
TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA

REPORT ON AUDIT OF
BASIC FINANCIAL STATEMENTS

YEAR ENDED
JUNE 30, 2004 AND 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
ANNUAL FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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ANNUAL FINANCIAL REPORT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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October 29, 2004

INDEPENDENT AUDITORS' REPORT

The Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmerville, 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 basic financial statements are the responsibility of the Town of Farmerville, Louisiana's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with 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 opinion generally accepted in the United States of America..

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmerville, 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 to the financial statements, the Town of Farmerville adopted Governmental Accounting Standards Board Statements No. 33, Accounting and Financial Reporting for Nonexchange Transactions, and Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of July 1, 2002. The results in a change of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2003 on our consideration of the Town of Farmerville, Louisiana'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.

Management's Discussion and Analysis on pages A - F and the required supplemental information, other than Management's Discussion and Analysis, on pages 33 - 39 are not a required part of the basic audited financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain

The Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman
October 29, 2004
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limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Farmerville, Louisiana's basic financial statements. The combining and individual fund statements and schedules, as well as the accompanying supplemental information as listed in the Table of Contents and identified as Schedule A through Schedule H are presented for purpose 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, are fairly stated in all material respects in relation to the basic financial statements taken as whole.

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS

Garrett & Garrett CPAs

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Farmerville, Louisiana
Management's Discussion and Analysis
June 30, 2004

The management of the Town of Farmerville, Louisiana offers readers of the Town of Farmerville, Louisiana's (Town) financial statements this narrative overview an analysis of the financial activities of the Town for the fiscal year ended June 30, 2004. Management discussion and analysis is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, or conditions.

Overview of the Financial Statements

The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. The statement of activities shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs regardless of the timing of the related cash flows.

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines and intergovernmental revenues for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees such as the water and sewer departments.

Fund Financial Statements

The Town of Farmerville, Louisiana maintains four individual governmental funds, General Government, Special Revenue, Debt Service, and Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The Town adopts an annual budget for its general fund. A statement of revenues, expenditures and changes in fund balance is presented on Statement A which compares actual revenues and expenditures to the original budget and amended budget figures. The original budget was adopted on June 10, 2003 and it was amended on July 12, 2004.

The Town operates one proprietary fund. The Town uses an enterprise fund to account for its water and sewer disposal operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements. The notes are found on pages 13-32.

Government-wide Financial Analysis

Overall, the Town's financial position and results of its operation improved in fiscal 2004. The largest percentage of the total assets (82%) is the Town's investment in net capital assets. The Town has outstanding debt of \$3,765,892.92 which was used to finance some of the \$11,513,495.01 capital assets. (For more detailed information on the Town's debt and capital assets, see pages 21-24.) The Town will have to generate enough income in fiscal year 2005 to pay off \$200,000 in bonds and \$46,877.19 in lease payments, which do not include interest. The total liabilities of \$4,355,744.30 are 31% of the total assets.

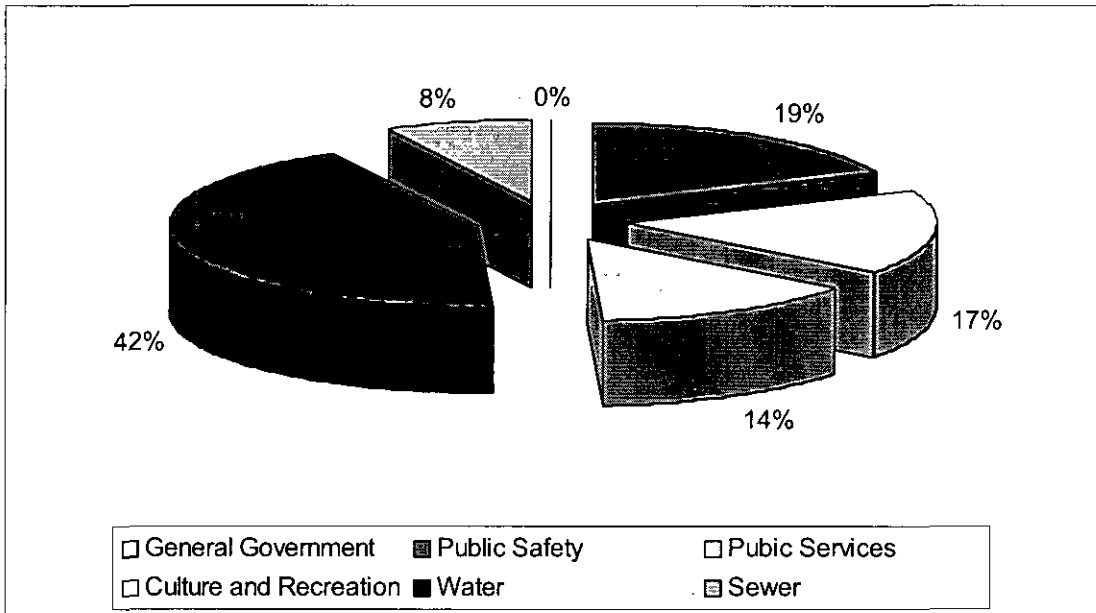
The following table reflects the condensed statement of net assets at June 30, 2004.

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets	\$1,472,865.12	\$ 899,369.32	\$ 2,372,234.44
Non-current Assets	4,604,631.92	6,908,863.09	11,513,495.01
Total Assets	\$6,077,497.04	\$7,808,232.41	\$13,885,729.45
Liabilities			
Current Liabilities	\$ 578,281.65	\$ 393,446.92	\$ 971,728.57
Non-current Liabilities	2,784,015.73	600,000.00	3,384,015.73
Total Liabilities	\$3,362,297.38	\$ 993,446.92	\$4,355,744.30
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$1,573,739.00	\$6,170,456.09	\$7,744,195.09
Restricted	899,181.19	458,206.18	1,742,949.28
Unrestricted	242,279.47	186,123.31	428,402.78
Total Net Assets	\$2,715,199.66	\$6,814,785.49	\$9,529,985.15

The Town's governmental activities increased the net assets by \$108,150. Part of this increase is due to a transfer from the water department to the general fund of \$180,000. This transfer caused the business-type activities to report an overall loss of \$28,153. The total change in net assets increased the Town's assets by \$79,997. Below is a summary of the statement of activities.

	Governmental Activities	Business-Type Activities	Total
Revenues			
Program Revenues	\$1,233,824.44	\$1,033,105.62	\$2,266,930.06
General Revenues	1,375,088.68	375,285.36	1,750,374.04
Total Revenues	\$2,608,913.12	\$1,408,390.98	\$4,017,304.10
Expenses			
General and Administrative	\$ 519,457.53	\$180,000.00	\$ 698,457.53
Public Safety	719,918.51		719,918.51
Public Services	977,637.11		977,637.11
Culture and Recreation	129,904.61		129,904.61
Water & Sewer		1,210,755.36	1,210,755.36
Interest on Long-Term Debt	153,844.89	45,789.00	199,633.89
Total Expenses	\$2,500,762.65	\$1,436,544.36	\$3,937,307.01
Increases(Decreases) in Net Assets	\$ 108,150.47	(\$28,153.38)	\$79,997.09
Net Assets - July 1, 2003 - Originally Stated	\$2,607,049.22	\$6,842,938.87	\$9,449,988.09
Prior Period Adjustments (Accruals, Capital Assets)			
Net Assets - July 1, 2003 (Restated)	\$2,607,049.22	\$6,842,938.87	\$9,449,988.09
Net Assets - June 30, 2004	\$2,715,199.69	\$6,814,785.49	\$9,529,985.18

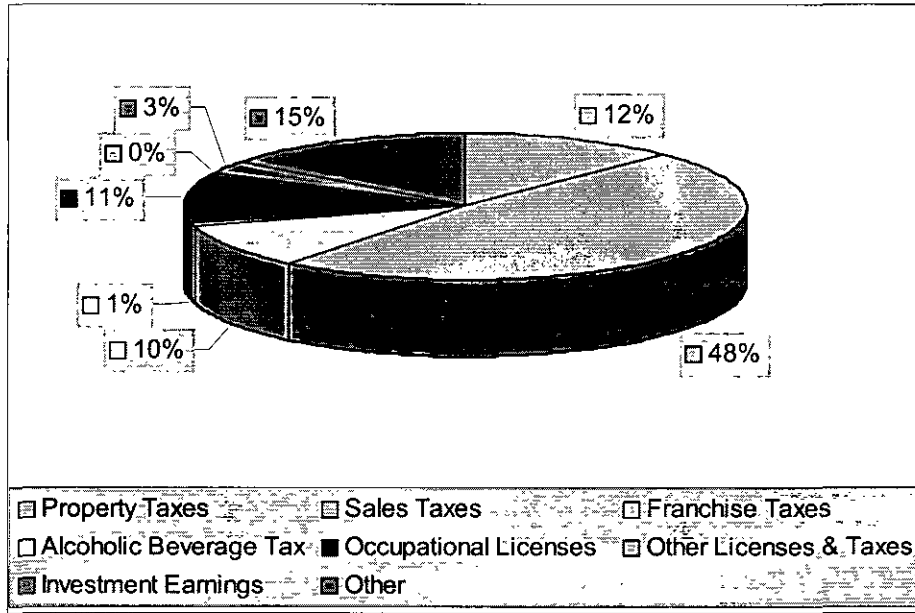
Program Revenues



Program Revenues are Broken Down By:

General Government	\$.00
Public Safety		469,225.11
Public Services		416,096.32
Culture and Recreation		348,503.01
Water		1,083,488.84
Sewer		194,415.78
Total Program Revenues		<u>\$ 2,511,729.06</u>

General Revenues



General Revenues Consist of the Following:

Property Taxes	\$ 158,101.91
Sales Taxes	612,130.87
Franchise Taxes	125,045.90
Alcoholic Beverage Tax	7,475.00
Occupational Licenses	141,943.56
Other Licenses & Taxes	1,685.00
Investment Earnings	34,432.25
Other	<u>186,772.55</u>
Total General Revenues	<u>\$ 1,267,587.04</u>

Financial Analysis of the Government's Funds

The Town of Farmerville's governmental funds reported a combined ending fund balances of \$1,206,914, which is a decrease of \$54,480. Of the \$1,206,914, \$351,463 is reserved for debt service.

The Town's proprietary fund shows a decrease in its ending fund balance of \$29,153. Approximately 98% of the current year's operating loss is in the sewer fund.

General Fund Budgetary Highlights

The major differences between the original budget and the final budget of the General Fund are:

1. The increase in revenue of \$21,438 is due mainly to supplemental pay not included in budget amounts.
2. Expenditures decreased from \$1,667,752 to \$1,481,783 for a difference of \$185,969.
3. The decrease in expenditures is due to decreases in actual expenses for equipment.

The final budget and the actual results difference show a positive position. The difference in budgeted revenue and actual is only 1%. The difference in budgeted expenditures and actual is 8%.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2004 is \$11,513,495.

New major capital assets purchased in fiscal 2004 are:

1. The completion of the Fire Department building second floor at a cost of \$14,707.04
2. The completion of the construction project on the old raised water tank with a total cost of \$274,721.
3. The general fund replaced the computer system at a cost of \$48,907 under a lease purchase agreement.
4. The general fund replaced the three copy machines at a cost of \$10,361.
5. The fire department replaced equipment for a cost of \$13,238.
6. The Town's recreation center project was completed at a total cost of \$1,521,604, with equipment cost of \$39,350.

The Town has elected not to retroactively report major general infrastructure assets. All major general infrastructure assets purchased after 2002 will be capitalized.

At the end of the current fiscal year, the Town had a total outstanding bonded debt of \$3,460,000. This debt is financed through sales taxes collected. The Town also had debt from a ten year capital lease with Governmental Capital Corporation. The proceeds were used to buy two Ferrara Fire Trucks in the fiscal year 2000. At year end, the balance due is \$296,818. The Town entered into a lease purchase agreement with IBM for \$48,907 for the purchase of a new IBM computer system. At year end the balance due was \$44,343.10.

Current Financial Factors

The Town successfully renewed a 10 year property tax millage dedicated to the Fire Department operations and equipment in July. The tax will bring in approximately \$225,000.00 per year. The town also applied for a \$240,00.00 capitol outlay grant for the recreation center improvements

In the first 4 months of fiscal 2004: Sales tax collections are down 1% over the same 4 month period in fiscal 2003; water service collections are up 10% along with garbage collections which are up by 12.5% from the same period last year.

The budget for fiscal year 2005 is \$3,735, 875.00 gross revenue with a net income of \$29,763.00. Included in the budget is the purchase of a new fire truck and equipment for the truck.

BASIC FINANCIAL STATEMENTS

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENTS OF NET ASSETS
JUNE 30, 2004 AND 2003

EXHIBIT A

	<u>GOVERNMENTAL</u>	<u>BUSINESS-TYPE</u>	<u>TOTALS</u>	
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 358,630.24	\$ 175,176.09	\$ 533,806.33	\$ 815,902.25)
Receivables Net	101,587.27	138,525.42	240,112.69	197,436.64
Receivables - Others	15,077.45	.00	15,077.45	4,234.56
Accrued Interest	.00	.00	.00	425.89
Prepaid Expenses	23,471.00	7,983.00	31,454.00	19,709.00
Due from Other Funds	74,727.69	.00	74,727.69	62,811.37
Due from Other Governments	.00	.00	.00	19,857.51
Restricted Cash and Cash Equivalents	899,371.47	577,684.81	1,477,056.28	1,411,749.41
Capital Assets, Net	<u>4,604,631.92</u>	<u>6,908,863.09</u>	<u>11,513,495.01</u>	<u>11,439,453.15</u>
Total Assets	<u>\$ 6,077,497.04</u>	<u>\$ 7,808,232.41</u>	<u>\$ 13,885,729.45</u>	<u>\$ 13,971,579.78</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 138,861.42	\$ 79,564.23	\$ 218,425.65	\$ 245,602.52
Accrued Expenses	192,543.04	15,680.00	208,223.04	183,564.59
Due to Other Funds	.00	74,727.69	74,727.69	62,811.37
Customer Deposits	.00	88,475.00	88,475.00	82,795.00
Current Portion of Long-Term Obligations				
Revenue Bonds Payable	200,000.00	135,000.00	335,000.00	190,000.00
Capital Leases Payable	46,877.19	.00	46,877.19	35,268.39
Long-Term Debt				
Revenue Bonds Payable	2,525,000.00	600,000.00	3,125,000.00	3,460,000.00
Capital Leases Payable	<u>259,015.73</u>	<u>.00</u>	<u>259,015.73</u>	<u>261,549.82</u>
Total Liabilities	<u>\$ 3,362,297.38</u>	<u>\$ 993,446.92</u>	<u>\$ 4,355,744.30</u>	<u>\$ 4,521,591.69</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 1,573,739.00	\$ 6,170,456.09	\$ 7,744,195.09	\$ 7,765,917.25
Restricted for:				
Debt Service	351,463.33	253,467.91	604,931.24	329,392.56
Public Safety	.00	.00	.00	15,002.52
Fire Department	492,954.10	.00	492,954.10	266,066.43
Capital Projects	54,763.76	204,738.18	259,501.94	617,881.37
Unrestricted (Deficit)	<u>242,279.50</u>	<u>186,123.31</u>	<u>428,402.81</u>	<u>455,727.96</u>
Total Net Assets	<u>\$ 2,715,199.69</u>	<u>\$ 6,814,785.49</u>	<u>\$ 9,529,985.18</u>	<u>\$ 9,449,988.09</u>

The notes are an integral part of these statements. See accompanying independent auditors' report.

EXHIBIT B

TOWN OF FARMERVILLE
 FARMERVILLE, LOUISIANA
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		TOTALS	
	EXPENSES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	GOVERNMENTAL BUSINESS-TYPE ACTIVITIES	2004	2003
PRIMARY GOVERNMENT						
Governmental Activities						
General Government	\$ 519,457.53	\$.00	\$ (519,457.53)	\$.00	\$ (519,457.53)	\$ (278,576.20)
Public Safety						
Police	460,002.10	47,387.00	23,000.00	(389,615.10)	(389,615.10)	(345,275.60)
Fire	259,916.41	378,563.11	20,275.00	138,921.70	138,921.70	179,945.54
Public Services						
Garbage	463,614.11	416,096.32	.00	(47,517.79)	(47,517.79)	(115,147.67)
Streets	383,505.60	.00	.00	(383,505.60)	(383,505.60)	(459,338.83)
Maintenance	11,524.90	.00	.00	(11,524.90)	(11,524.90)	.00
Transfers to Sewer	.00	.00	.00	.00	.00	.00
Culture and Recreation	129,904.61	343,503.01	5,000.00	218,598.40	218,598.40	291,663.04
Interest on Long-Term Debt	153,844.89	.00	.00	(153,844.89)	(153,844.89)	(164,830.55)
Total Governmental Activities	\$ 2,381,770.15	\$ 1,185,549.44	\$ 48,275.00	\$ (1,147,945.71)	\$ (1,193,734.71)	\$ (891,560.27)
Business-Type Activities						
Water Department	\$ 885,710.29	\$ 839,689.84	\$ 243,799.00	\$.00	\$ 197,778.55	\$ (18,259.65)
Sewer Department	325,045.07	193,415.78	1,000.00	.00	(130,629.29)	(158,459.74)
Total Business-Type Activities	\$ 1,210,755.36	\$ 1,033,105.62	\$ 244,799.00	\$.00	\$ 67,149.26	\$ (176,719.39)
Total Primary Government	\$ 3,592,525.51	\$ 2,218,655.06	\$ 293,074.00	\$ (1,147,945.71)	\$ (1,126,585.45)	\$ (1,068,279.66)
General Revenues						
Taxes:						
Property Taxes Levied for						
General Purposes			\$ 158,101.91	\$.00	\$ 158,101.91	\$ 169,201.88
Sales Taxes			612,130.87	.00	612,130.87	632,895.84
Franchise Taxes			125,045.90	.00	125,045.90	129,018.75
Alcoholic Beverage Tax			7,475.00	.00	7,475.00	11,669.13
Occupational Licenses			141,943.56	.00	141,943.56	77,375.24
Other Licenses and Taxes			1,685.00	.00	1,685.00	79,467.29
Investment Earnings			22,938.39	11,493.86	34,432.25	68,713.85
Intergovernment Revenue			103,010.61	.00	103,010.61	14,955.66
Miscellaneous			22,757.44	.00	22,757.44	6,751.85
Transfers			61,007.50	(61,007.50)	.00	.00
Total General Revenues			\$ 1,147,945.71	\$ 21,360.26	\$ (1,126,585.45)	\$ (1,068,279.66)

Transfers	\$ 1,256,096.18	\$ (49,513.64)	\$ 1,206,582.54	\$ 1,190,049.49
Change in Net Assets	\$ 108,150.47	\$ (28,153.38)	\$ 79,997.09	\$ 121,769.83
Net Assets - Beginning	\$ 2,607,049.22	\$ 6,842,938.87	\$ 9,449,988.09	\$ 9,328,218.26
Net Assets - Ending	\$ 2,715,199.69	\$ 6,814,785.49	\$ 9,529,985.18	\$ 9,449,988.09

The notes are an integral part of these statements. See accompanying independent auditor's report.

EXHIBIT C

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2004 AND 2003

<u>ASSETS</u>	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>	
					<u>2004</u>	<u>2003</u>
Cash and Cash Equivalents	\$ 38,449.06	\$ 320,015.42	\$.00	\$ 165.76	\$ 358,630.24	\$ 644,374.75
Property Taxes Receivable, Net	176.66	.00	.00	.00	176.66	248.88
Franchise Taxes Receivable	14,437.83	.00	.00	.00	14,437.83	13,755.08
Sales Taxes	.00	86,972.78	.00	.00	86,972.78	54,076.34
Accounts Receivables - Others	15,077.45	.00	.00	.00	15,077.45	1,260.56
Accrued Interest Receivable	.00	.00	.00	.00	.00	425.89
Due from Other Governments	.00	.00	.00	.00	.00	19,857.51
Prepaid Items	18,289.00	5,182.00	.00	.00	23,471.00	16,370.00
Due from Other Funds	71,744.07	20,158.07	.00	.00	91,902.14	68,409.31
Restricted Assets						
Cash and Cash Equivalents	493,310.14	54,598.00	351,463.33	.00	899,371.47	736,709.95
<u>TOTAL ASSETS</u>	<u>\$ 651,484.21</u>	<u>\$ 486,926.27</u>	<u>\$ 351,463.33</u>	<u>\$ 165.76</u>	<u>\$ 1,490,039.57</u>	<u>\$ 1,555,488.27</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 70,256.97	\$ 68,604.45	\$.00	\$.00	\$ 138,861.42	\$ 122,459.10
Estimates and Retainages Payable	.00	.00	.00	.00	.00	62,087.00
Accrued Liabilities	35,255.29	14,328.00	.00	.00	49,583.29	32,038.00
Deferred Revenue	77,506.00	.00	.00	.00	77,506.00	71,912.00
Due to Other Funds	14,474.45	2,700.00	.00	.00	17,174.45	5,597.94
Total Liabilities	\$ 197,492.71	\$ 85,632.45	\$.00	\$.00	\$ 283,125.16	\$ 294,094.04
<u>FUND BALANCE</u>						
Reserved for Debt Service	\$.00	\$.00	\$ 351,463.33	\$.00	\$ 351,463.33	\$ 329,392.56
Unreserved, Undesignated	(18,687.60)	.00	.00	.00	(18,687.60)	15,492.46
Unreserved, Designated Reported in						
Nonmajor Special Revenue Funds	472,679.10	346,695.82	.00	.00	819,374.92	579,379.70
Capital Projects Funds	.00	54,598.00	.00	165.76	54,763.76	337,129.51
Total Fund Balance	\$ 453,991.50	\$ 401,293.82	\$ 351,463.33	\$ 165.76	\$ 1,206,914.41	\$ 1,261,394.23
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 651,484.21</u>	<u>\$ 486,926.27</u>	<u>\$ 351,463.33</u>	<u>\$ 165.76</u>	<u>\$ 1,490,039.57</u>	<u>\$ 1,555,488.27</u>

The notes are an integral part of the financial statements. See accompanying independent auditors' report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
RECONCILIATION OF THE BALANCE SHEETS
TO THE STATEMENTS OF NET ASSETS - GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

EXHIBIT C -1

	<u>2004</u>	<u>2003</u>
<u>FUND BALANCES</u> - Total Governmental Funds	\$ 1,206,914.41	\$ 1,261,394.23
<p>Capital Assets used in Governmental Activities are not Financial Resources and therefore are not reported in the Governmental Funds.</p>		
Governmental Capital Assets	\$ 6,514,837.09	\$ 6,271,018.73
Less: Accumulated Depreciation	<u>(1,910,205.17)</u>	<u>(1,746,633.94)</u>
Net	<u>\$ 4,604,631.92</u>	<u>\$ 4,524,384.79</u>
<p>Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported in the Governmental Funds.</p>		
Accrued Interest Payable	\$ 65,453.72	\$ 66,911.59
Bonds Payable	2,725,000.00	2,815,000.00
Lease Payable	<u>305,892.92</u>	<u>296,818.21</u>
Net	<u>\$ 3,096,346.64</u>	<u>\$ 3,178,729.80</u>
<u>NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$ 2,715,199.69</u>	<u>\$ 2,607,049.22</u>

The notes are an integral part of this statement. See accompanying independent auditors' report.

EXHIBIT D

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

REVENUES	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS	
					2004	2003
Taxes						
Property	\$ 382,409.27	\$ 154,255.75	\$.00	\$.00	\$ 536,665.02	\$ 546,072.06
Sales	.00	944,605.38	.00	.00	944,605.38	932,623.30
Franchise	125,045.90	.00	.00	.00	125,045.90	129,018.75
Licenses and Permits	151,103.56	.00	.00	.00	151,103.56	156,842.53
Intergovernment	23,010.61	.00	.00	.00	23,010.61	26,624.79
Charges for Services	416,096.32	.00	.00	.00	416,096.32	358,108.16
Fines and Forfeits	47,387.00	.00	.00	.00	47,387.00	64,396.50
Miscellaneous Revenues	1,840.71	40,045.41	.00	.00	41,886.12	21,392.47
Interest Income	4,789.08	.00	5,479.08	7,991.57	18,259.73	52,114.86
State of Louisiana Supplemental Pay	26,600.00	.00	.00	.00	26,600.00	25,200.00
Administrative Fee	60,000.00	.00	.00	.00	60,000.00	60,000.00
Grants	16,675.00	.00	.00	.00	16,675.00	32,806.57
Total Revenues	\$ 1,254,957.45	\$ 1,138,906.54	\$ 5,479.08	\$ 7,991.57	\$ 2,407,334.64	\$ 2,405,199.99

EXPENDITURES

Current						
General and Administrative	\$ 338,979.63	\$ 291,363.44	\$.00	\$.00	\$ 630,343.07	\$ 472,720.64
Public Safety	492,652.24	.00	.00	.00	492,652.24	504,807.74
Fire Department	195,319.37	.00	.00	.00	195,319.37	185,665.34
Sanitation Department	452,301.51	.00	.00	.00	452,301.51	425,308.40
Recreation	284.98	3,326.17	.00	.00	3,611.15	223.63
State Park	2,245.35	.00	.00	.00	2,245.35	4,216.10
Streets	.00	322,834.32	.00	.00	322,834.32	292,255.49
Prison Labor and Expenditures	.00	9,799.43	.00	.00	9,799.43	16,246.98
Maintenance Department	.00	11,524.90	.00	.00	11,524.90	14,572.43
Debt Service						
Principal Retirement	.00	.00	129,832.29	.00	129,832.29	118,244.97
Interest and Fiscal Charges	.00	.00	155,809.02	.00	155,809.02	162,121.45
Capital Outlay	.00	62,285.33	.00	127,790.92	190,076.25	2,261,292.29
Total Expenditures	\$ 1,481,783.08	\$ 701,133.59	\$ 285,641.31	\$ 127,790.92	\$ 2,596,348.90	\$ 4,457,675.46
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$ (226,825.63)	\$ 437,772.95	\$ (280,162.23)	\$ (119,799.35)	\$ (189,014.26)	\$ (2,052,475.47)

OTHER FINANCING SOURCES (USES)

Transfers In	\$ 384,255.72	\$ 183,938.98	\$ 302,233.00	\$.00	\$ 870,427.70	\$ 582,407.81
Transfers Out	.00	(566,428.73)	.00	(169,464.53)	(735,893.26)	(625,187.40)
Total Other Financing Sources (Uses)	\$ 384,255.72	\$ (382,489.75)	\$ 302,233.00	\$ (169,464.53)	\$ 134,534.44	\$ (42,779.59)

Net Change in Fund Balances	\$	157,430.09	\$	55,283.20	\$	22,070.77	\$	(289,263.88)	\$	(54,479.82)	\$	(2,095,255.06)
<u>FUND BALANCE, Beginning</u>	\$	296,561.41	\$	346,010.62	\$	329,392.56	\$	289,429.64	\$	1,261,394.23	\$	3,572,346.60
Prior Period Adjustment		.00		.00		.00		.00		.00		18,092.37
Transfer Bonds Payable to Sewer		.00		.00		.00		.00		.00		(233,789.68)
<u>FUND BALANCE, Ending</u>	\$	453,991.50	\$	401,293.82	\$	351,463.33	\$	165.76	\$	1,206,914.41	\$	1,261,394.23

The notes are an integral part of this statement. See accompanying independent auditors' report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

EXHIBIT D-1

	2004	2003
NET CHANGE IN FUND BALANCES - Total Governmental Funds	\$ (54,479.82)	\$ (2,095,255.06)

Amounts reported for governmental activities in the statement of activities are 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	294,988.61	2,402,888.32
Depreciation Expense	(214,741.48)	(185,572.89)

The instance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of a long-term Debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

Capital Lease	(48,907.00)	.00
Principal Payments	129,832.29	118,244.97

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase/Decrease in Accrued Expenses	1,457.87	(1,194.60)
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<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	\$ 108,150.47	\$ 239,110.74
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The notes are an integral part of these statements. See accompanying independent auditors' report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENTS OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004 AND 2003

EXHIBIT E

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	
			<u>2004</u>	<u>2003</u>
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 173,367.73	\$ 1,808.36	\$ 175,176.09	\$ 171,527.50
Accounts Receivable, Net	138,525.42	.00	138,525.42	129,356.34
Receivable - Other	.00	.00	.00	2,974.00
Prepaid Insurance	7,452.00	531.00	7,983.00	3,339.00
Total Current Assets	<u>\$ 319,345.15</u>	<u>\$ 2,339.36</u>	<u>\$ 321,684.51</u>	<u>\$ 307,196.84</u>
<u>Non-Current Assets</u>				
<u>Restricted Assets:</u>				
<u>Cash and Cash Equivalents</u>				
Water Fund - Meter Deposits	\$ 119,428.72	\$.00	\$ 119,428.72	\$ 117,102.29
Depreciation and Contingency Fund	110,435.74	94,302.44	204,738.18	280,751.86
LCDBG Program	50.00	.00	50.00	50.00
Sewer Bonds - Reserve	.00	182,139.77	182,139.77	180,061.33
Sewer Bonds - Sinking Fund	.00	71,328.14	71,328.14	97,073.98
Total Restricted Assets	<u>\$ 229,914.46</u>	<u>\$ 347,770.35</u>	<u>\$ 577,684.81</u>	<u>\$ 675,039.46</u>
<u>Capital Assets</u>				
Property, Plant, and Equipment, at Cost	\$ 5,370,181.07	\$ 5,558,764.04	\$ 10,928,945.11	\$ 10,694,833.35
Less: Accumulated Depreciation	(1,740,500.70)	(2,305,333.32)	(4,045,834.02)	(3,805,516.99)
Land	25,752.00	.00	25,752.00	25,752.00
Total Capital Assets	<u>\$ 3,655,432.37</u>	<u>\$ 3,253,430.72</u>	<u>\$ 6,908,863.09</u>	<u>\$ 6,915,068.36</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,204,691.98</u>	<u>\$ 3,603,540.43</u>	<u>\$ 7,808,232.41</u>	<u>\$ 7,897,304.66</u>
 <u>LIABILITIES AND NET ASSETS</u>				
<u>Liabilities</u>				
<u>Current Liabilities (Payable from Current Assets):</u>				
Accounts Payable	\$ 68,800.85	\$ 10,763.38	\$ 79,564.23	\$ 61,056.42
Accrued Liabilities	9,398.00	2,875.00	12,273.00	8,850.00
Total Current Liabilities (Payable from Current Assets)	<u>\$ 78,198.85</u>	<u>\$ 13,638.38</u>	<u>\$ 91,837.23</u>	<u>\$ 69,906.42</u>
 <u>Current Liabilities (Payable from Restricted Assets)</u>				
Customers' Deposits	\$ 88,475.00	\$.00	\$ 88,475.00	\$ 82,795.00
Bonds Payable	.00	135,000.00	135,000.00	100,000.00
Accrued Interest Payable	.00	3,407.00	3,407.00	3,853.00
Total Current Liabilities (Payable from Restricted Assets)	<u>\$ 88,475.00</u>	<u>\$ 138,407.00</u>	<u>\$ 226,882.00</u>	<u>\$ 186,648.00</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENTS OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004

EXHIBIT E
CONTINUED

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	
			<u>2004</u>	<u>2003</u>
<u>Long-Term Liabilities</u>				
Due to/from Other Funds	\$ (70,824.86)	\$ 146,552.55	\$ 75,727.69	\$ 62,811.37
Bonds Payable	.00	600,000.00	600,000.00	735,000.00
Total Long-Term Liabilities	<u>\$ (70,824.86)</u>	<u>\$ 746,552.55</u>	<u>\$ 675,727.69</u>	<u>\$ 797,811.37</u>
 Total Liabilities	 <u>\$ 95,848.99</u>	 <u>\$ 898,597.93</u>	 <u>\$ 994,446.92</u>	 <u>\$ 1,054,365.79</u>
 <u>Net Assets</u>				
Invested in Capital Assets Net of Related Debt	\$ 3,655,432.37	\$ 2,515,023.72	\$ 6,170,456.09	\$ 6,080,068.36
Restricted for Capital Projects	110,435.74	94,302.44	204,738.18	280,751.86
Restricted for Debt Services	.00	253,467.91	253,467.91	277,135.31
Unrestricted	342,974.88	(157,851.57)	185,123.31	204,983.34
Total Net Assets	<u>\$ 4,108,842.99</u>	<u>\$ 2,704,942.50</u>	<u>\$ 6,813,785.49</u>	<u>\$ 6,842,938.87</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 4,204,691.98</u>	 <u>\$ 3,603,540.43</u>	 <u>\$ 7,808,232.41</u>	 <u>\$ 7,897,304.66</u>

The notes are an integral part of these statements. See accompanying independent auditors' report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

EXHIBIT F

	<u>BUSINESS - TYPE ACTIVITIES</u>			
	<u>ENTERPRISE FUND</u>			
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	
		<u>2004</u>	<u>2003</u>	
<u>Operating Revenues</u>				
Charges for Services	\$ 839,689.84	\$ 193,415.78	\$ 1,033,105.62	\$ 1,031,349.78
Grants	240,247.00	.00	240,247.00	2,974.00
Miscellaneous	3,552.00	1,000.00	4,552.00	1,249.28
Total Operating Revenues	<u>\$ 1,083,488.84</u>	<u>\$ 194,415.78</u>	<u>\$ 1,277,904.62</u>	<u>\$ 1,035,573.06</u>
<u>Operating Expenses</u>				
<u>Administrative Expenses</u>				
Salaries and Employee Benefits	\$ 231,570.27	\$ 73,159.00	\$ 304,729.27	\$ 316,090.49
Administrative Fee	30,000.00	.00	30,000.00	30,000.00
Advertising	260.50	.00	260.50	314.00
Bad Debts	3,556.64	.00	3,556.64	9,320.55
Bank Charges	691.80	206.14	897.94	782.86
Computer Expense	16,586.85	4,533.16	21,120.01	4,909.21
Dues	150.00	.00	150.00	175.00
Insurance - Liability	45,064.63	2,344.71	47,409.34	23,132.78
Miscellaneous	27.08	125.64	152.72	193.64
Office Supplies	7,896.02	.00	7,896.02	14,027.44
Professional Fees	11,750.00	1,500.00	13,250.00	10,840.00
Radio Repairs	1,839.36	.00	1,839.36	416.35
Equipment and Truck Expense	19,842.52	4,833.92	24,676.44	27,338.90
Telephone Expense	7,374.52	569.73	7,944.25	6,824.30
Travel and Training	261.99	30.00	291.99	596.59
Total Administration	<u>\$ 376,872.18</u>	<u>\$ 87,302.30</u>	<u>\$ 464,174.48</u>	<u>\$ 444,962.11</u>
<u>Materials and Supplies</u>				
Chlorine	\$ 24,558.01	\$ 4,579.04	\$ 29,137.05	\$ 23,373.81
Chlorine Equipment Repair	7,176.83	.00	7,176.83	1,186.81
Chemicals	.00	205.25	205.25	1,456.09
Chemicals Test	.00	6,180.00	6,180.00	5,355.00
ConAgra Water Well	44,899.96	.00	44,899.96	5,043.43
Supplies	32,929.67	2,966.89	35,896.56	57,877.70
Utilities	207,264.31	40,224.87	247,489.18	232,734.44
Pump Repairs	.00	38,103.26	38,103.26	29,466.08
Major Repairs	.00	.00	.00	11,248.02
Meter Replacements	6,331.43	.00	6,331.43	2,828.76
Major Well and Tank Repairs	35,664.05	.00	35,664.05	47,563.41
Treatment Plant Repairs	.00	30,746.04	30,746.04	23,297.73
Safe Drinking Program	.00	.00	.00	8,651.52
Total Materials and Supplies	<u>\$ 358,824.26</u>	<u>\$ 123,005.35</u>	<u>\$ 481,829.61</u>	<u>\$ 450,082.80</u>
<u>Depreciation and Amortization</u>	<u>\$ 150,013.85</u>	<u>\$ 114,737.42</u>	<u>\$ 264,751.27</u>	<u>\$ 265,255.54</u>
Total Operating Expenses	<u>\$ 885,710.29</u>	<u>\$ 325,045.07</u>	<u>\$ 1,210,755.36</u>	<u>\$ 1,160,300.45</u>
Net Operating Income (Loss)	<u>\$ 197,778.55</u>	<u>\$ (130,629.29)</u>	<u>\$ 67,149.26</u>	<u>\$ (124,727.39)</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

EXHIBIT F
CONTINUED

	<u>BUSINESS - TYPE ACTIVITIES</u>			
	<u>ENTERPRISE FUND</u>			
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	
		<u>2004</u>	<u>2003</u>	
<u>Non-Operating Revenues (Expenses)</u>				
Interest Income				
Regular	\$ 6,233.65	\$ 1,685.11	\$ 7,918.76	\$ 13,400.85
Sinking and Reserve Funds	.00	3,575.10	3,575.10	3,198.14
Interest Expense	.00	(45,789.00)	(45,789.00)	(51,992.00)
Transfers to/from Other Funds	(204,471.92)	143,464.42	(61,007.50)	42,779.49
Total Non-Operating Revenues (Expenses)	<u>\$ (198,238.27)</u>	<u>\$ 102,935.63</u>	<u>\$ (95,302.64)</u>	<u>\$ 7,386.48</u>
<u>Changes in Net Assets</u>	<u>\$ (459.72)</u>	<u>\$ (27,693.66)</u>	<u>\$ (28,153.38)</u>	<u>\$ (117,340.91)</u>
<u>Net Assets - Beginning of the Year</u>	<u>\$ 4,109,302.71</u>	<u>\$ 2,733,636.16</u>	<u>\$ 6,842,938.87</u>	<u>\$ 7,659,449.10</u>
<u>Prior Period Adjustment</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>(699,169.32)</u>
<u>Net Assets - Beginning of Year Restated</u>	<u>\$ 4,109,302.71</u>	<u>\$ 2,733,636.16</u>	<u>\$ 6,842,938.87</u>	<u>\$ 6,960,279.78</u>
<u>Net Assets - End of the Year</u>	<u>\$ 4,108,842.99</u>	<u>\$ 2,705,942.50</u>	<u>\$ 6,814,785.49</u>	<u>\$ 6,842,938.87</u>

The notes are an integral part of this statement. See accompanying independent auditors' report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS

EXHIBIT G

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	BUSINESS - TYPE ACTIVITIES			
	ENTERPRISE FUND			
	WATER	SEWER	TOTAL	
		2004	2003	
<u>Cash Flows from Operating Activities</u>				
Receipts from Customers	\$ 830,520.40	\$ 193,415.78	\$ 1,023,936.18	\$ 1,026,072.01
Payments to Suppliers	(488,184.47)	(140,226.24)	(628,410.71)	(594,555.77)
Payments to Employers and Employee Benefits	(229,257.27)	(72,049.00)	(301,306.27)	(320,659.33)
Other Receipts (Payments)	<u>246,773.06</u>	<u>1,000.00</u>	<u>247,773.06</u>	<u>1,249.28</u>
Net Cash Provided by Operating Activities	<u>\$ 359,851.72</u>	<u>\$ (17,859.46)</u>	<u>\$ 341,992.26</u>	<u>\$ 112,106.19</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Customer Deposit	\$ 5,680.00	\$.00	\$ 5,680.00	\$ 5,157.65
Due to/from Other Funds	<u>13,870.82</u>	<u>(954.50)</u>	<u>12,916.32</u>	<u>10,773.88</u>
Net Cash Provided by Noncapital Financing Activities	<u>\$ 19,550.82</u>	<u>\$ (954.50)</u>	<u>\$ 18,596.32</u>	<u>\$ 15,931.53</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Purchase of Capital Assets	\$ (258,546.00)	\$.00	\$ (258,546.00)	\$ (39,187.08)
Payment on Long-Term Debt	.00	(100,000.00)	(100,000.00)	(100,000.00)
Transfers	<u>(204,471.92)</u>	<u>143,464.42</u>	<u>(61,007.50)</u>	<u>42,779.49</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ (463,017.92)</u>	<u>\$ 43,464.42</u>	<u>\$ (419,553.50)</u>	<u>\$ (96,407.59)</u>
<u>Cash Flows from Investing Activities</u>				
Water Meter Certificate of Deposit - Six Months	\$ (103,483.55)	\$.00	\$ (103,483.55)	\$.00
Interest Earned on Investments	6,233.65	5,260.21	11,493.86	16,598.99
Interest Expense	<u>.00</u>	<u>(46,235.00)</u>	<u>(46,235.00)</u>	<u>(52,515.00)</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ (97,249.90)</u>	<u>\$ (40,974.79)</u>	<u>\$ (138,224.69)</u>	<u>\$ (35,916.01)</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ (180,865.28)</u>	<u>\$ (16,324.33)</u>	<u>\$ (197,189.61)</u>	<u>\$ (4,285.88)</u>
<u>Cash and Cash Equivalents - July 1</u>	<u>\$ 480,663.92</u>	<u>\$ 365,903.04</u>	<u>\$ 846,566.96</u>	<u>\$ 850,852.84</u>
<u>Cash and Cash Equivalents - June 30</u>	<u>\$ 299,798.64</u>	<u>\$ 349,578.71</u>	<u>\$ 649,377.35</u>	<u>\$ 846,566.96</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</u>				
Cash and Cash Equivalents	\$ 173,367.73	\$ 1,808.36	\$ 175,176.09	\$ 171,527.50
Restricted Cash				
Water Fund - Meter Deposit	15,945.17	.00	15,945.17	117,102.29
Depreciation and Contingency Fund	110,435.74	94,302.44	204,738.18	280,751.86
LCDBG Program	50.00	.00	50.00	50.00
Sewer Bonds - Reserve	.00	182,139.77	182,139.77	180,061.33
Sewer Bonds - Sinking Fund	<u>.00</u>	<u>71,328.14</u>	<u>71,328.14</u>	<u>97,073.98</u>
<u>Total Cash and Cash Equivalents</u>	<u>\$ 299,798.64</u>	<u>\$ 349,578.71</u>	<u>\$ 649,377.35</u>	<u>\$ 846,566.96</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

EXHIBIT G
CONTINUED

	BUSINESS - TYPE ACTIVITIES			
	ENTERPRISE FUND			
	WATER	SEWER	TOTAL	
		2004	2003	
<u>Reconciliation of Operating Income (Loss) to</u>				
<u>Net Cash Flows from Operating Activities</u>				
Operating Income (Loss)	\$ 197,778.55	\$ (131,629.29)	\$ 66,149.26	\$ (124,727.39)
Adjustments to Reconcile Operating				
Income to Net Cash Provided by				
Operating Activities Depreciation	150,013.85	114,737.42	264,751.27	265,255.54
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts				
Receivable	(9,169.08)	.00	(9,169.08)	(5,227.77)
(Increase) Decrease in Receivables				
- Other	2,974.00	.00	2,974.00	(2,974.00)
(Increase) Decrease in Prepaid				
Insurance	(4,309.00)	(335.00)	(4,644.00)	3,078.00
Increase (Decrease) in Accounts				
Payable	20,250.40	(1,742.59)	18,507.81	(18,729.35)
Increase (Decrease) in Accrued				
Liabilities	2,313.00	1,110.00	3,423.00	(4,568.84)
<u>Net Cash Provided (Used) by</u>				
<u>Operating Accounts</u>	<u>\$ 359,851.72</u>	<u>\$ (17,859.46)</u>	<u>\$ 341,992.26</u>	<u>\$ 112,106.19</u>
<u>Schedule of Noncash, No Capital</u>				
<u>Financing, Capital and Related</u>				
<u>Financing, and Investing Activities</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$.00</u>

The notes are an integral part of this statement. See accompanying independent auditors' report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
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JUNE 30, 2004

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TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

INTRODUCTION

The Town of Farmerville, Louisiana (hereafter referred to as the Town) operates under an elected Mayor/Council form of government. The Town's major operations include water and sewer, public safety, fire protection, recreation and parks, and general administrative services.

The council consist of five members who are elected for a four year term. See note number nine for a detail of compensation for the mayor and council.

The Town of Farmerville is located in Union Parish surrounded by Darbonne Lake recreation area. The Town's major industry is timber and poultry, which includes Conagra processing plant. The Town's population was 3,334 in 1990.

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Farmerville, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units (Revised). The following is a summary of certain significant accounting policies.

Financial Reporting Entity - Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

Government-Wide Accounting - In accordance with Government Accounting Standards Board Statement No. 34, the Town has presented a Statement of Net Assets and Statement of Activities for the Town as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-Wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-Wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity - Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Application of FASB Statements and Interpretations - Reporting on governmental-type and business-type activities are based on FASB Statements and the Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalized Assets - Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net assets.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Town has opted not to retroactively report these type of capital assets.

Program Revenues - The Statement of Activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for specific use.

Indirect Expenses - Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

Operating Revenues - Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Assets - Restricted net assets are those for which a constraint has been imposed either externally or by law. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

Fund Accounting - The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds - Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1. General Fund - is the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Town had four special revenue funds as follows:
 - a. The Town of Farmerville Sales Tax Department - The citizens of the Town of Farmerville approved a 1% sales and use tax. Proceeds of the tax have been pledged and dedicated to the retirement of Sales Tax Bonds dated May 1, 1985. The excess funds can be used for streets and sanitation expenditures.
 - b. On October 20, 2001 an additional ½ of 1% sales and use tax was approved. This tax was approved for construction of a recreation center and street improvements. Bonds were sold in the amount of \$2,900,000 for construction of the recreation center and improvements of the streets. The street construction was completed during 2002. The recreation center was completed at June 30, 2004.
 - c. Farmerville Volunteer Fire Department, Inc. - The Town of Farmerville Volunteer Fire Department filed an amendment to the Articles of Incorporation on January 22, 2001. They also filed for tax exempt status from the Internal Revenue Service. They are a tax exempt organization under the code sections 509 (a) (1) and 170 (b) (A) (vi). Based on an opinion, at June 30, 2002, of the Louisiana Legislative Auditor's office, the Volunteer Fire Department, should be included in the Town's financial statements as a Special Revenue Fund. In prior years the Volunteer Fire Department had been included in the statements as a component unit of the Town of Farmerville.

The volunteer fire department expenditures for operating the fire department is paid by the Town of Farmerville's General Fund. The transactions in the Volunteer Fire Department, Inc. is for miscellaneous fund raisers and miscellaneous expense for the volunteer fireman. The Town transfers the State of Louisiana 2% rebate to the volunteer fire department, and is accumulated for purchase of equipment.

Contributors to the Volunteer Fire Departments elect all the members of the governing board. The governing board is solely responsible for the Volunteer Fire Department Operations. The accounting records are maintained by an employee of the Town of Farmerville.

- d. Farmerville Area Fire Protection District of Union Parish - The Union Parish Police Jury created the Farmerville Area Fire Protection District of Union Parish on November 2, 1999. The fire district was created to pass a property tax to provide fire protection for an area of the parish without fire protection. The Union Parish Police Jury entered into an intergovernmental agreement with the Town of Farmerville to provide fire protection for the newly created district. The Fire District will retain 5% of the advalorem taxes in their checking account. All other proceeds will be transferred to the Town of Farmerville, to be used by the Town's fire department. Based on an opinion of the Louisiana Legislative Auditor's Office, the Fire Protection District should be included in the Town's financial statement as a Special Revenue Fund.

Proprietary Funds - Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1. Enterprise Funds - account for operations (a) 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.
 - a. The Town of Farmerville Water Department - The Town of Farmerville rates for user charges are approved by the Town Council and the legal liability for the general obligations portion of the water authority's debt remain with the Town of Farmerville.
 - b. The Town of Farmerville Sewer Department - The sewer charges are approved by the Town Council, but are regulated by the EPA. The sewer system was financed by FHA. The FHA notes were sold to General Electric Credit in 1990. These bonds are paid by the Sales Tax Fund.

Net Assets Fund Balances - In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components on net assets is as follows:

Invested in Capital Assets, Net of Related Debt - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets - Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets - This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved - These resources are segregated because their use is earmarked for a specific use.

Unreserved - This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Interfund Transactions - All interfund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Basis of Accounting/Measurement Focus - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds, including General, Special Revenue, Debt Service, and Capital Projects Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities, all proprietary funds, and other funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

liabilities associated with the operation of these activities are either included on the balance sheet or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The fund financial statements of the General, Special Revenues, Capital Projects, Debt Service and agency funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within sixty days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

The statements of net assets, statements of activities, financial statements of the Proprietary Funds and Fiduciary Funds (except for agency funds) are presented on the accrual basis of accounting. Under this method of accounting, revenues, are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Budgets and Budgetary Accounting - The Town adopts an annual budget for the General Fund and Enterprise Fund. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board of Alderpersons. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis.

Cash and Cash Equivalents - Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments - Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Town are certificates of deposits held at Marion State Bank and the fair value is determined by the face value of the certificate.

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 from those estimates.

Restricted Assets - Certain proceeds of enterprise funds are classified as restricted assets on the balance sheet because their use is limited. Components of these assets are as follows:

These assets consist of cash restricted for the Water Meter Deposits.

Customers' Deposits on Meters	<u>2004</u>	<u>2003</u>
Cash	\$ 15,945.17	\$ 13,618.74
Certificates of Deposits	<u>103,483.55</u>	<u>103,483.55</u>
Total	<u>\$ 119,428.72</u>	<u>\$ 117,102.29</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The liability for customer's deposits on meters is \$88,475.00 at June 30, 2004 and \$82,795.00 at June 30, 2003. The Town has over funded the restricted assets by \$30,953.72 at June 30, 2004 and \$34,307.29 at June 30, 2003.

Inventories - Inventories were written off due to immateriality. Minimum amounts of inventory are not maintained or counted. Most supplies are ordered when needed.

Capital Assets - The Town's assets are recorded at historical cost. The Town adopted the Louisiana Legislative Auditors Capitalization Policy. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Equipment and Furniture	3 - 10 Years	Buildings	39 - 40 Years
Utility Plant/Sewer Collection System	5 - 40 Years	Infrastructure	40 - 60 Years
Vehicles	5 - 10 Years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Town has elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 40 years is the water and sewer system that is reported in the business-type activities of the Town. From this point forward, the Town will use the basic approach to infrastructure reporting for its governmental activities.

Compensated Absences - The Town vacation pay carry forward each year is 40 hours. Sick pay is limited to 480 hours carryforward. Any vacation pay of 40 hours or less is paid at the termination of employment, which sick time is not guaranteed. Unpaid vacation time has been recorded as an accrued payable, while sick time has not.

Long-Term Obligations - In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

NOTE # 2 - CASH AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principle offices in Louisiana.

Under state law, deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. The State of Louisiana banking regulations require the FDIC to insure \$100,000 of checking and \$100,000 of savings for each municipality. The carrying amount of the government's deposits were \$2,143,472.77 at June 30, 2004 and \$2,280,372.54 at June 30, 2003. Of these balances, all accounts were covered by federal depository insurance or by collateral held by the government's agent in the government's name at June 30, 2004. At June 30, 2003 \$2,201,172.99 of funds was covered.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 2 - CASH AND INVESTMENTS CONTINUED

CASH PLEDGED BY BANKS

	RECONCILED AMOUNT	TOTAL AMOUNT PER BANKS	FIRST UNITED	MARION STATE	FIRST NATIONAL	COMMUNITY TRUST
Total - June 30, 2004	\$ 2,009,432.63	\$ 2,143,472.77	\$ 139,847.82	\$ 1,531,544.33	\$ 385,653.32	\$ 86,427.30
Pledge Receipt	(3,518,768.96)	(3,518,768.96)	(759,251.69)	(2,507,558.70)	(187,702.80)	(64,255.77)
Difference	<u>\$(1,509,336.33)</u>	<u>\$(1,375,296.19)</u>	<u>\$ (619,403.87)</u>	<u>\$ (976,014.37)</u>	<u>\$ 197,950.52</u>	<u>\$ 22,171.53</u>
FDIC Covers						
Savings Maximum \$100,000	\$ 475,964.74	\$ 237,982.37	\$ 37,982.37	\$ 100,000.00	\$ 100,000.00	\$.00
Checking Maximum \$100,000	810,998.28	405,499.14	105,499.14	100,000.00	100,000.00	100,000.00
Total	<u>\$ 1,286,963.02</u>	<u>\$ 643,481.51</u>	<u>\$ 143,481.51</u>	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 100,000.00</u>
Difference (Overfunded)						
Underfunded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

INVESTMENTS

The government's investments are categorized as either (1) insured or registered or for which the securities are held by the government or his agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the government's name.

	CATEGORIES			CARRYING AMOUNT
	1	2	3	
Government Security	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit				
90 Days or Less	1,584,615.75	.00	.00	1,584,615.75
Over 90 Days	103,483.55	.00	.00	103,483.55
Total Investments	<u>\$ 1,688,099.30</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$ 1,688,099.30</u>

The State requires collateral pledged for deposits to be held in the government's name by the trust department. The trust department reviews collateral pledged for compliance. Substantially all deposits matured in June 2004, therefore, interest was not accrued on the certificates of deposits.

NOTE # 3 - RECEIVABLES

Receivables at June 30, 2004 consist of the following:

GOVERNMENTAL ACTIVITIES	GENERAL	SPECIAL REVENUE		TOTALS	
		SALES TAX	FIRE DISTRICT	2004	2003
Licenses and Taxes	\$ 14,437.83	\$.00	\$.00	\$ 14,437.83	\$ 13,755.08
Union Parish Police Jury	603.00	.00	.00	603.00	15,519.60
Advalorem Taxes	176.66	.00	.00	176.66	248.88
Employee Receivable	.00	.00	.00	.00	1,217.53
Union Parish School Board	.00	59,821.77	27,151.01	86,972.78	54,076.34
State of Louisiana - Mowing Contract	.00	.00	.00	.00	4,337.91
Others	14,474.45	.00	.00	14,474.45	43.03
NET - GOVERNMENTAL ACTIVITIES	<u>\$ 29,691.94</u>	<u>\$ 59,821.77</u>	<u>\$ 27,151.01</u>	<u>\$ 116,664.72</u>	<u>\$ 89,198.37</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 3 - RECEIVABLES CONTINUED

BUSINESS TYPE ACTIVITIES

	<u>2004</u>	<u>2003</u>
Customer Receivables	\$ 142,082.06	\$ 138,676.84
Allowances for Bad Debts	(3,556.64)	(9,320.50)
<u>Net</u>	<u>\$ 138,525.42</u>	<u>\$ 129,356.34</u>

Allowances for doubtful accounts for the Proprietary Fund - Water/Sewer receivable accounts is based on the collectibility of outstanding receivables.

Aged Accounts Receivable Water Customers:

	<u>TOTAL</u>	<u>CURRENT</u>	<u>DAYS</u> <u>30 - 60</u>	<u>DAYS</u> <u>60 - 90</u>	<u>DAYS</u> <u>OVER 90</u>
	\$ 138,525.42	\$ 127,914.15	\$ 10,611.27	\$.00	\$.00

NOTE # 4 - WATER AND SEWER STATISTICS

Utility rates for water, sewer and garbage are as follows:

I.

	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>
<u>WATER</u>		
First 2,000 Gallons	\$ 5.00	\$7.50
Over 2,000 Gallons	\$1.50 per 1,000 Gallons	\$1.50 per 1,000 Gallons
<u>SEWER</u>		
Based on water usage	\$1.50 per 1,000 Gallons	\$1.50 per 1,000 Gallons
<u>GARBAGE</u>	\$5.00	\$11.00
<u>DUMPSTER</u>		\$37.00 Variable, based on number of trips per week and size of dumpster
<u>COMPACTOR</u>		\$150 TO \$250
<u>TIPPING FEES</u>		\$18.50 TO \$25.00/Ton

II. Any full time employee, council member, firemen, and the mayor receive a preferred rate for utilities. Based on the approved rate schedule:

<u>WATER</u>	
First 15,000 Gallons	\$5.00
Over 15,000 Gallons	\$1.50 per 1,000 Gallons
<u>SEWER</u>	\$1.50
<u>GARBAGE</u>	\$5.00

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 4 - WATER AND SEWER STATISTICS CONTINUED

Because all of the above people either do not have meters or their meters do not work, this rate schedule has not been implemented. This group of customers is only charged \$5.00 for their water. The charge for sewer and garbage is the same as above.

III. The Town of Farmerville also has an industrial rate of 75 to 76 cents per 1,000 gallons of water used. ConAgra receives the industrial rate of 75 cents. The Union Parish Police Jury Jail has an industrial rate of 76 cents. Industrial rate customers do not receive a minimum fee charge.

IV. There are several customers that do not receive all of the utility services. The customers that receive sewer services but not water receive a minimum charge the first year and are adjusted the second year, when the Town receives usage from their water provider.

NOTE # 5 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed during November each year and become delinquent after December 31, of the year. The delinquent taxes are sold each year, therefore, an allowance for uncollectible was not recorded.

For the Year Ended June 30, 2004, taxes were levied on property with assessed valuations totaling \$29,010,280 and were dedicated as follows:

		<u>2004</u>	<u>2003</u>
General Fund	5.45 Mills	\$ 158,078.63	\$ 161,195.56
Dedicated Fund	7.73 Mills	<u>224,209.97</u>	<u>228,631.50</u>
Total Taxes Levied		<u>\$ 382,288.60</u>	<u>\$ 389,827.06</u>

Total taxes levied in 2004 were \$382,288.60 and 2003 were \$389,827.06.

NOTE # 6 - LONG-TERM DEBT

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds, except for refunds in issues, with equal amount of principal maturing each year. The Town did not have any general obligation bonds.

The excess funds from general obligation bonds were transferred to the general fund to be used as restricted funds. The funds not expended are shown as restricted funds in the general fund equity.

Revenue Bonds

The government also issues bonds where the government pledges income to pay debt service. A \$.01 sales tax is pledge to pay these revenue bonds.

In February 2002, \$2,900,000 of revenue bonds were issued for construction of a recreation center and street improvements. An additional sales tax of ½ of 1% sales tax was approved for payment of these bonds.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 6 - LONG-TERM DEBT CONTINUED

Government Capital Corporation

On October 9, 2000, the Town entered into a ten year capital lease with Governmental Capital Corporation. The Town leased two Ferrara Fire Trucks costing \$ 409,478. The amount financed was \$ 401,794. Payments of \$53,333.92 are due each April 1 including interest at a rate of 6.119%. The contract contains a Non-Appropriation of Funds Section. It does not contain a Non-Substitution Section. The Town's obligation under the lease does not constitute nor create indebtedness prohibited by Article VII, Section 8 of the Louisiana Constitution and Louisiana Revised Statute 39:1410.6 or any other Louisiana constitutional law or regulation. Therefore, the lease is not subject to State Bond Commission approval.

Outstanding Revenue Bonds and Lease Purchase balances at June 30, 2004 are as follows:

<u>PURPOSE</u>	<u>INTEREST RATES</u>	<u>2004</u>	<u>2003</u>
Wastewater Treatment - Sewer	5.00% - 7.50%	\$ 735,000.00	\$ 835,000.00
Lease Purchase - Fire Trucks	6.12%	261,549.82	296,818.21
Recreation Center & Street Improvements	4.35% - 7.00%	2,725,000.00	2,815,000.00
IBM Computer Equipment	3.03% - 7.00%	44,343.10	.00
Totals		<u>\$ 3,765,892.92</u>	<u>\$ 3,946,818.21</u>

Revenue Bonds Debt Service requirements and Lease Purchase requirements are listed below:

PRINCIPAL AMOUNTS

<u>FISCAL YEAR ENDING JUNE 30</u>	<u>SEWER INTEREST RATE</u>	<u>BOND AMOUNTS</u>	<u>INTEREST RATE</u>	<u>RECREATION AND STREETS</u>	<u>LEASE PURCHASE</u>	<u>IBM RATES</u>	<u>IBM</u>	<u>TOTALS</u>
2005	5% - 5.5%	\$ 105,000.00	5.25%	\$ 95,000.00	\$ 37,414.97	3.03% - 7.0%	\$ 9,462.22	\$ 246,877.49
2006	5% - 5.6%	115,000.00	5.125%	100,000.00	39,692.19	3.03% - 7.0%	9,927.72	264,619.91
2007	5% - 5.8%	120,000.00	4.90%	105,000.00	42,108.01	3.03% - 7.0%	9,912.73	277,020.74
2008	5% - 6.0%	125,000.00	4.90%	110,000.00	44,670.87	4.41% - 7.0%	9,900.72	289,571.59
2009	5% - 6.0%	130,000.00	4.90%	115,000.00	47,389.72	4.41% - 7.0%	5,139.71	297,529.43
2010	5% - 6.0%	140,000.00	4.90%	120,000.00	50,274.06	-	.00	310,274.06
2011	-	.00	4.875%	130,000.00	.00	-	.00	130,000.00
2012	-	.00	4.35%	135,000.00	.00	-	.00	135,000.00
2013	-	.00	4.40%	140,000.00	.00	-	.00	140,000.00
2014	-	.00	4.45%	150,000.00	.00	-	.00	150,000.00
2015	-	.00	4.50%	160,000.00	.00	-	.00	160,000.00
Thereafter	-	.00	4.60% - 5.00%	<u>1,365,000.00</u>	<u>.00</u>	-	<u>.00</u>	<u>1,365,000.00</u>
Totals		<u>\$ 735,000.00</u>		<u>\$ 2,725,000.00</u>	<u>\$ 261,549.82</u>		<u>\$ 44,343.10</u>	<u>\$ 3,765,892.92</u>

BOND PRINCIPAL AND INTEREST

<u>FISCAL YEAR ENDING JUNE 30</u>	<u>SEWER INTEREST RATE</u>	<u>BOND AMOUNTS</u>	<u>INTEREST RATE</u>	<u>RECREATION AND STREETS</u>	<u>LEASE PURCHASE</u>	<u>IBM RATES</u>	<u>IBM</u>	<u>TOTALS</u>
2005	5% - 5.5%	\$ 145,885.00	5.25%	\$ 225,907.50	\$ 53,333.92	3.03% - 7.0%	\$ 11,437.20	\$ 436,563.62
2006	5% - 5.7%	150,215.00	5.125%	225,920.00	53,333.92	3.03% - 7.0%	11,437.20	440,906.12
2007	5% - 5.8%	148,940.00	4.90%	225,795.00	53,333.92	3.03% - 7.0%	10,935.30	439,004.22
2008	5% - 6.0%	147,300.00	4.90%	225,650.00	53,333.92	4.41% - 7.0%	10,433.40	436,717.32
2009	5% - 6.0%	145,270.00	4.90%	225,260.00	53,333.92	4.41% - 7.0%	5,216.70	429,080.62
2010	5% - 6.0%	147,900.00	4.90%	224,625.00	53,333.92	-	.00	425,858.92
2011	-	.00	4.875%	228,745.00	.00	-	.00	228,745.00

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 6 - LONG-TERM DEBT CONTINUED

FISCAL YEAR ENDING JUNE 30	SEWER INTEREST RATE	BOND AMOUNTS	INTEREST RATE	RECREATION AND STREETS	LEASE PURCHASE	IBM RATES	IBM	TOTALS
2012	-	\$.00	4.35%	\$ 227,407.50	\$.00	-	\$.00	\$ 227,407.50
2013	-	.00	4.40%	226,535.00	.00	-	.00	226,535.00
2014	-	.00	4.45%	230,750.00	.00	-	.00	230,750.00
2015	-	.00	4.50%	233,700.00	.00	-	.00	233,700.00
2016	-	.00	4.60%	231,500.00	.00	-	.00	231,500.00
Thereafter	-	.00	4.6% - 5.0%	1,416,525.00	.00	-	.00	1,416,525.00
Totals		<u>\$ 885,510.00</u>		<u>\$ 4,148,320.00</u>	<u>\$ 320,003.52</u>		<u>\$ 49,459.80</u>	<u>\$ 5,403,293.32</u>

Changes in Long-Term Liabilities During the year ended June 30, 2004, the following changes occurred in liabilities reported in the general long-term debt account group:

Revenue Bonds Debt Service requirements and Lease Purchase requirements are listed below:

	<u>JULY 1</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>JUNE 30</u>
Sales Tax Debt - Sewer Bonds	\$ 835,000.00	\$.00	\$ (100,000.00)	\$ 735,000.00
Sales Tax Debt - Streets and Recreation Center	2,815,000.00	.00	(90,000.00)	2,725,000.00
Lease Purchases - Fire Trucks	296,818.21	.00	(35,268.39)	261,549.82
Notes - IBM Equipment	.00	48,907.00	(4,563.90)	44,343.10
	<u>\$ 3,946,818.21</u>	<u>\$ 48,907.00</u>	<u>\$ (229,832.29)</u>	<u>\$ 3,765,892.92</u>

NOTE # 7 - CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2004 is as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ENDING BALANCE</u>
Land	\$ 163,313.79	\$.00	\$.00	\$ 163,313.79
Buildings	452,256.47	1,521,603.74	.00	1,973,860.21
Improvements Other Than Buildings	1,049,357.51	.00	.00	1,049,357.51
Machinery and Equipment	2,237,546.82	124,491.57	(51,169.95)	2,310,868.44
Infrastructure	1,017,437.14	.00	.00	1,017,437.14
Construction in Progress	1,351,107.00	.00	(1,351,107.00)	.00
Totals at Historical Cost	<u>\$ 6,271,018.73</u>	<u>\$ 1,646,095.31</u>	<u>\$ (1,402,276.95)</u>	<u>\$ 6,514,837.09</u>
Less: Accumulated Depreciation				
Buildings	\$ 33,482.01	\$ 12,696.70	\$.00	\$ 46,178.71
Improvements	82,318.67	28,873.30	.00	111,191.97
Machinery and Equipment	1,625,470.67	122,299.33	(51,169.95)	1,696,600.05
Infrastructure	5,362.59	50,871.85	.00	56,234.44
Total Accumulated Depreciation	<u>\$ 1,746,633.94</u>	<u>\$ 214,741.18</u>	<u>\$ (51,169.95)</u>	<u>\$ 1,910,205.17</u>
<u>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS NET</u>	<u>\$ 4,524,384.79</u>	<u>\$ 1,431,354.13</u>	<u>\$ (1,351,107.00)</u>	<u>\$ 4,604,631.92</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 7 - CAPITAL ASSETS CONTINUED

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>BEGINNING</u>			<u>RETIREMENTS</u>	<u>ENDING</u>
	<u>BALANCE</u>	<u>ADDITIONS</u>			<u>BALANCE</u>
Land	\$ 25,752.00	\$.00	\$.00	\$ 25,752.00	
Water System	4,579,567.86	257,821.00	.00	4,837,388.86	
Sewer System	5,431,463.93	.00	.00	5,431,463.93	
Machinery and Equipment	683,801.56	725.00	(24,434.24)	660,092.32	
Totals at Historical Cost	<u>\$ 10,720,585.35</u>	<u>\$ 258,546.00</u>	<u>\$ (24,434.24)</u>	<u>\$ 10,954,697.11</u>	
Less Accumulated Depreciation					
Water System	\$ 1,189,066.49	\$ 103,455.38	\$.00	\$ 1,292,521.87	
Sewer System	2,097,918.23	108,650.83	.00	2,206,569.06	
Machinery and Equipment	518,532.27	52,645.09	(24,434.24)	546,743.12	
Total Accumulated Depreciation	<u>\$ 3,805,516.99</u>	<u>\$ 264,751.30</u>	<u>\$ (24,434.24)</u>	<u>\$ 4,045,834.05</u>	
<u>BUSINESS-TYPE ACTIVITIES</u>					
<u>CAPITAL ASSETS NET</u>	<u>\$ 6,915,068.36</u>	<u>\$ (6,205.30)</u>	<u>\$.00</u>	<u>\$ 6,908,863.06</u>	

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Investments - 25 - 60 Years Equipment - 10 - 20 Years Vehicles - 4 - 5 Years

FASB-34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FASB-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisition of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned of the tax-exempt borrowing. No interest costs were capitalized.

NOTE # 8 - INTERFUND ASSETS/LIABILITIES

Due From/To Other Funds

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>		
		<u>2004</u>	<u>2003</u>	
General Fund - Garbage	Water - Garbage Fees	\$ 64,675.81	\$ 62,721.37	
General Fund	Capital Projects Fund - Loan	.00	3,600.00	
General Fund	Water Department - Loan	.00	90.00	
General Fund	Fire District - Property Taxes	.00	1,997.97	
General Fund	Sales Tax/Sewer	5,518.26	.00	
General Fund	Recreation Sales Tax	3,600.00	.00	
Sales Tax/ Sewer	General Fund	2,050.00	.00	
Volunteer Fire Dept.	General Fund - Transfer of 2% Monies	14,474.45	13,521.66	
Water Department	Sewer Department - Loan	145,777.55	147,507.05	
Totals		<u>\$ 236,096.07</u>	<u>\$ 229,438.05</u>	
<u>TRANSFERRED FROM</u>	<u>TRANSFERRED TO</u>	<u>PURPOSE</u>	<u>2004</u>	<u>2003</u>
Fire District	General Fund	Property Taxes in Excess of Required Deposit	\$ 154,225.72	\$ 134,765.89
General Fund - Fire Department	Debt Service	Payment of Lease	53,333.92	53,333.92
General Fund	Volunteer Fire Department	2% Insurance Monies	14,474.45	13,521.66
General Fund	Debt Service Fund	Debt Service	5,456.91	.00
Sales Tax	General Fund	Administrative Fee	30,000.00	30,000.00

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 8 - INTERFUND ASSETS/LIABILITIES CONTINUED

<u>TRANSFERRED FROM</u>	<u>TRANSFERRED TO</u>	<u>PURPOSE</u>	<u>2004</u>	<u>2003</u>
Water Department	General Fund	Administrative Fee	\$ 30,000.00	\$ 30,000.00
Water Department	General Fund	General Fund Expenses	150,000.00	149,883.00
Water Department	Sewer Department	Sewer Fund Expenses	24,471.92	.00
Sales Tax	General Fund	Garbage Expenses	50,000.00	192,662.49
Sales Tax	Debt Service Fund	Debt Service	118,992.50	247,758.92
Recreation Sales Tax	Debt Service Fund	Debt Service	243,180.48	.00
Recreation Sales Tax	Construction Fund	Recreation Fund Expenses	169,464.53	.00

NOTE # 9 - COMPENSATION

The amount paid the mayor and council during the audit year is as follows:

	<u>2004</u>	<u>2003</u>
<u>Mayor, Willie Davis, Jr.</u>		
Salary and Expenses	\$ 25,000.00	\$ 25,004.04
Travel Expenditures	9,819.31	8,612.90
Monthly Expenses - \$350 per Month	4,200.00	4,200.00
Total	\$ 39,019.31	\$ 37,816.94
<u>Police Chief (A)</u>		
Bim Culbertson	\$ 2,400.00	\$ 600.00
<u>Alderman</u>		
Jerry Taylor	\$ 7,562.00	\$ 6,578.59
Lavelle Maine	5,762.00	4,778.59
Kerry Hill	5,762.00	4,778.59
Tommy J. Johnson	5,076.00	4,778.59
Gerome Nation	5,762.00	4,778.59
Total	\$ 29,924.00	\$ 25,692.95

(A) The Police Chief is also the elected Marshall. In that capacity he receives \$200 a month. He also receives a salary for his position as chief of police.

NOTE 10. EMPLOYEE RETIREMENT

Substantially all employees of the Town of Farmerville are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana and Social Security. These systems are multiple-employer public employee retirement systems(PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan as follows:

A. Municipal Employees Retirement System of Louisiana (System) - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality were members of Plan B. In July 2002, the Town elected Plan A.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 10 - EMPLOYEE RETIREMENT CONTINUED

Normal Retirement eligibility and benefit computation

A member of Plan A is eligible to retire and receive normal retirement benefits if:

1. He has credit for at least twenty-five years of Plan A service, regardless of his age; or,
2. He has credit for at least ten years of Plan A service and is at least the age of sixty years

The monthly Maximum Plan A normal retirement benefit is an amount equal to three percent of the member's final compensation multiplied by his years of credited service (three percent multiplied by each year of credited service multiplied by final compensation), provided that:

1. A member who held an elective office in a participating municipality is paid an additional monthly benefit equal to one-half of one percent of the member's final compensation multiplied by each year of such elective service (one-half of one percent multiplied by each year of such elective service multiplied by final compensation); and
2. For an employee who was a member only of the supplemental plan prior to the revision date, the monthly benefit earned for service credited prior to the revision date will be determined on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date.

For example, the monthly retirement benefit of a member who has credit for twenty-seven years of service with a final compensation (see definition) of \$1,500 would be computed as follows: $3\% \times 27 \times \$1,500 = \$1,215$. If this member had credit for thirty years of service his benefit would be $\$1,350$ ($3\% \times 30 \times \$1,500 = \$1,350$).

The monthly benefit, as it may be increased by cost-of-living adjustments, is paid for the life of the retiree and, if an optional mode of benefit payments is selected (see Mode of payment options), a monthly benefit, payable upon the death of the retiree, will be paid to the option beneficiary for the life of the beneficiary.

Applications for normal retirement should be submitted to the system at least six weeks prior to the planned retirement date. A copy of the member's birth certificate and, if an optional mode of benefit payments is selected (see Mode of payment options), a copy of the option beneficiary's birth certificate must be attached to the application of retirement.

If a retired member dies without having received in retirement benefits an amount equal to his accumulated employee contributions and if he is survived by no person eligible for any other benefits, the difference between the amount of his accumulated employee contributions and the amount he received in retirement benefits will, upon application, therefore, be paid to his designated beneficiary or, if none, his estate.

Early Retirement eligibility and benefit computation

A member of Plan A who has credit for twenty years of Plan A service, exclusive of military service, may retire at any age. However, the benefits paid to such a member must be actuarially reduced from the earliest age that he would otherwise have become eligible for a normal retirement if he had continued in service to that age and such a member may not participate in the Deferred Retirement Option Plan.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 10 - EMPLOYEE RETIREMENT CONTINUED

Disability retirement eligibility and benefit computation

A member of Plan A is eligible to retire and receive disability retirement benefits if he has credit for at least five years of service, is not eligible for normal retirement benefits, and suffers disability.

The monthly Maximum Plan A disability retirement benefit is the lesser of (1) an amount equal to three percent of the member's final compensation multiplied by his years of service (three percent multiplied by each year of credited service multiplied by final compensation), but not less than forty-five percent of the member's final compensation, or, (2) an amount equal to what the member's normal retirement benefit would be based on his current final compensation, but assuming he remained in continuous service until his earliest normal retirement age and using the retirement benefit computation factors which would be applicable to his normal retirement.

An applicant for disability retirement may select an optional mode of benefit payments (see Mode of payment options).

Survivor benefit eligibility and computation

Upon the death of a member of Plan A who has credit for five or more years of service and who is not eligible for normal retirement benefits, the following survivor benefits, upon application therefore, are payable:

1. A surviving spouse with minor children will be paid a monthly benefit equal to sixty percent of the member's final compensation, such benefit to continue as long as the spouse lives or until no child in his care satisfies the definition of minor child. A surviving spouse is deemed to have minor children for as long as at least one minor child is legally under his care. The surviving spouse must have been married to the deceased member for at least twelve months preceding the member's death to be eligible for survivor benefits.
2. A surviving spouse with no minor children will be paid either (a) a monthly benefit equal to forty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or (b) a monthly benefit equal to the actuarial equivalent of (a), but not less than twenty percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. To select (b), a surviving spouse must notify the system of such selection within ninety days of the death of the member and such selection is final and irrevocable and is in lieu of eligibility for (a) (the forty percent benefit payable when the surviving spouse attains the age of sixty years). The surviving spouse must have been married to the deceased member for at least twelve months preceding the member's death to be eligible for survivor benefits.
3. A surviving minor child with no surviving spouse will be paid a monthly benefit equal to thirty percent of the member's final compensation; however, total payments may not exceed sixty percent of the member's final compensation. If more than two minor children survive the member, the benefit payable at any time to each child is an amount determined by dividing the total amount payable (sixty percent of the member's final compensation) by the number of children the eligible for a benefit. Minor child survivor benefits may only be applied for and paid to the person who has legal care, custody, and control of minor child.

A member who is eligible for normal retirement at the time of his death and who leaves a surviving spouse will be deemed to have retired and selected the Option No. 2 mode of benefit payments on the date of his death; such benefits, upon application therefore, are paid in lieu of any other survivor benefits. Upon the death of any member who is eligible for normal retirement at the time of his death and who leaves surviving minor children but no surviving spouse, an amount

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 10 - EMPLOYEE RETIREMENT CONTINUED

equal to thirty percent of the member's final compensation shall be paid to each minor child each month, not to exceed an aggregate of sixty percent. If more than two minor children survive such a member, the benefit payable at any time to each child is an amount determined by dividing the total amount payable (sixty percent of the member's final compensation) by the number of children then eligible for a benefit. Minor child survivor benefits may only be applied for and paid to the person who has legal care, custody, and control of minor child.

A copy of the member's and survivor's marriage license must be attached to the application for survivor benefit's if the applicant is a surviving spouse of a member. A copy of the minor child's birth certificate and applicable custody judgment must be attached to the application for survivor benefits if the application is filed on behalf of a surviving minor child of a member.

If only one person is eligible for survivor benefits that person may apply for and be paid a refund of the deceased member's accumulated employee contributions in lieu of payment of survivor benefits. If two or more persons are eligible for survivor benefits and they all agree to do so, they may apply for and be paid a refund of the deceased member's accumulated employee contributions in lieu of payment of survivor benefits. The survivor(s) must notify the board in writing of the decision to request a refund in lieu of the survivor benefits. Such refund payments are subject to the same provisions as are other refund payments.

Employee contributions

Each member of Plan A shall contribute 9.25% of his earnings from each and every payment of earnings.

Employer contributions

Each participating employer of Plan A shall contribute an amount equal to a percentage of each employee's earnings as determined each year by the Public Retirement Systems' Actuarial Committee. However, subject to certain restrictions, the board of trustees may maintain the employer contribution rate for the next fiscal year at the same rate as the current year if the rate determined by the Public Retirement Systems' Actuarial Committee for the next fiscal year is less than the rate for the current year.

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each municipality. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

B. Municipal Police Employees Retirement System of Louisiana (System)--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 per cent 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 previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 10 - EMPLOYEE RETIREMENT CONTINUED

State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year.

C. Firefighters Retirement System of Louisiana--Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1990, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 39 consecutive or joined months that produce the highest average.

Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires covered employees to contribute a percentage of their salaries to the System. Employer contributions are determined annually based on results of the valuation of the prior fiscal year with adjustments for any dedicated tax monies or appropriated funds.

The following provides certain disclosures for the municipality and the retirement systems that are required by GASB Codification Section P20-129:

	<u>YEAR ENDED JUNE 30, 2004</u>					
	<u>%</u>	<u>EMPLOYEES</u>	<u>%</u>	<u>POLICE</u>	<u>%</u>	<u>FIREFIGHTERS</u>
Total Current Year Payroll	-	\$ 825,913.02	-	\$ 339,991.46	-	\$ 33,876.50
Total Current Year Covered Payroll	-	647,677.18	-	24,881.70	-	27,385.88
Contributions:						
Required by statute:						
Employees	9.25%	59,910.14	7.50%	1,863.72	8.00%	1,902.87
Employer	11.00%	71,244.49	15.25%	3,794.46	18.25%	4,995.06
Total		\$ 131,154.63		\$ 5,658.18		\$ 6,897.93

NOTE # 11 - RELATED PARTY TRANSACTIONS

One of the councilmen, owns a bulk gas plant which the Town purchases gas. The area does not have another bulk plant. The Town has been purchasing gas prior to the councilmen taking office. The total payments during year ended June 30, 2004 was \$60,967.43 and June 30, 2003 was \$82,308. Accounts payable at June 30, 2004 was \$6,146.61 and June 30, 2003 was \$4,094.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 12 - LEGAL COMPLIANCE - BUDGET

The budget for the year ended June 30, 2004 was adopted in June 2003 and revised June 2004. The budgets were prepared based on generally accepted accounting principles (GAAP), except depreciation is not budgeted. Budgets were not prepared for the Volunteer Fire Department or the Farmerville Fire District funds of \$10,000. The majority of the Fire District Funds are included with the Fire Department budget. Budgets are adopted as totals rather than line items.

		<u>INCOME</u>	<u>EQUITY</u>	<u>EXPENSE</u>	<u>TOTAL</u>
General Budget	- Budget	\$ 1,617,775.00	\$ 55,000.00	\$ (1,667,752.48)	\$ 5,022.52
	- Actual	1,639,213.17	.00	(1,481,783.08)	157,430.09
Special Revenue Sales Tax	- Budget	621,675.00	58,767.50	(680,442.50)	.00
	- Actual	623,049.43	49,502.57	(672,552.00)	.00
Special Revenue Recreation	- Budget	391,300.00	.00	(365,438.79)	\$ 25,861.21
	- Actual	519,376.15	.00	(407,604.78)	111,771.37
Water Department	- Budget	852,000.00	100,000.00	(943,900.00)	8,100.00
	- Actual	1,089,722.49	.00	(940,168.36)	149,554.13
Sewer Department	- Budget	238,500.00	.00	(237,150.00)	1,350.00
	- Actual	343,140.41	.00	(256,096.65)	87,043.76
TOTAL	- Budget	\$ 3,721,250.00	\$ 213,767.50	\$ (3,894,683.77)	\$ 40,333.73
	- Actual	<u>4,214,501.65</u>	<u>49,502.57</u>	<u>(3,758,204.87)</u>	<u>505,799.35</u>
	Difference	<u>\$ 493,251.65</u>	<u>\$ 164,264.93</u>	<u>\$ 136,478.90</u>	<u>\$ 465,465.62</u>

NOTE #13 - EQUITY

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

NOTE # 14 - SUMMARY DISCLOSURES OF SIGNIFICANT CONTINGENCIES

Risk Management Insurance handles all defense, for the Town. The Town's attorney advises us that the Town has two lawsuits, which are being handled by Risk Management.

1. John W. Griffin vs Town of Farmerville and La. Municipal Risk Management L.L.C. 39242, petition for damages, auto accident, which is defended by the attorneys of the Town's insurer, La. Municipal Risk Management L.L.C. Insurance, with La. Municipal Risk Management L.L.C. is expected to cover any judgment or out of court settlement.
2. Kristin Freeman vs Town Farmerville 38079, petition for damages, auto accident, which is defended by the attorneys of the Town's insurer, La. Municipal Risk Management L.L.C. Insurance, with La. Municipal Risk Management L.L.C. is expected to cover any judgment or out of court settlement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 15 - PROPRIETARY FUND SEGMENT INFORMATION

The Town maintains one Enterprise Fund which provides water and sewer services. Segment information for the year ended June 30, 2004, is as follows:

	<u>2004</u>	<u>2003</u>
Current Assets	\$ 321,684.51	\$ 307,196.84
Non-Current Assets	577,684.81	675,039.46
Capital Assets, Net	<u>6,908,863.09</u>	<u>6,915,068.36</u>
Total Assets	\$ 7,808,232.41	\$ 7,897,304.66
Current Liabilities	(318,719.23)	(256,554.42)
Long-Term Liabilities	<u>(675,727.69)</u>	<u>(797,811.37)</u>
Total Net Assets	<u>\$ 6,813,785.49</u>	<u>\$ 6,842,938.87</u>
Invested in Capital Assets, Net	\$ 6,170,456.09	\$ 6,080,068.36
Unrestricted	185,123.31	204,983.34
Restricted	<u>458,206.09</u>	<u>557,887.16</u>
	<u>\$ 6,813,785.49</u>	<u>\$ 6,842,938.86</u>
Operating Revenues:		
Water Sales and Service	\$ 839,689.84	\$ 830,036.28
Sewer Sales and Service	193,415.78	201,313.50
Others	3,552.00	4,223.28
Grants	<u>240,247.00</u>	<u>.00</u>
Total Operating Revenues	\$ 1,276,904.62	\$ 1,035,573.06
Operating Expenses	(946,004.09)	(895,044.91)
Depreciation	<u>(264,751.27)</u>	<u>(265,255.54)</u>
Operating Losses	\$ 66,149.26	\$ (124,727.39)
Non-Operating Revenue/Expense	<u>(95,302.64)</u>	<u>7,386.48</u>
Change in Net Assets	<u>\$ (29,153.38)</u>	<u>\$ (117,340.91)</u>

NOTE # 16 - STATEMENT OF CASH FLOWS FOR PROPRIETARY FUNDS

For purposes of this Statement of Cash Flows, for proprietary fund types, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents. The cash and cash equivalents as stated on the Statement of Cash Flows is as follows:

	<u>WATER AND SEWER</u>	
	<u>2004</u>	<u>2003</u>
Unrestricted	\$ 175,176.09	\$ 171,527.50
Restricted	<u>474,201.26</u>	<u>675,039.46</u>
Total	<u>\$ 649,377.35</u>	<u>\$ 846,566.96</u>

NOTE # 17 - ECONOMIC DEPENDENCY

A large portion of the water and garbage revenues are due to the agreement with Con Agra Poultry Processing Plant.

NOTE # 18 - GOVERNMENTAL GRANTS

A recap of the Towns grants during the year ended June 30, 2004 is as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE # 18 - GOVERNMENTAL GRANTS CONTINUED

A LCDBG grant was awarded during the fiscal year ended June 30, 2003 in the amount of \$325,221. The grant was completed as of June 30, 2004.

Grant Receipts		\$ 243,221.00
Matching Fund		<u>31,500.00</u>
Totals		<u>\$ 274,721.00</u>
Grant Expenditures		
Frye/Magee and Associates	\$	31,500.00
Dean Dick Engineer, Inc.		20,921.00
Utility Service Co., Inc.		<u>222,300.00</u>
Totals		<u>\$ 274,721.00</u>

The Town received O.P. grants for the Police Department as follows:

	<u>2002 GRANT</u>	<u>2001 GRANT</u>	<u>2000 GRANT</u>
Original Amount	\$ 11,601.00	\$ 16,189.00	\$ 14,668.00
Expenditures			
Year Ended June 30, 2002	.00	.00	(1,958.48)
Year Ended June 30, 2003	.00	(16,189.00)	(9,308.00)
Year Ended June 30, 2004	<u>(11,601.00)</u>	<u>.00</u>	<u>(3,401.52)</u>
Balance as of June 30, 2004	<u>.00</u>	<u>.00</u>	<u>.00</u>

The 2000 grant was used for equipment purchases. The 2002 grant of \$11,601 was allocated to overtime pay of \$7,490 and information technology equipment of \$5,400. The Town's matching portion of the 2002 grant was \$1,799.

The Town received a Rural Development Grant of \$16,675. The expenditures were paid as of June 30, 2003, but the funds were not received from the Rural Development Grant until the fiscal year June 30, 2004.

NOTE # 19 - PRIOR PERIOD ADJUSTMENTS

The prior period adjustments are adjustments made to December 31, 2002 financial statements to reflect the changes due to the reporting model. (GASB - 34)

NOTE # 20 - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

STATEMENT A

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

	2004		ACTUAL	VARIANCE	2003	
	ORIGINAL BUDGET	AMENDED BUDGET			ACTUAL	ACTUAL
REVENUES						
TAXES						
Advalorem - General	\$ 160,000.00	\$ 160,000.00	\$ 158,101.91	\$ (1,898.09)	\$ 162,213.86	
Advalorem - Fire Department	225,000.00	225,000.00	224,307.36	(692.64)	230,075.72	
Franchise	125,000.00	125,000.00	125,045.90	45.90	129,018.75	
Housing Authority in Lieu of Taxes	7,000.00	.00	.00	.00	6,988.02	
Total Taxes	\$ 517,000.00	\$ 510,000.00	\$ 507,455.17	\$ (2,544.83)	\$ 528,296.35	
LICENSES AND TAXES						
Alcoholic Beverages	\$ 7,000.00	\$ 7,500.00	\$ 7,475.00	\$ (25.00)	\$ 7,382.50	
Occupational	60,000.00	72,000.00	72,417.79	417.79	69,992.74	
Occupational Insurance	65,000.00	74,000.00	69,525.77	(4,474.23)	73,975.03	
Other	3,000.00	2,000.00	1,685.00	(315.00)	5,492.26	
Total Licenses and Taxes	\$ 135,000.00	\$ 155,500.00	\$ 151,103.56	\$ (4,396.44)	\$ 156,842.53	
INTERGOVERNMENTAL REVENUES						
Tobacco Taxes	\$.00	.00	\$ 350.00	\$ 350.00	\$.00	
State Revenue Sharing	2,000.00	1,000.00	739.00	(261.00)	1,434.00	
Alcoholic Beverage	10,000.00	9,000.00	7,447.16	(1,552.84)	11,669.13	
State 2 % Insurance Fund	14,000.00	14,000.00	14,474.45	474.45	13,521.66	
Total Intergovernmental Revenues	\$ 26,000.00	\$ 24,000.00	\$ 23,010.61	\$ (989.39)	\$ 26,624.79	
CHARGES FOR SERVICES						
Municipal Court Cost	\$ 25,000.00	\$ 13,000.00	\$ 12,795.00	\$ (205.00)	\$ 15,319.50	
Accident Report	500.00	1,600.00	1,599.50	(.50)	784.00	
Drug Task Force	4,000.00	3,500.00	3,352.00	(148.00)	4,008.00	
Garbage Fees	390,000.00	395,000.00	397,729.82	2,729.82	337,396.66	
Zoning Changes	1,000.00	600.00	620.00	20.00	600.00	
Total Charges for Services	\$ 420,500.00	\$ 413,700.00	\$ 416,096.32	\$ 2,396.32	\$ 358,108.16	
FINES AND FORFEITS						
DWI Fines	\$ 8,000.00	\$ 6,000.00	\$ 6,036.00	\$ 36.00	\$ 8,311.00	
Municipal Court Fines	50,000.00	42,000.00	41,351.00	(649.00)	56,085.50	
Total Fines and Forfeits	\$ 58,000.00	\$ 48,000.00	\$ 47,387.00	\$ (613.00)	\$ 64,396.50	

MISCELLANEOUS

Administrative Fees and Mechanic	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$.00	\$ 60,000.00
Farmerville City Park	200.00	100.00	90.00	(10.00)	60.00
Fees - Farmer's Market	1,000.00	1,000.00	921.00	(79.00)	663.00
Miscellaneous	2,000.00	.00	29.71	29.71	1,351.70
Police Grant	.00	.00	.00	.00	775.14
Police Grant - OJT Program	.00	.00	.00	.00	27,790.00
Rural Development Grant	.00	16,675.00	16,675.00	.00	.00
Sale of Assets	.00	2,800.00	800.00	(2,000.00)	.00
Supplemental Pay - State of Louisiana	.00	.00	26,600.00	26,600.00	25,200.00
Interest Income	6,500.00	4,000.00	4,789.08	789.08	6,417.61
Total Miscellaneous	\$ 69,700.00	\$ 84,575.00	\$ 109,904.79	\$ 25,329.79	\$ 122,257.45
<u>TOTAL REVENUE</u>	\$ 1,226,200.00	\$ 1,235,775.00	\$ 1,254,957.45	\$ 19,182.45	\$ 1,256,525.78

EXPENDITURES

GENERAL AND ADMINISTRATIVE

Salaries and Expenditures	\$ 144,000.00	\$ 155,000.00	\$ 158,753.94	\$ (3,753.94)	\$ 142,780.74
Employee Benefit Expenditures					
Dental	2,000.00	1,300.00	1,280.92	19.08	2,214.73
Medicare	2,000.00	2,100.00	2,118.20	(18.20)	2,010.10
FICA Contributions	8,600.00	9,000.00	9,057.74	(57.74)	8,599.47
Unemployment Contributions	220.00	200.00	199.16	.84	179.16
Retirement	5,500.00	8,400.00	8,366.36	33.64	5,860.27
Hospital Insurance	12,000.00	15,000.00	15,104.04	(104.04)	11,572.00
Uniforms	.00	.00	139.10	(139.10)	405.41
Workmen's Compensation Insurance	1,200.00	1,300.00	1,315.00	(15.00)	1,214.00
Employee Drug Testing	100.00	100.00	.00	100.00	415.00
Advertising and Filing	5,000.00	6,000.00	6,477.00	(477.00)	6,397.00
Asset Purchases	.00	10,000.00	15,817.91	(5,817.91)	1,857.62
Attorney's Fees	8,000.00	8,000.00	7,707.30	292.70	7,760.00
Auditing	5,000.00	6,000.00	6,000.00	.00	5,641.00
Christmas Tree	.00	.00	325.41	(325.41)	213.54
City Hall Maintenance and Supplies	15,000.00	14,000.00	12,486.10	1,513.90	17,863.49
Civil Defense	267.48	267.48	267.48	.00	289.77
Code of Ordinances	6,000.00	.00	.00	.00	.00
Computer Expenditures	6,000.00	6,000.00	5,948.60	51.40	1,202.36
Coroner Expenditures	1,000.00	1,000.00	.00	1,000.00	300.00
Dues and Subscriptions	3,500.00	3,500.00	4,349.89	(849.89)	3,884.93
Election Expense	.00	.00	100.00	(100.00)	.00
Farmers' Market Building	.00	.00	97.12	(97.12)	190.92
Fire Department Assets	.00	5,000.00	5,009.78	(9.78)	.00

STATEMENT A
CONTINUED

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

	2004			2003	
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE	ACTUAL
EXPENDITURES					
GENERAL AND ADMINISTRATIVE CONTINUED					
Insurance	\$ 5,000.00	\$ 5,000.00	\$ 13,623.01	\$ (8,623.01)	\$ 6,773.17
Maintenance and Equipment	5,000.00	10,000.00	6,007.38	3,992.62	6,329.60
Mayor's Expense	.00	4,200.00	4,200.00	.00	.00
Mayor's Vehicle Expenditures	1,000.00	300.00	186.28	113.72	4,553.86
Miscellaneous	5,000.00	6,500.00	8,250.36	(1,750.36)	523.72
Office Supplies	6,000.00	6,500.00	6,518.85	(18.85)	7,252.69
Others	.00	.00	27.92	(27.92)	6,203.01
Telephone	10,000.00	9,200.00	9,606.58	(406.58)	10,150.62
Town Hall Vehicle Expenditures	1,000.00	1,000.00	648.08	351.92	719.07
Travel and Education - Clerk	3,500.00	2,500.00	1,927.66	572.34	2,530.21
Travel and Education - Mayor	8,000.00	10,000.00	9,819.31	180.69	8,612.90
Travel - Attorney	2,000.00	1,000.00	90.00	910.00	1,357.91
Travel - Others	3,500.00	3,000.00	3,056.45	(56.45)	2,282.25
Triad Phone Service	1,200.00	1,200.00	1,343.90	(143.90)	1,401.16
Utilities	13,000.00	13,000.00	12,752.80	247.20	12,351.32
Total General and Administrative	\$ 289,587.48	\$ 325,567.48	\$ 338,979.63	\$ (13,412.15)	\$ 291,893.00
POLICE DEPARTMENT					
Salaries	\$ 300,000.00	\$ 315,000.00	\$ 316,991.46	\$ (1,991.46)	\$ 306,829.87
Salaries - Supplemental Pay	.00	.00	23,000.00	(23,000.00)	21,600.00
Employee Benefit Expenditures					
Dental	3,500.00	3,300.00	3,317.23	(17.23)	4,308.57
Medicare Tax	4,350.00	4,400.00	4,454.81	(54.81)	4,243.54
FICA Contributions	18,600.00	19,000.00	19,047.39	(47.39)	18,143.80
Retirement	2,000.00	3,800.00	3,794.46	5.54	2,204.12
Unemployment	600.00	600.00	614.24	(14.24)	594.98
Hospital Insurance	31,500.00	41,000.00	40,844.72	155.28	24,521.82
Life Insurance	2,000.00	2,000.00	1,926.89	73.11	1,820.34
Employee Drug Testing	500.00	100.00	25.00	75.00	400.00
Workers Compensation Insurance	15,000.00	12,000.00	11,887.00	113.00	13,842.10

Uniforms	2,000.00	3,000.00	3,011.60	(11.60)	2,179.70
Advertising and Filing	.00	.00	181.00	(181.00)	880.00
Asset Purchases	1,200.00	1,200.00	5,420.00	(4,220.00)	41,986.00
Dues and Subscriptions	500.00	500.00	276.75	223.25	.00
Insurance	12,000.00	12,000.00	17,396.57	(5,396.57)	10,465.47
Miscellaneous	.00	29,700.00	46.39	29,653.61	454.51
OJT Program Expenditures	.00	.00	.00	.00	4,522.00
Office Supplies	3,000.00	2,000.00	1,783.76	216.24	3,088.66
Prisoner Expenditures	500.00	500.00	.00	500.00	500.00
Radio - Operations	500.00	3,500.00	3,674.46	(174.46)	1,440.00
Special Investigation	.00	.00	20.00	(20.00)	150.00
Supplies	3,000.00	5,000.00	5,109.63	(109.63)	3,972.26
Telephone	6,000.00	5,200.00	5,729.05	(529.05)	6,220.80
Travel and Training	5,000.00	5,000.00	4,990.90	9.10	6,907.73
Vehicle - Gas and Oil	10,000.00	12,000.00	12,754.66	(754.66)	10,881.01
Vehicle Repair	6,000.00	6,000.00	6,354.27	(354.27)	13,150.46
Total Police Department	\$ 427,750.00	\$ 486,800.00	\$ 492,652.24	\$ (5,852.24)	\$ 504,807.74

FIRE DEPARTMENT

Salary and Expenditures	\$ 28,600.00	\$ 29,000.00	\$ 30,276.50	(1,276.50)	\$ 27,212.40
Salaries - Supplemental Pay	.00	.00	3,600.00	(3,600.00)	3,600.00
Employee Benefit and Expenditures					
Dental	300.00	300.00	273.43	26.57	338.42
Medicare Tax	450.00	450.00	422.82	27.18	393.06
Retirement	2,000.00	5,000.00	4,995.06	4.94	2,528.91
FICA Contribution	1,800.00	1,800.00	1,807.48	(7.48)	1,680.71
Unemployment	50.00	50.00	58.41	(8.41)	54.21
Hospital Insurance	2,640.00	3,200.00	3,246.92	(46.92)	2,094.48
Workers Compensation Insurance	2,400.00	2,000.00	1,791.00	209.00	2,220.00
Employee Drug Testing	100.00	100.00	25.00	75.00	25.00
Uniforms	4,000.00	4,000.00	2,003.40	1,996.60	3,596.28
Advertising	.00	.00	194.00	(194.00)	138.80
Assets Purchase	350,000.00	6,500.00	6,533.00	(33.00)	.00
Audit Cost	.00	.00	2,000.00	(2,000.00)	500.00
Clothing Allowance	9,500.00	12,500.00	12,348.00	152.00	9,630.00
Dues and Subscriptions	100.00	100.00	.00	100.00	150.00
Fire Equipment Repairs	1,000.00	2,000.00	2,187.11	(187.11)	520.32
Fire Prevention	.00	2,000.00	2,025.78	(25.78)	.00
Fire Station Repairs	1,000.00	2,500.00	2,343.77	156.23	166.00
Fire Truck Payment	53,333.00	53,333.00	53,333.92	(.92)	53,333.92
Insurance	25,000.00	25,000.00	22,810.81	2,189.19	26,170.07
Major Purchases	.00	211,842.00	.00	211,842.00	73,218.94
Miscellaneous	500.00	5,000.00	4,667.28	332.72	152.00

STATEMENT A
CONTINUED

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

	2004			2003	
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE	ACTUAL
<u>FIRE DEPARTMENT CONTINUED</u>					
Office Supplies	\$ 500.00	\$ 500.00	\$.00	\$ 500.00	\$ 175.26
Radios	3,000.00	2,000.00	228.80	1,771.20	2,793.70
Supplies	10,000.00	3,000.00	3,425.84	(425.84)	9,575.91
Telephone	2,500.00	2,500.00	2,336.59	163.41	2,551.90
Transfer to Fire District	10,000.00	5,000.00	5,000.00	.00	.00
Transfer to Volunteer Fire Department	14,000.00	14,000.00	14,474.45	(474.45)	13,521.66
Travel and Training	1,000.00	2,500.00	2,411.20	88.80	28.15
Utilities	10,000.00	5,000.00	4,063.60	936.40	10,172.81
Vehicle - Gas and Oil	2,500.00	2,500.00	2,617.19	(117.19)	2,588.03
Vehicle Repairs	5,100.00	4,000.00	3,818.01	181.99	3,389.98
Total Fire Department	\$ 541,373.00	\$ 407,675.00	\$ 195,319.37	\$ 212,355.63	\$ 252,520.92
<u>RECREATION DEPARTMENT</u>					
Utilities	.00	.00	284.98	(284.98)	223.63
Total Recreation Department	\$.00	\$.00	\$ 284.98	\$ (284.98)	\$ 223.63
<u>STATE PARK</u>					
Maintenance	\$ 1,000.00	\$ 1,000.00	\$ 1,104.26	\$ (104.26)	\$ 2,450.59
Supplies	500.00	200.00	187.40	12.60	740.02
Utilities	800.00	1,100.00	953.69	146.31	910.11
Land Lease	.00	.00	.00	.00	115.38
Total State Park	\$ 2,300.00	\$ 2,300.00	\$ 2,245.35	\$ 54.65	\$ 4,216.10
<u>GARBAGE DEPARTMENT</u>					
Salaries	\$ 205,000.00	\$ 195,000.00	\$ 199,327.85	\$ (4,327.85)	\$ 188,940.29
Employee Benefit Expenditures					
Dental Insurance	2,600.00	2,400.00	2,391.90	8.10	3,051.96
Medicare Taxes	3,000.00	2,800.00	2,749.53	50.47	2,578.15
Municipal Retirement	12,500.00	19,500.00	19,230.27	269.73	12,976.18

FICA Taxes	12,710.00	12,000.00	11,756.42	243.58	11,023.83
Unemployment Taxes	410.00	410.00	394.60	15.40	373.93
Hospital Insurance	23,760.00	28,500.00	28,536.88	(36.88)	18,914.79
Workers Compensation Insurance	22,300.00	19,000.00	19,021.30	(21.30)	19,962.00
Employment Drug Testing	400.00	400.00	220.00	180.00	225.00
Uniforms	500.00	200.00	156.00	44.00	.00
Container Expenditures	5,000.00	7,200.00	.00	7,200.00	19,938.23
Fixed Assets	.00	.00	.00	.00	400.00
Insurance	12,000.00	12,000.00	11,087.71	912.29	12,044.47
Miscellaneous	4,000.00	4,000.00	4,358.31	(358.31)	4,843.69
Tipping Fees/Compactor Expenditures	75,000.00	115,000.00	125,333.76	(10,333.76)	96,753.17
Truck and Equipment - Gas and Oil	14,000.00	12,000.00	12,912.72	(912.72)	13,285.00
Truck Repairs	15,000.00	15,000.00	14,824.26	175.74	19,997.71
Total Garbage Department	\$ 408,180.00	\$ 445,410.00	\$ 452,301.51	\$ (6,891.51)	\$ 425,308.40

TOTAL EXPENDITURES \$ 1,669,190.48 \$ 1,667,752.48 \$ 1,481,783.08 \$ 185,969.40 \$ 1,478,969.79

EXCESS OF REVENUE OVER (UNDER) EXPENDITURES \$ (442,990.48) \$ (431,977.48) \$ (226,825.63) \$ 205,151.85 \$ (222,444.01)

OTHER FINANCING SOURCES (USES)

Operating Transfers In:					
Farmerville Fire District	\$ 140,000.00	\$ 152,000.00	\$ 154,255.72	\$ 2,255.72	\$ 134,765.89
Sales Tax - Garbage Department	.00	50,000.00	50,000.00	.00	50,000.00
Water Department	150,000.00	180,000.00	180,000.00	.00	149,883.00
Total Other Financing Sources (Uses)	\$ 290,000.00	\$ 382,000.00	\$ 384,255.72	\$ 2,255.72	\$ 334,648.89

EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM

\$ (152,990.48) \$ (49,977.48) \$ 157,430.09 \$ (207,407.57) \$ 112,204.88

FUND BALANCE, BEGINNING OF YEAR - ORIGINALLY STATED

\$ 296,561.41 \$ 230,428.72

PRIOR PERIOD ADJUSTMENT

.00 (46,072.19)

FUND BALANCES - JULY 1 - RESTATED

\$ 296,561.41 \$ 184,356.53

FUND BALANCES - JUNE 30

\$ 453,991.50 \$ 296,561.41

The notes are an integral part of these statements. See accompanying notes and auditors' report.

STATEMENT B

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA

SPECIAL REVENUES - SALES TAX FUND

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

REVENUE	2004			2003		
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE	ACTUAL	ACTUAL
Taxes						
Sales Tax	\$ 653,325.00	\$ 610,000.00	\$ 612,130.87	\$ 2,130.87	\$ 632,895.84	
Interest Earned	8,000.00	3,000.00	1,342.74	(1,657.26)	4,970.62	
Reimbursements	8,675.00	8,675.00	8,675.82	.82	13,013.73	
Sale of Assets	.00	.00	900.00	900.00	.00	
Grant	.00	.00	.00	.00	1,328.45	
TOTAL REVENUES	\$ 670,000.00	\$ 621,675.00	\$ 623,049.43	\$ 1,374.43	\$ 652,208.64	

EXPENDITURES

GENERAL GOVERNMENT

Salaries	\$ 75,000.00	\$ 70,000.00	\$ 70,051.09	\$ (51.09)	\$ 69,152.77
Employee Benefits Expenditures					
Medicare Tax	1,100.00	1,000.00	990.83	9.17	990.37
Municipal Retirement	4,600.00	6,700.00	6,659.19	40.81	3,992.47
FICA	4,600.00	4,300.00	4,236.57	63.43	4,234.96
Unemployment	200.00	200.00	140.43	59.57	138.79
Hospital Insurance	8,000.00	10,000.00	9,740.76	259.24	6,140.70
Dental	1,000.00	8,000.00	798.20	7,201.80	1,020.28
Workers Compensation Insurance	2,000.00	2,500.00	2,591.00	(91.00)	1,939.00
Employee Drug Test	100.00	100.00	295.00	(195.00)	75.00
Uniforms	.00	800.00	782.37	17.63	190.28
Administrative Fees	30,000.00	30,000.00	30,000.00	.00	30,000.00
Auditing	5,000.00	3,500.00	3,500.00	.00	5,000.00
Computer Expenditures	1,000.00	4,500.00	4,533.16	(33.16)	1,036.81
Insurance - Liability	12,000.00	12,000.00	14,736.35	(2,736.35)	2,699.07
LCDBG - Grant Expenditures	.00	.00	72.10	(72.10)	.00
Miscellaneous	1,000.00	2,000.00	2,144.15	(144.15)	71.04
Office Expenditures	3,000.00	2,000.00	2,322.22	(322.22)	1,737.29
Sales Tax Collection Cost	.00	4,000.00	4,538.76	(538.76)	4,013.16

Telephone	\$	1,500.00	\$	1,200.00	\$	1,169.24	\$	30.76	\$	1,294.98
Travel		.00		.00		99.43		(99.43)		215.00
Total General Government	\$	<u>150,100.00</u>	\$	<u>162,800.00</u>	\$	<u>159,400.85</u>	\$	<u>3,399.15</u>	\$	<u>133,941.97</u>

PRISON LABOR AND EXPENDITURES

Labor and Expenditures	\$	3,000.00	\$	2,300.00	\$	2,124.50	\$	175.50	\$	2,456.17
Meals/Food/Supplies		12,000.00		7,700.00		7,674.93		25.07		13,790.81
Total Prison Labor and Expenditures	\$	<u>15,000.00</u>	\$	<u>10,000.00</u>	\$	<u>9,799.43</u>	\$	<u>200.57</u>	\$	<u>16,246.98</u>

STREET REPAIR

Salaries	\$	142,000.00	\$	135,000.00	\$	129,966.59	\$	5,033.41	\$	122,552.89
Employee Benefit Expenditures										
Medicare Taxes		2,060.00		1,800.00		1,764.82		35.18		1,779.58
Municipal Retirement		9,200.00		11,500.00		11,309.58		190.42		8,214.86
FICA Taxes		8,800.00		7,500.00		7,546.37		(46.37)		7,609.27
Unemployment Taxes		300.00		300.00		249.75		50.25		250.52
Hospital Insurance		13,200.00		15,000.00		15,015.66		(15.66)		10,034.28
Dental		1,500.00		1,500.00		1,360.02		139.98		1,695.68
Workers Compensation Insurance		15,000.00		14,000.00		13,874.92		125.08		15,916.58
Employee Drug Testing		200.00		200.00		200.00		.00		175.00
Uniforms		500.00		100.00		26.00		74.00		.00
Insurance		.00		7,000.00		9,760.93		(2,760.93)		15,307.57
Miscellaneous		5,000.00		10,000.00		11,054.74		(1,054.74)		7,975.20
Street Maintenance		10,000.00		36,000.00		35,022.72		977.28		12,006.36
Truck Equipment - Oil and Gas		9,000.00		10,000.00		10,999.79		(999.79)		9,989.33
Truck Equipment Repairs		10,000.00		5,000.00		18,165.93		(13,165.93)		22,308.01
Utilities		55,000.00		55,000.00		56,516.50		(1,516.50)		56,440.36
Total Street Repair	\$	<u>281,760.00</u>	\$	<u>309,900.00</u>	\$	<u>322,834.32</u>	\$	<u>(12,934.32)</u>	\$	<u>292,255.49</u>

MAINTENANCE DEPARTMENT

Truck Expenditures	\$	2,500.00	\$	2,500.00	\$	2,780.84	\$	(280.84)	\$	3,867.29
Shop Supplies		9,000.00		9,000.00		8,744.06		255.94		10,705.14
Total Maintenance Department	\$	<u>11,500.00</u>	\$	<u>11,500.00</u>	\$	<u>11,524.90</u>	\$	<u>(24.90)</u>	\$	<u>14,572.43</u>

TOTAL EXPENDITURES

	\$	458,360.00	\$	494,200.00	\$	503,559.50	\$	(9,359.50)	\$	457,016.87
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EXCESS OF REVENUE OVER (UNDER)

<u>EXPENDITURES</u>	\$	211,640.00	\$	127,475.00	\$	119,489.93	\$	(7,985.07)	\$	195,191.77
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STATEMENT B
CONTINUED

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - SALES TAX FUND

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

	2004		2003
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL
		VARIANCE	ACTUAL
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out):			
Debt Service Fund - Sewer	\$ (161,000.00)	\$ (136,242.50)	\$ (118,992.50)
Transfer to Other Funds - Garbage	(50,000.00)	(50,000.00)	.00
Total Other Financing Sources (Uses)	\$ (211,000.00)	\$ (186,242.50)	\$ (17,250.00)
<u>EXCESS OF REVENUE AND OTHER SOURCES</u>			
<u>OVER (UNDER) EXPENDITURES AND OTHER</u>			
<u>(USES) BEFORE EXTRAORDINARY ITEM</u>	\$ 640.00	\$ (58,767.50)	\$ (49,502.57)
<u>FUND BALANCES, BEGINNING OF YEAR -</u>			
<u>ORIGINALLY STATED</u>	\$ 143,450.99		\$ 127,271.69
<u>PRIOR PERIOD ADJUSTMENTS</u>	.00		63,650.02
<u>FUND BALANCES - JULY 1 - RESTATED</u>	\$ 143,450.99		\$ 190,921.71
<u>FUND BALANCES - JUNE 30</u>	\$ 93,948.42		\$ 143,450.99

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE STATEMENT B-1
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - 2002 SALES TAX FUND - RECREATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

<u>REVENUE</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Sales Taxes	\$ 300,000.00	\$ 302,000.00	\$ 332,474.51	\$ 30,474.51
Concession Sales	5,000.00	2,000.00	1,390.00	(610.00)
Membership Dues	6,500.00	6,500.00	6,211.50	(288.50)
Building Rental	5,000.00	2,000.00	3,125.00	1,125.00
Interest	1,200.00	5,800.00	1,408.61	(4,391.39)
Youth Basketball	.00	.00	302.00	302.00
Grants	.00	.00	5,000.00	5,000.00
Total Revenues	<u>\$ 317,700.00</u>	<u>\$ 318,300.00</u>	<u>\$ 349,911.62</u>	<u>\$ 31,611.62</u>
<u>EXPENDITURES</u>				
Salaries	\$ 40,000.00	\$ 42,000.00	\$ 41,919.06	\$ 80.94
Employee Benefits Expenditures				
Medicare Tax	600.00	600.00	607.85	(7.85)
Municipal Retirement	3,000.00	4,000.00	3,900.88	99.12
FICA	2,500.00	2,500.00	2,598.82	(98.82)
Unemployment	100.00	100.00	83.79	16.21
Hospital Insurance	5,200.00	5,200.00	5,179.48	20.52
Dental	600.00	500.00	497.28	2.72
Workers Compensation Insurance	3,000.00	2,000.00	1,694.00	306.00
Employee Drug Test	100.00	100.00	.00	100.00
Uniforms	400.00	400.00	516.70	(116.70)
Auditing	.00	250.00	250.00	.00
Asset Purchases	5,000.00	38,000.00	38,081.39	(81.39)
Advertising and Filing	500.00	500.00	475.00	25.00
Computer Expense	2,000.00	3,000.00	.00	3,000.00
Liability Insurance	4,000.00	4,000.00	3,787.00	213.00
Miscellaneous	1,000.00	1,500.00	21,928.14	(20,428.14)
Office Supplies	2,000.00	2,000.00	3,133.23	(1,133.23)
Sales Tax Collection Fee	.00	.00	3,329.56	(3,329.56)
Supplies	4,000.00	10,000.00	11,316.48	(1,316.48)
Telephone	4,200.00	4,200.00	3,841.96	358.04
Utilities	14,000.00	16,000.00	17,957.51	(1,957.51)
Total Expenditures	<u>\$ 92,200.00</u>	<u>\$ 136,850.00</u>	<u>\$ 161,098.13</u>	<u>\$ (24,248.13)</u>
<u>CONCESSION EXPENSE</u>	<u>\$ 4,000.00</u>	<u>\$ 2,000.00</u>	<u>\$ 3,326.17</u>	<u>\$ (1,326.17)</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 96,200.00</u>	<u>\$ 138,850.00</u>	<u>\$ 164,424.30</u>	<u>\$ (25,574.30)</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 221,500.00</u>	<u>\$ 179,450.00</u>	<u>\$ 185,487.32</u>	<u>\$ 6,037.32</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfer In (Out)				
Debt Service Fund	\$ (216,000.00)	\$ (226,588.79)	\$ (243,180.48)	\$ (16,591.69)
Transfer from Other Funds	.00	73,000.00	169,464.53	96,464.53
Total Other Financing Sources (Uses)	<u>\$ (216,000.00)</u>	<u>\$ (153,588.79)</u>	<u>\$ (73,715.95)</u>	<u>\$ 79,872.84</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - 2002 SALES TAX FUND - RECREATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

STATEMENT B-1
CONTINUED

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>EXCESS OF REVENUE AND</u>				
<u>OTHER SOURCES OVER (UNDER)</u>				
<u>EXPENDITURES AND OTHER</u>				
<u>(USES) BEFORE EXTRAORDINARY</u>				
<u>ITEM</u>	\$ 5,500.00	\$ 25,861.21	\$ 111,771.37	\$ 85,910.16
 <u>FUND BALANCES - JULY 1</u>			 <u>129,292.24</u>	
 <u>FUND BALANCES - JUNE 30</u>			 <u>\$ 241,063.61</u>	

TOWN OF FARMERVILLE, LOUISIANA
 FARMERVILLE, LOUISIANA
 ENTERPRISE FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - BUDGET (GAAP) AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	WATER			SEWER		
	ORIGINAL BUDGET	AMENDED BUDGET	VARIANCE	ORIGINAL BUDGET	AMENDED BUDGET	VARIANCE
OPERATING REVENUES						
Charges for Service						
Water Sales	\$ 825,000.00	\$ 810,000.00	\$ (5,186.33)	\$.00	\$.00	\$.00
Penalties	30,000.00	32,000.00	(81.96)	.00	.00	.00
Sewer Sales	.00	.00	.00	200,000.00	195,000.00	(3,484.22)
Tapping Fees	2,000.00	3,000.00	(41.93)	2,000.00	2,000.00	(100.00)
Grants	.00	.00	240,247.00	.00	.00	.00
Sale of Assets	.00	.00	150.00	.00	.00	.00
Miscellaneous	.00	.00	3,402.06	.00	.00	.00
Total Operating Revenues	\$ 857,000.00	\$ 845,000.00	\$ 238,488.84	\$ 202,000.00	\$ 197,000.00	\$ 1,000.00
OPERATING EXPENSES						
Cost of Sales and Service	\$ 329,000.00	\$ 350,700.00	\$ (8,124.26)	\$ 158,000.00	\$ 145,000.00	\$ 21,994.65
Administration	351,500.00	376,200.00	(672.18)	85,930.00	92,150.00	4,847.70
Depreciation	.00	12,000.00	(138,013.85)	.00	.00	(114,737.42)
Total Operating Expenses	\$ 680,500.00	\$ 738,900.00	\$ (885,710.29)	\$ 243,930.00	\$ 237,150.00	\$ (87,895.07)
OPERATING INCOME (LOSS)	\$ 176,500.00	\$ 106,100.00	\$ 91,678.55	\$ (41,930.00)	\$ (40,150.00)	\$ (90,479.29)
NONOPERATING REVENUE (EXPENSES)						
Interest Income						
Regular	\$ 15,000.00	\$ 7,000.00	\$ 6,233.65	\$ 3,000.00	\$ 1,500.00	\$ 1,685.11
Sinking and Revenue Fund	.00	.00	.00	.00	.00	3,575.10
Interest Expense	.00	.00	.00	.00	.00	(45,789.00)
Total Nonoperating Revenue (Expenses)	\$ 15,000.00	\$ 7,000.00	\$ 6,233.65	\$ 3,000.00	\$ 1,500.00	\$ (42,028.79)
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ 191,500.00	\$ 113,100.00	\$ 204,012.20	\$ (38,930.00)	\$ (38,650.00)	\$ (132,508.08)
(TRANSFER TO)/FROM OTHER FUNDS						
General Fund/Sewer	\$ (190,000.00)	\$ (205,000.00)	\$ 528.08	\$ 40,000.00	\$ 40,000.00	\$ (15,528.08)
Transfer from Sales Tax/Debt Service	.00	.00	.00	.00	.00	118,992.50
Total (Transfer To)/From Other Funds	\$ (190,000.00)	\$ (205,000.00)	\$ 528.08	\$ 40,000.00	\$ 40,000.00	\$ 103,464.42
NET INCOME (LOSS)	\$ 1,500.00	\$ (91,900.00)	\$ (459.72)	\$ 1,070.00	\$ 1,350.00	\$ (29,043.66)
RETAINED EARNINGS - Beginning of Year			4,109,302.71			2,733,636.16
RETAINED EARNINGS - End of Year			\$ 4,108,842.99			\$ 2,705,942.50

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE, LOUISIANA
 FARMERVILLE, LOUISIANA
 ENTERPRISE FUND
 SCHEDULE OF DETAIL OF EXPENSES, BUDGET (GAAP) AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	WATER				SEWER			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE
COST OF SALES AND SERVICES								
Chemicals	.00	.00	.00	.00	2,000.00	500.00	205.25	294.75
Chlorine	.00	.00	.00	.00	6,000.00	5,500.00	6,180.00	(680.00)
Chlorine Equipment Repair	20,000.00	25,000.00	24,558.01	441.99	7,000.00	5,000.00	4,579.04	420.96
ConAgra Water Well	.00	31,000.00	7,176.83	(2,976.83)	.00	.00	.00	.00
Major Repairs and Additions	10,000.00	20,000.00	44,899.96	(13,899.96)	.00	.00	.00	.00
Major Well and Tank Repairs	20,000.00	34,000.00	14,531.84	5,468.16	5,000.00	8,000.00	.00	8,000.00
Meter Replacement	5,000.00	7,000.00	6,331.43	668.57	15,000.00	.00	.00	.00
Pump Repair	12,000.00	.00	.00	.00	50,000.00	48,000.00	38,103.26	9,896.74
Safe Drinking Program	5,000.00	5,000.00	.00	5,000.00	.00	.00	.00	.00
Supplies	40,000.00	35,000.00	32,929.67	2,070.33	10,000.00	3,000.00	2,966.89	33.11
Treatment Plant Repairs	.00	.00	.00	.00	10,000.00	30,000.00	30,746.04	(746.04)
Utilities	215,000.00	215,000.00	207,264.31	7,735.69	45,000.00	45,000.00	40,224.87	4,775.13
Totals	\$ 329,000.00	\$ 376,200.00	\$ 358,824.26	\$ 17,375.74	\$ 158,000.00	\$ 145,000.00	\$ 123,005.35	\$ 21,994.65
ADMINISTRATIVE								
Advertising and Filing	.00	.00	260.50	(260.50)	.00	.00	.00	.00
Administrative Fee	30,000.00	30,000.00	30,000.00	.00	.00	.00	.00	.00
Asset Purchases	2,000.00	1,000.00	.00	1,000.00	.00	.00	.00	.00
Auditing	10,000.00	12,000.00	11,750.00	250.00	.00	1,500.00	1,500.00	.00
Bad Debts	.00	.00	3,556.64	(3,556.64)	.00	.00	.00	.00
Bank Charges	.00	.00	691.80	(691.80)	.00	.00	206.14	(206.14)
Computer Expense	4,000.00	17,000.00	16,586.85	413.15	.00	4,500.00	4,533.16	(33.16)
Dues	200.00	200.00	150.00	50.00	.00	.00	.00	.00
Equipment - Gas and Oil	.00	.00	.00	.00	100.00	.00	.00	.00
Equipment Repairs	2,500.00	2,500.00	3,127.06	(627.06)	3,000.00	1,500.00	1,250.29	249.71
Insurance - Liability	14,000.00	20,000.00	45,064.63	(25,064.63)	7,000.00	7,000.00	2,344.71	4,655.29
Miscellaneous	1,000.00	1,000.00	27.08	972.92	100.00	100.00	125.64	(25.64)
Office Supplies	10,000.00	9,000.00	7,896.02	1,103.98	.00	.00	.00	.00
Radio Repairs	1,000.00	2,500.00	1,839.36	660.64	100.00	.00	.00	.00
Telephone	6,500.00	7,000.00	7,374.52	(374.52)	700.00	700.00	569.73	130.27
Travel and Training	2,000.00	300.00	261.99	38.01	200.00	100.00	30.00	70.00
Truck - Gas and Oil	14,000.00	14,000.00	12,897.47	1,102.53	2,400.00	2,400.00	2,807.11	(407.11)
Truck Repairs	5,000.00	3,500.00	3,817.99	(317.99)	1,000.00	1,000.00	776.52	223.48
Salaries	192,000.00	172,000.00	173,761.27	(1,761.27)	55,000.00	55,000.00	54,939.22	60.78
Employee Benefit Expense								
Retirement Expense	12,500.00	17,000.00	16,731.54	268.46	3,400.00	5,000.00	5,046.67	(466.67)
Medicare Tax	2,700.00	2,400.00	2,360.16	39.84	800.00	800.00	755.52	44.48
FICA Contribution	12,000.00	10,000.00	10,091.81	(91.81)	3,400.00	3,200.00	3,230.56	(30.56)
Unemployment Tax	400.00	400.00	343.00	57.00	150.00	150.00	107.65	42.35
Hospital Insurance	18,500.00	19,500.00	19,481.52	18.48	5,280.00	6,500.00	6,493.84	6.16
Dental	2,000.00	2,000.00	1,665.37	334.63	600.00	500.00	503.54	(3.54)
Worker's Compensation Insurance	8,000.00	6,000.00	5,795.82	204.18	2,500.00	2,000.00	2,032.00	(32.00)
Employee Drug Testing	200.00	200.00	150.00	50.00	100.00	100.00	50.00	50.00
Uniforms	1,000.00	1,200.00	1,189.78	10.22	100.00	100.00	.00	100.00
Total Administrative	\$ 351,500.00	\$ 350,700.00	\$ 376,872.18	\$ (26,172.18)	\$ 85,930.00	\$ 92,150.00	\$ 87,302.30	\$ 4,847.70

The notes are an integral part of these statements. See accompanying notes and auditors' report.

OTHER SUPPLEMENTAL INFORMATION(PART III)

SPECIAL REVENUE FUNDS

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

SALES TAX FUND

Proceeds of the 1% sales tax are to be used for costs incurred in operating a Sanitary Landfill Site for Garbage and Waste Disposal; for Street Repair and Maintenance; and for Sewer Repair and Maintenance. A portion of sales tax funds are used to pay the sewer bonds reported in the sewer department

FARMERVILLE VOLUNTEER FIRE DEPARTMENT, INC.

The volunteer fire department receives funds from fund raisers, drink sales and from the State of Louisiana 2% rebate funds. Their expenses are purchases of drinks, miscellaneous equipment, fund raiser and volunteer firemen benefits. Most funds are accumulated to be used for purchase of fire department equipment.

FARMERVILLE AREA FIRE PROTECTION DISTRICT OF UNION PARISH

The Fire District receives proceeds of advalorem taxes from the Sheriff's Department. Five percent of collections are retained by the fire district. The remaining funds are transferred to the Town of Farmerville for use in operating expenses, capital improvements and equipment purchases.

2002 SALES TAX FUND

On October 20, 2001 an additional ½ of 1% sales and use tax was approved. This tax was approved for construction of a recreation center and street improvements. Bonds were sold in the amount of \$2,900,000 for construction of the recreation center and improvements of the streets. These projects were started June 30, 2002, and not completed until after June 30, 2003.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2004 AND 2003

SCHEDULE A

	<u>FARMERVILLE</u> <u>VOLUNTEER</u> <u>FIRE</u> <u>DEPARTMENT</u>	<u>FARMERVILLE</u> <u>AREA FIRE</u> <u>PROTECTION</u> <u>DISTRICT</u>	<u>TOTALS</u>	
	<u>RECREATION</u> <u>SALES TAX</u>	<u>SALES TAX</u>	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>				
Cash	\$ 26,393.08	\$ 141,815.00	\$ 5,466.30	\$ 8,358.67
Cash - Certificate of Deposit	.00	100,000.00	37,982.37	.00
Receivables				
Union Parish School Board	59,821.77	27,151.01	.00	.00
Other Funds	5,683.62	.00	14,474.45	.00
Accrued Interest Receivable	.00	.00	.00	.00
Prepaid Insurance	5,182.00	.00	.00	.00
Restricted Assets				
Certificate of Deposits	54,598.00	.00	.00	.00
<u>TOTAL ASSETS</u>	<u>\$ 151,678.47</u>	<u>\$ 268,966.01</u>	<u>\$ 57,923.12</u>	<u>\$ 8,358.67</u>
			<u>\$ 182,033.05</u>	<u>\$ 218,721.12</u>
			<u>\$ 137,982.37</u>	<u>\$ 47,155.90</u>
			<u>\$ 86,972.78</u>	<u>\$ 54,076.34</u>
			<u>\$ 20,158.07</u>	<u>\$ 19,857.51</u>
			<u>\$.00</u>	<u>\$ 425.89</u>
			<u>\$ 5,182.00</u>	<u>\$ 5,901.00</u>
			<u>\$ 54,598.00</u>	<u>\$ 47,699.87</u>
			<u>\$ 486,926.27</u>	<u>\$ 393,837.63</u>
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Vouchers Payables	\$ 44,302.05	\$ 24,302.40	\$.00	\$.00
Accrued Liabilities	14,328.00	.00	.00	.00
Due To/From Other Funds	(900.00)	3,600.00	.00	.00
<u>TOTAL LIABILITIES</u>	<u>\$ 57,730.05</u>	<u>\$ 27,902.40</u>	<u>\$.00</u>	<u>\$.00</u>
			<u>\$ 68,604.45</u>	<u>\$ 36,418.07</u>
			<u>\$ 14,328.00</u>	<u>\$ 9,411.00</u>
			<u>\$ 2,700.00</u>	<u>\$ 1,997.94</u>
			<u>\$ 85,632.45</u>	<u>\$ 47,827.01</u>
<u>EQUITY</u>				
Fund Balance				
Reserved for Capital Projects	\$ 54,598.00	.00	.00	.00
Unreserved	39,350.42	241,063.61	57,923.12	8,358.67
<u>TOTAL EQUITY</u>	<u>\$ 93,948.42</u>	<u>\$ 241,063.61</u>	<u>\$ 57,923.12</u>	<u>\$ 8,358.67</u>
			<u>\$ 401,293.82</u>	<u>\$ 346,010.62</u>
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>\$ 151,678.47</u>	<u>\$ 268,966.01</u>	<u>\$ 57,923.12</u>	<u>\$ 8,358.67</u>
			<u>\$ 486,926.27</u>	<u>\$ 393,837.63</u>

See auditors' report.

SCHEDULE B

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUE EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>RECREATION</u>	<u>FARMERVILLE</u>	<u>FARMERVILLE</u>	<u>TOTALS</u>	
	<u>SALES TAX</u>	<u>VOLUNTEER</u>	<u>AREA FIRE</u>	<u>2004</u>	<u>2003</u>
	<u>SALES TAX</u>	<u>FIRE</u>	<u>PROTECTION</u>	<u>DEPARTMENT</u>	<u>DISTRICT</u>
<u>REVENUES</u>					
Taxes					
Sales Taxes	\$ 612,130.87	\$.00	\$.00	\$ 944,605.38	\$ 932,623.30
Advalorem Taxes	.00	.00	154,255.75	154,255.75	146,794.46
Miscellaneous					
Memberships	.00	6,211.50	.00	6,211.50	.00
Fees	.00	3,427.00	.00	3,427.00	.00
Concessions	.00	1,390.00	.00	1,390.00	.00
Interest Earned	1,342.74	1,408.61	70.37	3,222.30	7,294.55
Clatborne Electric	.00	.00	.00	1,959.19	1,328.45
Others	8,675.82	.00	5,000.00	17,935.42	17,989.32
Grants	.00	5,000.00	.00	5,000.00	4,241.43
Sale of Assets	900.00	.00	.00	900.00	.00
<u>TOTAL REVENUES</u>	<u>\$ 623,049.43</u>	<u>\$ 349,911.62</u>	<u>\$ 159,326.12</u>	<u>\$ 1,138,906.54</u>	<u>\$ 1,110,271.51</u>

<u>EXPENDITURES</u>					
General Government	\$ 159,400.85	\$ 121,748.11	\$ 10,214.48	\$ 291,363.44	\$ 180,827.64
Prison Labor and Expenditures	9,799.43	.00	.00	9,799.43	16,246.98
Street Repair	322,834.32	.00	.00	322,834.32	292,255.49
Maintenance Department	11,524.90	.00	.00	11,524.90	14,572.43
Concession Expense	.00	3,326.17	.00	3,326.17	.00
Asset Purchases	.00	39,350.02	7,052.79	62,285.33	.00
<u>TOTAL EXPENDITURES</u>	<u>\$ 503,559.50</u>	<u>\$ 164,424.30</u>	<u>\$ 7,052.79</u>	<u>\$ 701,133.59</u>	<u>\$ 503,902.54</u>

<u>EXCESS OF REVENUE OVER</u>	<u>\$ 119,489.93</u>	<u>\$ 185,487.32</u>	<u>\$ (19,477.63)</u>	<u>\$ 437,772.95</u>	<u>\$ 606,368.97</u>
<u>(UNDER) EXPENDITURES</u>					

CAPITAL PROJECTS FUND

Capital projects funds should be established when capital acquisition or construction is financed, in whole or in part, through bonds, intergovernmental revenues, major private donations or special assessments. In addition, capital projects funds can be useful when capital acquisition or construction is financed by several funds or over several accounting periods. The capital projects fund is for the completion of the recreation center.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
CAPITAL PROJECTS FUND
BALANCE SHEETS
JUNE 30, 2004 AND 2003

SCHEDULE C

	<u>TOTALS</u>	
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$ 165.76	\$ 355,116.64
Due from Other Funds	.00	.00
<u>TOTAL ASSETS</u>	<u>\$ 165.76</u>	<u>\$ 355,116.64</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
 <u>LIABILITIES</u>		
Estimate and Retainage Payable	\$.00	\$ 62,087.00
Due to General Fund	.00	3,600.00
Total Liabilities	<u>\$.00</u>	<u>\$ 65,687.00</u>
 <u>EQUITY AND OTHER CREDITS</u>		
Reserve for Capital Improvements	\$ 165.76	\$ 289,429.64
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 165.76</u>	<u>\$ 355,116.64</u>

See auditor's report.

TOWN OF FARMERVILLE SCHEDULE D
FARMERVILLE, LOUISIANA
CAPITAL PROJECTS FUND - NON-MAJOR GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

	TOTALS	
	2004	2003
<u>REVENUES</u>		
Interest Income	\$ 7,991.57	\$ 31,714.17
Total Revenues	\$ 7,991.57	\$ 31,714.17
<u>EXPENDITURES</u>		
Capital Outlay	\$ 113,299.92	\$ 2,136,841.44
Frye-Magee Consultants	2,000.00	20,800.00
Walpole - Architect	.00	82,353.00
Riley Company	.00	15,097.85
Crawford Environmental	.00	6,200.00
Equipment - Audio System	12,481.00	.00
Service Charges	10.00	.00
Total Expenditures	\$ 127,790.92	\$ 2,261,292.29
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating Transfer In		
General Fund	\$.00	\$.00
Operating Transfer Out	169,464.53	7,531.93
Total Other Financing Sources (Uses)	\$ 169,464.53	\$ 7,531.93
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER</u> <u>(UNDER) EXPENDITURES AND OTHER (USES)</u>	\$ (289,263.88)	\$(2,237,110.05)
<u>FUND BALANCE - JULY 1</u>	289,429.64	2,526,539.69
<u>FUND BALANCE - JUNE 30</u>	\$ 165.76	\$ 289,429.64

See auditor's report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
DEBT SERVICE FUNDS
BALANCE SHEETS
JUNE 30, 2004 AND 2003

SCHEDULE E

	TOTALS	
	2004	2003
<u>ASSETS</u>		
Investments, at cost of Amortized Cost	\$ 351,463.33	\$ 329,392.56
<u>TOTAL ASSETS</u>	<u>\$ 351,463.33</u>	<u>\$ 329,392.56</u>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Matured Bonds Payable	\$.00	\$.00
Accrued Interest Payable	.00	.00
Matured Interest Payable	.00	.00
Total Liabilities	\$.00	\$.00
<u>EQUITY</u>		
Reserved		
Designated for Debt Service	\$ 351,463.33	\$ 329,392.56
Total Equity	\$ 351,463.33	\$ 329,392.56
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>\$ 351,463.33</u>	<u>\$ 329,392.56</u>

See auditor's report.

SCHEDULE F

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

	<u>GENERAL</u> <u>FUND</u>	<u>FIRE</u> <u>DEPARTMENT</u>	<u>RECREATION</u> <u>SALES TAX</u>	<u>TOTAL</u>
	<u>2004</u>	<u>2004</u>	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>				
Interest Earned	\$.00	\$.00	\$ 5,479.08	\$ 6,688.53
<u>TOTAL REVENUES</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$ 5,479.08</u>	<u>\$ 6,688.53</u>
<u>EXPENDITURES</u>				
Debt Service				
Principal Retirement	\$ 4,563.90	\$ 35,268.39	\$ 90,000.00	\$ 118,244.97
Interest and Fiscal Charges	1,154.70	18,065.53	136,588.79	162,121.45
<u>TOTAL EXPENDITURES</u>	<u>\$ 5,718.60</u>	<u>\$ 53,333.92</u>	<u>\$ 226,588.79</u>	<u>\$ 280,366.42</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	<u>\$ (5,718.60)</u>	<u>\$ (53,333.92)</u>	<u>\$ (221,109.71)</u>	<u>\$ (273,677.89)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfer In/Out				
2002 Sales Tax	\$.00	\$.00	\$ 243,180.48	247,758.92
General Fund	5,718.60	53,333.92	59,052.52	53,333.92
Total Other Financing Sources(Uses)	<u>\$ 5,718.60</u>	<u>\$ 53,333.92</u>	<u>\$ 243,180.48</u>	<u>\$ 301,092.84</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u> <u>AND OTHER FINANCING SOURCES</u> <u>OVER (UNDER) EXPENDITURES AND</u> <u>OTHER FINANCING SOURCES (USES)</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$ 22,070.77</u>	<u>\$ 27,414.95</u>
<u>FUND BALANCES - UNRESERVED - JULY 1</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$ 329,392.56</u>	<u>\$ 301,977.61</u>
<u>FUND BALANCES - UNRESERVED - JUNE 30</u>	<u>\$.00</u>	<u>\$.00</u>	<u>\$ 351,463.33</u>	<u>\$ 329,392.56</u>

See auditor's report.

SCHEDULE G

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2004

<u>INSURANCE COMPANY</u>	<u>POLICY NUMBER</u>	<u>DATES</u>	<u>TYPE</u>	<u>COST</u>	<u>PREPAID</u>
Western Security	14552382N	01/16/04 - 01/16/09	La. Notary Public Bond - Anne Marie Pearson Gay Nell McIntosh Mike Allen Public Employee Bond - LaGina Fields Lillie Fields Theon Butler Employee Blanket Bond City Clerk & Tax Collector - Gay Nell McIntosh Supervisor of Public Services - Mike Allen Mayor	\$ 110.00 110.00 110.00 100.00 100.00 50.00 161.00 1,750.00 87.50 208.00	\$ 55.00 55.00 55.00 75.00 16.00 50.00 161.00 1,750.00 15.00 140.00
Allstate Insurance Company		08/03/03 - 08/03/04	Commercial Inland Marine	1,227.00	106.00
Louisiana Municipal Risk Management		05/01/04 - 05/01/05	Comprehensive General Liability	75,297.00	27,214.00
Essex Insurance Co.		08/19/03 - 08/19/04	Property Floater Fire Vehicles Town Vehicles	15,500.10 5,636.40	1,292.00 470.00
American First Insurance		07/03/03 - 07/03/04	Commercial Property Terrorism Risk Workers' Compensation	11,661.00 268.00 55,822.04	.00 .00 31,454.00
				<u>\$ 168,198.04</u>	<u>\$ 31,454.00</u>

See auditor's report.

SCHEDULE H

TOWN OF FARMERVILLE
 FARMERVILLE, LOUISIANA
 CASH ACCOUNTS AND INVESTMENTS
 JUNE 30, 2004 AND 2003

	DATES		INTEREST RATES	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL FUNDS	
	ORIGINAL	DUE DATE				2004	2003
GENERAL FUND							
Checking							
General Fund	-	-	1.10%	\$ 20,110.61	\$.00	\$ 20,110.61	\$ 23,381.09
Property Tax Account	-	-	-	7,832.93	.00	7,832.93	.00
OJP Program	-	-	-	10,005.52	.00	10,005.52	.00
Fire Department	-	-	-	22,940.63	.00	22,940.63	63,525.32
Certificate of Deposit							
Fire Department	06/23/04	07/23/04	1.35%	470,369.51	.00	470,369.51	296,092.20
DEBT SERVICE FUNDS							
Certificate of Deposit							
Sales Tax Bond Sinking Fund	06/23/04	07/23/04	1.35%	.00	71,328.14	71,328.14	97,073.98
Sales Tax Bond Reserve	05/15/04	09/15/04	1.00%	.00	182,169.77	182,169.77	180,061.33
Sales Tax Bond Sinking Fund - 2002	06/23/03	07/23/04	1.35%	108,302.05	.00	108,302.05	90,621.09
Sales Tax Bond Reserve - 2002	06/23/04	09/23/04	1.35%	243,161.28	.00	243,161.28	238,771.47
UTILITY FUND							
Checking							
Water	-	-	.75%	.00	59,030.70	59,030.70	57,394.19
Water Department Accounts Payable	-	-	-	.00	1,440.57	1,440.57	.00
Sewer	-	-	.75%	.00	1,808.36	1,808.36	3,849.19
Water Meter	-	-	.75%	.00	15,945.17	15,945.17	13,618.74
LCDBG Program	-	-	-	.00	50.00	50.00	50.00
Certificates of Deposit							
Water Department	06/23/04	07/23/04	1.35%	.00	111,966.48	111,966.48	110,284.12
Water Meter Account	05/28/04	11/06/04	1.00%	.00	103,483.55	103,483.55	103,483.55
Sewer Depreciation and Contingency	06/23/04	09/23/04	1.35%	.00	94,302.44	94,302.44	84,918.54
Water Department Reserve	06/23/04	09/23/04	1.35%	.00	110,435.74	110,435.74	195,833.32
VOLUNTEER FIRE DEPARTMENT							
Checking							
Certificate of Deposit							
	06/23/04	09/23/04	-	5,466.30	.00	5,466.30	1,822.85
			-	37,982.37	.00	37,982.37	47,155.90
FARMERVILLE AREA FIRE PROTECTION							
Checking							
	-	-	.59%	8,358.67	.00	8,358.67	10,341.09
CAPITAL PROJECTS FUND							
Checking							
	-	-	-	165.76	.00	165.76	355,116.64

SALES TAX FUNDS

<u>Checking</u>									
Regular	-	-	26,393.08	.00	26,393.08	77,264.94			
Recreation	-	-	141,815.00	.00	141,815.00	129,292.24			
<u>Certificates of Deposit</u>									
Street Reserve Fund	06/23/03	09/22/03	54,598.00	.00	54,598.00	47,699.87			
Recreation Department	06/30/04	09/30/04	100,000.00	.00	100,000.00	.00			
<u>GRAND TOTALS</u>			<u>\$ 1,257,501.71</u>	<u>\$ 751,960.92</u>	<u>\$ 2,009,462.63</u>	<u>\$ 2,227,651.66</u>			

See auditor's report.

COMMENTS ON COMPLIANCE AND INTERNAL CONTROL

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October 29, 2004

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE OVER
FINANCIAL REPORTING BASED ON AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman
Town of Farmerville, Louisiana

We have audited the primary government financial statements of the Town of Farmerville, Louisiana as of and for the year ended June 30, 2004 and have issued our report thereon dated October 29, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Farmerville, Louisiana's primary government 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 of Farmerville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide an assurance on the internal control over financial reporting. 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 material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control structure components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman
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This report is intended for the information of the management of the Town of Farmerville, Louisiana, the Legislative Auditor, and the cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS

Garrett & Garrett CPAs

STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
PRIOR YEAR RECOMMENDATIONS
STATUS OF RECOMMENDATIONS

1. Time Sheets/Overtime

The Town's policy is that payroll time sheets are recapped and approved by supervisors prior to processing. Two employees does not have any supervisor who approves time sheets and overtime. One of these employees was paid 211 hours of overtime. One employee's hours were from 8 to 4, on the time sheet, with overtime after four. The employee did not deduct time for a lunch hour, even thou the employee did go to lunch. Based on the telephone usage this employee spends a portion of the day on person phone calls. Other employees overtime ranged from 15% to 39% of total hours. The Town pays overtime based on an 8 hour day. Example, an employee will take personal leave time for 4 hours. The employee will return to work on the same day and work 8 hours. Four of these hours are paid at an overtime rate.

Recommendation

The Town should adopt a policy concerning employees hours. All employees should include a lunch hour. Also, all hourly employees should have a supervisor who approves any overtime. The Towns overtime policy should be reviewed. We also suggest that employees should be made salaried employees if legally possible.

Action Taken

The Town has addressed this issue in October 2003. One employee department has been eliminated and the employee has been terminated. The other employee's time will be approved. The only employees not approved had no supervisor.

2. Telephone

The accounts receivable employee is for telephone charges on the Cell Phone. Based on discussions, the calls were made while the employee was on vacation. It also appears that the Town's toll free (800) line is used only by one employee for personal calls.

Recommendation

The Town needs to review all employee's with cell phones to determine if they actually need a cell phone. The Town should establish a cell phone policy. Each employee should be given a copy and require the employees sign that they have been notified of the policy. The document should be retained in their employee file.

The Town should also review all telephone charges and see if any phone lines could be discontinued. It appears that the Town's toll free (800) line is used mostly by one employee. The monies for the toll free (800) line could be used for another expense since it appears that the usage is personal.

Action Taken

The Town cancelled the toll free (800) line.

3. Travel - Per Diem Advances

The Town is making per diem travel advances to employees of \$10.00 per meal for all out of Town meals. The Town has not been documenting these advances. The additional cost of employee's travel, example, hotel and transportation cost, is charged on the Town's credit card. The Town also issues travel advances to the Mayor.

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
PRIOR YEAR RECOMMENDATIONS
STATUS OF RECOMMENDATIONS

Recommendation

When the advance is calculated, the Town should prepare a voucher which documents the purpose of these payments, plus the dates and the calculation of the amounts. If the advance is not a per diem amount, tickets should be provided for the advance.

Action Taken

The Town developed a travel voucher to be prepared for all advances. A form 1099 was issued to the Mayor for travel advances.

4. Administrative Fee

The Fire Department administration and accounting is handled by the General Fund. The Fire Department funds are restricted funds. The Fire Department does not pay any administrative cost.

Recommendation

The Fire Department should pay an administrative fee.

Action Taken

The Council approved a \$5,000 administrative fee for the Fire Department.

5. ArkLaGas Charges

The Town should check to see why the ArkLaGas charges are high in the months of January February and March. (\$1,274.78 to \$1,633.83) Normally when gas price goes up in the Winter Months the Electrical prices will decrease, therefore not creating a large increase. The Electrical charges average \$ 400 per month for Town Hall and the Fire & Police Department. The winter months charges seems excessive. We discussed with the supervisors, and they seem to think the problem is due to employees not using conservation measures with the heating systems.

Recommendation

The Town should discuss cost conservation measures with supervisors.

Action Taken

The Town's supervisor corrected the problem and the utility bills decreased.

Prisoner's Employee Meals.

The total cost for prison labor was \$ 35,338.50 for the year ended June 30, 2003. The prisoner are being served lunch by the Town. A comparison of the cost is as follows: In the year 2003 the total cost of lunches including the wages paid to the cook was \$32,882.33. The year ended June 30, 2002, was the first year that food was prepared by the Town. The first six months food was purchased form local restaurants, the last six months the Town prepared the food. The cost of purchased from restaurants for six months was \$ 7,301.60, the cost of food prepared by the Town including the cost of the cook was \$ 15,636.90. The fee paid to the Department of Corrections for the year 2003 was \$2,456.17 and 2002 was \$ 3,105.98, a decrease of \$ 649.81. The cost of food increased by \$12,400 from 2002 to 2003, and the fee for labor decreased.

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
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We discussed the meals program procedure with the Prisoner's cook. The cook does not have a supervisor nor is the time sheet approved. The cook makes the decisions on the menu's and which food supplies are purchased for meal preparation. Some of the tickets for purchases are included with the bill's paid, and some are not. A record of the number of people served lunch is not prepared.

If you review the cost, the cost of preparing the foods exceeds the cost if the meals had been purchased from local restaurants.

We discussed the feeding of the prisoners with the Louisiana Department of Corrections. The Louisiana Department of Corrections provides lunches every day for the prisoners. The cost of taking the prisoners to the Fire Station on the Marion Highway, where the lunches were being served, was greater than taking them back to the prison for lunch, based on the opinion of the Louisiana Department of Corrections.

Recommendation

The Town should review their policies on serving lunch for the prisoners. If the lunch program continues, controls should be set for food purchases, employee hours, and what foods are prepared. A detail list of the persons served lunch should be maintained.

Action Taken

The prisoners were taken back to the prison for lunch, as of October 24, 2003. As of November 12, 2003, an employee at the shop prepares a hot lunches for the prisoners. The total cost of meals for the year was \$7,674.93. This does not include the cost of the person who prepares the meals.

7. Vehicle Usage

During the employee interviews, several employee's mention that several employees of the Town had personal use of Town vehicles.

Recommendation

The Town should establish a policy of employee's personal use of Town's vehicles. The Town's van should maintain a usage log, listing person using vehicle, speedometer reading and business purpose. Employee's who take vehicles home at night, should have a business purpose in their employee file. If they have no business purpose, the employee's W-2 should include a charge for personal usage.

Action Taken

The Town added a log in the Town van, used when gasoline was purchased. The log did not include business usage. The Town has not established a vehicle policy. See recommendation on page 57.

8. Materials and Supplies Purchasing Policy

The Towns requires purchase orders for purchases. Purchase orders are not required for small purchase amounts. All purchase orders are approved by the Mayor. The Town purchases are made in some instances prior to an approved purchase order. In other instances the purchases ordered are only received by the payable clerk after she receives the billing from the vendor. The purchases orders are vague not including sufficient information to determine what was purchased and the expense to be charged. In one instance, a charge to DeJohn's Electrical in Baton Rouge was charged

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
PRIOR YEAR RECOMMENDATIONS
STATUS OF RECOMMENDATIONS

to the Mayor's credit card. The amount was charged to Mayor's travel. We discussed with all supervisors and no one was aware of the purchase. We contacted DeJohn's Electrical and they gave us a description of the purchase. The Town's water department supervisor said the part was the same parts used by the Town on the generators for the water wells.

Recommendation

The Town's purchasing and purchase order procedures should be reviewed and updated. If possible, the Town should centralize its purchasing function and implement policies and procedures to ensure that the Materials, Supplies and Movable Equipment Purchasing Policy is followed. At a minimum, the purchasing agents should do the following:

- * Obtain required documentation before making purchases.
- * Keep records of supporting documentation on file.
- * Prepare accurate receiving reports to document delivery of all products
- * Ensure orders are received before payment is made.
- * Obtain equipment tag numbers before invoices are paid.

The Town should implement policies and procedures to ensure that employees and council members disclose any relationship with vendors doing business with the Town. Furthermore, employees having a relationship with such vendors should not be allowed to approve or influence the purchase of any products or services offered by the vendor.

- * The Town should consider requiring employees to provide an annual certification of these relationships.

The Town should not accept or pay invoices from companies that have vague information. The purchase orders or invoices, at a minimum, should contain the following:

- * Date and time of the order
- * Specific description of items, quantity, and unit price
- * Department or fund that cost should be charged
- * Method of delivery or pickup
- * Approval by the proper officials

The equipment purchases should be tagged and the number included with the purchase order sent to the payable clerk. The Town should look into purchasing a capital assets program that includes a maintenance records program that can be maintained by the public works department.

All purchases with credit cards should include the tickets signed with the purchase. If tickets are missing, the purchase should be documented prior to payment, by contacting the vendor for copies of the invoice. The credit card charges which can be identified as travel based on the employees travel schedule can be considered as documented.

Action Taken

The Town addressed the above issue with the supervisors and persons responsible for purchases. The credit cards invoices were documented to an extent.

AUDIT RECOMMENDATIONS AND REPLIES

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October 29, 2004

To the Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman

We are making the following recommendations:

1. Health Insurance

The Town's health insurance has increased over the years, as has all health insurance polices. The Town's health insurance program also includes a dental plan. In an attempt to make a recommendation on ways to reduce the total cost to the Town in health insurance we discussed this issue with the insurance company.

Recommendation

We recommend that the Town discuss canceling the Dental Plan; increasing the deductible and consider a "Health Savings Account". A Health Savings Account could be funded by the amounts that the Town has been using to fund the Dental Plan. The Town's insurance agent said the Town's health insurance could not cover a person over 65 unless that employee is considered a full time employee. The Town can offer the insurance policy, which is the supplemental policy to social security for employees over 65.

Reply

The Town will review coverage with three different insurance companies and consider increasing the deductible. The Town will also cancel the dental coverage.

2. Retirement Pay

The Town has not included one employee's supplemental pay from the State of Louisiana when computing the payments to the Public Retirement System.

Recommendation

The Town needs to make corrections to the current and prior retirement payments for this employee.

Reply

The Town has already corrected the payments.

To the Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman
Page 2

3. Separation of Duties

The Town has some employees who handle cash and write checks, which is an internal control problem.

Recommendation

Due to the number of employees, the Town cannot separate some duties that may impair internal control, however there is one area in which we recommend a separation be made. Any employee that works in the cash collections area should not also write checks and make adjustments to clients' accounts. We define adjustments as write offs and corrections to revenue.

Reply

The Town will look into the feasibility of separating these functions. Some of these functions have already been separated.

4. Recreation Center Accounting Procedures

The Recreation Center does not have any standard procedures for monies collected and given to the Town's accounting department. At present the Recreation Center writes receipts for recreation fees, except for the daily fee of \$2. The \$2 fee is collected when a person wants to use the center for one day. Normally when a \$2 fee is received, there are several people paying the fee and the Recreation Department Employees does not want the people to stand in line to receive a receipt for the \$2. Town Hall does not receive any list or documentation for the fees, the receipt books are maintained at the Recreation Center. The monies collected from the Center are given to Town Hall every Monday.

Recommendation

The Recreation Center should provide a detail of monies to Town Hall, including receipt numbers. Documentation of the \$2 fee could be accomplished by using a sign in sheet. The sheet or a copy of the sheet could be given to Town Hall with the monies. We also think that the monies for the week should be given to Town Hall on Friday, rather than on Monday.

Reply

The Town will set up accounting procedures with the Recreation Department's director.

5. Vehicle Policy

The Town has several employees which take vehicles home. The Town does not have a written policy concerning use of Town vehicles. The Town also has vehicles without identification as Town of Farmerville vehicles. At least two vehicles, without Town's identification, has public license plates. One vehicle has no identification or public license plate.

Recommendations

The Town should set up policies stating the use of the vehicles are limited to usage for business relating to the Town of Farmerville only. All vehicles should be marked as Town of Farmerville vehicles.

Reply

The Town has already purchased license tags for the Mayor's vehicle identifying the vehicle as "Mayor". The Town will set up a vehicle usage policy.

To the Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman
Page 3

6. Police Department

In discussion with the police department, their vehicles are old with excessive mileage. The police department does not have enough officers to have two officers covering all shifts. The Police Department is not an income producing department.

Recommendation

The Town should try an income producing measure which would be dedicated to the Police for equipment and wages. The following are suggestions:

- a) The Police Chief should work with Kendall McGee to try to obtain any grants, which are available for police protection.
- b) The Police Chief should try to schedule hours and employee duties in an attempt to eliminate overtime.
- c) The Police Chief should try to hire off duty policemen from other agencies to eliminate overtime and benefits.
- d) The Police Chief should review all available methods to increase income.
- e) The Police Chief should work with the Sheriff's Department to transfer one of the radio operators to another agency.

Reply

The Town of Farmerville will request the Police Chief review all methods of increasing income for the Police Department.

7. Employee Uniforms

We were informed that some departments of the Town are provided with uniforms, whereas, other departments are not provided with uniforms.

Recommendations

In an effort to be consistent with all departments, the Town should review their uniform policy and treat all employees equally.

Reply

The Town have had meetings with supervisors concerning providing uniforms for all employees.

8. Overtime Pay

The Department of Labor has issued new overtime regulations effected on August 24, 2004. A recap of the major changes are as follows:

1. The minimum salary for exemption has increased from \$250 per week to \$455 per week. All salaried employees are not exempt. For example, most police officers are paid a salary, but only the highest ranking ones (usually Captain's and above) will be exempt from overtime.
2. The new requirements for executive or management exemption are (1) the employee must receive a salary of a least \$455 per week, (2) the employee must manage a recognized division or department of the enterprise, (3) the employee must direct the work of two or more employees, and (4) the employee must have the authority to hire and fire employees or his suggestions and recommendations are given "particular weight." The new "duties test" simply adopts a requirement from long-standing case law that in order to "direct the work of two or more employees" the

To the Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman
Page 4

person had to have the authority to hire and fire or his suggestions concerning hiring and firing would be given "particular weight." "Working foremen" are not exempt as managers.

3. For the administrative exemption, the DOL adopted the existing language requiring that the "employee's primary duty includes the exercise of discretion and independent judgment." There are common sense guidelines for trying to determine whether a person has enough discretion to qualify as an administrator. First, if the position involves any significant amount of manual labor, the person is likely not exercising sufficient discretion. Second, if there is an accurate job description, it should reflect the areas where the employee exercises discretion. Finally, most employers will only have a few positions that qualify as administrators. If an employer has numerous "administrators," it is likely that many truly do not meet the tests.

4. A new section states that blue collar employees (such as carpenters, electricians, mechanics, plumbers, craftsmen, etc.) are not exempt no matter how much they make.

5. A new provision opines that the "white collar exemptions" do not apply to "first responders" such as police officers and sheriff deputies, investigators, detective, parole or probation officers, firefighters, paramedics, and EMTs regardless of their rank or pay.

This is another "new" regulation that does nothing more than confirm existing FLSA case law. Law enforcement and firefighting employees whose primary duty consists of answering calls have never qualified as managers or professionals. Public entities need to insure that any "exempt" firefighters or law enforcement employees meet one of the tests for the manager of administrative exemption. For example, the finance director of the major police department would probably qualify as either a profession (if a CPA) or an administrator. A patrol lieutenant who answers calls would not qualify as exempt.

Recommendation

The Town needs to review all salaries employees to make sure they are paying the salaries correctly. The salaried police officers should be reviewed due to the specific reference to the police departments in the new regulations. The recreation department should be reviewed due to the number of employees.

Reply

The Town has been meeting concerning overtime pay. All employees will be reviewed for overtime pay.

9. Accounts Receivable – Water Customers

The Town's clerk discovered from our review of water customers, that at least one of the water customers was receiving water and sewer services but was not receiving bills for these services.

Recommendation

We suggest that the Town monitor water usage at locations that are not receiving bills. We also suggest the Town "audit" streets to see if all of the occupied dwellings are receiving bills for services.

Action Taken

The Town Clerk immediately started monitoring locations that are using water that do not receive bills.

To the Honorable Willie Davis, Jr., Mayor
and Members of the Board of Alderman
Page 5

10. Water Tank Repair

One of the Town's water tanks has been leaking for several months. Bids were taken to repair the tank, but the bid has not been awarded.

Recommendation

Due to the effort to conserve water by all parishes in Northeast Louisiana, the Town should approve the repair of the water tank as soon as possible.

Reply

The Mayor is trying to obtain a grant to cover the cost.

GARRETT & GARRETT
CERTIFIED PUBLIC ACCOUNTANTS

Garrett & Garrett CPAs

PRIOR YEAR - 2003
AUDIT FINDINGS

Summary Town of Farmerville, Louisiana
Involvement in Work Performed on Private Property

In July, 2003 the Louisiana Legislative Auditor's office contacted our office to inquire into the allegation of the Town's use of its resources to clean off fire damaged debris from a lot of a private individual.

We made inquiries within the Town and found these allegations to be true. In prior years, the Town council had sponsored several clean up campaigns similar to the work performed above. The Town had also sought and received an attorney's opinion that stated these services were legal as long as the Town did not discriminate. For those campaigns, the Town had procedures and documentation on the work performed. We could not find any approved procedures and documentation for a clean up campaign in fiscal 2003. The Town of Farmerville does not document job or work orders in any department except their utility department. The utility department has separate work orders for each customer job which documents the date, the employees working the job, and an explanation for the work order.

Recommendations

We recommend the following:

1. The Town of Farmerville, Louisiana should provide documentation of all offsite work performed by their employees including any Union Parish prisoners. The work orders should include: the date worked, the names of the employees, the equipment used, other costs such as supplies purchased for each job, and the reason or explanation for the job.
2. For liability reasons, the Town does not need to send a work crew to private property without a written request from the owners of the property. The documentation could be similar to the forms used by the water department for work orders from customers. Under no circumstance should prisoners be allowed on private property.
3. All projects, clean up or other, are to be approved by the council and the cost budgeted before they are implemented.
4. Since use of public property for a private purpose is a violation of state law, we suggest that the Town consult with their attorney on the legality of future projects.
5. The Town should contact the electric and gas companies before they remove any trees or other debris close to power and gas lines. According to Claiborne Electric, they will take down the lines at no charge if trees are too close to power lines. The company pointed out that if the removal of the trees damaged the lines, poles or service to their customers; someone will be billed for the damage. There may be additional liability if the Town damages any of the property belonging to any other property owners.

Reply

The Town discontinued clean up of private property during audit year.