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**VILLAGE OF LOREAUVILLE, LOUISIANA
FINANCIAL REPORT
JUNE 30, 2004**

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 11-24-04

VILLAGE OF LOREAUVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2004
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INDEPENDENT AUDITORS' REPORT

The Honorable Forbus J. Mestayer, Mayor
and the Members of the Board of Aldermen
Village of Loreauville
Loreauville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Loreauville, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the basic financial statements of the Village as listed in the table of contents. These financial statements are the responsibility of Village'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 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, and each major fund of Village of Loreauville, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for States and Local Governments," in 2004.

In accordance with Government Auditing Standards, we have also issued our report dated July 23, 2004, on our consideration of Village of Loreauville's internal control over financial reporting and our tests of 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 our audit.

The Management's Discussion and Analysis on pages 3 through 12 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.

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

Broussard, Poche, Lewis + Bruaux, L.L.P.

New Iberia, Louisiana
July 23, 2004

VILLAGE OF LOREAUVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the Village of Loreauville, we offer readers of this financial statement an overview and analysis of the financial activities of the Village of Loreauville. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the Village's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin on page 15.

HIGHLIGHTS

Financial Highlights

- Assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2,675,379 (*net assets*). Of this amount, 13.6%, or \$362,756, (*unrestricted net assets*) may be used to meet the Village's ongoing obligations to citizens and creditors in accordance with the Village's fund designation and fiscal policies.
- The Village's total net assets increased by \$502,032 (23.1%) during 2004. Governmental activities net assets decreased by \$32,965 during 2004, while business-type activities net assets increased \$534,997.
- As of the close of the fiscal year, the Village's governmental funds reported combined ending fund balances of \$333,352, a decrease of \$10,559 in comparison with the prior year. Approximately 92.3% of this total amount, \$307,825, is available for spending at the Village's discretion (*unreserved fund balance*).
- Resources available for appropriation in the General Fund were \$98,532 more than budget, and expenditures were \$55,091 more than budgeted for the year.
- At June 30, 2004, unreserved fund balance for the General Fund was \$75,231, or 30.0% of total 2004 General Fund expenditures and transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

With the implementation of Governmental Accounting Standards Board Statement No. 34, a government's presentation of financial statements has been greatly changed. This is the first year that the Village of Loreauville has adopted the new format. The new statements focus on the Village as a whole (government-wide) and the major individual funds. The basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (see Exhibits A and B) are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. These statements, for the first time, combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a column for the business-type activities of the Village.

The Statement of Net Assets (Exhibit A) presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities (Exhibit B) presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities that are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost and/or subsidy of various governmental services and business-type activities.

Both of the government-wide financial statements distinguish functions of Village of Loreauville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities reflect the Village's basic services including general government (executive, legislative, judicial, finance, administrative services), public safety (fire and law enforcement), and public works (streets and drainage). These services are financed primarily with taxes. The business-type activities reflect private sector type operations where the fee for service typically covers all or most of the cost of operations including depreciation. The Village's wastewater treatment operations are reported here.

The government-wide financial statements can be found on pages 15 through 17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Village of Loreauville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus is now on major funds, rather than generic fund types. All of the funds of Village of Loreauville can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major funds (see Exhibits C through F) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

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

Village of Loreauville maintains three individual governmental funds. Information is presented separately for the General Fund, Sales Tax Fund, and LCDBG Fund, all of which are considered to be major funds.

Proprietary Fund represents an enterprise fund on the fund financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Village of Loreauville uses an enterprise fund to account for its wastewater treatment operations. The basic proprietary fund financial statements are located in Exhibits G through I.

The total columns for the governmental funds in the fund financial statements require reconciliation to those amounts presented in the government-wide statements. The governmental funds differences result from the different measurement focus and the reconciliation is presented on the pages following each statement (see Exhibits D and F). The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets into the *Governmental Activities* column in the government-wide statements. There is no reconciliation for the proprietary fund.

Infrastructure Assets

General capital assets include land, buildings and improvements, vehicles, machinery and equipment, infrastructure and all other assets of a tangible nature that are used in operations and that exceed the Village's capitalization threshold. All projects completed and acquisitions occurring in fiscal year ended June 30, 2004 have been capitalized. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time in the 2004 financial statements based on the date of acquisition and the life span of the asset.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 27 through 43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, the budgetary comparison schedules. Required supplementary information can be found in Exhibits J-1 and J-2 of this report.

Also included in the report is the Office of Management and Budget A-133 Single Audit auditor reports, findings and schedules.

The following table reflects the condensed statement of net assets for 2004. Prior year data is not presented in the implementation year but will be included in future years for comparison purposes.

Table 1
Village of Loreauville
Condensed Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets:			
Current and other assets	\$ 346,451	\$ 23,204	\$ 369,655
Restricted assets	77	33,172	33,249
Capital assets	<u>1,234,356</u>	<u>1,363,097</u>	<u>2,597,453</u>
Total assets	<u>\$ 1,580,884</u>	<u>\$1,419,473</u>	<u>\$3,000,357</u>
Liabilities:			
Current liabilities	\$ 13,176	\$ 25,802	\$ 38,978
Long-term liabilities	-	<u>286,000</u>	<u>286,000</u>
Total liabilities	<u>\$ 13,176</u>	<u>\$ 311,802</u>	<u>\$ 324,978</u>
Net assets:			
Invested in capital assets, net of debt	\$ 1,234,356	\$1,077,097	\$2,311,453
Restricted	1,170	-	1,170
Unrestricted	<u>332,182</u>	<u>30,574</u>	<u>362,756</u>
Total net assets	<u>\$ 1,567,708</u>	<u>\$1,107,671</u>	<u>\$2,675,379</u>

For more detailed information see Exhibit A, the Statement of Net Assets.

The Village's combined net assets at year end total \$2,675,379. Approximately 86.4% (\$2,311,453) of the Village's net assets as of June 30, 2004 reflects the Village's investment in capital assets less any related outstanding debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another .04% of the Village's net assets are subject to external restrictions on how they may be used. The remaining 13.6% (\$362,756) of net assets, referred to as *unrestricted*, may be used to meet the ongoing obligations of the Village to citizens and creditors.

Table 2 below provides a summary of the changes in net assets for the year ended June 30, 2004:

Table 2
Village of Loreauville
Condensed Statement of Changes in Net Assets
For the Year Ended June 30, 2004

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues -			
Fees, fines, and charges for services	\$ -	\$ 111,809	\$ 111,809
Capital grants and contributions	596,371	-	596,371
General revenues -			
Property taxes	12,687	6,867	19,554
Sales and use taxes	131,037	-	131,037
Franchise fees	32,150	-	32,150
Other taxes	15,168	-	15,168
Licenses and permits	40,115	-	40,115
Investment earnings	3,304	313	3,617
Other	6,575	120	6,695
Total revenues	<u>\$ 837,407</u>	<u>\$ 119,109</u>	<u>\$ 956,516</u>
Expenses:			
General government	\$ 93,486	\$ -	\$ 93,486
Public safety	79,973	-	79,973
Public works	112,259	-	112,259
Wastewater	-	168,766	168,766
Total expenses	<u>\$ 285,718</u>	<u>\$ 168,766</u>	<u>\$ 454,484</u>
Increase (decrease) in net assets before transfers	\$ 551,689	\$ (49,657)	\$ 502,032
Transfers	<u>(584,654)</u>	<u>584,654</u>	<u>-</u>
Increase (decrease) in net assets	\$ (32,965)	\$ 534,997	\$ 502,032
Net assets, July 1, 2003	<u>1,600,673</u>	<u>572,674</u>	<u>2,173,347</u>
Net assets, June 30, 2004	<u>\$ 1,567,708</u>	<u>\$1,107,671</u>	<u>\$2,675,379</u>

The Village's total revenues were \$956,516 and the total cost of all programs and services was \$454,484. Therefore, net assets increased \$502,032 for the year. Our analysis below separately describes the operations of governmental and business-type activities.

Governmental Activities net assets decreased by \$32,965 in 2004. The cost of all governmental activities this year was \$285,718. As shown in the Statement of Activities in Exhibit B, the amount that our taxpayers financed was \$231,157 because some of the cost was paid by other governments and organizations that subsidized certain programs with grants and contributions (\$56,379). Program revenues only covered 19.7% of total costs. The remainder was paid with taxes and other revenues, such as investment income and unrestricted grants and contributions.

The Village's largest program in governmental activities is public works, with \$112,259 of resources applied thereto. Following that is general government and public safety.

Business-Type Activities net assets increased by \$534,997 in 2004. Charges for services make up 15.9% of the revenues in the business-type activities. Recycling fees increased by \$.18 during 2004. All other rates and fees remained the same. Included in the increase in net assets is \$539,992 of funding provided by the Federal government for improvements to the Sewerage System.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the Village's governmental funds reported combined ending fund balances of \$333,352, a decrease of \$10,559 in comparison with the prior year. Approximately 99.6% of this total amount (\$332,182) constitutes *unreserved fund balance*, which is available for spending at the Village's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to fire protection.

The General Fund is the chief operating fund of Village of Loreauville. At the end of the fiscal year, total fund balance of the General Fund was \$76,401, \$75,231 of which was unreserved. Compared with total fund balance of \$32,141 at the end of 2003, fund balance increased \$44,260 during 2004. The majority of this increase (\$41,959) represents a transfer from the Sales Tax Fund of sales taxes collected in prior years which was not transferred to the General Fund for law enforcement until the purpose for which the tax was collected was reworded. That was done this year and accordingly, the transfer was made.

Fund balance in the Sales Tax Fund decreased \$54,819 in 2004, due mainly to the transfer of prior year sales tax collections of \$41,959 as discussed above.

Proprietary Fund: The Village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As of the end of the current fiscal year, the Village's proprietary fund reported ending net assets of \$1,107,671, an increase of \$534,997 in comparison with the prior year. As discussed previously, the current year includes \$539,992 of federal funding related to Sewerage System improvements.

The Village's sole proprietary fund is the Sewerage and Garbage Fund which accounts for wastewater services. As previously noted, the Sewerage and Garbage Fund had an increase in recycling fees of \$.18 during 2004. All other rates and fees remained the same.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the original General Fund budget during 2004.

When actual results for 2004 are compared with the final budget, revenue collections, including transfers, exceeded projections by \$98,532 and expenditures were \$55,091 more than appropriated; a positive variance of \$43,441. Material differences between actual results and budgeted amounts in the General Fund are as follows:

- Approximately \$50,820 represented revenues earned from FEMA for fire department equipment. These revenues were not budgeted in the current year.
- Approximately \$48,129 represented expenditures for capital outlays related to the FEMA fire grant that were also not budgeted in the current year.
- Approximately \$48,210 more was transferred from the Sales Tax Fund than was appropriated. The additional transfer was related to funds held for the Police Department over the past couple of years that was transferred to the General Fund this year, as discussed previously.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: Village of Loreauville's investment in capital assets for its governmental and business type activities as of June 30, 2004 amounts to \$2,597,453 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, equipment, wastewater facilities, and infrastructure. The net increase in the Village's investment in capital assets for the current fiscal year was 43.2%, a 1.8% decrease for governmental activities and 144.6% increase for business-type activities.

Table 3
Village of Loreauville
Capital Assets
(Net of Depreciation)
June 30, 2004

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Land	\$ 23,698	\$ 5,000	\$ 28,698
Water system	713,324	-	713,324
Buildings and improvements	88,187	-	88,187
Vehicles	135,900	-	135,900
Machinery and equipment	80,899	3,865	84,764
Furniture and fixtures	422	-	422
Infrastructure	191,926	-	191,926
Sewer plant	-	1,354,232	1,354,232
Total	<u>\$ 1,234,356</u>	<u>\$1,363,097</u>	<u>\$2,597,453</u>

Major capital asset events during the current fiscal year included the completion of the improvements to the Sewerage System.

Additional information on the Village's capital assets can be found in Note 7 of this report.

Long-Term Debt: At the end of the current fiscal year, the Village had total bonded debt outstanding of \$286,000, which consists of revenue bonds issued to fund improvements to the Sewerage System.

Table 4
Village of Loreauville
Summary of Outstanding Debt at Year-End
June 30, 2004

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenue bonds	<u>\$ -0-</u>	<u>\$ 286,000</u>	<u>\$ 286,000</u>

Village of Loreauville's total bonded debt decreased during the year by \$14,000, which is the result of scheduled principal payments made by the Village during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Village of Loreauville's management considered many factors when setting the operating budgets for the fiscal year ending June 30, 2005. For the General Fund, there were no major differences between the fiscal year 2004 and 2005 budgets as the Village expects no significant increases or decreases in revenues or expenditures. For the Sales Tax Fund, the Village is anticipating a 20% increase in sales taxes and has budgeted according. Expenditures in that fund are expected to remain fairly consistent with the prior year.

As for business-type activities, revenue and expenses are projected to remain basically the same.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Village of Loreauville's finances and to demonstrate accountability for monies received. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Village of Loreauville, Post Office Box 336, Loreauville, Louisiana 70552.

BASIC FINANCIAL STATEMENTS

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VILLAGE OF LOREAUVILLE, LOUISIANA

STATEMENT OF NET ASSETS

June 30, 2004

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash	\$ 159,479	\$ 11,871	\$ 171,350
Certificates of deposit	165,551	-	165,551
Accounts receivable, net	-	11,378	11,378
Due from other governmental agencies	21,230	-	21,230
Internal balances	45	(45)	-
Other receivables	146	-	146
Restricted cash	77	33,172	33,249
Capital assets:			
Non-depreciable	23,698	5,000	28,698
Depreciable, net	1,210,658	1,358,097	2,568,755
Total assets	\$ 1,580,884	\$ 1,419,473	\$ 3,000,357
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable	\$ 6,127	\$ 3,345	\$ 9,472
Customers' deposits	77	16,686	16,763
Accrued liabilities	614	684	1,298
Deferred revenue	6,358	-	6,358
Accrued interest payable	-	5,087	5,087
Long-term liabilities -			
Portion due or payable within one year:			
Bonds payable	-	15,000	15,000
Portion due or payable after one year:			
Bonds payable	-	271,000	271,000
Total liabilities	\$ 13,176	\$ 311,802	\$ 324,978
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,234,356	\$ 1,077,097	\$ 2,311,453
Restricted for fire protection	1,170	-	1,170
Unrestricted	332,182	30,574	362,756
Total net assets	\$ 1,567,708	\$ 1,107,671	\$ 2,675,379
 Total liabilities and net assets	 \$ 1,580,884	 \$ 1,419,473	 \$ 3,000,357

See Notes to Financial Statements.

VILLAGE OF LOREAUVILLE, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

Function/Program	Expenses	Program	
		Fees, Fines and Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 93,486	\$ -	\$ -
Public safety	79,973	-	-
Public works	112,259	-	-
Total governmental activities	\$ 285,718	\$ -	\$ -
Business-type activities:			
Wastewater	\$ 168,766	\$ 111,809	\$ -
Total	\$ 454,484	\$ 111,809	\$ -

General revenues:

Taxes -

Property

Sales and use

Mosquito

Franchise fees

Insurance premium

Licenses and permits

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Transfers

Total general revenues

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.

Revenues	Net (Expense) Revenue and Change in Net Assets		
	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
\$ -	\$ (93,486)	\$ -	\$ (93,486)
56,379	(23,594)	-	(23,594)
539,992	427,733	-	427,733
<u>\$ 596,371</u>	<u>\$ 310,653</u>	<u>\$ -</u>	<u>\$ 310,653</u>
\$ -	\$ -	\$ (56,957)	\$ (56,957)
<u>\$ 596,371</u>	<u>\$ 310,653</u>	<u>\$ (56,957)</u>	<u>\$ 253,696</u>
	\$ 12,687	\$ 6,867	\$ 19,554
	131,037	-	131,037
	12,241	-	12,241
	32,150	-	32,150
	2,927	-	2,927
	40,115	-	40,115
	3,883	-	3,883
	3,304	313	3,617
	2,692	120	2,812
	(584,654)	584,654	-
	<u>\$ (343,618)</u>	<u>\$ 591,954</u>	<u>\$ 248,336</u>
	\$ (32,965)	\$ 534,997	\$ 502,032
	<u>1,600,673</u>	<u>572,674</u>	<u>2,173,347</u>
	<u>\$ 1,567,708</u>	<u>\$ 1,107,671</u>	<u>\$ 2,675,379</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

ASSETS	General	Sales Tax	LCDBG	Total Governmental Funds
Current assets:				
Cash	\$ 37,257	\$ 122,222	\$ -	\$ 159,479
Certificates of deposit	-	165,551	-	165,551
Due from other governmental agencies	3,710	17,520	-	21,230
Due from other funds	48,299	-	-	48,299
Other receivables	146	-	-	146
Total current assets	<u>\$ 89,412</u>	<u>\$ 305,293</u>	<u>\$ -</u>	<u>\$ 394,705</u>
Restricted assets:				
Cash	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77</u>
Total assets	<u><u>\$ 89,489</u></u>	<u><u>\$ 305,293</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 394,782</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,127	\$ -	\$ -	\$ 6,127
Customers' deposits	77	-	-	77
Due to other funds	-	48,254	-	48,254
Accrued liabilities	526	88	-	614
Deferred revenue	6,358	-	-	6,358
Total liabilities	<u>\$ 13,088</u>	<u>\$ 48,342</u>	<u>\$ -</u>	<u>\$ 61,430</u>
Fund balances:				
Reserved for fire protection	\$ 1,170	\$ -	\$ -	\$ 1,170
Designated for subsequent year's expenditures	-	24,357	-	24,357
Undesignated and unreserved	75,231	232,594	-	307,825
Total fund balances	<u>\$ 76,401</u>	<u>\$ 256,951</u>	<u>\$ -</u>	<u>\$ 333,352</u>
Total liabilities and fund balances	<u><u>\$ 89,489</u></u>	<u><u>\$ 305,293</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 394,782</u></u>

See Notes to Financial Statements.

VILLAGE OF LOREAUVILLE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 June 30, 2004

Total fund balances for governmental funds	\$ 333,352
Total net assets reported for governmental activities in the statement 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 -	
Capital assets, net	<u>1,234,356</u>
Total net assets of governmental activities	<u><u>\$ 1,567,708</u></u>

See Notes to Financial Statements.

VILLAGE OF LOREAUVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2004

	General	Sales Tax Fund	LCDBG Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 44,837	\$ 131,037	\$ -	\$ 175,874
Licenses and permits	40,115	-	-	40,115
Intergovernmental	75,430	-	539,992	615,422
Fines and forfeits	179	-	-	179
Investment earnings	102	3,202	-	3,304
Miscellaneous	2,513	-	-	2,513
Total revenues	\$ 163,176	\$ 134,239	\$ 539,992	\$ 837,407
Expenditures:				
Current -				
General government	\$ 78,271	\$ 12,794	\$ -	\$ 91,065
Public safety	59,033	-	-	59,033
Public works	50,085	-	-	50,085
Capital outlays	63,129	-	539,992	603,121
Total expenditures	\$ 250,518	\$ 12,794	\$ 539,992	\$ 803,304
Excess of revenues over expenditures	\$ (87,342)	\$ 121,445	\$ -	\$ 34,103
Other financing sources (uses):				
Transfers in	\$ 131,602	\$ -	\$ -	\$ 131,602
Transfers out	-	(176,264)	-	(176,264)
Total other financing sources (uses)	\$ 131,602	\$ (176,264)	\$ -	\$ (44,662)
Net change in fund balances	\$ 44,260	\$ (54,819)	\$ -	\$ (10,559)
Fund balances, beginning	32,141	311,770	-	343,911
Fund balances, ending	\$ 76,401	\$ 256,951	\$ -	\$ 333,352

See Notes to Financial Statements.

VILLAGE OF LOREAUVILLE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

Net change in fund balances - total governmental funds	\$ (10,559)
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 is reported as depreciation expense. This is the amount by which depreciation (\$85,535) exceeded capital outlays (\$63,129) in the current period.	
	<u>(22,406)</u>
Change in net assets of governmental activities	<u>\$ (32,965)</u>

See Notes to Financial Statements.

VILLAGE OF LOREAUVILLE, LOUISIANA

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 June 30, 2004

ASSETS	<u>Sewerage and Garbage Fund</u>
Current assets:	
Cash	\$ 11,871
Accounts receivable, net	<u>11,378</u>
Total current assets	<u>\$ 23,249</u>
Restricted assets:	
Cash	<u>\$ 33,172</u>
Plant and equipment, net	<u>\$ 1,363,097</u>
Total assets	<u><u>\$ 1,419,518</u></u>
LIABILITIES	
Current liabilities (payable from current assets):	
Accounts payable	\$ 3,345
Accrued liabilities	684
Due to other funds	45
	<u>\$ 4,074</u>
Current liabilities (payable from restricted assets):	
Customers' deposits	\$ 16,686
Revenue bonds payable	15,000
Accrued interest on bonds	5,087
	<u>\$ 36,773</u>
Total current liabilities	<u>\$ 40,847</u>
Noncurrent liabilities:	
Revenue bonds payable	<u>\$ 271,000</u>
Total liabilities	<u>\$ 311,847</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 1,077,097
Unrestricted	<u>30,574</u>
Total net assets	<u>\$ 1,107,671</u>
Total liabilities and net assets	<u><u>\$ 1,419,518</u></u>

See Notes to Financial Statements.

VILLAGE OF LOREAUVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 FUND NET ASSETS
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 For the Year Ended June 30, 2004

	<u>Sewerage and Garbage Fund</u>
Operating revenues:	
Charges for services -	
Recycling	\$ 7,949
Sewerage	58,419
Garbage	33,399
Penalties for delinquent payment	2,868
Miscellaneous	<u>120</u>
Total operating revenues	<u>\$ 102,755</u>
Operating expenses:	
Advertising	\$ 58
Analysis	1,560
Auto and truck	1,324
Contract labor	933
Depreciation	29,528
Garbage collection	29,095
Insurance	14,036
Legal and accounting	3,366
Miscellaneous	1,316
Office supplies	4,386
Professional services	595
Recycling fees	7,992
Repairs and maintenance	5,718
Salaries	36,397
Supplies	4,042
Taxes - payroll	2,813
Telephone and utilities	<u>20,520</u>
Total operating expenses	<u>\$ 163,679</u>
Operating loss	<u>\$ (60,924)</u>

(continued)

VILLAGE OF LOREAUVILLE, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 FUND NET ASSETS (CONTINUED)
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 For the Year Ended June 30, 2004

	<u>Sewerage and Garbage Fund</u>
Nonoperating revenues (expenses):	
Interest revenue	\$ 313
Interest expense	(5,087)
Property taxes	6,867
Fire protection fees	<u>9,174</u>
Total nonoperating revenues	<u>\$ 11,267</u>
Loss before contributions and transfers	\$ (49,657)
Capital contributions	539,992
Transfers in	54,054
Transfers out	<u>(9,392)</u>
Change in net assets	\$ 534,997
Net assets, beginning	<u>572,674</u>
Net assets, ending	<u><u>\$ 1,107,671</u></u>

See Notes to Financial Statements.

VILLAGE OF LOREAUVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
For the Year Ended June 30, 2004

	<u>Sewerage and Garbage Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 104,328
Other receipts	16,161
Cash payments for goods and services	(98,634)
Cash payments to employees	<u>(36,420)</u>
Net cash used in operating activities	<u>\$ (14,565)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 54,054
Transfers to other funds	(9,392)
Increase in customers' deposit, net of refunds	<u>2,833</u>
Net cash provided by noncapital financing activities	<u>\$ 47,495</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>\$ 313</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (14,000)
Purchase and construction of fixed assets	<u>(299,270)</u>
Net cash used in capital and related financing activities	<u>\$ (313,270)</u>
Net decrease in cash	\$ (280,027)
Cash, beginning	<u>325,070</u>
Cash, ending	<u>\$ 45,043</u>

(continued)

VILLAGE OF LOREAUVILLE, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
For the Year Ended June 30, 2004

	<u>Sewerage and Garbage Fund</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (60,924)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	29,528
Decrease in receivables	1,693
Decrease in accounts payable	(880)
Decrease in accrued liabilities	(23)
Other revenue	16,041
	<u>16,041</u>
Net cash used in operating activities	<u>\$ (14,565)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Construction of assets acquired by contributions	<u>\$ 539,992</u>
CASH REPORTED ON STATEMENT OF NET ASSETS AS:	
Current	\$ 11,871
Restricted	<u>33,172</u>
	<u>\$ 45,043</u>

See Notes to Financial Statements.

VILLAGE OF LOREAUVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Village of Loreauville are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements for both the government-wide and proprietary fund financial statements. Although the Village has the option to apply FASB pronouncements issued after that date, they have chosen not to do so. The more significant of the Village's accounting policies are described below.

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

1. For the first time the financial statements include:
 - a. A Management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.
 - b. Financial statements prepared using full accrual accounting for all of the Village's activities, including infrastructure (roads, bridges, etc.).
2. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Village has implemented the Statement in the current year.

Reporting entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the 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.

NOTES TO FINANCIAL STATEMENTS

Primary government -

The Village operates under a special legislative charter. The charter provides for the Mayor-Board of Trustees form of government. The Village's operations include police and fire protection, streets and drainage, parks and recreation, certain social services (including urban redevelopment and housing) and general administration services. The Village owns and operates one enterprise activity, a sewerage and garbage fund which provides sewerage and garbage services.

Component units -

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Village Council or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

The Village has no component units.

Basis of presentation:

The Village's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the government and the fund financial statements (individual major fund and combined nonmajor funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

NOTES TO FINANCIAL STATEMENTS

Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.). The Village does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the Village's funds. Separate statements for each fund category - governmental and proprietary - are presented. The Village does not have any fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

NOTES TO FINANCIAL STATEMENTS

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental funds:

General Fund - This is the Village's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

Sales Tax Fund - This fund accounts for the receipts and disbursements of proceeds from the Village's 2% sales and use tax levies. These taxes are dedicated as described in Note 8.

LCDBG Fund - This fund accounts for the receipt and use of grant money received from United States Department of Housing and Urban Development for improvements to the sewer plant.

The Village reports the following major enterprise fund:

Sewerage and Garbage Fund - This fund is used to account for the provision of sewer, garbage and recycling services to residents of the Village.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. All funds meet the criteria set forth to be reported as a major fund; therefore, the Village has no nonmajor funds.

Basis of accounting:

Government-wide and proprietary fund financial statements -

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Budgetary data:

Budgeting policy -

The Village uses the following budget practices:

1. The municipal clerk prepares a proposed budget and submits this to the Mayor and Board of Aldermen at least fifteen days prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them. Since the proposed expenditures are less than \$250,000, public participation in the budgetary process is not required.
2. The budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTES TO FINANCIAL STATEMENTS

All budgeted amounts presented as required supplementary information reflect the original budget and the final budget (which has been adjusted for legally authorized revisions during the year).

Cash and cash equivalents:

Cash includes amounts in interest-bearing demand deposits and on hand. For purposes of statements of cash flows, highly liquid investments (including restricted assets) with an original maturity of three months or less are considered to be cash equivalents.

Investments:

State statutes authorize the Village to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

In accordance with GASB Statement No. 31, investments meeting the criteria specified in the Statement are stated at fair value. Investments which do not meet the requirements are stated at cost.

Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receivables:

Uncollectible accounts due for sewerage and garbage are recognized under the allowance method. The allowance for doubtful accounts for such receivables totaled \$256 at June 30, 2004.

Property taxes are recognized as uncollectible by direct charge-off at the time the uncollectibility of the account becomes known or can be estimated. The difference between direct charge-off of such accounts and establishment of an allowance is not material.

Bond discounts/issuance costs:

In governmental funds, bond discounts and issuance costs are recognized in the current period. In proprietary funds (and for governmental funds, in the government-wide statements), bond discount and issuance costs are deferred and amortized over the terms of the bonds to which such discounts and costs apply.

NOTES TO FINANCIAL STATEMENTS

Restricted assets:

Certain resources of the Village are classified as restricted assets on the balance sheet because their use is limited by bond indenture, or because they represent customer deposits being held by the Village.

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been included in the accompanying financial statements valued at historical costs.

Depreciation of all exhaustible fixed 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:

	<u>Years</u>
Water system	25
Sewerage plant	10 - 50
Machinery and equipment	5 - 25
Vehicles	5 - 15
Furniture and fixtures	5 - 10
Buildings and improvements	10 - 40
Infrastructure	10 - 40

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Total interest incurred for the year ended June 30, 2004 was \$12,500. Of this amount, \$5,087 was charged to expense while the remaining \$7,413 was capitalized as part of the sewer system improvement project in the Sewerage and Garbage Fund. The project was completed in the current year. The total interest capitalized for the project is \$10,063.

Fund financial statements -

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated absences:

Employees of the Village earn annual and sick leave in varying amounts depending upon length of service. At the end of each year, employees may carry forward annual and sick leave earned but not taken. Unused annual leave is paid to an employee upon retirement or resignation at hourly rates being earned by that employee upon separation. Unused sick leave is not paid.

The entire compensated absence liability is reported on the government-wide and proprietary fund financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded as accrued liabilities in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Long-term debt:

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

NOTES TO FINANCIAL STATEMENTS

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in three components:

1. 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 borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. 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.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial 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. Proprietary fund equity is classified the same as in the government-wide statements.

Interfund transfers:

Permanent reallocation of resources between funds are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

Use of estimates:

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

NOTES TO FINANCIAL STATEMENTS

Change in accounting principles and restatement of prior year fund equity:

As a result of implementing Statement No. 34, the following adjustments were required to restate beginning net assets for the governmental activities:

Total fund balances/fund equity, as previously reported	\$ 343,911
Statement No. 34 adjustments:	
Capital assets, net of depreciation	<u>1,256,762</u>
	<u>\$ 1,600,673</u>

Note 2. Stewardship, Compliance and Accountability

Excess of expenditures over appropriations. The following individual fund had actual expenditures in excess of budgeted expenditures for the year ended June 30, 2004:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$195,427</u>	<u>\$195,427</u>	<u>\$250,518</u>	<u>\$ 55,091</u>

Note 3. Deposits

At year end, the carrying amount of the Village's deposits was \$370,125 and the bank balance was \$373,297. Of the bank balance, \$221,754 was covered by federal depository insurance. The remaining balance of \$151,543 was covered by collateral held by a third party bank in the Village's name. Cash on hand at June 30, 2004 was \$25.

Note 4. Ad Valorem Taxes

Government-wide financial statements -

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in September or October and are actually billed to the taxpayers in November. Billed taxes are due by December 31 and become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

NOTES TO FINANCIAL STATEMENTS

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

For the year ended June 30, 2004, taxes of 7.80 mills were levied on property with assessed valuations totaling \$2,498,710 and were dedicated as follows:

General Alimony	5.05 mills
Sewerage Tax	2.75 mills

Total taxes levied were \$19,492 all of which were collected prior to June 30, 2004.

Note 5. Interfund Balances

Interfund balances at June 30, 2004 consist of the following:

<u>Due To:</u>	<u>Due From:</u> <u>General</u> <u>Fund</u>
Sales Tax Fund	\$ 48,254
Sewerage and Garbage Fund	<u>45</u>
Total	<u>\$ 48,299</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

All interfund balances are expected to be repaid within one year.

NOTES TO FINANCIAL STATEMENTS

Note 6. Restricted Assets

Restricted assets were applicable to the following at June 30, 2004:

Enterprise Fund:

Sewerage and Garbage Fund -	
Customers' deposits	\$ 16,685
Bond sinking fund	11,418
Contingency fund	<u>5,069</u>
	<u>\$ 33,172</u>

Governmental Fund:

General Fund -	
Ad Valorem Tax Deposits	<u>\$ 77</u>

Note 7. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government activities:				
Capital assets not being depreciated -				
Land	\$ 23,698	\$ -0-	\$ -0-	\$ 23,698
Capital assets being depreciated -				
Water system	\$1,349,052	\$ -	\$ -	\$1,349,052
Buildings and improvements	155,291	-	-	155,291
Vehicles	220,499	-	-	220,499
Machinery and equipment	67,979	63,129	(4,070)	127,038
Furniture and fixtures	2,734	-	-	2,734
Infrastructure	<u>248,342</u>	<u>-</u>	<u>-</u>	<u>248,342</u>
Total capital assets being depreciated	<u>\$2,043,897</u>	<u>\$ 63,129</u>	<u>\$ (4,070)</u>	<u>\$2,102,956</u>

(continued)

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for -				
Water system	\$ (582,165)	\$ (53,563)	\$ -	\$ (635,728)
Buildings and improvements	(62,716)	(4,388)	-	(67,104)
Vehicles	(70,857)	(13,742)	-	(84,599)
Machinery and equipment	(42,740)	(7,469)	4,070	(46,139)
Furniture and fixtures	(2,257)	(55)	-	(2,312)
Infrastructure	<u>(50,098)</u>	<u>(6,318)</u>	<u>-</u>	<u>(56,416)</u>
Total accumulated depreciation	\$ <u>(810,833)</u>	\$ <u>(85,535)</u>	\$ <u>4,070</u>	\$ <u>(892,298)</u>
 Total capital assets being depreciated, net	 <u>\$1,233,064</u>	 <u>\$ (22,406)</u>	 <u>\$ -0-</u>	 <u>\$1,210,658</u>
 Governmental activities capital assets, net	 <u>\$1,256,762</u>	 <u>\$ (22,406)</u>	 <u>\$ -0-</u>	 <u>\$1,234,356</u>
 Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in process	<u>77,509</u>	<u>833,685</u>	<u>(911,194)</u>	<u>-</u>
Total capital assets not being depreciated	\$ <u>82,509</u>	\$ <u>833,685</u>	\$ <u>(911,194)</u>	\$ <u>5,000</u>
 Capital assets being depreciated -				
Sewer plant	\$ 929,052	\$ 911,194	\$ -	\$1,840,246
Machinery and equipment	<u>13,257</u>	<u>1,777</u>	<u>(4,961)</u>	<u>10,073</u>
Total capital assets being depreciated	\$ <u>942,309</u>	\$ <u>912,971</u>	\$ <u>(4,961)</u>	\$ <u>1,850,319</u>

(continued)

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for -				
Sewer plant	\$ (458,113)	\$ (27,901)	\$ -	\$ (486,014)
Machinery and equipment	<u>(9,542)</u>	<u>(1,627)</u>	<u>4,961</u>	<u>(6,208)</u>
Total accumulated depreciation	<u>\$ (467,655)</u>	<u>\$ (29,528)</u>	<u>\$ 4,961</u>	<u>\$ (492,222)</u>
 Total capital assets being depreciated, net	 <u>\$ 474,654</u>	 <u>\$ 883,443</u>	 <u>\$ -0-</u>	 <u>\$1,358,097</u>
 Business-type capital assets, net	 <u>\$ 557,163</u>	 <u>\$1,717,128</u>	 <u>\$ (911,194)</u>	 <u>\$1,363,097</u>

Depreciation was charged as follows:

Governmental activities:	
General government	\$ 2,421
Public safety	20,940
Public works	<u>62,174</u>
	<u>\$ 85,535</u>
 Business-type activities:	
Wastewater	<u>\$ 29,528</u>

Note 8. Dedication of Proceeds and Flow of Funds - 1-1/2% Sales and Use Tax

Proceeds of 1-1/2% sales and use tax levied by the Village (2004 collections \$130,633) were dedicated to the following:

- 1% is for constructing and maintaining sewerage, drainage, streets and other works of permanent public improvement in the Village, title to which shall be in the public. On November 21, 1987, the voters of the Village approved a rededication of the use of the sales taxes collected which now permits the use of these revenues to pay for any expenditures lawfully incurred.
2. An additional 1/2% was passed effective January 1, 1995 to be dedicated and used, in supplement of other sales tax revenues, to operate and maintain the Loreauville Police Department. In November 2002, the voters of the Village approved the rewording of the dedication to include contracting with the Iberia Parish Sheriff's Office in lieu of operating the Loreauville Police Department.

NOTES TO FINANCIAL STATEMENTS

Note 9. Due From Other Governmental Agencies

Amounts due from other governmental agencies consist of the following at June 30, 2004:

Iberia Parish School Board:		
Sales and use taxes collected but not remitted	\$ 17,520	
Iberia Parish Government:		
2% fire insurance tax	2,927	
State of Louisiana:		
Road maintenance funds	<u>783</u>	
		<u>\$ 21,230</u>

Note 10. Long-term Debt

Revenue Bonds. The Village has issued bonds which are payable from income derived from the proprietary fund.

Proceeds are being used to fund improvements to the Sewerage System. These bonds, expected to be paid from the Sewerage and Garbage proprietary fund, are reported in that fund. Revenue bonds outstanding at June 30, 2004 are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>	<u>Due Within One Year</u>
Business-type activities:					
Sewer Revenue Bonds	04/14/03	02/01/18	4.95%	\$ 248,000	\$ 7,000
	04/14/03	02/01/08	-	<u>38,000</u>	<u>8,000</u>
				<u>\$ 286,000</u>	<u>\$ 15,000</u>

Debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 15,000	\$ 12,276	\$ 27,276
2006	16,000	11,930	27,930
2007	17,000	11,583	28,583
2008	17,000	11,236	28,236
2009	17,000	10,940	27,940
2010 - 2014	101,000	41,085	142,085
2015 - 2018	<u>103,000</u>	<u>13,068</u>	<u>116,068</u>
	<u>\$ 286,000</u>	<u>\$ 112,118</u>	<u>\$ 398,118</u>

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Liabilities. During the year ended June 30, 2004, the following changes occurred in long-term liabilities:

	Balance, July 1, 2003	Additions	Reductions	Balance, June 30, 2004
Business-type activities:				
Revenue bonds	<u>\$ 300,000</u>	<u>\$ -0-</u>	<u>\$ (14,000)</u>	<u>\$ 286,000</u>

Note 11. Interfund Transfers

Internal transfers for the year ended June 30, 2004 consist of the following:

	<u>Transfers From:</u>		
	<u>General Fund</u>	<u>Sewerage and Garbage Fund</u>	<u>Total</u>
Transfers to:			
Sales Tax Fund	\$122,210	\$ 54,054	\$176,264
Sewerage and Garbage Fund	<u>9,392</u>	<u>-</u>	<u>9,392</u>
Total	<u>\$131,602</u>	<u>\$ 54,054</u>	<u>\$185,656</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 12. Flow of Funds; Restrictions on Use

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated April 14, 2003, all income and revenues derived from the operation of the sewer system are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds, after payment of the reasonable and necessary operating expenses of maintaining the system:

Sewer Revenue Bond and Interest Sinking Fund: Transfer monthly a sum equal to 1/12 of the principal and 1/6 of the interest due on the next payment date.

Sewer Depreciation and Contingency Fund: Transfer \$300 monthly.

All required transfers were made for the year ended June 30, 2004.

NOTES TO FINANCIAL STATEMENTS

Note 13. Compensation of Elected Officials

A detail of compensation paid to individual elected officials for the year ended June 30, 2004 is as follows:

Forbus Mestayer, Sr., Mayor	\$ 12,000
Aldermen:	
Otto Girouard, Jr.	2,700
John Broussard	2,700
Albert Broussard	<u>2,700</u>
	<u>\$ 20,100</u>

Note 14. Lease of Water System

The Village owns a water system which is being leased to Louisiana Water Company (LAWCO). All expenses related to running the system are borne by LAWCO and all revenues derived from providing the service to customers is the property of LAWCO. The Village receives lease revenue annually equal to \$5 per meter. The revenue for the current year related to this lease was \$1,995.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LOREAUVILLE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 39,200	\$ 39,200	\$ 44,837	\$ 5,637
Licenses and permits	35,830	35,830	40,115	4,285
Intergovernmental	21,166	21,166	75,430	54,264
Fines and forfeits	100	100	179	79
Investment earnings	50	50	102	52
Miscellaneous	16,900	16,900	2,513	(14,387)
Total revenues	<u>\$ 113,246</u>	<u>\$ 113,246</u>	<u>\$ 163,176</u>	<u>\$ 49,930</u>
Expenditures:				
Current -				
General government	\$ 64,193	\$ 64,193	\$ 78,271	\$ (14,078)
Public safety -				
Police	45,000	45,000	45,000	-
Fire	11,200	11,200	14,033	(2,833)
Public works	60,034	60,034	50,085	9,949
Capital outlays	15,000	15,000	63,129	(48,129)
Total expenditures	<u>\$ 195,427</u>	<u>\$ 195,427</u>	<u>\$ 250,518</u>	<u>\$ (55,091)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (82,181)</u>	<u>\$ (82,181)</u>	<u>\$ (87,342)</u>	<u>\$ (5,161)</u>
Other financing sources:				
Transfers from Sales Tax Fund	\$ 74,000	\$ 74,000	\$ 122,210	\$ 48,210
Transfers from Sewerage and Garbage Fund	9,000	9,000	9,392	392
Total other financing sources	<u>\$ 83,000</u>	<u>\$ 83,000</u>	<u>\$ 131,602</u>	<u>\$ 48,602</u>
Net change in fund balance	\$ 819	\$ 819	\$ 44,260	\$ 43,441
Fund balance, beginning	<u>27,229</u>	<u>27,229</u>	<u>32,141</u>	<u>4,912</u>
Fund balance, ending	<u>\$ 28,048</u>	<u>\$ 28,048</u>	<u>\$ 76,401</u>	<u>\$ 48,353</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
 SALES TAX FUND
 For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes -				
Sales tax collected	\$ 100,000	\$ 100,000	\$ 130,633	\$ 30,633
Delinquent charges	200	200	404	204
Investment earnings	1,000	1,000	3,202	2,202
Total revenues	<u>\$ 101,200</u>	<u>\$ 101,200</u>	<u>\$ 134,239</u>	<u>\$ 33,039</u>
Expenditures:				
Current -				
General government:				
Collection expense	\$ 1,200	\$ 1,200	\$ 973	\$ 227
Conventions and seminars	500	500	-	500
Dues	100	100	100	-
Insurance	2,800	2,800	914	1,886
Legal and accounting	2,770	2,770	3,366	(596)
Office supplies	100	100	97	3
Salaries and payroll taxes	7,507	7,507	7,344	163
Total expenditures	<u>\$ 14,977</u>	<u>\$ 14,977</u>	<u>\$ 12,794</u>	<u>\$ 2,183</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 86,223</u>	<u>\$ 86,223</u>	<u>\$ 121,445</u>	<u>\$ 35,222</u>
Other financing uses:				
Transfers to General Fund	\$ (74,000)	\$ (74,000)	\$ (122,210)	\$ (48,210)
Transfers to Sewerage and Garbage Fund	(58,000)	(58,000)	(54,054)	3,946
Total other financing uses	<u>\$ (132,000)</u>	<u>\$ (132,000)</u>	<u>\$ (176,264)</u>	<u>\$ (44,264)</u>
Net change in fund balance	\$ (45,777)	\$ (45,777)	\$ (54,819)	\$ (9,042)
Fund balance, beginning	<u>296,341</u>	<u>296,341</u>	<u>311,770</u>	<u>15,429</u>
Fund balance, ending	<u>\$ 250,564</u>	<u>\$ 250,564</u>	<u>\$ 256,951</u>	<u>\$ 6,387</u>

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OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF LOREAUVILLE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE - DETAIL OF REVENUES
GENERAL FUND

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Taxes:				
Ad valorem taxes	\$ 11,500	\$ 11,500	\$ 12,687	\$ 1,187
Cablevision franchise	1,000	1,000	1,038	38
Cleco franchise	20,000	20,000	23,404	3,404
Entex franchise	4,800	4,800	5,804	1,004
Lawco franchise	1,900	1,900	1,904	4
Licenses and permits:				
Occupational	14,500	14,500	13,786	(714)
Alcohol permits	1,330	1,330	1,516	186
Insurance	20,000	20,000	24,813	4,813
Intergovernmental:				
Federal grant	-	-	50,820	50,820
State shared revenues -				
Beer taxes	2,900	2,900	2,317	(583)
DOTD maintenance funds	1,566	1,566	1,566	-
Local funds -				
Mosquito control tax	14,500	14,500	12,241	(2,259)
2% fire insurance tax	2,200	2,200	2,927	727
Parish matching funds (fire)	-	-	5,559	5,559
Fines and forfeits	100	100	179	79
Investment earnings	50	50	102	52
Miscellaneous:				
Water plant lease	1,900	1,900	1,995	95
Capital improvements	15,000	15,000	-	(15,000)
Other	-	-	518	518
Total revenues	\$ 113,246	\$ 113,246	\$ 163,176	\$ 49,930

VILLAGE OF LOREAUVILLE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE - DETAIL OF EXPENDITURES
GENERAL FUND

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Current:				
General government -				
Advertising and publications	\$ 500	\$ 500	\$ 416	\$ 84
Codifying ordinances	600	600	-	600
Convention and seminars	1,000	1,000	1,131	(131)
Coroner	420	420	-	420
Dues	300	300	302	(2)
Insurance	8,500	8,500	22,066	(13,566)
Legal and accounting	4,151	4,151	3,371	780
Mayor and Council fees	20,100	20,100	20,100	-
Miscellaneous	100	100	852	(752)
Office auto	200	200	290	(90)
Office supplies	3,000	3,000	2,557	443
Payroll taxes	2,700	2,700	2,669	31
Professional fees	1,300	1,300	3,261	(1,961)
Repairs and maintenance	2,322	2,322	1,610	712
Salaries	14,000	14,000	14,175	(175)
Utilities	5,000	5,000	5,471	(471)
Total general government	<u>\$ 64,193</u>	<u>\$ 64,193</u>	<u>\$ 78,271</u>	<u>\$ (14,078)</u>
Public safety -				
Police department:				
Contract labor	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ -</u>
Fire department:				
Advertising	\$ -	\$ -	\$ 208	\$ (208)
Vehicle expense	1,100	1,100	709	391
Insurance	7,000	7,000	8,843	(1,843)
Legal and accounting	-	-	468	(468)
Office supplies and postage	600	600	-	600
Repairs and maintenance	600	600	2,203	(1,603)
Utilities	1,900	1,900	1,602	298
Total fire department	<u>\$ 11,200</u>	<u>\$ 11,200</u>	<u>\$ 14,033</u>	<u>\$ (2,833)</u>
Total public safety	<u>\$ 56,200</u>	<u>\$ 56,200</u>	<u>\$ 59,033</u>	<u>\$ (2,833)</u>

(continued)

VILLAGE OF LOREAUVILLE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE - DETAIL OF EXPENDITURES (CONTINUED)

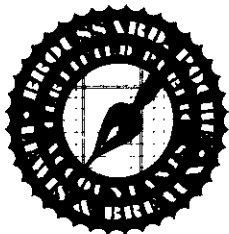
GENERAL FUND

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Public works -				
Vehicle expense	\$ 1,700	\$ 1,700	\$ 1,550	\$ 150
Drainage improvements	3,000	3,000	5,174	(2,174)
Insurance	10,800	10,800	2,811	7,989
Miscellaneous	200	200	821	(621)
Payroll taxes	1,902	1,902	1,733	169
Repairs and maintenance	1,500	1,500	2,957	(1,457)
Salaries	24,232	24,232	22,444	1,788
Sidewalk repairs	5,000	5,000	-	5,000
Supplies	1,500	1,500	1,279	221
Utilities	10,200	10,200	11,316	(1,116)
Total public works	<u>\$ 60,034</u>	<u>\$ 60,034</u>	<u>\$ 50,085</u>	<u>\$ 9,949</u>
Capital outlays	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 63,129</u>	<u>\$ (48,129)</u>
Total expenditures	<u><u>\$ 195,427</u></u>	<u><u>\$ 195,427</u></u>	<u><u>\$ 250,518</u></u>	<u><u>\$ (55,091)</u></u>

COMPLIANCE AND OTHER GRANT INFORMATION

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BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.

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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 Forbus J. Mestayer, Mayor
and the Board of Aldermen
Village of Loreauville
Loreauville, Louisiana

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambouey, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupré, CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA* 1980
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberly, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1997
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Village of Loreauville, Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated July 23, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our

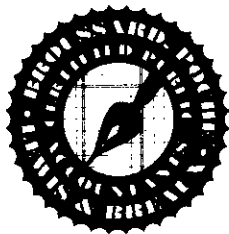
attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item #2004-1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

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

Broussard, Poché, Lewis & Proulx, L.L.P.

New Iberia, Louisiana
July 23, 2004



BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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

Other Offices:

Lafayette, LA
(337) 988-4930

Opelousas, LA
(337) 942-5217

Abbeville, LA
(337) 898-1497

Crowley, LA
(337) 783-0650

Church Point, LA
(337) 684-2855

The Honorable Forbus J. Mestayer, Mayor
and the Board of Aldermen
Village of Loreauville
Loreauville, Louisiana

Compliance

We have audited the compliance of Village of Loreauville, 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, 2004. The Village's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village'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 Village'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 Village's compliance with those requirements.

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

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambouay, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breaux, CPA*
Fayette T. Dupré, CPA*
Mary A. Castille, CPA*
Joey L. Breaux, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA* 1980
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erna R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberly, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1997
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

Internal Control Over Compliance

The management of the Village 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 Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

Broussard, Poche, Lewis & Proulx, L.L.P.

New Iberia, Louisiana
July 23, 2004

VILLAGE OF LOREAUVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified on all opinion units.

Internal control over financial reporting:

- Material weakness identified? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors' report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grant - States Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000.

Auditee qualified as low-risk auditee? Yes No

Section II. Financial Statement Findings

#2004-1 Segregation of Duties

Finding: The Village does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Village may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Section III. Federal Award Findings and Questioned Costs

None reported.

VILLAGE OF LOREAUVILLE, LOUISIANA

SCHEDULE OF PRIOR FINDINGS
Year Ended June 30, 2004

Section I. Internal Control and Compliance Material to the Financial Statements

#2003-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: The finding is repeated in the current year at #2004-1. The Village has provided as much segregation as possible with the resources available.

#2003-2 Sewer Adjustments

Recommendation: The Village has begun to implement the procedure of requiring written approval forms for all adjustments applied. The Village should continue this implementation as well as follow approved methods in calculating adjustments.

Current Status: Written approval forms are required for all adjustments and the Village is now following the approved methods when calculating adjustments.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.

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SUPPLEMENTAL INFORMATION

VILLAGE OF LOREAUVILLE, LOUISIANA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Assistance I.D. Number</u>	<u>Pass- Through Grantor's Number</u>
DIRECT PROGRAMS:			
Federal Emergency Management Agency - Assistance to Firefighters Grant Program	83.554 83.554	EMW-2003-FG-02700 EMW-2003-FG-01991	N/A N/A
PASS-THROUGH PROGRAMS:			
U.S. Department of Housing and Urban Development - Louisiana Division of Administration: Community Development Block Grant - States Program	14.228	N/A	CFMS-588714

<u>Total Current Year Expenditures</u>	<u>Total Amount Provided to Subrecipients</u>
\$ 24,778	\$ -
<u>26,042</u>	<u>-</u>
<u>\$ 50,820</u>	<u>\$ -0-</u>

<u>\$ 539,992</u>	<u>\$ -0-</u>
<u>\$ 590,812</u>	<u>\$ -0-</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

As of and For the Year Ended June 30, 2004

Note 1. General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Village of Loreauville and is presented on the modified accrual basis of accounting, which is described in Note 1 to financial statements of the Village's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Note 2. Relationship to Financial Statements

Federal awards revenues are reported in the Village's financial statements as follows:

	<u>Federal Sources</u>
General Fund	\$ 50,820
LCDBG Fund	<u>539,992</u>
	<u>\$ 590,812</u>

Note 3. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Note 4. Major Federal Awards

The dollar amount threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues, federal expenditures were determined by deducting matching revenues from total expenditures.

VILLAGE OF LOREAUVILLE

FORBUS J. MESTAYER, SR., MAYOR
ALDERMEN:

ALBERT A. BROUSSARD, JR.

John C. Broussard

OTTO A. GIROUARD, JR.

PHYLLIS B. SAVOY, CMC / AAE
CLERK/TAX COLLECTOR

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P. O. BOX 336
LOREAUVILLE, LOUISIANA 70552
(337) 229-8306
FAX: (337) 229-4450

October 27, 2004

Mr. Steve Theriot
Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-9397

Village of Loreauville respectfully submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm:

Broussard, Poche', Lewis & Breaux, L.L.P.
Certified Public Accountants
Post Office Box 61400
Lafayette, Louisiana 70596-1400

Audit period: July 1, 2003 through June 30, 2004.

The finding from the 2004 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II - Financial Statement Findings

2004-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.


Action Taken: Management has ensured as much as possible based on available resources. We will continue to monitor the situation; however, adequate segregation is not feasible.

Mr. Steve Theriot
Legislative Auditor
State of Louisiana
October 27, 2004
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If the Legislative Auditor has questions regarding this plan, please call Phyllis Savoy
at (337)229-8306.

Sincerely yours,

VILLAGE OF LOREAUVILLE


Forbus J. Bestayer, Sr.
Mayor