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COMPREHENSIVE FINANCIAL REPORT

of the

TOWN OF PLAIN DEALING, LOUISIANA

for the

YEAR ENDED DECEMBER 31, 2003

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 8-11-04

TOWN OF PLAIN DEALING, LOUISIANA

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TOWN OF PLAIN DEALING, LOUISIANA

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**INDEPENDENT
AUDITOR'S REPORT - OPINION OF
CERTIFIED PUBLIC ACCOUNTANT**

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Honorable David Smith, Mayor
and Members of the Board of Alderman
Town of Plain Dealing, Louisiana

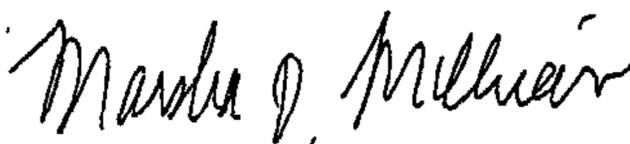
I have audited the accompanying general purpose financial statements of the Town of Plain Dealing, Louisiana, as of December 31, 2003, as listed in the foregoing table of contents. These financial statements are the responsibility of Town of Plain Dealing, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Town of Plain Dealing, Louisiana, as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund types and similar trust and agency funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated June 17, 2004, on my consideration of Town of Plain Dealing, Louisiana's internal control over financial reporting and its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Town of Plain Dealing, Louisiana. The information in these statements and schedules has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



Certified Public Accountant
June 17, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

The General Purpose Financial Statements include the combined financial statements which include all funds and account groups of the Town and are designed to provide an overview of the financial position and results of operations for the Town as a whole. Additional information in the form of combining and individual fund and account group statements and schedules are included elsewhere in this report.

TOWN OF PLAIN DEALING, LOUISIANA
Combined Balance Sheet - All Fund Types and Account Groups

December 31, 2003

<u>Assets</u>	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash	\$ 109,473	\$ 220	\$ 0	\$ 916,962
Certificates of deposit	0	0	0	152,031
Receivables:				
Accounts	16,741	0	0	108,792
Accrued interest	0	0	0	0
Other	0	0	0	0
Due from other funds	13,458	0	0	0
Restricted assets - cash	11,631	0	0	0
Restricted assets - certificates of deposit	32,153	0	0	0
Prepays	24,567	0	0	875
Construction in progress	0	0	0	0
Fixed assets (net of accumulated depreciation)	0	0	0	0
Total assets	\$ 208,023	\$ 220	\$ 0	\$ 1,178,660
<u>Liabilities</u>				
Accounts payable	\$ 60,567	\$ 0	\$ 0	\$ 108,818
Accrued expenses	1,094	0	0	0
Due to other funds	82,654	0	0	0
Payable from restricted assets:				
Water revenue bond	0	0	0	0
Interest payable	0	0	0	0
Customer deposits	0	0	0	0
Water revenue bond payable	0	0	0	0
Total liabilities	144,315	0	0	108,818
<u>Fund Equity</u>				
Contributed capital	0	0	0	0
Investment in general fixed assets	0	0	0	0
Retained earnings				
Unreserved	0	0	0	0
Fund balance:				
Reserved for restricted assets	43,784	0	0	1,069,842
Unreserved - undesignated	19,924	220	0	0
Total fund equity	63,708	220	0	1,069,842
Total liabilities and fund equity	\$ 208,023	\$ 220	\$ 0	\$ 1,178,660

See accompanying notes to the financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Group	Totals	
			(Memorandum Only)	
			2003	2002
Enterprise	Trust and Agency	General Fixed Assets		
\$ 82,445	\$ 3,514	\$ 0	\$ 1,112,614	\$ 353,370
20,517	122,000	0	294,548	917,209
31,245	0	0	156,778	44,095
0	0	0	0	1,341
0	0	0	0	0
116,857	0	0	130,315	102,478
22,204	0	0	33,835	28,977
93,692	0	0	125,845	123,746
17,527	0	0	42,969	36,616
27,525	0	0	27,525	0
<u>1,125,474</u>	<u>0</u>	<u>2,211,199</u>	<u>3,336,673</u>	<u>3,370,145</u>
<u>\$ 1,537,486</u>	<u>\$ 125,514</u>	<u>\$ 2,211,199</u>	<u>\$ 5,261,102</u>	<u>\$ 4,977,977</u>
\$ 14,676	\$ 0	\$ 0	\$ 184,061	\$ 57,159
771	0	0	1,865	2,420
47,661	0	0	130,315	102,479
8,288	0	0	8,288	9,905
3,799	0	0	3,799	3,718
34,266	0	0	34,266	33,776
<u>181,684</u>	<u>0</u>	<u>0</u>	<u>181,684</u>	<u>188,194</u>
<u>291,145</u>	<u>0</u>	<u>0</u>	<u>544,278</u>	<u>397,651</u>
1,115,697	0	0	1,115,697	1,115,697
0	0	2,211,199	2,211,199	2,188,127
130,644	0	0	130,644	196,636
0	0	0	1,113,626	993,987
<u>0</u>	<u>125,514</u>	<u>0</u>	<u>145,658</u>	<u>85,879</u>
<u>1,246,341</u>	<u>125,514</u>	<u>2,211,199</u>	<u>4,716,824</u>	<u>4,580,326</u>
<u>\$ 1,537,486</u>	<u>\$ 125,514</u>	<u>\$ 2,211,199</u>	<u>\$ 5,261,102</u>	<u>\$ 4,977,977</u>

Exhibit 2

TOWN OF PLAIN DEALING, LOUISIANA
Combined Statement of Revenues, Expenditures, and Changes
In Fund Balances All Governmental Fund Types

For the Year Ended December 31, 2001

	Governmental Fund Types				Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2001	2002
	\$	\$	\$	\$	\$	\$
Revenues:						
Property taxes	22,284	0	0	0	22,284	21,348
Franchise taxes	25,630	0	0	0	25,630	22,956
Sales taxes	0	115,049	0	98,033	213,082	203,228
Other taxes	115,400	0	0	0	115,400	40,251
License and Permits	19,842	0	0	0	19,842	15,221
Intergovernmental	19,415	0	0	0	19,415	8,745
Grant revenue	29,159	0	0	355,118	384,277	6,454
Interest income	1,157	0	0	20,725	21,882	28,361
Charges for services	75,560	0	0	0	75,560	66,548
Rental income	6,000	0	0	0	6,000	6,000
Fines and forfeits	19,339	0	0	0	19,339	9,773
Lake income	125	0	0	0	125	0
Other	3,342	0	0	0	3,342	3,639
Total revenues	337,253	115,049	0	473,876	926,178	432,524
Expenditures:						
General government	76,796	0	0	2,882	79,678	72,611
Public safety	164,219	0	0	0	164,219	152,702
Street and sanitation	114,866	0	0	0	114,866	103,061
Capital outlays	32,072	0	0	0	32,072	11,184
Grant expenditures	0	0	0	355,118	355,118	0
Other	0	0	0	0	0	0
Total expenditures	387,953	0	0	358,000	745,953	339,558
Excess (deficiency) of revenues over expenditures	(50,700)	115,049	0	115,876	180,225	92,966
Other financing sources (uses):						
Operating transfers in	117,500	0	0	0	117,500	99,000
Operating transfers out	0	(117,500)	0	0	(117,500)	(99,000)
Net other financing (uses)	117,500	(117,500)	0	0	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	66,800	(2,451)	0	115,876	180,225	92,966
Fund balance at beginning of year	(3,092)	2,671	0	953,966	953,545	860,577
Fund balance at end of year	\$ 63,708	\$ 220	\$ 0	\$ 1,069,842	\$ 1,133,770	\$ 953,543

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual, General and Special Revenue Fund Types

Year Ended December 31, 2003

	General Fund			Special Revenue Fund Types		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property taxes	\$ 21,000	\$ 22,284	\$ 1,284	\$ 0	\$ 0	\$ 0
Franchise taxes	24,700	25,630	930	0	0	0
Sales taxes	0	0	0	95,000	115,049	20,049
Other taxes	123,000	115,400	(7,600)	0	0	0
Licenses and permits	18,350	19,842	1,492	0	0	0
Intergovernmental	19,400	19,415	15	0	0	0
Grant revenue	4,200	29,159	24,959	0	0	0
Interest income	1,000	1,157	157	0	0	0
Charges for services	71,526	75,560	4,034	0	0	0
Rental income	6,000	6,000	0	0	0	0
Fines and forfeits	18,000	19,339	1,339	0	0	0
Lake income	0	125	125	0	0	0
Other	3,350	3,342	(8)	0	0	0
Total revenues	310,526	337,253	26,727	95,000	115,049	20,049
Expenditures:						
General government	71,192	76,796	(5,604)	0	0	0
Public safety	170,904	164,219	6,685	0	0	0
Street and Sanitation	113,003	114,866	(1,863)	0	0	0
Capital outlays	6,300	32,072	(25,772)	0	0	0
Total expenditures	361,399	387,953	(26,554)	0	0	0
Excess (deficiency) of revenues over expenditures	(50,873)	(50,700)	173	95,000	115,049	20,049
Other financing sources(uses):						
Operating transfers in	118,000	117,500	(500)	0	0	0
Operating transfers out	0	0	0	(95,000)	(117,500)	(22,500)
Net other financing sources (uses)	118,000	117,500	(500)	(95,000)	(117,500)	(22,500)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	67,127	66,800	(327)	0	(2,451)	(2,451)
Fund balance at beginning of year	(3,092)	(3,092)	0	2,671	2,671	0
Fund balance at end of year	\$ 64,035	\$ 63,708	\$ (327)	\$ 2,671	\$ 220	\$ (2,451)

See accompanying notes to the financial statements.

Exhibit 4

TOWN OF PLAIN DEALING, LOUISIANA
Combined Statement of Revenues, Expenditures, and Changes
In Retained Earnings/Fund Balances Proprietary Fund Types
And Similar Trust and Agency Funds

For the Year Ended December 31, 2003

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Trust	Total	
			2003	2002
Operating Revenues:				
Charges for services	\$ 265,588	\$ 900	\$ 266,488	\$ 269,144
Other	<u>0</u>	<u>961</u>	<u>961</u>	<u>1,036</u>
Total operating revenues	<u>265,588</u>	<u>1,861</u>	<u>267,449</u>	<u>270,180</u>
Operating Expenses:				
Personal services	118,214	0	118,214	111,486
Contractual services	28,894	0	28,894	15,087
Supplies and materials	24,332	5,323	29,655	68,412
Heat, light and power	24,314	0	24,314	23,544
Depreciation	59,171	0	59,171	60,249
Other	<u>70,766</u>	<u>0</u>	<u>70,766</u>	<u>68,870</u>
Total operating expenses	<u>325,691</u>	<u>5,323</u>	<u>331,014</u>	<u>347,648</u>
Operating income	<u>(60,103)</u>	<u>(3,462)</u>	<u>(63,565)</u>	<u>(77,468)</u>
NonOperating revenues				
(Expenses):				
Interest income	3,851	2,653	6,504	8,240
Interest expense	(9,742)		(9,742)	(10,140)
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net nonoperating revenues(expenses)	<u>(5,891)</u>	<u>2,653</u>	<u>(3,238)</u>	<u>(1,900)</u>
Net income	<u>(65,994)</u>	<u>(809)</u>	<u>(66,803)</u>	<u>(79,368)</u>
Retained earnings/fund balance, beginning	<u>196,638</u>	<u>126,323</u>	<u>322,961</u>	<u>402,327</u>
Retained earnings/fund balance, ending	<u>\$ 130,644</u>	<u>\$ 125,514</u>	<u>\$ 256,158</u>	<u>\$ 322,959</u>

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA

Combined Statement of Cash Flows -
 Proprietary Fund Types and Similar Trust Funds
 For the Year Ended December 31, 2003

	Proprietary	Fiduciary	Totals	
	Fund Type -	Fund Type -	(Memorandum Only)	
	Enterprise	Cemetery	2003	2002
Cash flows from operating activities:				
Net income (loss)	\$ (60,103)	\$ (3,462)	\$ (63,565)	\$ (77,468)
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation	59,171	0	59,171	60,249
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(590)	0	(590)	1,782
(Increase) decrease in other receivables	191	63	254	3,289
(Increase) decrease in due from other funds	(16,140)	0	(16,140)	2,147
(Increase) decrease in prepaids	(7,186)	53	(7,133)	(1,306)
Increase (decrease) in accounts payable	(1,907)	(58)	(1,965)	5,628
Increase (decrease) in due to other funds	18,870	0	18,870	1,615
Increase (decrease) in other liabilities	(269)	0	(269)	(216)
Total adjustments	52,140	58	52,198	73,188
Net cash provided (used) by operating activities	(7,963)	(3,404)	(11,367)	(4,280)
Cash flows from investing activities:				
Purchase of fixed assets	(2,625)	0	(2,625)	(24,145)
Construction in progress	(27,525)			
Disposals of fixed assets	0	0	0	0
Purchase of investments	(20,517)	0	(20,517)	(20,189)
Proceeds from investments	20,189	0	20,189	50,378
Interest on investments	328	2,653	2,981	6,362
Net cash provided (used) by investing activities	(30,150)	2,653	28	12,406
Cash flows from capital and financing activities:				
Increase in restricted assets	(3,194)	0	(3,194)	(4,585)
Decrease in restricted liabilities	977	0	977	217
Principal payments of long-term debt	(8,533)	0	(8,533)	(7,533)
Net cash used by financing activities	(10,750)	0	(10,750)	(11,901)
Cash flows from noncapital financing activities				
Interest income	3,523	0	3,523	1,878
Interest expense	(9,742)	0	(9,742)	(10,140)
Grant proceeds	0	0	0	7,117
Net cash used by noncapital financing activities	(6,219)	0	(6,219)	(1,145)
Net increase (decrease) in cash and cash equivalents	(55,082)	(751)	(28,308)	(4,920)
Cash and cash equivalents at beginning of year	137,527	4,265	141,792	146,712
Cash and cash equivalents at end of year	\$ 82,445	\$ 3,514	\$ 113,484	\$ 141,792

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

(1) **Summary of Significant Accounting Policies:**

The Town of Plain Dealing, Louisiana (Town), was incorporated in 1890, under the provisions of LA R.S. 33:321-48. The Town operates under the Mayor-Board of Aldermen form of government.

The Town of Plain Dealing, Louisiana, complies with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Government 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. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies:

- A. Reporting Entity - This report includes all funds and account groups which are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.
- B. Fund Accounting - The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds and group of accounts are used by the Town:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Fund (Sales Tax Fund) - The Special Revenue Fund (Sales Tax Fund) is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The Sales Tax Fund accounts for general operating and maintenance of streets, alleys, etc. Financing is provided by a 1% sales and use tax.

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, Special Assessment Funds, and Trust Funds).

PROPRIETARY FUNDS

The Proprietary Fund is used to account for the Town's ongoing organizations and activities which are similar to those often found in the private sector. The Proprietary Fund is accounted for on a capital maintenance measurement focus; that is the measurement focus is upon determination of net income.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the 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 periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

These include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUP

General Fixed Assets Account Group - This account group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

- C. Fixed Assets and Long-Term Liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and Expendable Trust Funds are accounted for on a spending of "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

All fixed assets are valued at historical cost or estimated fair market value for assets acquired before 1959 and still on hand. Donated fixed assets are valued at their estimated fair market value on the date donated.

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

Fixed Assets - All items of property, plant and equipment which do not constitute assets of the enterprise fund are recorded in the general fixed assets group of accounts. Such assets are maintained on the basis of original cost (cash paid plus trade-in allowance, if applicable) except that assets acquired before 1959 and still on hand are recorded at their fair market value of the asset on July 1, 1959 and no depreciation is computed or recorded thereon.

Property, plant and equipment which constitute assets of the enterprise fund are recorded at cost, except for those assets acquired before July 1, 1959 and still on hand are recorded at their fair market value at July 1, 1959. Depreciation computed on these assets is under the straight-line method of depreciation based on the estimated useful lives of the individual assets.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalk, drainage systems and lighting systems, are not capitalized along with other general fixed assets.

- D. Basis of Accounting - Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of the revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded.

Licenses and permits, charges for general governmental services, fines and penalties, and miscellaneous other revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Ad valorem taxes are recorded as revenues at the end
(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

if they are collected within 60 days of year end. Other taxes, charges or services, and investment earnings are recorded as earned since they are measurable and available.

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

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

The preparation of financial statements generally requires 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

1. 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.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. 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 2003 budget was amended on February 11, 2003, to adjust other taxes revenue, charges for services revenue; and general government, public safety, street and sanitation, and capital outlay expenditures in the General Fund. The sales tax revenue was amended in the Special Revenue Fund. The water and sewer funds budget was amended to adjust other operating expenses, personal services, depreciation, and interest expense.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

F. Investments - All investments are interest bearing deposits with original maturity dated in excess of three months are stated at cost which approximates market value. The Town's investments comply with Louisiana Statutes (LSA R.S. 33:2955).

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

- G. Inventories - Inventory of supplies in the Proprietary Fund is not material and is charged to operations as purchased.
- H. Bad Debts - Uncollectible amounts due from customers' utility and ad valorem taxes receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Provisions for uncollectible utility and ad valorem taxes have not been deemed necessary.
- I. Restricted Assets - The Debt Service and Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The Enterprise Funds also restrict customer and vendor deposits. Also, the General Fund restricts the use of the Medical Clinic Funds and the Cemetery Fund restricts the use of its operating account and certificate of deposit.
- J. Compensated Absences - No liability is recorded for nonvesting accumulating rights to receive vacation or sick pay benefits.
- K. Comparative Data - Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, presentation of prior year amounts by fund type has not been presented in each of the statements since their inclusions would make the statements unduly complex and difficult to read.
- L. Total Columns on Combined Statements - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
- M. Reserves - Use of the term "reserve" in describing governmental fund "Fund Balances" and proprietary fund "Retained Earnings" indicates that a portion of the fund balance or retained earnings is not appropriate for expenditure or is legally segregated for a specific future use. These reserves are as follows:

General Fund:	
Medical Clinic - checking account	\$ 11,631
Medical Clinic - certificate of deposit	<u>32,153</u>
Total	<u>\$ 43,784</u>
 Capital Projects:	
Industrial Development - fund balance	<u>\$1,069,842</u>

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

- N. Interfund Transactions - There are several types of transactions that are reported in the financial statements as interfund items. Interfund transactions which constitute reimbursements of the fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is being reimbursed. Nonrecurring or non-routine transfers of equity between funds are treated as residual equity transfers and reported as additions to or deductions from fund balance. All other transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. Reference should be made to Note 6 regarding interfund transactions.
- O. Statements of Cash Flows (including restricted assets) - For purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.
- P. Refundable Deposits - The Water Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.

(2) **Ad Valorem Taxes:**

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

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

For the year ended December 31, 2003, taxes of 8.03 mills were levied on property with assessed valuations totaling \$2,855,290 and were dedicated for general corporate purposes.

Total taxes levied were \$22,928. Taxes receivable at December 31, 2003, consisted of the following:

Taxes receivable current roll	\$ 6,624
Taxes receivable prior roll	<u>209</u>
	6,833
Less: allowance for uncollectible taxes	<u>0</u>
	<u>\$ 6,833</u>

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

(3) **Restricted Assets:**

Restricted assets were applicable to the following at December 31:

	2003	2002
Governmental Fund Type:		
Restricted cash - clinic account	\$ 11,631	\$ 8,440
Restricted certificate of deposit	<u>32,153</u>	<u>31,581</u>
	<u>\$ 43,784</u>	<u>\$ 40,021</u>
Proprietary Fund Type:		
Customer deposit account	\$ 6,772	\$ 6,322
Customer deposits - certificate of deposit	31,146	31,000
Water Revenue Bond account	7,929	7,751
Water Revenue Bond Reserve - certificate of deposit	18,918	18,478
Water Revenue Bond Reserve- certificate of deposit	20,302	19,866
Water Replacement & Extension account - certificate of deposit	23,327	22,822
Water Replacement & Extension account	<u>7,502</u>	<u>6,463</u>
	<u>\$ 115,896</u>	<u>\$ 112,702</u>

(4) **Sales and Use Tax:**

On February 11, 1975, the voters of the Town of Plain Dealing approved a 1% sales and use tax. The revenues derived from the tax are to be used for the general operating purposes.

(5) **General Fixed Assets and Property, Plant and Equipment:**

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Buildings	\$ 318,364	\$ 0	\$ 0	\$ 318,364
Machinery & equipment	42,325	0	0	42,325
Dam & reservoirs	294,580	0	0	294,580
Cemetery	14,199	0	0	14,199
Fire department	205,640	0	0	205,640
General Fund	324,824	32,072	9,000	347,896
Industrial Park	538,148	0	0	538,148
Lake Plain Dealing	9,270	0	0	9,270
Street improvements	<u>440,777</u>	<u>0</u>	<u>0</u>	<u>440,777</u>
Total	<u>\$ 2,188,127</u>	<u>\$ 32,072</u>	<u>\$ 9,000</u>	<u>\$ 2,211,199</u>

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

A summary of Proprietary fund type property, plant and equipment at December 31, 2003:

Water utility:	
Wells	\$ 214,524
Storage tanks	88,210
Lines and meters	503,549
Other equipment	102,718
Right-of-way	5,079
Bolinger water system	156,572
Building	<u>24,203</u>
	<u>1,094,855</u>
Sewer utility:	
Land	15,000
Lines	44,590
Treatment plant	461,232
Sewer Project 414	683,721
Other	<u>13,064</u>
	<u>1,217,607</u>
Total	2,312,462
Less: accumulated depreciation	<u>(1,186,988)</u>
Net	<u>\$ 1,125,474</u>

Depreciation is computed using the straight-line method.

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

Water Utility:	
Wells	20-25 years
Storage tanks	25-50 years
Lines and meters	20-50 years
Other equipment	6-20 years
Buildings	40 years
Right-of-ways	-----
Sewer Utility:	
Waste disposal plant	60 years
Lines	50 years
Other equipment	6-10 years

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

Since July 1, 1959, the Town had kept records with a history of fixed asset cost. All assets acquired since that time are recorded at original cost. Assets acquired before July 1, 1959, are recorded at their fair market value as of July 1, 1959.

(6) **Other Required Individual Fund Disclosures:**

A. Interfund Receivables and Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 13,458	\$ 82,654
Enterprise funds:		
Water department	116,857	0
Sewer department	<u>0</u>	<u>47,661</u>
	<u>\$ 130,315</u>	<u>\$ 130,315</u>

B. Operating Transfers

	<u>Operating In</u>	<u>Transfers Out</u>
General fund	\$ 117,500	\$ 0
Sales tax department	<u>0</u>	<u>117,500</u>
	<u>\$ 117,500</u>	<u>\$ 117,500</u>

(7) **Changes in Long-Term Debt:**

The following is a summary of bond transactions for the year ended December 31, 2003:

	<u>Water Revenue</u>
Bonds outstanding January 1, 2003	\$ 198,099
Bonds retired	<u>(8,127)</u>
Bonds outstanding December 31, 2003	<u>\$ 189,972</u>

Bonds outstanding at December 31, 2003, are comprised of the following individual issues:

Water Revenue Bonds dated August 31, 1979, \$300,000, at 5%, due in annual installments of \$17,787, including interest, through 2018, and a final installment of \$11,678 in 2019 - to be retired from the income and revenue of the water system.	<u>\$ 189,972</u>
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(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements December 31, 2003

The annual requirements to amortize all debt outstanding as of December 31, 2003 including interest payments of \$88,510 follows:

<u>Year Ended December 31,</u>	<u>Water Revenue</u>
2004	\$ 17,787
2005-2009	88,935
2010-2014	88,935
2015-2019	82,826
	<u>\$ 278,483</u>

Under the terms of the bond indenture on outstanding Water Utility Bonds dated August 31, 1979, all income and revenue of every nature, earned or derived from obligation of the Utility system are pledged and dedicated to the retirement of said bonds, and are to be set aside monthly into the following special funds:

- (1) A sum equal to 1/12th of the total amount of principal and interest falling due in the ensuring year is to be deposited into an account entitled "Water and Revenue Bond Fund" and remitted to the Farmers Home Administration on an annual basis.
- (2) A sum at least equal to five percent (5%) of the amount to be paid into an account entitled "Water Revenue Bond Reserve Fund" until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year, as a Debt Service Reserve. This Reserve is to be retained solely for the purpose of paying the principal of and interest on bonds payable from the Water Revenue Bond Fund as to which there would otherwise be default.
- (3) The sum of \$75 into an account entitled "Water Replacement and Extension Fund" to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly. The funds may also be used to make up deficiencies in the Revenue Bond Fund or Reserve Fund, but if so used, it shall be replaced as soon as possible out of earnings from the system after making the required payments into the respective funds.

Such notes payable are substantially in the form of Water Revenue Bonds and are collateralized by revenue of the system and the fixed assets of the system and mature 40 years from the date they were issued.

(8) Leases

The Town entered into a long term operating lease for the use of the telephone equipment in the municipal complex. The rental cost on this equipment for the year ended December 31, 2003, was \$997. Future

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

minimum lease payments under this lease is as follows:

2004	\$ 997
2005	997
2006	<u>410</u>
	<u>\$ 2,404</u>

(9) Retirement Commitments:

Municipal Police Employees Retirement System of Louisiana (System)

Only one police employee of the Town of Plain Dealing, Louisiana, is a member of the Municipal Police Employees Retirement System of Louisiana, a statewide retirement system. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to this plan follows:

(1) Plan Description

All full-time police department employees engaged in law enforcement are required to participate in the Municipal Police Employees Retirement System or the Social Security System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

(2) Funding Policy

Plan members are required by state statute to contribute 7.50 percent of their annual covered salary and the Town of Plain Dealing is required to contribute at an actuarial determined rate. The current rate is 15.25 percent of annual covered payroll. The contribution requirements of plan members and the Town of Plain Dealing are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Plain Dealing's contributions to the System for the years ending December 31, 2003, 2002, and 2001, were \$3,796, \$2,795, and \$2,795, respectively, equal to required contributions for each year.

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

Notes to Financial Statements
December 31, 2003

(10) **Cash and Cash Equivalents:**

For reporting purposes, cash equivalents include cash, demand deposits and certificates of deposit. Cash and cash equivalents are stated at cost, which approximates market. At December 31, 2003, the Town's cash deposits was \$1,564,848 and the bank balance was \$1,567,958. At December 31, 2003, all deposits were insured and collateralized by securities with market values exceeding the amount on deposit. Collateral securities were held in the Town's name by the Federal Reserve Bank and require the Town's approval in order to release the collateral. At December 31, 2003, deposits of \$200,341 were collateralized by FDIC Insurance and classified as Category 1. Deposits of \$1,367,617 were collateralized by securities exceeding the amount on deposit held in the Town's name and classified as Category 2.

<u>Certificates of Deposits</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Total Book Value</u>
General Fund - Clinic - Restricted	1.12%	01/21/04	\$ 32,153
<u>Proprietary Fund:</u>			
Water Department - Meter Deposit - Restricted	1.12%	01/21/04	31,146
Water Department - Revenue Bond - Restricted	1.29%	05/13/04	18,920
Water Department - Replacement Ext. - Restricted	2.42%	02/12/04	23,327
Water Department - Revenue Bond - Restricted	1.03%	02/16/04	20,302
Sewer Department	1.12%	01/31/04	20,517
<u>Trust Funds:</u>			
Cemetery	2.70%	02/24/04	122,000
<u>Capital Project Funds:</u>			
Industrial Development	2.30%	04/14/04	<u>152,031</u>
Total all funds			\$ <u>420,396</u>

Investments are under the custody of the Town Clerk. Investing is performed in accordance with investment policies complying with State Statues and the Town Charter. Pooled funds may be invested in: (1) direct obligations of the United States government to the payment of which full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally issued banks when secured by acceptable collateral, and (3) savings accounts at savings and loan associations and banks, to the extent fully insured.

(Continued)

TOWN OF PLAIN DEALING, LOUISIANA

**Notes to Financial Statements
December 31, 2003**

(11) Commitments and Contingencies:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Town participates in certain federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The Town is the defendant in various lawsuits arising principally in normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

(12) On-Behalf Payments:

Three Town police employees received a total of \$10,790 in police supplemental pay from the State of Louisiana. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of supplemental pay received. The Town must recognize this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported in the Police Department.

SUPPLEMENTAL INFORMATION SCHEDULES

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Industrial Development Fund accounts for the special 1% tax increase levy beginning April 1, 1993 to be used for the purpose of acquiring construction and improvement of industrial parks and buildings. The Louisiana Community Development Block Grant Fund accounts for two block grants the Town received in 2003 for sewer lines and plant improvements. Schedules 1 and 2 present the Capital Projects Funds' Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.

Enterprise Funds - Water and Sewer Funds accounts for the provision of water and sewer services to the residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing, billing, and collection. Schedules 3, 4, 5, 6, and 7 present the Enterprise Funds' Combining Balance Sheet, Combining Statement of Revenues, Expenditures, and Changes in Fund Balance, Combining Statement of Cash Flows, Statement of Revenues, Expenditures, and Changes in Retained Earnings - Budget (GAAP Basis) and Actual, and Schedule of Changes in Assets Restricted Under Revenue Bond Debt.

General Fixed Assets Group - This account group is established to account for all fixed assets of the Town other than those used in proprietary fund operations or accounted for in Trust funds. Capital expenditures in all funds are recorded as expenditures of those funds at the time of purchase and are subsequently recorded, at cost, for central purposes in the General Fixed Assets Account Group. In accordance with generally accepted accounting principles for governmental entities, depreciation is not recorded in general fixed assets. Schedules 8 and 9 present Schedule of General Fixed Assets - By sources and By Function and Activity.

Schedule of Compensation Paid Mayor and Aldermen - Schedule 10

Schedule 1

TOWN OF PLAIN DEALING, LOUISIANA
Capital Projects Funds
Combining Balance Sheet

December 31, 2003
 With Comparative Totals for December 31, 2002

<u>Assets</u>	<u>Industrial Development</u>	<u>Louisiana Community Development Block Grants</u>	<u>Totals</u>	
			<u>2003</u>	<u>2002</u>
Cash in bank	\$ 916,962	\$ 0	\$ 916,962	\$ 177,146
Certificates of deposits	152,031	0	152,031	775,020
Receivables				
Accounts	0	108,792	108,792	0
Accrued interest	0	0	0	1,061
Prepays	875	0	875	763
Total assets	\$ 1,069,868	\$ 108,792	\$ 1,178,660	\$ 953,990
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable	26	108,792	108,818	24
Total liabilities	26	108,792	108,818	24
Fund balances	1,069,842	0	1,069,842	953,966
Total liabilities and fund balances	\$ 1,069,868	\$ 108,792	\$ 1,178,660	\$ 953,990

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

For the Year Ended December 31, 2003
 With Comparative Totals for December 31, 2002

	Industrial Development	Louisiana Community Development Block Grants	Totals	
			2003	2002
Revenues:				
Sales taxes	\$ 98,033	\$ 0	\$ 98,033	\$ 101,614
Federal grants	0	355,118	355,118	0
Interest	20,725	0	20,725	26,328
Total Revenues	118,758	355,118	473,876	127,942
Expenditures:				
General government	2,882	0	2,882	2,893
Capitol outlays	0	0	0	0
Grant Expenditures	0	355,118	355,118	0
Miscellaneous	0	0	0	0
Total Expenditures	2,882	355,118	358,000	2,893
Excess of revenues over expenditures	115,876	0	115,876	125,049
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers out	0	0	0	0
Net other financing sources (uses)	0	0	0	0
Excess (deficiency) of revenues over expenditures	115,876	0	115,876	125,049
Fund balance at beginning of year	953,966	0	953,966	828,917
Fund balance at end of year	\$ 1,069,842	\$ 0	\$ 1,069,842	\$ 953,966

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Enterprise Funds
Combining Balance Sheet

December 31, 2003
With Comparative Totals for December 31, 2002

ASSETS

	2003			2002
	Water Department	Sewer Department	Combined	
Current Assets:				
Cash	\$ 60,693	\$ 21,752	\$ 82,445	\$ 137,527
Certificates of deposit	0	20,517	20,517	20,189
Receivables:				
Accounts receivable	20,665	10,580	31,245	30,655
Accrued interest	0	0	0	191
Other	0	0	0	0
Due from other funds	116,857	0	116,857	100,717
Prepays	6,805	10,722	17,527	10,341
Total current assets	205,020	63,571	268,591	299,620
Restricted Assets, Cash:				
Customer deposits	37,918	0	37,918	37,322
Water revenue bond fund	7,929	0	7,929	7,751
Water revenue bond reserve fund	39,220	0	39,220	38,344
Water replacement and extension fund	30,829	0	30,829	29,285
Total restricted assets	115,896	0	115,896	112,702
Property, Plant & Equipment:				
Improvements	1,094,855	1,217,607	2,312,462	2,309,836
Less accumulated depreciation	(654,437)	(532,551)	(1,186,988)	(1,127,818)
Net property, plant & equipment	440,418	685,056	1,125,474	1,182,018
Other Assets				
Construction in progress	0	27,525	27,525	0
Total other assets	0	27,525	27,525	0
Total Assets	\$ 761,334	\$ 776,152	\$ 1,537,486	\$ 1,594,340

See accompanying notes to the financial statements.

LIABILITIES AND FUND EQUITY

	2003			2002
	Water Department	Sewer Department	Combined	
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable	\$ 11,747	\$ 2,929	\$ 14,676	\$ 16,583
Due to other funds	0	47,661	47,661	28,791
Other	771	0	771	1,040
Total current liabilities (payable from current assets)	<u>12,518</u>	<u>50,590</u>	<u>63,108</u>	<u>46,414</u>
Current liabilities (payable from current assets)				
Current liabilities (payable from restricted assets):				
Water revenue bond	8,288	0	8,288	7,882
Accrued interest	3,799	0	3,799	3,718
Customer deposits	34,266	0	34,266	33,776
Total current liabilities (payable from restricted assets)	<u>46,353</u>	<u>0</u>	<u>46,353</u>	<u>45,376</u>
Long-Term Liabilities (payable from restricted assets):				
Water revenue bond	<u>181,684</u>	<u>0</u>	<u>181,684</u>	<u>190,217</u>
Total liabilities (payable from restricted assets)	<u>228,037</u>	<u>0</u>	<u>228,037</u>	<u>235,593</u>
Fund Equity:				
Contributed Capital:				
Municipality	0	219,673	219,673	219,673
Federal grants	140,999	755,025	896,024	896,024
Total contributed capital	<u>140,999</u>	<u>974,698</u>	<u>1,115,697</u>	<u>1,115,697</u>
Retained Earnings:				
Unreserved	<u>379,780</u>	<u>(249,136)</u>	<u>130,644</u>	<u>196,636</u>
Total fund equity	<u>520,779</u>	<u>725,562</u>	<u>1,246,341</u>	<u>1,312,333</u>
Total liabilities and fund equity	<u>\$ 761,334</u>	<u>\$ 776,152</u>	<u>\$ 1,537,486</u>	<u>\$ 1,594,340</u>

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

For the Year Ended December 31, 2003
With Comparative Totals for December 31, 2002

	2003			2002
	Water Department	Sewer Department	Combined	
Operating Revenues:				
Charges for services	\$ 182,182	\$ 83,406	\$ 265,588	\$ 267,019
Other	0	0	0	312
Total operating revenues	<u>182,182</u>	<u>83,406</u>	<u>265,588</u>	<u>267,331</u>
Operating Expenses:				
Personal services	70,998	47,216	118,214	111,486
Contractual services	15,993	12,901	28,894	15,087
Supplies and materials	11,060	13,272	24,332	61,432
Heat, light and power	14,351	9,963	24,314	23,544
Depreciation	35,223	23,948	59,171	60,249
Other	51,929	18,837	70,766	68,870
Total operating expenses	<u>199,554</u>	<u>126,137</u>	<u>325,691</u>	<u>340,668</u>
Operating income (loss)	<u>(17,372)</u>	<u>(42,731)</u>	<u>(60,103)</u>	<u>(73,337)</u>
NonOperating Revenues (Expenses):				
Interest income	2,969	882	3,851	4,158
Interest expense	(9,742)	0	(9,742)	(10,140)
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Net nonoperating revenues (expenses)	<u>(6,773)</u>	<u>882</u>	<u>(5,891)</u>	<u>(5,982)</u>
Net income (loss)	<u>(24,145)</u>	<u>(41,849)</u>	<u>(65,994)</u>	<u>(79,319)</u>
Retained earnings, beginning	403,925	(207,287)	196,638	275,955
Retained earnings, ending	<u>\$ 379,780</u>	<u>\$ (249,136)</u>	<u>\$ 130,644</u>	<u>\$ 196,636</u>

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Enterprise Funds
Combining Statement of Cash Flows

For the Year Ended December 31, 2003
 With Comparative Totals for December 31, 2002

	2003			2002
	Water Department	Sewer Department	Combined	
Cash flows from operating activities:				
Net income (loss)	\$ (17,372)	\$ (42,731)	\$ (60,103)	\$ (73,337)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	35,223	23,948	59,171	60,249
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(132)	(458)	(590)	1,782
(Increase) decrease in other receivables	191	0	191	3,270
(Increase) decrease in due from other fund	(16,140)	0	(16,140)	2,147
(Increase) decrease in prepaids	83	(7,269)	(7,186)	(1,253)
Increase (decrease) in accounts payable	1,049	(2,956)	(1,907)	5,628
Increase (decrease) in due to other funds	0	18,870	18,870	1,615
Increase (decrease) in other liabilities	(269)	0	(269)	(216)
Total adjustments	20,005	32,135	52,140	73,222
Net cash provided by operating activities	2,633	(10,596)	(7,963)	(115)
Cash flows from investing activities:				
Purchase of fixed assets	(1,708)	(917)	(2,625)	(24,203)
Construction in progress	0	(27,525)	(27,525)	0
Disposals of fixed assets	0	0	0	0
Purchase of investments	0	(20,517)	(20,517)	(20,189)
Proceeds from investments	0	20,189	20,189	50,378
Interest on investments	0	328	328	2,280
Net cash used in investing activities	(1,708)	(28,442)	(30,150)	8,266
Cash flows from financing activities:				
(Increase) decrease in restricted assets	(3,194)	0	(3,194)	(4,585)
Increase (decrease) in restricted liabilities	977	0	977	217
Principal payments of long-term debts	(8,533)	0	(8,533)	(7,533)
Net cash provided by financing activities	(10,750)	0	(10,750)	(11,901)
Cash flows from other activities:				
Interest income	2,969	554	3,523	1,878
Interest expense	(9,742)	0	(9,742)	(10,140)
Grant proceeds	0	0	0	7,117
Net cash provided by other activities	(6,773)	554	(6,219)	(1,145)
Net increase in cash and cash equivalents	(16,598)	(38,484)	(55,082)	(4,895)
Cash and cash equivalents at beginning of year	77,291	60,236	137,527	142,422
Cash and cash equivalents at end of year	\$ 60,693	\$ 21,752	\$ 82,445	\$ 137,527

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Enterprise Funds
Statement of Revenues, Expenditures, and Changes in Retained Earnings
Budget (GAAP basis) and Actual

For the Year Ended December 31, 2003
 With Comparative Actual Amounts for the Year Ended December 31, 2002

	2003		Variance favorable (unfavorable)	2002 Actual
	Budget	Actual		
Revenues:				
Charges for services	\$ 317,000	\$ 265,588	(51,412)	\$ 267,019
Interest	7,500	3,851	(3,649)	4,158
Other	0	0	0	312
Total revenues	324,500	269,439	(55,061)	271,489
Expenditures:				
Other operating expenses	141,924	148,306	(6,382)	168,933
Personal services	109,390	118,214	(8,824)	111,486
Depreciation	50,000	59,171	(9,171)	60,249
Interest	17,787	9,742	8,045	10,140
Total expenditures	319,101	335,433	(16,332)	350,808
Excess (deficiency) of revenues over expenditures	5,399	(65,994)	(71,393)	(79,319)
Other financing sources (uses):				
Transfers in	0	0	0	0
Excess (deficiency) of revenues and other sources over expenditures	5,399	(65,994)	(71,393)	(79,319)
Retained earnings, beginning	196,638	196,638	0	275,955
Retained earnings, ending	\$ 202,037	\$ 130,644	\$ (71,393)	\$ 196,636

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Statement of Changes in Assets Restricted Under Revenue Bond Debt

For the Year Ended December 31, 2003

	Bond Fund	Bond Reserve Fund	Water Replacement and Extension Fund	Total
Cash January 1, 2003	\$ 7,751	\$ 38,344	\$ 29,285	\$ 75,380
Cash receipts:				
Transferred from operating activities	17,787	0	900	18,687
Interest credited	178	876	644	1,698
Total cash receipts	17,965	876	1,544	20,385
Total cash available	25,716	39,220	30,829	95,765
Cash disbursements:				
Principal payment	8,045	0	0	8,045
Interest payment	9,742	0	0	9,742
Transfer to certificate of deposit	0	0	0	0
Total disbursements	17,787	0	0	17,787
Cash December 31, 2003	\$ 7,929	\$ 39,220	\$ 30,829	\$ 77,978

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Schedule of General Fixed Assets - By Sources

December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
General Fixed Assets:		
General Fund	\$ 347,896	\$ 324,824
Fire department	205,640	205,640
Cemetery	14,199	14,199
Dam and reservoirs	294,580	294,580
Buildings	318,364	318,364
Machinery and equipment	42,325	42,325
Industrial park	538,148	538,148
Street improvements	440,777	440,777
Lake Plain Dealing	<u>9,270</u>	<u>9,270</u>
Total general fixed assets	<u>\$ 2,211,199</u>	<u>\$ 2,188,127</u>
Investment in general fixed assets from:		
General fund revenues	\$ 606,090	\$ 612,148
Federal grants	1,066,758	1,066,758
General obligation bonds	52,500	52,500
Sales tax fund revenues	339,703	339,703
Water and sewer fund	25,000	25,000
Louisiana Highway Safety Commission	15,000	15,000
Other sources	<u>106,148</u>	<u>77,018</u>
Total investment in general fixed assets	<u>\$ 2,211,199</u>	<u>\$ 2,188,127</u>

See accompanying notes to the financial statements.

Town of Plain Dealing, Louisiana
Schedule of Changes in General Fixed Assets
By Function and Activity

For the Year Ended December 31, 2003

	General Fixed Assets January 1, 2003	Additions	Deductions	General fixed Assets December 31, 2003
General Government:				
General fund	\$ 324,824	\$ 32,072	\$ 9,000	\$ 347,896
Street improvements	440,777	0	0	440,777
Municipal buildings	318,364	0	0	318,364
Machinery and equipment	42,325	0	0	42,325
Industrial park	538,148	0	0	538,148
Lake Plain Dealing	9,270	0	0	9,270
Total general government	<u>1,673,708</u>	<u>32,072</u>	<u>9,000</u>	<u>1,696,780</u>
Fire Department	205,640	0	0	205,640
Cemetery	14,199	0	0	14,199
Dam and reservoirs	294,580	0	0	294,580
	<u>514,419</u>	<u>0</u>	<u>0</u>	<u>514,419</u>
Total general fixed assets	<u>\$ 2,188,127</u>	<u>\$ 32,072</u>	<u>\$ 9,000</u>	<u>\$ 2,211,199</u>

See accompanying notes to the financial statements.

TOWN OF PLAIN DEALING, LOUISIANA
Schedule of Compensation Paid Mayor and Aldermen

For the Year Ended December 31, 2003

Mayor Smith	\$ 12,000
Alderman Hightower	1,250
Alderman Arnold	1,250
Alderwoman Boggs	1,250
Alderwoman Hamiter	1,250
Alderman Anderson	<u>1,250</u>
Totals	\$ <u>18,250</u>

See accompanying notes to the financial statements.

**ADDITIONAL
REPORTS REQUIRED BY
GOVERNMENTAL AUDITING
STANDARDS**

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A - 133

Schedule of Federal Awards

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable David Smith, Mayor
and Members of the Board of Aldermen
Town of Plain Dealing, Louisiana

I have audited the accompanying general purpose financial statements of Town of Plain Dealing as of and for the year ended December 31, 2003, and have issued my report thereon dated June 22, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether Town of Plain Dealing's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, I noted an immaterial instance of noncompliance that I have reported to management of Town of Plain Dealing, Louisiana in a separate letter dated June 17, 2004.

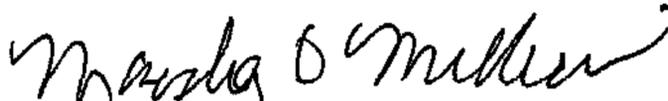
Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Plain Dealing's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

Honorable David Smith, Mayor
and Board of Aldermen
Town of Plain Dealing, Louisiana

Compliance

I have audited the compliance of Town of Plain Dealing 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 its major federal programs for the year ended December 31, 2003. Village of Plain Dealing, Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Town of Plain Dealing, Louisiana's management. My responsibility is to express an opinion on Town of Plain Dealing, Louisiana's compliance based on my audit.

I conducted my 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 I 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 Town of Plain Dealing, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Town of Plain Dealing, Louisiana's compliance with those requirements.

In my opinion, Town of Plain Dealing, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of Town of Plain Dealing, Louisiana 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 my audit, I considered Town of Plain Dealing's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My 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 condition in which the design or operation of one or more of the internal 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management the Board of Aldermen, and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Maisha D. Milligan

Certified Public Accountant
June 17, 2004

TOWN OF PLAIN DEALING, LOUISIANA

Schedule of Federal Awards
Year Ended December 31, 2003

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Program Award Amount	Beginning Balance at Jan 1, 2003	Receipts/ Revenue Recognized	Disbursements/ Expenditures	Ending Balance at Dec 31, 2003
<u>U.S. Department of HUD</u>						
Community Development Block Grant						
Passed through: Louisiana Division of Administration						
Wastewater Collection System Improvements	14,219	\$213,987	\$ -	\$ 33,447	\$ 33,447	-
Wastewater Treatment Facility Improvements	14,219	514,975	-	321,671	321,671	-
Total			\$ -	\$ 355,118	\$ 335,118	\$ -

AUDIT FINDINGS

Summary Schedule of Prior Audit Findings

Schedule of Findings and Questioned Costs

TOWN OF PLAIN DEALING, LOUISIANA

**Summary Schedule of Prior Audit Findings
December 31, 2003**

There were no audit findings or management letter comments for the prior audit period ending December 31, 2002.

TOWN OF PLAIN DEALING, LOUISIANA

**Schedule of Findings and Questioned Costs
December 31, 2003**

SUMMARY OF AUDIT RESULTS

- A. The auditor's report expresses an unqualified opinion on the general purpose financial statements.
- B. The auditor's report on compliance for the major federal award programs for the Town of Plain Dealing expresses an unqualified opinion on its major federal program.
- C. The programs tested as major programs included:
 - 14.219 Wastewater Treatment Facility Improvements
- D. The threshold for distinguishing Type A and B programs was \$300,000.
- E. The Town of Plain Dealing was not determined to be a low risk auditee.

FINDINGS/NONCOMPLIANCE

There were no findings or questioned costs for the year December 31, 2003.

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

Honorable David Smith, Mayor
and Members of the Board of Aldermen
Town of Plain Dealing, Louisiana

In planning and performing my audit of the financial statements of Town of Plain Dealing, Louisiana as of December 31, 2003 and the for the year then ended, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I noted a certain immaterial instance of noncompliance with state law as reported below. This letter does not affect my report dated June 17, 2004.

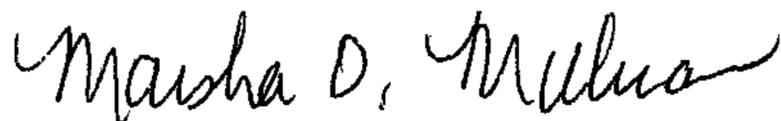
Although the budget was amended during the year, actual expenditures exceed budgeted expenditures by five percent or more.

I recommend the budget be amended whenever actual expenditures exceed budgeted expenditures by 5% or more to be in full compliance with the state budget law.

I have discussed this recommendation with appropriate members of management. Management stated the budget will be amended in accordance with the state budget law in the future.

I will be pleased to discuss this recommendation in further detail at your convenience.

This report is intended solely for the information and use of management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant
June 22, 2004