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**TOWN OF HENDERSON, LOUISIANA**

**Financial Report  
Year Ended June 30, 2007**

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 1/30/08

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## INDEPENDENT AUDITORS' REPORT

WEB SITE:  
[WWW.KCSRPCAS.COM](http://WWW.KCSRPCAS.COM)

The Honorable Sherbin Collette, Mayor  
and Members of the Town Council  
Town of Henderson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Henderson, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2007 on our consideration of the Town of Henderson, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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.

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Member of:  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

The required supplementary information on pages 34 through 36 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

The Town of Henderson, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Henderson, Louisiana's basic financial statements. The other supplementary information on pages 37 through 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town of Henderson, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Kolder, Champagne, Slaven & Company, LLC***

Certified Public Accountants

Breaux Bridge, Louisiana  
November 13, 2007

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

# TOWN OF HENDERSON, LOUISIANA

## Statement of Net Assets June 30, 2007

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest bearing deposits	\$ 164,311	\$ 32,754	\$ 197,065
Accounts receivable	70,048	22,445	92,493
Internal balances	51,296	(51,296)	-
Due from other governmental units	11,085	104,177	115,262
Prepaid items	2,901	-	2,901
Total current assets	<u>299,641</u>	<u>108,080</u>	<u>407,721</u>
Noncurrent assets:			
Capital assets, net	594,173	5,709,457	6,303,630
Total noncurrent assets	<u>594,173</u>	<u>5,709,457</u>	<u>6,303,630</u>
Total assets	<u>893,814</u>	<u>5,817,537</u>	<u>6,711,351</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts, salaries and other payables	53,311	12,907	66,218
Contract payable	-	95,803	95,803
Retainage payable	-	148,527	148,527
Bonds payable	-	22,218	22,218
Notes payable	12,142	10,352	22,494
Total current liabilities	<u>65,453</u>	<u>289,807</u>	<u>355,260</u>
Noncurrent liabilities:			
Bonds payable	-	563,122	563,122
Notes payable	9,092	1,005,666	1,014,758
Total noncurrent liabilities	<u>9,092</u>	<u>1,568,788</u>	<u>1,577,880</u>
Total liabilities	<u>74,545</u>	<u>1,858,595</u>	<u>1,933,140</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	572,939	4,108,099	4,681,038
Unrestricted	246,330	(149,157)	97,173
Total net assets	<u>\$ 819,269</u>	<u>\$3,958,942</u>	<u>\$4,778,211</u>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2007

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<b>Governmental activities:</b>					
General government	\$ 333,307	\$ 22,088	\$ -	\$ 9,754	\$ (301,465)
Sanitation	65,772	64,089	-	-	(1,683)
Public safety	147,753	299,344	5,729	-	157,320
Culture & recreation	16,559	9,995	-	-	(6,564)
Interest on long-term debt	2,502	-	-	-	(2,502)
Total governmental activities	565,893	395,516	5,729	9,754	(154,894)
<b>Business-type activities:</b>					
Grants:					
LCDBG grant	-	-	-	152,242	152,242
Rural Development grant	28,889	-	-	1,464,081	1,464,081
Sewer	20,451	79,218	-	-	58,767
Total business-type activities	49,340	79,218	-	1,645,212	1,675,090
<b>Total</b>	<b>\$ 615,233</b>	<b>\$ 474,734</b>	<b>\$ 5,729</b>	<b>\$ 1,654,966</b>	<b>1,520,196</b>
<b>General revenues:</b>					
<b>Taxes -</b>					
Property taxes, levied for general purposes					5,182
Sales and use taxes, levied for general purposes					91,688
Beer & tobacco taxes					4,702
Franchise taxes					70,029
State funds -					
State revenue sharing					2,038
Intergovernmental revenue					4,646
Investment income					909
Miscellaneous income					43,411
Transfers				44,574	-
Total general revenues and transfers				44,574	222,605
Change in net assets					
Net assets - July 1, 2006					1,742,801
Net assets - June 30, 2007					3,035,410
					\$ 4,778,211

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **MAJOR FUNDS**

#### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

#### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

##### **Sales Tax Fund -**

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved in a special election in June 1972. These taxes are dedicated for the purpose of constructing, acquiring, extending, improving and/or maintaining streets and incidental public buildings, including the acquisition of all necessary land, equipment, and furnishings for the aforesaid public works and improvements; and, maintaining and operating garbage and waste collection and disposal facilities, including the purchase of equipment.

##### **Enterprise Fund**

##### **Utility Fund -**

To account for the receipts and disbursements associated with the ongoing sewer system improvement project, as well as user charges and related expenses of sewer operations.

### **NONMAJOR FUNDS**

One Special Revenue Fund and one Capital Projects Fund are presented as the nonmajor funds. Information about these funds can be found on pages 38-40.

#### **Fiduciary Fund**

##### **Agency Fund -**

The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund of the Town is used as a depository for the Lynch Botanical Gardens and Bird Sanctuary, Land Acquisition, Planning and Construction Project. Disbursements for this project are limited to capital improvements.

TOWN OF HENDERSON, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2007

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and interest bearing deposits	\$ 105,050	\$ 48,530	\$ 10,731	\$ 164,311
Accounts receivable	24,638	41,895	3,515	70,048
Due from other governments	1,772	9,313	-	11,085
Due from other funds	40,163	11,133	-	51,296
Prepaid items	2,901	-	-	2,901
<b>Total assets</b>	<b><u>\$ 174,524</u></b>	<b><u>\$ 110,871</u></b>	<b><u>\$ 14,246</u></b>	<b><u>\$ 299,641</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 28,054	\$ 16,009	\$ 7,461	\$ 51,524
Payroll liabilities	1,500	287	-	1,787
<b>Total liabilities</b>	<b><u>29,554</u></b>	<b><u>16,296</u></b>	<b><u>7,461</u></b>	<b><u>53,311</u></b>
<b>Fund balances -</b>				
Reserved for prepaid items	2,901	-	-	2,901
<b>Unreserved:</b>				
Unreserved, undesignated	142,069	94,575	6,785	243,429
<b>Total fund balances</b>	<b><u>144,970</u></b>	<b><u>94,575</u></b>	<b><u>6,785</u></b>	<b><u>246,330</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 174,524</u></b>	<b><u>\$ 110,871</u></b>	<b><u>\$ 14,246</u></b>	<b><u>\$ 299,641</u></b>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2007

Total fund balances for governmental funds at June 30, 2007 \$ 246,330

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 31,000	
Buildings and improvements, net of \$109,595 accumulated depreciation	112,395	
Equipment and vehicles, net of \$101,885 accumulated depreciation	80,742	
Streets and improvements, net of \$153,506 accumulated depreciation	190,977	
Park and facilities, net of \$89,421 accumulated depreciation	177,208	
Office equipment, net of \$10,818 accumulated depreciation	<u>1,851</u>	594,173

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Notes payable	<u>(21,234)</u>
---------------	-----------------

572,939

Total net assets of governmental activities at June 30, 2007 \$ 819,269

The accompanying notes are an integral part of this statement.

# TOWN OF HENDERSON, LOUISIANA

## Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds For the Year Ended June 30, 2007

	General	Sales Tax Special Revenue	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$ 79,913	\$ 91,688	\$ -	\$ 171,601
Licenses and permits	22,088	-	-	22,088
Federal grants	9,754	-	-	9,754
Intergovernmental	4,646	-	-	4,646
State funds	7,767	-	-	7,767
Fees	299,344	64,089	-	363,433
Miscellaneous	40,005	-	3,405	43,410
Investment income	-	909	-	909
Park revenue	-	-	9,995	9,995
Total revenues	<u>463,517</u>	<u>156,686</u>	<u>13,400</u>	<u>633,603</u>
<b>Expenditures:</b>				
Current -				
General government	227,316	84,776	965	313,057
Sanitation	-	65,772	-	65,772
Public safety	133,783	-	-	133,783
Park and recreation	-	-	8,991	8,991
Debt service - principal	11,970	-	-	11,970
Debt service - interest	2,502	-	-	2,502
Capital outlay	47,717	-	6,810	54,527
Total expenditures	<u>423,288</u>	<u>150,548</u>	<u>16,766</u>	<u>590,602</u>
Excess (deficiency) of revenues over expenditures	<u>40,229</u>	<u>6,138</u>	<u>(3,366)</u>	<u>43,001</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	5,100	5,100
Operating transfers out	(49,674)	-	-	(49,674)
Total other financing sources (uses)	<u>(49,674)</u>	<u>-</u>	<u>5,100</u>	<u>(44,574)</u>
Net changes in fund balances	(9,445)	6,138	1,734	(1,573)
Fund balances, beginning	<u>154,415</u>	<u>88,437</u>	<u>5,051</u>	<u>247,903</u>
Fund balances, ending	<u>\$ 144,970</u>	<u>\$ 94,575</u>	<u>\$ 6,785</u>	<u>\$ 246,330</u>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statements of Activities  
For the Year Ended June 30, 2007

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (1,573)
--	------------

The change in net assets reported for governmental activities in the  
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	54,527
Depreciation expense	(41,787)

Governmental funds record long-term debt principal payments in the  
Statement of Revenues, Expenditures and Changes in Fund Balances as  
opposed to recording the principal payments in the Statement of Net Assets.

Principal debt payments for the year ended June 30, 2007	<u>11,970</u>
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Total changes in net assets per Statement of Activities	\$ <u>23,137</u>
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The accompanying notes are an integral part of this statement.

# TOWN OF HENDERSON, LOUISIANA

## Statement of Net Assets Proprietary Fund June 30, 2007

### ASSETS

Current assets:	
Cash	\$ 32,754
Accounts receivable	22,445
Due from other governmental units	<u>104,177</u>
Total current assets	<u>159,376</u>
Noncurrent assets:	
Capital assets	<u>5,709,457</u>
Total noncurrent assets	<u>5,709,457</u>
Total assets	<u>5,868,833</u>

### LIABILITIES

Current liabilities:	
Accounts payable	12,907
Contract payable	95,803
Retainage payable	148,527
Due to other funds	51,296
Bonds payable	22,218
Notes payable	<u>10,352</u>
Total current liabilities	<u>341,103</u>
Noncurrent liabilities:	
Bonds payable	563,122
Notes payable	<u>1,005,666</u>
Total liabilities	<u>1,909,891</u>

### NET ASSETS

Invested in capital assets, net of related debt	4,108,099
Unrestricted	<u>(149,157)</u>
Total net assets	<u>\$3,958,942</u>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Assets -  
Proprietary Fund  
For the Year Ended June 30, 2007

Operating revenues	\$ 79,218
Operating expenses	<u>20,451</u>
Operating income	<u>58,767</u>
Non-operating revenue and expenses:	
Grants:	
LCDBG grant	152,242
Rural Development grant	1,492,970
Interest expense	<u>(28,889)</u>
Total non-operating revenue	<u>1,616,323</u>
Income before operating transfers	1,675,090
Operating transfers in	<u>44,574</u>
Net income	1,719,664
Retained earnings, beginning	<u>2,239,278</u>
Retained earnings, ending	<u>\$3,958,942</u>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2007

Cash flows from operating activities:	
Receipts from customers	\$ 56,773
Payments to suppliers	<u>(171,570)</u>
Net cash used by operating activities	<u>(114,797)</u>
Cash flows from noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities:	
Capital contributed from federal grants	1,865,860
Interest paid on bonds & notes payable	(28,889)
Payment of Bond Anticipation Note	(926,149)
Proceeds from DEQ bonds	5,857
Proceeds from USDA promissory notes	1,016,018
Acquisition and construction of capital assets	(1,878,336)
Transfer and change in due to general fund	<u>92,754</u>
Net cash provided by capital and related financing activities	<u>147,115</u>
Cash flows from investing activities	<u>-</u>
Net increase in cash and cash equivalents	32,318
Cash and cash equivalents, beginning of period	<u>436</u>
Cash and cash equivalents, end of period	<u>\$ 32,754</u>

(continued)

TOWN OF HENDERSON, LOUISIANA

Statement of Cash Flows  
Proprietary Fund (continued)  
For the Year Ended June 30, 2007

Reconciliation of operating income to net cash provided by  
operating activities:

Cash flows from operating activities

Operating income \$ 58,767

Adjustments to reconcile operating loss to net cash provided  
by operating activities-

Changes in current assets & liabilities:

Increase in accounts receivable (22,445)

Decrease in accounts payable (249,211)

Increase in contract payable 25,734

Increase in retainage payable 72,358

Total adjustments (173,564)

Net cash used by operating activities \$ (114,797)

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON  
Henderson, Louisiana

Statement of Fiduciary Assets and Liabilities - Agency Fund  
June 30, 2007

Assets

Cash and cash equivalents

\$ 10

Liabilities

Held for others

\$ 10

The accompanying notes are an integral part of this statement.

## TOWN OF HENDERSON, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The Town of Henderson, Louisiana (the "Town") was incorporated in March 1971, under the provisions of the Lawrason Act, State of Louisiana. The Town operates under a Mayor-Town Council form of government and provides the following services as authorized by its charter; public safety (police and fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting practices of the Town of Henderson conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governments, published by the American Institute of Certified Public Accountants. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The Town Council is composed of five (5) members, duly elected by the citizens of the Town. The Town is located in the Northeast section of St. Martin Parish and has approximately 1,500 persons living within the town limits.

The following is a summary of certain significant accounting policies:

##### A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Henderson is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and, (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units as described in (b) and (c) above.

The accompanying financial statements of the Town of Henderson (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

## TOWN OF HENDERSON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### B. Basis of Presentation

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

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

## TOWN OF HENDERSON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Several funds of the Town are considered to be major funds and are described below:

#### Governmental Fund Types-

##### General Fund

The general fund is the general operating fund of the municipality which accounts for all financial resources, except those required to be accounted for in other funds.

##### Special Revenue Fund -

##### Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved in a special election in June 1972. These taxes are dedicated for the purpose of constructing, acquiring, extending, improving and/or maintaining streets and incidental public buildings, including the acquisition of all necessary land, equipment, and furnishings for the aforesaid public works and improvements; and, maintaining and operating garbage and waste collection and disposal facilities, including the purchase of equipment.

#### Proprietary Fund Type-

##### Enterprise Fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

The Town's nonmajor funds are described below:

##### Special Revenue Fund -

##### Park Fund

To account for the revenues for park usage fees and expenses for maintaining the park.

## TOWN OF HENDERSON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Capital Projects Fund –

##### Book Fairy Fund

To account for the remodeling and maintenance of the Town's library.

#### Fiduciary Fund Type –

##### Agency Fund

The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund of the Town is used as a depository for the Lynch Botanical Gardens and Bird Sanctuary, Land Acquisition, Planning and Construction Project. Disbursements for this project are limited to capital improvements.

#### C. Measurement Focus/Basis Of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

In the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

##### Basis of Accounting

In the government-wide statement of net assets and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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."

## TOWN OF HENDERSON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes are recognized as revenue in the year for which they are budgeted, that is, in the year they are billed and collected. Other major revenues considered susceptible to accrual are earned grant revenues.

#### D. Assets, Liabilities, and Equity

##### Cash

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

##### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

## TOWN OF HENDERSON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

#### Capital Assets

The accounting treatment for buildings, improvements and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are capitalized as they relate to fixed assets. The Town's threshold for capitalization is \$1,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Equipment and vehicles	3-10 years
Infrastructure	10-40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Prior to the adoption of GASB 34, it was the Town's policy not to record infrastructure; therefore, the Town did not have a complete listing of infrastructure. However, through the years, a partial list of infrastructure was maintained. The Town has opted not to do a detailed analysis of existing infrastructure. Rather, we will include the infrastructure for which we do have cost information available, and begin accumulating infrastructure information prospectively.

#### Long-term debt

All long-term debt to be repaid from governmental and business-type funds is reported as liabilities in the government-wide statements. The long-term debt consists of both bonds payable and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt is reported as other financing sources and payment of principal and interest reported as expenditures.

## TOWN OF HENDERSON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

The Town's policy concerning vacation time and sick leave is such that unused amounts are lost each year unless taken. Therefore, at June 30, 2007 there is no accrual for accumulated leave.

#### Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### E. Budgets And Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

## TOWN OF HENDERSON, LOUISIANA

### Notes to Basic Financial Statements (Continued)

4. After the holding of the public hearing and completion of all actions necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Town Council. Such amendments were not material in relation to the original appropriations.

#### F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007 are recorded as prepaid items. The only prepaid item that existed at June 30, 2007 was prepaid insurance.

#### (2) Cash and interest bearing deposits

At June 30, 2007, the Town of Henderson has cash and interest-bearing deposits (book balances) totaling \$197,075 of which \$10 is attributable to the nonmajor fiduciary fund, which is not presented in the statement of net assets.

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. The following is a summary of deposit balances (bank balances) at June 30, 2007, and the related federal insurance and pledged securities:

Bank Balances	<u>\$ 212,278</u>
Federal deposit insurance	\$ 130,795
Pledged securities (Category 3)	<u>81,483</u>
Total	<u>\$ 212,278</u>

# TOWN OF HENDERSON, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town of Henderson's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town of Henderson that the fiscal agent has failed to pay deposited funds upon demand.

The Town has not formally adopted a deposit and investment policy that limits their allowable deposits or investments.

### (3) Receivables

The following is a summary of receivables for June 30, 2007:

	Governmental Activities	Business-type Activities	Total
Franchise tax	\$ 17,246	\$ -	\$ 17,246
Fines and forfeitures	1,079	-	1,079
Ad valorem tax	125	-	125
Licenses	1,220	-	1,220
Miscellaneous	4,968	-	4,968
Garbage collection	41,895	-	41,895
Donations	3,515	-	3,515
Sewer collection	-	22,445	22,445
Total	<u>\$ 70,048</u>	<u>\$ 22,445</u>	<u>\$ 92,493</u>

### (4) Due From Other Governments

Amounts due from other governments at June 30, 2007, consist of the following:

	Governmental Activities	Business-type Activities	Total
Federal grants	\$ -	\$ 104,177	\$ 104,177
Video poker	569	-	569
Beer and tobacco tax	1,203	-	1,203
Sales tax receivable	9,313	-	9,313
	<u>\$ 11,085</u>	<u>\$ 104,177</u>	<u>\$ 115,262</u>

### (5) Capitalization of Interest Expense

It is the policy of the Town of Henderson to capitalize interest resulting from borrowings in the course of the construction of fixed assets as a component of the cost of property, plant, and

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

equipment. At June 30, 2007 total interest incurred was \$36,705, of which \$7,816 was capitalized.

(6) Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

	Balance 7/1/2006	Additions	Deletions	Balance 6/30/2007
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 31,000	\$ -	\$ -	\$ 31,000
Other capital assets:				
Buildings	221,990	-	-	221,990
Autos & equipment	138,600	44,027	-	182,627
Streets & improvements	344,483	-	-	344,483
Park & facilities	257,220	10,500	(1,091)	266,629
Office equipment	18,113	-	(5,444)	12,669
Total capital assets	<u>1,011,406</u>	<u>54,527</u>	<u>(6,535)</u>	<u>1,059,398</u>
Less accumulated depreciation				
Buildings	104,048	5,547	-	109,595
Autos & equipment	84,465	17,420	-	101,885
Streets & improvements	143,347	10,159	-	153,506
Park & facilities	82,944	7,568	(1,091)	89,421
Office equipment	15,169	1,093	(5,444)	10,818
Total accumulated depreciation	<u>429,973</u>	<u>41,787</u>	<u>(6,535)</u>	<u>465,225</u>
Governmental activities, capital assets, net	<u>\$ 581,433</u>	<u>\$ 12,740</u>	<u>\$ -</u>	<u>\$ 594,173</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 21,600	\$ -	\$ -	\$ 21,600
Equipment	-	4,377	-	4,377
Construction in progress	<u>3,809,527</u>	<u>1,873,953</u>	<u>-</u>	<u>5,683,480</u>
Business-type activities, capital assets	<u>\$ 3,831,127</u>	<u>\$ 1,878,330</u>	<u>\$ -</u>	<u>\$ 5,709,457</u>

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 20,249
Police	13,970
Culture and recreation	<u>7,568</u>
Total depreciation expense	<u>\$ 41,787</u>

(7) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2007:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 51,524	\$ 12,907	\$ 64,431
Payroll withholdings	<u>1,787</u>	<u>-</u>	<u>1,787</u>
Total	<u>\$ 53,311</u>	<u>\$ 12,907</u>	<u>\$ 66,218</u>

(8) Interfund Transactions

A. Receivables and payables

A detail of interfund receivable and payable balances as of June 30, 2007:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 40,163	\$ -
Sales Tax Special Revenue Fund	11,133	-
Enterprise Fund:		
Utility Fund	<u>-</u>	<u>51,296</u>
Total	<u>\$ 51,296</u>	<u>\$ 51,296</u>

The interfund receivable/payable balances noted above relate to the ongoing sewer project of the utility fund, which should be repaid within the following year.

# TOWN OF HENDERSON, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2007:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ -	\$ 49,674
Enterprise Fund:		
Utility Fund	44,574	-
Nonmajor Funds	<u>5,100</u>	<u>-</u>
Total	<u>\$ 49,674</u>	<u>\$ 49,674</u>

Transfers made from general fund to the utility fund relate to the interest due on the bond payable. Those to the nonmajor fund are to help with expenditures.

### (9) Ad Valorem Taxes

For the year ended June 30, 2007, taxes of 1.95 mills were levied on property with assessed valuations totaling \$3,062,655.

Total taxes levied for the year ended June 30, 2007 were \$5,973. The taxes are levied and assessed around October or November, respectively, of each year. Tax bills are mailed in December, become liens on December 31, and are delinquent if unpaid as of March 1. The majority of collections occur in the months of December through February.

### (10) Changes in Agency Fund Balance

A summary of changes in agency fund balance follows:

Balance, June 30, 2006	\$ 10
Additions	-
Deletions	-
Balance, June 30, 2007	<u>\$ 10</u>

# TOWN OF HENDERSON, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### (11) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town of Henderson for the year ended June 30, 2007. The general obligation bonds relate to governmental activities while the revenue bonds relate to business-type activities. General obligation debt is paid for by the general fund whereas revenue bonds and promissory notes will be paid for by the utility fund. In the past, payments on long-term debt were paid in the same manner.

	General Obligation	Revenue Bonds
Long-term debt, June 30, 2006	\$ 33,204	\$1,505,632
Additions	-	1,021,875
Reductions	(11,970)	(926,149)
Long-term debt, June 30, 2007	<u>\$ 21,234</u>	<u>\$1,601,358</u>

**TOWN OF HENDERSON, LOUISIANA**  
**Notes to Basic Financial Statements (Continued)**

Long-term debt at June 30, 2007 is as follows:

**Revenue bonds**

\$600,000 Sewer Revenue Bond Series 2000, issued by the Louisiana Department of Environmental Quality, with an interest rate of 3.95% and a maturity date of March 1, 2022. As of June 30, 2007 \$585,340 has been drawn on the loan resulting in \$14,660 available to be drawn. \$ 585,340

**Promissory notes**

\$641,018 promissory note, issued by USDA, due in annual installments of \$35,165; interest rate of 4.50%; full maturity at March 2046. \$ 641,018

\$375,000 promissory note, issued by USDA, due in annual installments of \$19,500; interest rate of 4.125%; full maturity at March 2046. 375,000

Total notes payable \$ 1,016,018

**General obligation debt**

\$19,260 note payable due in monthly installments of \$235; interest rate of 8%; full maturity at March 2012. \$ 11,093

\$24,179 note payable due in monthly installments of \$971; interest rate of 9.75%; full maturity at May 2008. 10,141

Total general obligation debt \$ 21,234

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize the outstanding debt as of June 30, 2007 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 44,712	\$ 66,790
2009	44,435	66,192
2010	46,351	64,276
2011	48,353	62,273
2012	49,750	60,185
2013-2017	269,515	269,526
2018-2022	316,314	209,441
2023-2027	107,052	166,274
2028-2032	132,516	140,810
2033-2037	164,048	109,278
2038-2042	203,099	70,227
2043-2046	196,447	21,876
Total	<u>\$ 1,622,592</u>	<u>\$ 1,307,148</u>

(12) Sales Taxes

Proceeds of a 1% sales and use tax approved in a special election in June 1972 are dedicated to be used for the purpose of constructing, acquiring, extending, improving and/or maintaining streets and incidental public buildings, including the acquisition of all necessary land, equipment, and furnishings for the aforesaid public works and improvements; and, maintaining and operating garbage and waste collection and disposal facilities, including the purchase of equipment.

Proceeds from the 1% sales and use tax were \$91,688 for the year ended June 30, 2007.

(13) Park Fund

On April 13, 1984, the Town Council approved the establishment of a Park Fund. The fund is to be used to account for revenues from park usage fees and expenses for maintaining the park.

Park usage fees collected for the year ended June 30, 2007 were \$9,995.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Compensation of Town Officials

A detail of compensation paid to Town officials for the year ended June 30, 2007 follows:

Sherbin Collette, Mayor	<u>\$ 30,000</u>
Leroy Guidry, Chief of Police	<u>\$ 32,000</u>
Town Council -	
Jody Meche	\$ 1,120
Don Legrand	1,120
Cliff Robertson	1,080
Elizabeth Robin	840
Ray Robin	<u>1,040</u>
	<u>\$ 5,200</u>

(15) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the year ended June 30, 2007, nor have settlements exceeded insurance coverage for the past three years.

(16) Federal Financial Assistance Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the federal grantor agencies. No provision has been made in the financial statements for the reimbursement of any expenditures that may be disallowed as a result of such a review or audit.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

TOWN OF HENDERSON, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ 5,600	\$ 6,000	\$ 5,182	\$ (818)
Beer & tobacco taxes	3,000	4,000	4,702	702
Franchise taxes	61,400	58,000	70,029	12,029
Total taxes	<u>70,000</u>	<u>68,000</u>	<u>79,913</u>	<u>11,913</u>
Licenses and permits	<u>19,000</u>	<u>19,000</u>	<u>22,088</u>	<u>3,088</u>
Federal grants	<u>270,057</u>	<u>45,400</u>	<u>9,754</u>	<u>(35,646)</u>
Intergovernmental revenues:				
Video poker	<u>3,300</u>	<u>3,300</u>	<u>4,646</u>	<u>1,346</u>
State funds:				
State grants	-	-	5,729	5,729
State revenue sharing	<u>1,900</u>	<u>2,200</u>	<u>2,038</u>	<u>(162)</u>
Total state funds	<u>1,900</u>	<u>2,200</u>	<u>7,767</u>	<u>5,567</u>
Fines and forfeitures	<u>280,000</u>	<u>260,000</u>	<u>299,344</u>	<u>39,344</u>
Miscellaneous income	<u>30,000</u>	<u>13,000</u>	<u>40,005</u>	<u>27,005</u>
Total revenues	<u>674,257</u>	<u>410,900</u>	<u>463,517</u>	<u>52,617</u>
Expenditures:				
General government:				
Legislative	6,000	5,500	5,200	300
Judicial	2,500	4,000	10,926	(6,926)
Executive	43,200	36,500	24,000	12,500
Finance & administrative	<u>350,350</u>	<u>207,748</u>	<u>187,190</u>	<u>20,558</u>
Total general government	<u>402,050</u>	<u>253,748</u>	<u>227,316</u>	<u>26,432</u>
Public safety	<u>214,600</u>	<u>156,600</u>	<u>133,783</u>	<u>22,817</u>
Debt service:				
Principal	10,950	-	11,970	(11,970)
Interest	4,050	-	2,502	(2,502)
Capital outlay	<u>-</u>	<u>-</u>	<u>47,717</u>	<u>(47,717)</u>
Total expenditures	<u>631,650</u>	<u>410,348</u>	<u>423,288</u>	<u>(12,940)</u>
Excess of revenues over expenditures	<u>42,607</u>	<u>552</u>	<u>40,229</u>	<u>39,677</u>
Other financing sources (uses):				
Transfer in	50	27,858	-	(27,858)
Transfer out	<u>(223,641)</u>	<u>(5,100)</u>	<u>(49,674)</u>	<u>(44,574)</u>
Total other financing sources (uses)	<u>(223,591)</u>	<u>22,758</u>	<u>(49,674)</u>	<u>(72,432)</u>
Net change in fund balances	<u>(180,984)</u>	<u>23,310</u>	<u>(9,445)</u>	<u>(32,755)</u>
Fund balance, beginning	<u>154,415</u>	<u>154,415</u>	<u>154,415</u>	<u>-</u>
Fund balance, ending	<u>\$ (26,569)</u>	<u>\$ 177,725</u>	<u>\$ 144,970</u>	<u>\$ (32,755)</u>

## TOWN OF HENDERSON, LOUISIANA

## Sales Tax Special Revenue Fund

## Budgetary Comparison Schedule

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Sales and use tax	\$ 76,000	\$ 86,000	\$ 91,688	\$ 5,688
Garbage collection fees	60,000	57,950	64,089	6,139
Investment income	-	500	909	409
Total revenues	<u>136,000</u>	<u>144,450</u>	<u>156,686</u>	<u>12,236</u>
<b>Expenditures:</b>				
General government -				
Finance & administrative	83,050	107,050	84,776	22,274
Sanitation	<u>53,000</u>	<u>54,000</u>	<u>65,772</u>	<u>(11,772)</u>
Total expenditures	<u>136,050</u>	<u>161,050</u>	<u>150,548</u>	<u>10,502</u>
Excess of revenues over expenditures	<u>(50)</u>	<u>(16,600)</u>	<u>6,138</u>	<u>22,738</u>
<b>Other financing uses:</b>				
Transfer out	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>500</u>
Net change in fund balances	(50)	(17,100)	6,138	22,238
Fund balance, beginning	<u>71,105</u>	<u>88,437</u>	<u>88,437</u>	<u>-</u>
Fund balance, ending	<u>\$ 71,055</u>	<u>\$ 71,337</u>	<u>\$ 94,575</u>	<u>\$ 22,238</u>

**OTHER SUPPLEMENTARY INFORMATION**

## **NON MAJOR FUND DESCRIPTION**

### **Park Fund -**

To account for the revenues from park usage fees and expenses for maintaining the park.

### **Book Fairy Fund-**

To account for the remodeling and maintenance of the Town's library.

TOWN OF HENDERSON  
Henderson, Louisiana  
Nonmajor Governmental Funds

Balance Sheet  
June 30, 2007

	Park Fund	Book Fairy Fund	Total
<b>ASSETS</b>			
Cash	\$ 6,596	\$ 4,135	\$ 10,731
Receivable	<u>3,515</u>	<u>-</u>	<u>3,515</u>
Total Assets	<u>\$ 10,111</u>	<u>\$ 4,135</u>	<u>\$ 14,246</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities	<u>\$ 7,461</u>	<u>\$ -</u>	<u>\$ 7,461</u>
Total liabilities	<u>7,461</u>	<u>-</u>	<u>7,461</u>
Fund balance:			
Unreserved	<u>2,650</u>	<u>4,135</u>	<u>6,785</u>
Total fund balance	<u>2,650</u>	<u>4,135</u>	<u>6,785</u>
Total liabilities and fund balance	<u>\$ 10,111</u>	<u>\$ 4,135</u>	<u>\$ 14,246</u>

TOWN OF HENDERSON, LOUISIANA

Nonmajor Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2007

	Park Fund	Book Fairy Fund	Total
Revenues:			
Park use fees	\$ 9,995	\$ -	\$ 9,995
Donations	<u>3,405</u>	<u>-</u>	<u>3,405</u>
Total revenues	<u>13,400</u>	<u>-</u>	<u>13,400</u>
Expenditures:			
Current -			
Miscellaneous	144	965	1,109
Refunds	1,175	-	1,175
Repairs and maintenance	1,618	-	1,618
Supplies	2,607	-	2,607
Telephone	192	-	192
Utilities	3,255	-	3,255
Capital Outlay	<u>6,810</u>	<u>-</u>	<u>6,810</u>
Total expenditures	<u>15,801</u>	<u>965</u>	<u>16,766</u>
Operating transfers in	<u>-</u>	<u>5,100</u>	<u>5,100</u>
Net changes in fund balances	(2,401)	4,135	1,734
Fund balance, beginning	<u>5,051</u>	<u>-</u>	<u>5,051</u>
Fund balance, ending	<u>\$ 2,650</u>	<u>\$ 4,135</u>	<u>\$ 6,785</u>

**COMPLIANCE  
INTERNAL CONTROL  
AND  
OTHER INFORMATION**

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## 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

The Honorable Sherbin Collette, Mayor  
and Members of the Town Council  
Town of Henderson, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana as of and for the year ended June 30, 2007, which collectively comprise the Town of Henderson, Louisiana's basic financial statements and have issued our report thereon dated November 13, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Henderson, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Henderson, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Henderson, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Henderson, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Henderson, Louisiana's financial statements that

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is more than inconsequential will not be prevented or detected by the Town of Henderson, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of findings, questioned costs, and management's corrective action plan to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Henderson, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider items 07-1 and 07-2 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Henderson, Louisiana's 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a certain matter that we reported to management of the Town of Henderson, Louisiana in a separate letter dated November 13, 2007.

The Town of Henderson, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings, questioned costs, and management's corrective action plan. We did not audit the Town of Henderson, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, Town Council, 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***

Certified Public Accountants

Breaux Bridge, Louisiana  
November 13, 2007

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Sherbin Collette, Mayor  
and Members of the Town Council  
Town of Henderson, Louisiana

### Compliance

We have audited the compliance of the Town of Henderson, Louisiana, 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, 2007. The Town of Henderson, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, questioned costs and management's corrective action plan. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Henderson, Louisiana's management. Our responsibility is to express an opinion on the Town of Henderson, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Henderson, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Henderson, Louisiana's compliance with those requirements.

In our opinion, the Town of Henderson, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

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### Internal Control Over Compliance

The management of the Town of Henderson, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Henderson, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Henderson, Louisiana's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***

Certified Public Accountants

Breaux Bridge, Louisiana  
November 13, 2007

TOWN OF HENDERSON

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/ Program Name	Federal CFDA Number	Pass-through Identifying Number	Federal Revenue Recognized	Federal Expenditures
<u>United States Department of Housing and Urban Development</u>				
Passed through State of Louisiana Office of Finance and Support Services - Local Community Development Block Grant	14.228	623900	\$ 152,242	\$ 152,242
<u>Environmental Protection Agency</u>				
Passed through State of Louisiana Department of Environmental Quality Financial Services Division - Capitalization Grant for Clean Water State Revolving Loan	66.458	CS-221151-01	5,858	5,858
<u>Department of Transportation</u>				
Passed through State of Louisiana Governor's Office of Rural Development - Louisiana Recreational Trails Program	20.219	02LRT-SMN-9903/ 744-50-0009	9,754	9,754
<u>United States Department of Agriculture</u>				
Passed through State of Louisiana Office of Rural Development - Water and Waste Disposal Systems Loan and Grant Program:				
Loan Amount**	10.760	N/A	1,016,018	-
Grant Amount*	10.760	N/A	1,492,970	1,492,970
Total Expenditures of Federal Awards			<u>\$2,676,842</u>	<u>\$ 1,660,824</u>

\*Major federal financial assistance programs.

\*\* Expenditures were shown in fiscal year ended June 30, 2006. This program was treated as a major federal program in that year.

BASIS OF PRESENTATION:

The above schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, which is the same basis of accounting used for the fund financial statements.

TOWN OF HENDERSON, LOUISIANA

Schedule of Findings, Questioned Costs and  
Management's Corrective Action Plan  
Year Ended June 30, 2007

Part I: Summary of Auditor's Results:

1. An unqualified opinion was issued on the financial statements.
2. Significant deficiencies in internal control were disclosed by the audit of the financial statements.
3. Material noncompliance was not disclosed.
4. No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major programs.
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was:  
  
United States Department of Agriculture:  
Water and Waste Disposal Systems Grant Program
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133, was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

(continued)

TOWN OF HENDERSON, LOUISIANA

Schedule of Findings, Questioned Costs and  
Management's Corrective Action Plan (continued)  
Year Ended June 30, 2007

Part II: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

07-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees the Town did not have adequate segregation of functions within the accounting system.

Management's Corrective Action Plan:

Mayor Sherbin Collette has determined that it is not feasible to achieve adequate segregation of functions within the accounting department. No plan is considered necessary.

07-2 Inadequate Controls over Financial Statement Preparation

Finding:

The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Management's Corrective Action Plan:

Mayor Sherbin Collette has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Part III: Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings that are required to be reported under the above guidance.

(continued)

TOWN OF HENDERSON, LOUISIANA

Schedule of Findings, Questioned Costs and  
Management's Corrective Action Plan (continued)  
Year Ended June 30, 2007

Part IV: Management Letter Items:

07-3 Past Due Billings

Finding:

The Town of Henderson needs to pursue collection related to past due garbage billings.

Management's Corrective Action Plan:

Mayor Sherbin Collette and the Town Council are currently consulting their legal counsel.

TOWN OF HENDERSON, LOUISIANA  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2007

Section I: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

06-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees the Town did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 07-1.

06-2 Noncompliance with Louisiana Local Government Budget Act

Finding:

The following funds had an unfavorable budget variance of more than five (5) percent during the fiscal year ended June 30, 2006 as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
General Fund:				
Revenues	\$ 574,458	\$ 477,739	\$ (96,719)	16.84%
Expenditures	\$ 345,600	\$ 365,647	\$ (20,047)	5.80%
Sales Tax:				
Revenues	\$ 136,000	\$ 129,171	\$ (6,829)	5.02%

Status: Resolved.

Section II: Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There were no findings mentioned under this section at June 30, 2006.

(continued)

TOWN OF HENDERSON, LOUISIANA

Summary Schedule of Prior Audit Findings (continued)  
Year Ended June 30, 2007

Section III: Management Letter Items

06-3 Past Due Billings

Finding:

The Town of Henderson needs to pursue collection related to past due garbage billings.

Status: Unresolved. See item 07-3.

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## MANAGEMENT LETTER

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The Honorable Sherbin Collette, Mayor  
and Members of the Town Council  
Town of Henderson, Louisiana

We have audited the financial statements of the Town of Henderson for the year ended June 30, 2007 and submitted our report to you dated November 13, 2007.

We noted a certain area in which improvements in the financial practices of the Town may be desirable:

The Town of Henderson needs to pursue collection related to past due garbage billings.

Should you have any questions or need assistance regarding our recommendation, please feel free to contact us.

***Kolder, Champagne, Slaven, & Company, LLC***

Certified Public Accountants

Breaux Bridge, Louisiana  
November 13, 2007

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