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# **TOWN OF SLAUGHTER, LOUISIANA**

Financial Report

Year Ended 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 12-1-04

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## INDEPENDENT AUDITORS' REPORT

\* A Professional Accounting Corporation

Honorable Bobbie Bourgeois, Mayor  
and Members of the Board of Aldermen  
Town of Slaughter, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Slaughter, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Slaughter, Louisiana's, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, and the standards generally accepted in the United States of America 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 the Town of Slaughter, 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.

In accordance with Government Auditing Standards, we have also issued a report dated October 7, 2004 on our consideration of the Town of Slaughter's internal control over financial reporting and on 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.

As described in Note 2 to the basic financial statements, the Town of Slaughter adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This results in a change in the format and content of the basic financial statements.

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The required supplementary information on pages 37 through 42 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Slaughter's basic financial statements. The other supplementary information on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been marked "unaudited" and has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Town of Slaughter, Louisiana.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 7, 2004

**BASIC FINANCIAL STATEMENTS**

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

TOWN OF SLAUGHTER, LOUISIANA

Statement of Net Assets  
June 30, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and interest-bearing deposits	\$ 232,590	\$ 1,456	\$ 234,046
Receivables, net	<u>17,466</u>	<u>73,276</u>	<u>90,742</u>
Total current assets	<u>250,056</u>	<u>74,732</u>	<u>324,788</u>
<b>Noncurrent assets:</b>			
<b>Restricted assets:</b>			
Cash and interest-bearing deposits	-	119,794	119,794
Capital assets, net	<u>471,865</u>	<u>1,238,476</u>	<u>1,710,341</u>
Total noncurrent assets	<u>471,865</u>	<u>1,358,270</u>	<u>1,830,135</u>
Total assets	<u>721,921</u>	<u>1,433,002</u>	<u>2,154,923</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts and other payables	17,574	20,098	37,672
Internal balances	167,623	(167,623)	-
Bonds payable	-	17,544	17,544
Accrued interest	<u>-</u>	<u>4,436</u>	<u>4,436</u>
Total current liabilities	<u>185,197</u>	<u>(125,545)</u>	<u>59,652</u>
<b>Noncurrent liabilities:</b>			
Customer deposits payable	-	40,709	40,709
Bonds payable	<u>-</u>	<u>1,355,755</u>	<u>1,355,755</u>
Total noncurrent liabilities	<u>-</u>	<u>1,396,464</u>	<u>1,396,464</u>
Total liabilities	<u>185,197</u>	<u>1,270,919</u>	<u>1,456,116</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	471,865	(117,279)	354,586
Restricted for debt service	-	57,105	57,105
Unrestricted	<u>64,859</u>	<u>222,257</u>	<u>287,116</u>
Total net assets	<u>\$ 536,724</u>	<u>\$ 162,083</u>	<u>\$ 698,807</u>

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

TOWN OF SLAUGHTER, LOUISIANA

Statement of Activities  
Year Ended June 30, 2004

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 89,379	\$ 43,906	\$ -	\$ -	\$ (45,473)	\$ -	\$ (45,473)
Public safety:							
Police	171,970	44,201	-	-	(127,769)	-	(127,769)
Fire	70,587	-	-	3,721	(66,866)	-	(66,866)
Streets	85,432	-	5,000	78,992	(1,440)	-	(1,440)
Total governmental activities	<u>417,368</u>	<u>88,107</u>	<u>5,000</u>	<u>82,713</u>	<u>(241,548)</u>	<u>-</u>	<u>(241,548)</u>
<b>Business-type activities:</b>							
Water	226,187	202,193	-	-	-	(23,994)	(23,994)
Gas	194,585	330,745	-	-	-	136,160	136,160
Total business-type activities	<u>420,772</u>	<u>532,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,166</u>	<u>112,166</u>
<b>Total</b>	<u>\$ 838,140</u>	<u>\$ 621,045</u>	<u>\$ 5,000</u>	<u>\$ 82,713</u>	<u>(241,548)</u>	<u>112,166</u>	<u>(129,382)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					20,104	-	20,104
Sales and use taxes, levied for general purposes					46,915	-	46,915
Franchise taxes					45,379	-	45,379
Grants and contributions not restricted to specific programs -							
State sources					2,957	-	2,957
Interest and investment earnings					1,379	741	2,120
Miscellaneous					8,349	-	8,349
Transfers					176,292	(176,292)	-
Total general revenues and transfers					<u>301,375</u>	<u>(175,551)</u>	<u>125,824</u>
Change in net assets					59,827	(63,385)	(3,558)
Net assets - July 1, 2003					476,897	225,468	702,365
Net assets - June 30, 2004					<u>\$ 536,724</u>	<u>\$ 162,083</u>	<u>\$ 698,807</u>

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



**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Fund**

#### **Street and Sidewalk Sales Tax Fund -**

To account for the receipt and use of proceeds of 3.8181% of East Feliciana Parish sales tax collections. These proceeds are dedicated to the general maintenance and repairs of streets and sidewalks in the Town of Slaughter.

### **Enterprise Funds**

#### **Water and Gas Utility Funds -**

To account for the provision of water and gas services to residents of the Town. All activities necessary to provide these services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF SLAUGHTER, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2004

With Comparative Totals for June 30, 2003

	General	Special Revenue	Totals	
			(Memorandum Only) 2004	2003
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 212,536	\$ 20,054	\$ 232,590	\$ 167,683
Receivables -				
Taxes	341	8,480	8,821	8,001
Accounts	8,645	-	8,645	9,333
Due from other funds	161,702	-	161,702	133,824
Total assets	<u>\$ 383,224</u>	<u>\$ 28,534</u>	<u>\$ 411,758</u>	<u>\$ 318,841</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 7,546	\$ 2,347	\$ 9,893	\$ 3,397
Accrued liabilities	2,681	5,000	7,681	5,129
Due to other funds	167,623	161,702	329,325	301,447
Total liabilities	<u>177,850</u>	<u>169,049</u>	<u>346,899</u>	<u>309,973</u>
Fund balances (deficit) -				
Designated for streets and sidewalks	-	(140,515)	(140,515)	(170,177)
Unreserved, undesignated	205,374	-	205,374	179,045
Total fund balances (deficit)	<u>205,374</u>	<u>(140,515)</u>	<u>64,859</u>	<u>8,868</u>
Total liabilities and fund balances	<u>\$ 383,224</u>	<u>\$ 28,534</u>	<u>\$ 411,758</u>	<u>\$ 318,841</u>

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

TOWN OF SLAUGHTER, LOUISIANA

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

Total fund balances for governmental funds at June 30, 2004		\$ 64,859
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 160,189	
Buildings and improvements, net of \$43,533 accumulated depreciation	66,091	
Infrastructure, net of \$0 accumulated depreciation	78,775	
Equipment and vehicles net of \$391,416 accumulated depreciation	<u>166,810</u>	<u>471,865</u>
Total net assets of governmental activities at June 30, 2004		<u>\$ 536,724</u>

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

TOWN OF SLAUGHTER, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds

Year Ended June 30, 2004

With Comparative Totals For Year Ended June 30, 2003

	General	Special Revenue	Totals (Memorandum Only)	
			2004	2003
<b>Revenues:</b>				
Taxes	\$ 65,483	\$ 46,915	\$ 112,398	\$ 101,995
Licenses and permits	43,906	-	43,906	43,658
Intergovernmental	90,670	-	90,670	25,547
Fines and forfeits	44,201	-	44,201	42,725
Miscellaneous	9,577	151	9,728	86,795
Total revenues	<u>253,837</u>	<u>47,066</u>	<u>300,903</u>	<u>300,720</u>
<b>Expenditures:</b>				
Current -				
<i>General government</i>	80,300	-	80,300	82,560
Public safety:				
Police	134,418	-	134,418	102,764
Fire	38,408	-	38,408	15,861
Highways and streets	70,461	-	70,461	57,776
Capital outlay	<u>97,617</u>	<u>-</u>	<u>97,617</u>	<u>61,321</u>
Total expenditures	<u>421,204</u>	<u>-</u>	<u>421,204</u>	<u>320,282</u>
Excess (deficiency) of revenues over expenditures	<u>(167,367)</u>	<u>47,066</u>	<u>(120,301)</u>	<u>(19,562)</u>
<b>Other financing sources (uses):</b>				
Transfers in	193,696	-	193,696	113,873
Transfers out	<u>-</u>	<u>(17,404)</u>	<u>(17,404)</u>	<u>(2,344)</u>
Total other financing sources (uses)	<u>193,696</u>	<u>(17,404)</u>	<u>176,292</u>	<u>111,529</u>
Net changes in fund balances	26,329	29,662	55,991	91,967
Fund balances (deficit), beginning	<u>179,045</u>	<u>(170,177)</u>	<u>8,868</u>	<u>(83,099)</u>
Fund balances (deficit), ending	<u>\$ 205,374</u>	<u>\$ (140,515)</u>	<u>\$ 64,859</u>	<u>\$ 8,868</u>

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

TOWN OF SLAUGHTER, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2004

Total net changes in fund balances at June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 55,991
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 97,617
Depreciation expense for the year ended June 30, 2004	<u>(93,781)</u> <u>3,836</u>
Total changes in net assets at June 30, 2004 per Statement of Activities	<u>\$ 59,827</u>

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

TOWN OF SLAUGHTER, LOUISIANA

Combining Statement of Net Assets  
Proprietary Funds  
June 30, 2004

With Comparative Totals for June 30, 2003

	Utility Enterprise Funds			
	Water	Gas	Totals	
	Utility	Utility	2004	2003
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and interest-bearing deposits	\$ -	\$ 1,456	\$ 1,456	\$ 35,686
Receivables -				
Accounts	33,091	40,185	73,276	73,527
Due from other funds	80,112	152,511	232,623	232,623
Total current assets	<u>113,203</u>	<u>194,152</u>	<u>307,355</u>	<u>341,836</u>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Cash and interest-bearing deposits	104,799	14,995	119,794	117,700
Capital assets, net of accumulated depreciation	1,205,610	32,866	1,238,476	1,280,351
Total noncurrent assets	<u>1,310,409</u>	<u>47,861</u>	<u>1,358,270</u>	<u>1,398,051</u>
Total assets	<u>1,423,612</u>	<u>242,013</u>	<u>1,665,625</u>	<u>1,739,887</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	17,268	2,796	20,064	13,548
Accrued liabilities	21	13	34	6,184
Due to other funds	65,000	-	65,000	65,000
Payable from restricted assets -				
Revenue bonds payable	17,544	-	17,544	16,000
Interest payable	4,436	-	4,436	4,290
Total current liabilities	<u>104,269</u>	<u>2,809</u>	<u>107,078</u>	<u>105,022</u>
<b>Noncurrent liabilities:</b>				
Customers' deposits	25,714	14,995	40,709	35,474
Revenue bonds payable	1,355,755	-	1,355,755	1,373,923
Total noncurrent liabilities	<u>1,381,469</u>	<u>14,995</u>	<u>1,396,464</u>	<u>1,409,397</u>
Total liabilities	<u>1,485,738</u>	<u>17,804</u>	<u>1,503,542</u>	<u>1,514,419</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	(150,145)	32,866	(117,279)	(93,572)
Restricted for debt service	57,105	-	57,105	61,936
Unrestricted	30,914	191,343	222,257	257,104
Total net assets	<u>\$ (62,126)</u>	<u>\$224,209</u>	<u>\$ 162,083</u>	<u>\$ 225,468</u>

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

TOWN OF SLAUGHTER, LOUISIANA

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

Year Ended June 30, 2004

With Comparative Totals for Year Ended June 30, 2003

	Utility Enterprise Funds			
	Water	Gas	Totals	
	Utility	Utility	2004	2003
<b>Operating revenues:</b>				
Charges for services -				
Water sales	\$ 202,193	\$ -	\$ 202,193	\$ 187,260
Gas sales	-	330,471	330,471	300,168
Miscellaneous	-	274	274	421
Total operating revenues	<u>202,193</u>	<u>330,745</u>	<u>532,938</u>	<u>487,849</u>
<b>Operating expenses:</b>				
Salaries and wages	36,066	36,063	72,129	70,330
Bad debt expense	(230)	794	564	2,280
Depreciation	40,874	1,001	41,875	41,813
Dues	353	890	1,243	1,214
Retirement contributions	2,096	2,096	4,192	2,304
Gas purchases	-	127,250	127,250	114,542
Group health insurance	5,961	5,961	11,922	10,912
Insurance	4,984	6,078	11,062	16,843
Legal and professional	1,168	1,168	2,336	1,574
Materials and supplies	19,665	4,234	23,899	21,166
Miscellaneous	48	159	207	3,375
Office expense	918	1,245	2,163	2,111
Payroll taxes	2,736	2,735	5,471	5,342
Repairs and maintenance	23,236	1,911	25,147	8,077
Telephone	485	585	1,070	936
Truck expense	1,282	1,111	2,393	2,716
Utilities	<u>12,093</u>	<u>1,304</u>	<u>13,397</u>	<u>12,144</u>
Total operating expenses	<u>151,735</u>	<u>194,585</u>	<u>346,320</u>	<u>317,679</u>
Operating income	<u>50,458</u>	<u>136,160</u>	<u>186,618</u>	<u>170,170</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	693	48	741	1,112
Interest and fiscal charges	<u>(74,452)</u>	-	<u>(74,452)</u>	<u>(74,915)</u>
Total nonoperating income (expenses)	<u>(73,759)</u>	<u>48</u>	<u>(73,711)</u>	<u>(73,803)</u>
Income (loss) before transfers	<u>(23,301)</u>	<u>136,208</u>	<u>112,907</u>	<u>96,367</u>
<b>Transfers in (out):</b>				
Transfers in	12,884	-	12,884	7,918
Transfers out	<u>(23,775)</u>	<u>(165,401)</u>	<u>(189,176)</u>	<u>(119,447)</u>
Total transfers in (out)	<u>(10,891)</u>	<u>(165,401)</u>	<u>(176,292)</u>	<u>(111,529)</u>
Change in net assets	(34,192)	(29,193)	(63,385)	(15,162)
Net assets (deficit), beginning	<u>(27,934)</u>	<u>253,402</u>	<u>225,468</u>	<u>240,630</u>
Net assets (deficit), ending	<u>\$ (62,126)</u>	<u>\$ 224,209</u>	<u>\$ 162,083</u>	<u>\$ 225,468</u>

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



TOWN OF SLAUGHTER, LOUISIANA

Combining Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2004

With Comparative Totals For Year Ended June 30, 2003

	Utility Enterprise Funds			
	Water	Gas	Totals	
	Utility	Utility	2004	2003
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 204,366	\$ 331,731	\$ 536,097	\$ 483,101
Payments to suppliers	(67,578)	(162,083)	(229,661)	(198,349)
Payment to employees	(38,802)	(38,798)	(77,600)	(75,672)
Other receipts	-	274	274	421
Net cash provided by operating activities	<u>97,986</u>	<u>131,124</u>	<u>229,110</u>	<u>209,501</u>
<b>Cash flows from noncapital financing activities:</b>				
Operating transfers to other funds	(10,891)	(165,401)	(176,292)	(111,529)
Cash received from other funds	-	-	-	43,137
Cash paid to other funds	-	-	-	(20,747)
Net cash used by noncapital financing activities	<u>(10,891)</u>	<u>(165,401)</u>	<u>(176,292)</u>	<u>(89,139)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	-	-	-	(10,056)
Principal paid on revenue bond maturities	(16,624)	-	(16,624)	(15,757)
Interest paid on revenue bonds	(74,306)	-	(74,306)	(75,175)
Increase in meter deposits	3,710	1,525	5,235	4,115
Net cash provided (used) by capital and related financing activities	<u>(87,220)</u>	<u>1,525</u>	<u>(85,695)</u>	<u>(96,873)</u>
<b>Cash flows from investing activities:</b>				
Interest received on interest-bearing deposits	693	48	741	1,112
Net increase (decrease) in cash and cash equivalents	568	(32,704)	(32,136)	24,601
Cash and cash equivalents, beginning of period	<u>104,231</u>	<u>49,155</u>	<u>153,386</u>	<u>128,785</u>
Cash and cash equivalents, end of period	<u>\$ 104,799</u>	<u>\$ 16,451</u>	<u>\$ 121,250</u>	<u>\$ 153,386</u>
<b>Reconciliation of operating income to net cash used by operating activities</b>				
Operating income	\$ 50,458	\$ 136,160	\$ 186,618	\$ 170,170
Adjustments to reconcile operating income to net cash provided by operating activities -				
Depreciation	40,874	1,001	41,875	41,813
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	1,198	(947)	251	(6,424)
Increase (decrease) in accounts payable	8,548	(2,032)	6,516	5,874
Decrease in accrued liabilities	(3,092)	(3,058)	(6,150)	(1,932)
Total adjustments	<u>47,528</u>	<u>(5,036)</u>	<u>42,492</u>	<u>39,331</u>
Net cash provided by operating activities	<u>\$ 97,986</u>	<u>\$ 131,124</u>	<u>\$ 229,110</u>	<u>\$ 209,501</u>

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

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Slaughter (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended June 30, 2004, the Town implemented the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. As a result, an entirely new financial presentation format has been implemented.

A Financial Reporting Entity

The Town of Slaughter was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

As the municipal governing authority, for reporting purposes, the Town of Slaughter is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Slaughter for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization’s governing body, and
  - a. The ability to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

## TOWN OF SLAUGHTER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

As required by generally accepted accounting principals, these financial statements present the Town of Slaughter (the primary government) and its component units. By applying the above criteria, there are no component units of the Town of Slaughter.

#### B. Basis of Presentation

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

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

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

##### Fund Financial Statements

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

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

## TOWN OF SLAUGHTER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

#### Governmental Funds -

##### General Fund

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

##### Special Revenue Funds

##### Street and Sidewalk Sales Tax Fund -

The Street and Sidewalk Sales Tax Fund is used to account for the receipt and use of proceeds of 3.8181% of East Feliciana Parish's sales tax collections. These proceeds are dedicated to the general maintenance and repairs of streets and sidewalks in the Town.

#### Proprietary Funds -

##### Enterprise Fund

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

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

## TOWN OF SLAUGHTER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### D. Assets, Liabilities and Equity

##### Cash, and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

##### Interfund receivables and payables

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

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, and franchise fees. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible accounts at June 30, 2004 was \$6,942 for the Water Utility Fund and \$2,115 for the Gas Utility Fund. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at June 30, 2004.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

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

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

Buildings and improvements	40 years
Equipment and vehicles	3-10 years
Utility system and improvements	10-50 years
Infrastructure	40 years

## TOWN OF SLAUGHTER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

#### 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 are reported as liabilities in the government-wide statements. The long-term debt consists primarily of revenue bonds payable and utility meter deposits payable.

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 principle and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

#### Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Employees earn vacation and sick leave at various rates depending upon length of employment. Vacation must be taken in the year earned and may not be carried over. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment.

#### Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.



TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund 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.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 5
Water utility revenue	Debt service and utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Budget and Budgetary Accounting

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

1. Prior to June 15, the Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the period commencing the following July 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

H. Capitalization of Interest Expense

It is the policy of the Town of Slaughter to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. No interest was capitalized for the year ended June 30, 2004.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ materially from those estimates.

(2) Change in Accounting Principle

For the year ended June 30, 2004, the Town has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Town’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of “net assets” as follows:

Total fund balances - Governmental Funds - at June 30, 2003		\$	8,868
Add: Cost of capital assets at June 30, 2003	\$	809,197	
Less: Accumulated depreciation at June 30, 2003		<u>(341,168)</u>	<u>468,029</u>
Net assets at June 30, 2003		\$	<u>476,897</u>

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the Town had cash and interest-bearing deposits (book balances) totaling \$353,840 as follows:

Demand deposits	\$ 59,117
Money market accounts and certificates of deposit	<u>294,723</u>
Total	<u>\$353,840</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2004 were secured as follows:

Bank balances	<u>\$ 349,798</u>
Federal deposit insurance	\$ 167,893
Pledged securities (Category 3)	<u>181,905</u>
Total FDIC insurance and pledged securities	<u>\$ 349,798</u>

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

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of East Feliciana Parish. Property tax revenues are budgeted in the year billed.

For the year ended June 30, 2004, taxes of 4.76 mills were levied on property with assessed valuations totaling \$4,286,500. Total taxes levied were \$20,404. Taxes receivable at June 30, 2004 were \$341.

(5) Dedication of Sales Tax Proceeds

The Town of Slaughter receives 3.8181% of East Feliciana Parish sales tax collections. These proceeds (2004 collections \$46,915; 2003 \$40,016) are dedicated for the purpose of maintenance, repairs and upkeep of the streets and sidewalks in the Town of Slaughter. Sales taxes receivable at June 30, 2004 were \$8,480.

(6) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2004:

Revenue bond sinking fund	\$ 34,665
Revenue bond reserve fund	20,925
Capital additions and contingency fund	23,495
Customers' deposits	<u>40,709</u>
Total restricted assets	<u>\$119,794</u>

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Capital Assets

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

	Balance 07/01/03	Additions	Deletions	Balance 06/30/04
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 160,189	\$ -	\$ -	\$ 160,189
Other capital assets:				
Buildings and improvements	109,624	-	-	109,624
Infrastructure	-	78,775	-	78,775
Equipment and vehicles	539,384	18,842	-	558,226
Totals	<u>809,197</u>	<u>97,617</u>	<u>-</u>	<u>906,814</u>
Less accumulated depreciation				
Buildings and improvements	35,491	8,042	-	43,533
Equipment and vehicles	305,677	85,739	-	391,416
Total accumulated depreciation	<u>341,168</u>	<u>93,781</u>	<u>-</u>	<u>434,949</u>
<b>Governmental activities, capital assets, net</b>	<u>\$ 468,029</u>	<u>\$ 3,836</u>	<u>\$ -</u>	<u>\$ 471,865</u>
<b>Business-type activities:</b>				
Water distribution system	\$ 1,451,629	\$ -	\$ -	\$ 1,451,629
Gas distribution system	41,555	-	-	41,555
Equipment and vehicles	58,635	-	-	58,635
Office equipment	23,489	-	-	23,489
Totals	<u>1,575,308</u>	<u>-</u>	<u>-</u>	<u>1,575,308</u>
Less accumulated depreciation				
Water distribution system	243,446	36,290	-	279,736
Gas distribution system	7,689	1,001	-	8,690
Equipment and vehicles	38,672	3,644	-	42,316
Office equipment	5,150	940	-	6,090
Total accumulated depreciation	<u>294,957</u>	<u>41,875</u>	<u>-</u>	<u>336,832</u>
<b>Business-type activities, capital assets, net</b>	<u>\$ 1,280,351</u>	<u>\$(41,875)</u>	<u>\$ -</u>	<u>\$ 1,238,476</u>

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 9,079
Police	37,552
Fire	32,179
Streets	<u>14,971</u>
Total depreciation expense	<u>\$ 93,781</u>

Depreciation expenses was charged to business-type activities as follows:

Water	\$ 40,874
Gas	<u>1,001</u>
Total depreciation expense	<u>\$ 41,875</u>

(8) Changes in Long-Term Debt

The following is a summary of long-term debt transactions applicable to the business-type activities of the Town for the year ended June 30, 2004.

	<u>Water Revenue Bonds</u>
Long-term debt payable, July 1, 2003	\$1,389,923
Long-term debt issued	-
Long-term debt retired	<u>(16,624)</u>
Long-term debt payable, June 30, 2004	<u>\$1,373,299</u>

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt payable at June 30, 2004, is comprised of the following issue:

Water Revenue Bonds:

\$1,480,000 Water revenue bonds payable, due in monthly installments of \$7,578 through June 2036; interest at 5.375 percent, payable from water system revenues \$1,373,299

The long-term debt is due as follows:

Year Ending June 30,	Water Revenue Bonds	
	Principal Payments	Interest Payments
2005	\$ 17,544	\$ 73,387
2006	18,511	72,420
2007	19,531	71,400
2008	20,607	70,324
2009	21,742	69,189
2010 - 2014	128,055	326,600
2015 - 2019	167,437	287,218
2020 - 2024	218,931	235,724
2025 - 2029	286,262	168,393
2030 - 2034	374,300	80,355
2035 - 2036	100,379	3,313
	<u>\$1,373,299</u>	<u>\$1,458,323</u>

(9) Flow of Funds; Restrictions on Use – Water Revenue Bonds

Under the terms of the water revenue bond indenture dated June 14, 1996, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the water utility system, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, the Town pays principal and interest installments in the amount of \$7,578 in lieu of paying into a sinking fund.



TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

There shall also be set aside into a "Water Revenue Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there shall have been accumulated in the reserve account an amount equal to the maximum principal and interest requirements in any one maturity year (\$90,931). Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Water Depreciation and Contingency Fund" at the rate of \$455 each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

(10) Employee Retirement

All employees are members of one of the following retirement systems:

Federal Social Security System  
Municipal Employees' Retirement System of Louisiana  
Municipal Police Employees' Retirement System of Louisiana

Pertinent information relative to each plan follows:

A) Federal Social Security System

All employees of the Town of Slaughter are members of the Federal Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town; 7.65% by the employee). Total covered wages for the years ended June 30, 2004 and 2003 totaled \$176,368 and \$172,404, respectively. The Town's contributions to the System for the years ended June 30, 2004, 2003, and 2002 were \$13,492, \$13,189, and \$15,195, respectively, equal to the required contributions for each year.

B) Municipal Employees' Retirement System of Louisiana System

Eligible employees of the Town participate in the Municipal Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

## TOWN OF SLAUGHTER, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy - Under Plan B, members are required by statute to contribute 5.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 7.75%. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ending June 30, 2004, 2003, and 2002 were \$7,009, \$5,132, and \$6,060, respectively, equal to the required contributions for each year.

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

C) Municipal Police Employees' Retirement System of Louisiana (System)

Eligible employees of the Town participate in the Municipal Police Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.25% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2004, 2003, and 2002 were \$5,577, \$3,172 and \$2,902, respectively, equal to the required contributions for each year.

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Segment Information for the Enterprise Fund

The Town of Slaughter maintains two enterprise funds that provide water and gas services. Segment information for the year ended June 30, 2004, was as follows:

	Water Fund	Gas Fund	Total Enterprise Funds
Operating revenues	\$202,193	\$330,745	\$ 532,938
Depreciation	40,874	1,001	41,875
Operating expenses	110,861	193,584	304,445
Total operating expenses	151,735	194,585	346,320
Operating income	\$ 50,458	\$136,160	\$ 186,618

(12) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2004 follows:

Bobbie Bourgeois, Mayor	\$ 4,800
<b>Aldermen:</b>	
Wade Cline	1,680
Amy Poche	980
Joyce Zachary	1,680
Robbie Jackson	420
	\$ 9,560

(13) Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage for each of those risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses to the Town.

(14) Pending Litigation

There were several lawsuits pending against the Town of Slaughter involving monetary liability at June 30, 2004. The Town of Slaughter's legal advisor is unable to estimate the ultimate resolution of these matters. In the opinion of management, the outcome of these items will not have a material effect on the financial position of the Town.

TOWN OF SLAUGHTER, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Deficit Fund Balance/Retained Earnings

At June 30, 2004, the Town of Slaughter had a deficit fund balance in the amount of \$140,515 in the Street and Sidewalk Sales Tax Fund. Additionally, the Town had a deficit retained earnings balance of \$62,126 in the Water Utility Fund. The Town plans to eliminate these deficit balances in future years by increasing revenues and/or reducing expenditures/expenses.

(16) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2004:

Due to the Water and Gas Utility Funds from the General Fund representing short-term loans	\$ 167,623
Due to the Gas Utility Fund from the Water Utility Fund representing short-term loans	65,000
Due to the General Fund from the Street and Sidewalk Sales Tax Fund for reimbursement for expenditures paid	<u>161,702</u>
Total	<u>\$ 394,325</u>

Summary of balances due from other funds reported in fund financial statements:

Due from other funds, Balance Sheet - Governmental Funds	\$ 161,702
Due from other funds, Statement of Net Assets - Proprietary Funds	<u>232,623</u>
Total	<u>\$ 394,325</u>

B. Transfers

Transfers consisted of the following at June 30, 2004:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 193,696	\$ -
Street and Sidewalk Sales Tax Special Revenue Fund	-	17,404
Proprietary Funds:		
Water Utility Fund	12,884	23,775
Gas Utility Fund	-	<u>165,401</u>
Total	<u>\$ 206,580</u>	<u>\$ 206,580</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF SLAUGHTER, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2004  
With Comparative Actual Amounts For Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 52,500	\$ 64,625	\$ 65,483	\$ 858	\$ 61,979
Licenses and permits	40,500	33,000	43,906	10,906	43,658
Intergovernmental	20,600	95,690	90,670	(5,020)	25,547
Fines and forfeits	45,000	27,650	44,201	16,551	42,725
Miscellaneous	9,750	7,500	9,577	2,077	86,502
Total revenues	<u>168,350</u>	<u>228,465</u>	<u>253,837</u>	<u>25,372</u>	<u>260,411</u>
<b>Expenditures:</b>					
Current -					
General government	85,650	89,895	80,300	9,595	82,560
Public safety					
Police	87,925	130,285	134,418	(4,133)	102,764
Fire	15,325	26,185	38,408	(12,223)	15,861
Highways and streets	62,520	104,335	70,461	33,874	57,776
Capital outlay	40,000	101,000	97,617	3,383	61,321
Total expenditures	<u>291,420</u>	<u>451,700</u>	<u>421,204</u>	<u>30,496</u>	<u>320,282</u>
Deficiency of revenues over expenditures	<u>(123,070)</u>	<u>(223,235)</u>	<u>(167,367)</u>	<u>55,868</u>	<u>(59,871)</u>
<b>Other financing sources:</b>					
Transfers from Utility Funds	180,000	135,000	193,696	58,696	111,529
Transfers from Sales Tax Fund	-	-	-	-	2,344
Total other financing sources	<u>180,000</u>	<u>135,000</u>	<u>193,696</u>	<u>58,696</u>	<u>113,873</u>
Excess (deficiency) of revenues and other sources over expenditures	56,930	(88,235)	26,329	114,564	54,002
Fund balance, beginning	<u>179,045</u>	<u>179,045</u>	<u>179,045</u>	<u>-</u>	<u>125,043</u>
Fund balance, ending	<u>\$235,975</u>	<u>\$ 90,810</u>	<u>\$205,374</u>	<u>\$114,564</u>	<u>\$179,045</u>

TOWN OF SLAUGHTER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
Year Ended June 30, 2004

With Comparative Actual Amounts For Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
<b>Taxes:</b>					
Property taxes	\$ 20,500	\$ 20,125	\$ 20,104	\$ (21)	\$ 20,274
Franchise tax	32,000	44,500	45,379	879	41,705
Total taxes	<u>52,500</u>	<u>64,625</u>	<u>65,483</u>	<u>858</u>	<u>61,979</u>
<b>Licenses and permits:</b>					
Occupational licenses	<u>40,500</u>	<u>33,000</u>	<u>43,906</u>	<u>10,906</u>	<u>43,658</u>
<b>Intergovernmental:</b>					
Federal -					
Law enforcement grants	-	-	-	-	7,818
State of Louisiana -					
State revenue sharing	1,800	1,210	1,219	9	1,567
Beer taxes	2,300	1,680	1,738	58	2,291
Office of Rural Development	15,000	25,000	25,000	-	12,863
Street grant	-	49,000	49,000	-	-
Equipment grants	1,500	13,800	8,713	(5,087)	1,008
Parish police jury	-	5,000	5,000	-	-
Total intergovernmental	<u>20,600</u>	<u>95,690</u>	<u>90,670</u>	<u>(5,020)</u>	<u>25,547</u>
Fines and forfeits	<u>45,000</u>	<u>27,650</u>	<u>44,201</u>	<u>16,551</u>	<u>42,725</u>
<b>Miscellaneous:</b>					
Interest income	750	1,225	1,228	3	1,322
Donations	2,000	775	1,012	237	77,500
Other	7,000	5,500	7,337	1,837	7,680
Total miscellaneous	<u>9,750</u>	<u>7,500</u>	<u>9,577</u>	<u>2,077</u>	<u>86,502</u>
<b>Total revenues</b>	<u>\$ 168,350</u>	<u>\$ 228,465</u>	<u>\$ 253,837</u>	<u>\$ 25,372</u>	<u>\$260,411</u>



TOWN OF SLAUGHTER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
Year Ended June 30, 2004  
With Comparative Actual Amounts For Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Computer expenditures	\$ -	\$ 5,250	\$ 4,526	\$ 724	\$ 4,892
Dues	1,350	4,495	1,354	3,141	2,075
Equipment rent	-	-	370	(370)	2,441
Group health insurance	-	4,415	4,529	(114)	3,915
Healthwalk	-	2,075	1,765	310	1,800
Insurance	16,500	16,195	8,118	8,077	8,972
Janitorial supplies	-	410	313	97	246
Legal fees	8,300	1,875	3,422	(1,547)	2,321
Materials and supplies	-	1,310	2,544	(1,234)	2,153
Miscellaneous	5,200	600	1,150	(550)	2,934
Office expenditures	11,500	7,300	7,450	(150)	5,180
Payroll taxes	1,800	2,175	1,885	290	1,655
Professional services	8,300	6,550	6,837	(287)	14,754
Printing	1,000	1,060	1,272	(212)	1,158
Repairs and maintenance	300	2,300	3,314	(1,014)	-
Retirement contributions	5,200	7,900	3,256	4,644	2,939
Salaries	21,500	21,750	23,757	(2,007)	21,239
Telephone	3,100	2,260	2,738	(478)	2,296
Utilities	1,600	1,975	1,700	275	1,590
Total general government	<u>85,650</u>	<u>89,895</u>	<u>80,300</u>	<u>9,595</u>	<u>82,560</u>

(continued)

TOWN OF SLAUGHTER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
Year Ended June 30, 2004  
With Comparative Actual Amounts For Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
Public safety -					
Police:					
Citation expenditures	\$ 3,100	\$ 3,300	\$ 3,468	\$ (168)	\$ 4,183
Court appearance fees	-	-	-	-	150
Equipment rent	-	-	2,630	(2,630)	-
Group health insurance	-	4,400	4,529	(129)	3,040
Insurance	18,500	21,375	18,344	3,031	16,890
Materials and supplies	4,700	5,490	15,836	(10,346)	4,712
Miscellaneous	1,275	375	703	(328)	396
Office supplies	-	1,555	1,685	(130)	1,829
Payroll taxes	4,500	5,300	4,260	1,040	4,099
Repairs and maintenance	450	2,880	8,379	(5,499)	406
Retirement contributions	2,500	4,975	4,046	929	2,814
Salaries	41,000	68,100	54,769	13,331	52,159
Telephone	3,600	4,020	4,260	(240)	3,635
Training	750	800	1,524	(724)	-
Truck expenditures	6,200	4,960	7,602	(2,642)	6,564
Utilities	1,350	2,755	2,383	372	1,887
Total police	<u>87,925</u>	<u>130,285</u>	<u>134,418</u>	<u>(4,133)</u>	<u>102,764</u>
Fire:					
Group health insurance	-	-	-	-	279
Insurance	600	1,400	-	1,400	317
Materials and supplies	8,400	9,200	19,441	(10,241)	1,512
Miscellaneous	1,675	4,175	3,369	806	787
Office supplies	-	285	550	(265)	617
Payroll taxes	-	100	164	(64)	390
Repairs and maintenance	-	2,480	2,521	(41)	-
Salaries	-	1,070	2,060	(990)	5,015
Telephone	1,500	950	1,619	(669)	1,241
Training	-	3,600	3,600	-	1,700
Truck expenditures	1,800	1,675	3,954	(2,279)	2,455
Utilities	1,350	1,250	1,130	120	1,548
Total fire	<u>15,325</u>	<u>26,185</u>	<u>38,408</u>	<u>(12,223)</u>	<u>15,861</u>
Total public safety	<u>103,250</u>	<u>156,470</u>	<u>172,826</u>	<u>(16,356)</u>	<u>118,625</u>

(continued)

TOWN OF SLAUGHTER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
Year Ended June 30, 2004  
With Comparative Actual Amounts For Year Ended June 30, 2003

	2004			Variance with Final Budget Positive (Negative)	2003 Actual
	Budget		Actual		
	Original	Final			
Highways and streets -					
Equipment rent	\$ -	\$ 3,710	\$ 294	\$ 3,416	\$ 307
Garbage	500	140	123	17	425
Group health insurance	-	1,315	5,391	(4,076)	5,456
Insurance	8,800	5,575	1,827	3,748	2,936
Materials and supplies	4,500	3,460	13,501	(10,041)	5,311
Miscellaneous	500	50	240	(190)	365
Office supplies	570	-	22	(22)	69
Payroll taxes	2,550	2,225	1,885	340	1,817
Professional services	1,000	2,450	1,168	1,282	787
Repairs and maintenance	3,500	38,510	10,384	28,126	4,409
Retirement contributions	3,500	2,300	1,566	734	1,189
Salaries	25,000	24,775	23,652	1,123	23,743
Subcontract services	-	6,425	-	6,425	-
Telephone	800	775	367	408	365
Truck expenditures	1,800	1,175	1,200	(25)	2,178
Utilities	9,500	11,450	8,841	2,609	8,419
Total highways and streets	<u>62,520</u>	<u>104,335</u>	<u>70,461</u>	<u>33,874</u>	<u>57,776</u>
Capital outlay:					
General government -					
Equipment	15,000	6,000	-	6,000	11,788
Public safety - police					
Autos and equipment	25,000	15,000	17,509	(2,509)	49,533
Highways and streets					
Equipment	-	1,350	1,333	17	-
Street improvements	-	78,650	78,775	(125)	-
Total capital outlay	<u>40,000</u>	<u>101,000</u>	<u>97,617</u>	<u>3,383</u>	<u>61,321</u>
Total expenditures	<u>\$291,420</u>	<u>\$451,700</u>	<u>\$421,204</u>	<u>\$30,496</u>	<u>\$320,282</u>

TOWN OF SLAUGHTER, LOUISIANA  
Street and Sidewalk Sales Tax Fund  
Special Revenue Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2004  
With Comparative Actual Amounts For Year Ended June 30, 2003

	2004		Actual	Variance with Final Budget Positive (Negative)	2003 Actual
	Budget				
	Original	Final			
<b>Revenues:</b>					
Sales taxes	\$ 40,000	\$ 44,600	\$ 46,915	\$ 2,315	\$ 40,016
Miscellaneous - interest	<u>500</u>	<u>250</u>	<u>151</u>	<u>(99)</u>	<u>293</u>
Total revenues	40,500	44,850	47,066	2,216	40,309
<b>Expenditures:</b>					
	-	-	-	-	-
Excess of revenues over expenditures	<u>40,500</u>	<u>44,850</u>	<u>47,066</u>	<u>2,216</u>	<u>40,309</u>
<b>Other financing uses:</b>					
Transfers to General Fund	-	-	-	-	(2,344)
Transfers to Water Fund	-	(4,520)	(12,884)	(8,364)	-
Transfers to Gas Fund	-	<u>(4,520)</u>	<u>(4,520)</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(9,040)</u>	<u>(17,404)</u>	<u>(8,364)</u>	<u>(2,344)</u>
Excess of revenues over expenditures and other uses	40,500	35,810	29,662	(6,148)	37,965
Fund balance (deficit), beginning	<u>(170,177)</u>	<u>(170,177)</u>	<u>(170,177)</u>	<u>-</u>	<u>(208,142)</u>
Fund balance (deficit), ending	<u>\$(129,677)</u>	<u>\$(134,367)</u>	<u>\$(140,515)</u>	<u>\$ (6,148)</u>	<u>\$(170,177)</u>

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF SLAUGHTER, LOUISIANA  
Enterprise Funds  
Utility Funds

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2004 and 2003

Records maintained by the Town indicated the following number of customers were being served during the months of June, 2004 and 2003:

<u>Department</u>	<u>2004</u>	<u>2003</u>
Water (metered)	600	600
Gas	343	355

**COMPLIANCE  
AND  
INTERNAL CONTROL**

**KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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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**

Honorable Bobbie Bourgeois, Mayor  
and members of the Board of Aldermen  
Town of Slaughter, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Slaughter, Louisiana (the Town) as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 7, 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 Town'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 Town'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 Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described as item 04-1(IC) in the accompanying summary schedule of current and prior year audit findings and corrective action plan.

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408 W. Cotton Street  
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200 South Main Street  
Abbeville, LA 70510  
Phone (337) 893-7944  
Fax (337) 893-7946



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 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. We also noted another matter involving the internal control over financial reporting that we have reported to management in a separate letter dated October 7, 2004.

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

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 7, 2004

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## MANAGEMENT LETTER

\* A Professional Accounting Corporation

The Honorable Bobbie Bourgeois, Mayor  
and Members of the Board of Aldermen  
Town of Slaughter, Louisiana

During our audit of the basic financial statements of the Town of Slaughter for the year ended June 30, 2004, we noted an area in which the efficiency and effectiveness of the operations of the Town could be improved. This recommendation was also included in our management letter dated October 15, 2003 relative to our audit of the June 30, 2003 financial statements.

- (1) Management should consider raising revenues and/or reducing expenditures in the *Street and Sidewalk Special Revenue Fund and the Water Utility Fund* in order to eliminate deficits in these funds.

We would like to express our appreciation to you and your staff, particularly your office staff, for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance please feel free to contact us.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 7, 2004

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TOWN OF SLAUGHTER, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
June 30, 2004

Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (6/30/04) --					
<u>Internal Control:</u>					
04-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	N/A

Management Letter:

04-2(ML)	2002	The Street and Sidewalk Special Revenue Fund and the Water Utility Fund are operating at deficits.	Yes	The Town raised water rates and is monitoring spending in the Water Utility Fund in order to eliminate the deficit. The Town is also reducing the Street and Sidewalk Special Revenue Fund deficit.	Norma Ory, Clerk	6/30/2005
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PRIOR YEAR (6/30/03) --

Internal Control:

03-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	N/A	N/A
03-2(ML)	2002	The Street and Sidewalk Special Revenue Fund and the Water Utility Fund are operating at deficits.	No	Management should consider raising revenues and/or reducing expenditures in order to eliminate deficits in these funds.	Norma Ory, Clerk	6/30/2004