**Finding 02-04**

Condition Found: Lack of segregation of duties at Town Hall with respect to the collection of money.

Status: Resolved

## **SUPPLEMENTAL INFORMATION**

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**Schedule of Compensation Paid Town Council Members**  
**For the Years Ended June 30, 2004 and 2003**

The Town Council's members and compensation for the years ended June 30, 2004 and 2003, are as follows:

Alvin J. Kendrick	\$3,660
H. U. Slaid	\$3,180
Joyce G. Major	\$3,360
Otto Black	\$3,000
Kenneth R. Kilgore	\$3,000

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Schedule of Expenditures of Federal Awards**  
**For the Two Years Ended June 30, 2004**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER*	PASS- THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
<b>United States Department of Housing and Urban Development</b> Passed through the Louisiana Division of Administration Community Development Block Grants/State,s Program	14.228	574247	\$ 705,448
<b>Department of Justice</b> Passed through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice Local Law Enforcement Block Grants Program	16.592	Z02-1-014	<u>4,275</u>
Total Expenditures of Federal Awards			<u>\$ 709,723</u>

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Two Years Ended June 30, 2004**

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Town of Haynesville. The Town of Haynesville reporting entity is defined in Note 1 to the Town of Haynesville's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town of Haynesville's basic financial statements.

**2. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal awards revenues are reported in the Town of Haynesville's basic financial statements as follows:

Capital Projects Fund	\$ 705,448
General Fund – Operating Grants and Contributions	<u>4,275</u>
Total	<u>\$ 709,723</u>

**4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U. S. generally accepted accounting principles.

**5. FEDERAL AWARDS**

For those funds that have matching revenues and state or local funding, federal expenditures were determined by deducting matching revenues from total expenditures.