

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

COMPILATION

YEARS 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

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
ANNUAL FINANCIAL REPORT  
WITH SUPPLEMENTAL INFORMATION SCHEDULES  
JUNE 30, 2004

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VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
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JUNE 30, 2004

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October 28, 2004

ACCOUNTANTS' COMPILATION REPORT

The Honorable Donald Parker II, Mayor  
and Members of the Board of Aldermen and Alderwomen

We have compiled the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of McNary, Glenmora, Louisiana, as of and for the years ended June 30, 2004 and 2003, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The management's discussion and analysis and budgetary comparison information, on pages 2 through 5 and 31, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent with respect to the Village of McNary, Glenmora, Louisiana.

The independent accounting firm of Marcus Robinson & Hassell, Certified Public Accountants, prepared the Attestation Report on Pages 39 - 41. This report has been furnished to us, and we do not express an opinion or any other form of assurance on the Attestation Report.

GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS

*Garrett & Garrett CPAs*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Village of McNary**  
**Glenmora, Louisiana**  
**June 30, 2004**

**Management's Discussion and Analysis**

Management's Discussion and Analysis report presents a narrative overview and analysis of the financial activities of the Village of McNary for the fiscal year ended June 30, 2004. Please consider the information presented in this narrative in conjunction with the following financial statements, notes to the financial statements and supplemental information furnished in this report.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: (a) government-wide financial statements, (b) fund financial statements and (c) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

(a) Government-wide financial statements are designed by GASB Statement 34 to provide a precise entity wide Statement of Net Assets and Statement of Activities, which gives users of the financial statements a broad overview of the Village's financial position and results of its operations similar to a private-sector business.

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

The Statement of Activities presents data showing how the Village's net assets changed during the most recent fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government and administration, public safety, and public works. The business-type activity of the Village is the water services.

(b) Fund financial statements are based on funds that are group of related accounts that is used to maintain control for specific activities or objectives. The Village's funds are the general fund which is a governmental activity and the water fund which is a business-type activity.

(c) The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Governmental-Wide Financial Analysis**

The Village of McNary's assets exceeded liabilities by \$686,060 as of June 30, 2004. The Village has 72% of it net assets invested in net capital assets, while their unrestricted assets that may be used to meet the government's ongoing obligation to citizens and creditors is 23%. The other 5% of net assets are restricted by the bond conveyance.

VILLAGE OF MCNARY'S NET ASSETS

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS - TYPE ACTIVITIES</u>	<u>2004 TOTAL</u>
<u>Assets</u>			
Current Assets	\$ 108,928.11	\$ 41,296.94	\$ 150,225.05
Noncurrent Assets	<u>62,010.05</u>	<u>753,801.64</u>	<u>815,811.69</u>
Total Assets	<u>\$ 170,938.16</u>	<u>\$ 795,098.58</u>	<u>\$ 966,036.74</u>
<u>Liabilities</u>			
Current Liabilities	\$ 7,074.01	\$ 19,476.84	\$ 26,550.85
Noncurrent Liabilities	<u>.00</u>	<u>253,426.04</u>	<u>253,426.04</u>
Total Liabilities	<u>\$ 7,074.01</u>	<u>\$ 272,902.88</u>	<u>\$ 279,976.89</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$ 62,010.05	\$ 428,797.08	\$ 490,807.13
Restricted for:			
Debt Service	.00	37,422.08	37,422.08
Unrestricted	<u>101,854.10</u>	<u>55,976.54</u>	<u>157,830.64</u>
Total Net Assets	<u>\$ 163,864.15</u>	<u>\$ 522,195.70</u>	<u>\$ 686,059.85</u>

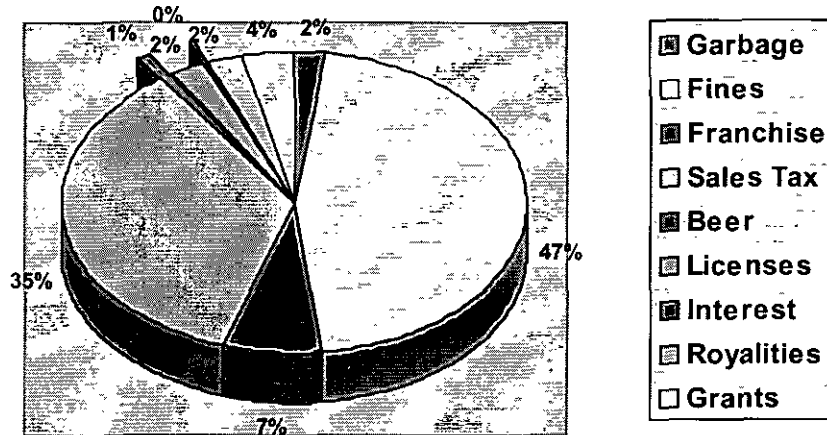
The table below presents a summary of the Village's operations for 2004 fiscal year. Governmental activities decreased the Village's net assets by \$11,453; the Village's Business-Type activities lost \$9,995 to decrease the overall total growth in net assets to \$21,449.

VILLAGE OF MCNARY'S CHANGES IN NET ASSETS

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS - TYPE ACTIVITIES</u>	<u>2004 TOTAL</u>
<u>Revenues:</u>			
Program Revenues	\$ 49,890.00	\$ 42,103.79	\$ 91,993.79
General Revenues	<u>46,466.84</u>	<u>616.63</u>	<u>47,083.47</u>
Total Revenue	<u>\$ 96,356.84</u>	<u>\$ 42,720.42</u>	<u>\$ 139,077.26</u>
<u>Expenses:</u>			
General and Administrative	\$ 44,506.82	\$ .00	\$ 44,506.82
Public Safety	52,034.18	.00	52,034.18
Garbage	7,979.99	.00	7,979.99
Streets	3,289.31	.00	3,289.31
Water	<u>.00</u>	<u>52,715.80</u>	<u>52,715.80</u>
Total Expenses	<u>\$ 107,810.30</u>	<u>\$ 52,715.80</u>	<u>\$ 160,526.10</u>
Increases (Decreases) in Net Assets	<u>\$ (11,453.46)</u>	<u>\$ (9,995.38)</u>	<u>\$ (21,448.84)</u>
Net Assets - July 1, 2003	<u>\$ 175,317.61</u>	<u>\$ 532,191.08</u>	<u>\$ 707,508.69</u>
Net Assets - June 30, 2004	<u>\$ 163,864.15</u>	<u>\$ 522,195.70</u>	<u>\$ 686,059.85</u>

**Financial Analysis of the Village's Funds**

Overall, the Village's financial position and results of its operation did not improve in fiscal 2004. The governmental funds include the general fund. Governmental funds decreased the Village's assets by \$11,453. The general fund records revenues from sales taxes, franchise taxes, beer taxes, licenses as well as income from fines and oil and gas royalties. The graft below shows the break down of the revenue sources in this fund:



The general fund did not receive any grant income in fiscal 2004. The police department purchased a new police car and other accessories for \$20,841.

Business type activities (water department) decreased the Village's assets by \$9,995. However, the water department has a positive operating cash flow of \$1,514. There are several factors that affect the difference in change in net assets and cash flows. One is note or bond payments. The Village paid \$20,126 to the U. S. Agriculture Department for bonds sold in 1972 and 1999 to finance their water system. (See pages 25 - 27 for more detailed information on debt and capital assets.) The principle portion (\$7,243) of the bond payments does not affect the change in net assets, but does affect cash flows. Cash paid for bond interest of \$12,880 is also different from the amount (\$12,755) included in the change of net assets due to net accrued interest. Depreciation is another expense item included in the change of net assets that does not affect cash flows.

Over the past 5 years water usage has declined by 22%. The water usage in 2004 decreased by 5% over the prior year. The water revenue in 2004 is \$42,104 versus \$45,303 in 2003, a decrease of 7%. The number of customers has remained relatively stable during the time period.

Below is a schedule of the water usage.

<u>Year</u>	<u>Gallons of Water Used</u>
2000	19,192,260
2001	18,950,810
2002	16,346,416
2003	15,745,860
2004	14,984,000

The water department has a reserve of \$37,422 to repay the bonds, and cost of maintenance on the water system. The bond agreement also restricts revenues of the water department to be used to pay expenses of this fund until all bond debt is paid.

The water department owes the general fund \$1,130 for miscellaneous expenses that were paid by the general fund over a period of several years.



**General Fund Budget Highlights**

The general fund's budget posted an unfavorable variance of \$10,323 between its actual operations and final budget. The budget was amended in June 2004 to account for the reduction of budgeted police fines. When the budget was amended, the cost of the police car was left off and therefore, never budgeted.

**Current Economic Factors**

In the first 3 months of fiscal 2005: Collections from water customers are down by 5% over the same 3 month period in fiscal 2004; sales taxes received are also up over fiscal 2004 by 13%; and fines collections are up by 14%.

The Village has applied for a Rural Development Grant of \$15,000 to pay for parking lot repairs. The Village's 2005 general fund budget shows a break even budget, while the water fund budget shows a budgeted profit of \$9,771.

There have been no other known significant factors that would impact the Village's operations in fiscal 2005.

**BASIC FINANCIAL STATEMENTS**

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
STATEMENTS OF NET ASSETS  
JUNE 30, 2004 AND 2003

EXHIBIT A

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS - TYPE</u> <u>ACTIVITIES</u>	<u>2004</u> <u>TOTAL</u>	<u>2003</u> <u>TOTAL</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 44,561.42	\$ 15,907.25	\$ 60,468.67	\$ 83,418.61
Investments	55,759.15	20,917.38	76,676.53	75,442.26
Receivables, Net	4,680.64	4,083.84	8,764.48	7,048.63
Internal Balances	1,129.69	.00	1,129.69	1,115.67
Accrued Interest	821.52	76.31	897.83	1,591.43
Prepaid Insurance	1,975.69	312.16	2,287.85	4,461.00
Restricted Cash and Cash Equivalents	.00	55,505.78	55,505.78	52,465.11
Restricted Investments	.00	7,718.00	7,718.00	7,632.53
Capital Assets, Net	<u>62,010.05</u>	<u>690,577.86</u>	<u>752,587.91</u>	<u>761,373.93</u>
Total Assets	<u>\$ 170,938.16</u>	<u>\$ 795,098.58</u>	<u>\$ 966,036.74</u>	<u>\$ 994,549.17</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,290.56	\$ 572.41	\$ 2,862.97	\$ 3,057.75
Accrued Liabilities	3,621.78	770.00	4,391.78	5,964.21
Deferred Revenue	1,161.67	.00	1,161.67	776.34
Internal Balances	.00	1,129.69	1,129.69	1,115.67
Utility Deposits	.00	7,275.00	7,275.00	7,100.00
Current Portion of Long- Term Obligations	.00	9,729.74	9,729.74	7,245.73
Non-Current Portion of Long-Term Obligations	<u>.00</u>	<u>253,426.04</u>	<u>253,426.04</u>	<u>261,780.78</u>
Total Liabilities	<u>\$ 7,074.01</u>	<u>\$ 272,902.88</u>	<u>\$ 279,976.89</u>	<u>\$ 287,040.48</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 62,010.05	\$ 428,797.08	\$ 490,807.13	\$ 490,847.42
Restricted for:				
Debt Service	.00	37,422.08	37,422.08	35,728.25
Unrestricted	<u>101,854.10</u>	<u>55,976.54</u>	<u>157,830.64</u>	<u>180,933.02</u>
Total Net Assets	<u>\$ 163,864.15</u>	<u>\$ 522,195.70</u>	<u>\$ 686,059.85</u>	<u>\$ 707,508.69</u>

See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
	EXPENSES	CAPITAL GRANTS AND CONTRIBUTIONS	2004	2003
Governmental Activities				
General and Administrative	\$ 44,506.82	\$ .00	\$ (44,506.82)	\$ (28,173.73)
Public Safety	52,034.18	3,600.00	(4,346.18)	2,094.71
Garbage	7,979.99	.00	(5,777.99)	(5,865.58)
Streets	3,289.31	.00	(3,289.31)	(3,234.31)
Total Governmental Activities	\$ 107,810.30	\$ 3,600.00	\$ (57,920.30)	\$ (35,178.91)
Business-Type Activities:				
Water	\$ 52,715.80	\$ .00	\$ .00	\$ (7,601.81)
Total Business-Type Activities	\$ 52,715.80	\$ .00	\$ (10,612.01)	\$ (7,601.81)
Total Primary Government	\$ 160,526.10	\$ 3,600.00	\$ (57,920.30)	\$ (42,780.72)
General Revenues:				
Taxes:				
Franchise Taxes			\$ 6,785.78	\$ 6,785.78
Sales Taxes			33,843.62	33,843.62
Alcoholic Beverage Tax			896.59	896.59
Occupational License			2,318.00	2,318.00
Investment Earnings			454.27	1,070.90
Miscellaneous			2,168.58	2,168.58
Total General Revenues			\$ 46,466.84	\$ 47,083.47
Change in Net Assets			\$ (11,453.46)	\$ (21,448.84)
Net Assets - Beginning of the Year - Originally Stated			\$ 175,317.61	\$ 707,508.69
Prior Period Adjustment			.00	.00
Net Assets - Beginning of the Year - Restated			\$ 175,317.61	\$ 707,508.69
Net Assets - End of the Year			\$ 163,864.15	\$ 686,059.85

See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2004 AND 2003

EXHIBIT C

<u>GENERAL FUND</u>	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 44,561.42	\$ 65,984.88
Investments	55,759.15	54,804.06
Account Receivable	4,680.64	2,795.88
Due From Water Department	1,129.69	1,115.67
Accrued Interest	<u>821.52</u>	<u>1,370.43</u>
<u>TOTAL ASSETS</u>	<u>\$ 106,952.42</u>	<u>\$ 126,070.92</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 2,290.56	\$ 2,698.50
Accrued Liabilities	3,621.78	3,594.21
Deferred Revenue	<u>1,161.67</u>	<u>776.34</u>
Total Liabilities	<u>\$ 7,074.01</u>	<u>\$ 7,069.05</u>
<u>FUND EQUITY</u>		
Unreserved	<u>\$ 99,878.41</u>	<u>\$ 119,001.87</u>
<u>TOTAL LIABILITIES</u> <u>AND FUND EQUITY</u>	<u>\$ 106,952.42</u>	<u>\$ 126,070.92</u>

See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION

EXHIBIT C-1

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

	<u>2004</u>	<u>2003</u>
Fund Balances - Total Governmental Funds	\$ 99,878.41	\$ 119,001.87

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental Capital Assets	97,864.51	95,408.97
Less: Accumulated Depreciation	(35,854.46)	(42,739.23)

Prepaid insurance is not accrued and is therefore not reported in the governmental funds.

Prepaid Insurance	<u>1,975.69</u>	<u>3,646.00</u>
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Net Assets of Governmental Activities	<u>\$ 163,864.15</u>	<u>\$ 175,317.61</u>
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See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION

EXHIBIT D

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

GENERAL FUND

<u>REVENUES</u>	<u>2004</u>	<u>2003</u>
Sales Taxes	\$ 33,843.62	\$ 31,792.55
Franchise Fees	6,785.78	4,984.78
Beer Taxes	896.59	1,422.06
Licenses and Permits	2,318.00	1,788.00
Fines and Forfeits	44,088.00	45,387.50
Garbage Pickup	2,202.00	1,762.34
Oil and Gas Royalties	2,168.58	2,379.03
Investment Earnings	454.27	1,910.75
Police Supplemental Pay	3,600.00	1,800.00
Police Grants and Court Fees	.00	1,796.00
Other Grants and Donations	.00	17,178.60
Miscellaneous	.00	652.50
<u>TOTAL REVENUES</u>	<u>\$ 96,356.84</u>	<u>\$ 112,854.11</u>
<u>EXPENDITURES - Current</u>		
General and Administrative	\$ 36,183.63	\$ 45,823.30
Police Department	46,024.28	39,112.99
Fire Protection	4,451.90	4,339.30
Garbage Fees	7,979.99	7,627.92
<u>TOTAL EXPENDITURES</u>	<u>\$ 94,639.80</u>	<u>\$ 96,903.51</u>
 <u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	 <u>\$ 1,717.04</u>	 <u>\$ 15,950.60</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Purchase of Other Assets	\$ (20,840.50)	\$ (30,080.95)
Operating Transfers (Out)/In	.00	.00
Total Other Financing Sources (Uses)	<u>\$ (20,840.50)</u>	<u>\$ (30,080.95)</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 <u>\$ (19,123.46)</u>	 <u>\$ (14,130.35)</u>
 <u>FUND BALANCE - UNRESERVED JULY 1</u>	 <u>\$ 119,001.87</u>	 <u>\$ 130,417.43</u>
 <u>PRIOR PERIOD ADJUSTMENT</u>	 <u>.00</u>	 <u>2,714.79</u>
 <u>FUND BALANCE - UNRESERVED JULY 1 - RESTATED</u>	 <u>\$ 119,001.87</u>	 <u>\$ 133,132.22</u>
 <u>FUND BALANCE - UNRESERVED JUNE 30</u>	 <u>\$ 99,878.41</u>	 <u>\$ 119,001.87</u>

See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION

EXHIBIT D-1

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

	<u>2004</u>	<u>2003</u>
Net Change in Fund balances - Total Governmental Funds	\$ (19,123.46)	\$ (14,130.35)

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 as depreciation expense. This is the amount by which depreciation charged exceeded capital outlay in the current period.

Depreciation Expense	(11,312.17)	(9,845.84)
Capital Outlay	20,840.50	30,080.95

Governmental funds do not report gains or losses relating to capital asset dispositions. In the statement of activities, the gains are reported as miscellaneous program revenues and losses are reported as program expenses.

General Office Equipment	(245.25)	.00
Accumulated Depreciation	57.23	.00

Governmental funds expense insurance payments when paid. In the statement of activities, only the portion applicable to the current year is expensed. The remaining is recorded in the statement of net assets as prepaid insurance.

Prior Year Prepaid Insurance	(3,646.00)	.00
Current Year Prepaid Insurance	1,975.69	3,646.00

Change in Net Assets of Governmental Activities	\$ (11,453.46)	\$ 9,750.76
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See accompanying notes and accountants' reports.



VILLAGE OF McNARY  
GLENMORA, LOUISIANA  
COMPILATION  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004 AND 2003

EXHIBIT E

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Current Assets		
Cash and Cash Equivalents	\$ 15,907.25	\$ 17,433.73
Investments	20,917.38	20,638.20
Accounts Receivable, Net	4,083.84	4,252.75
Accrued Interest	76.31	221.00
Prepaid Insurance	312.16	815.00
Total Current Assets	<u>\$ 41,296.94</u>	<u>\$ 43,360.68</u>
Non-Current Assets		
Restricted Assets:		
Cash and Cash Equivalents		
Water Revenue Bond - Passbook	\$ 18,073.69	\$ 16,936.61
Depreciation and Contingency - Passbook	13,422.68	12,345.47
Water Reserve Bond Fund - CD	20,986.02	20,781.25
Water Reserve Fund - Passbook	3,023.39	2,401.78
Investments:		
Revenue Bond Fund - CD	7,718.00	7,632.53
Total Restricted Assets	<u>\$ 63,223.78</u>	<u>\$ 60,097.64</u>
Capital Assets		
Property, Plant, and Equipment, at Cost	\$ 862,995.03	\$ 862,995.03
Less: Accumulated Depreciation	<u>(172,417.17)</u>	<u>(154,290.84)</u>
Total Capital Assets	<u>\$ 690,577.86</u>	<u>\$ 708,704.19</u>
Total Non-Current Assets	<u>\$ 753,801.64</u>	<u>\$ 768,801.83</u>
Total Assets	<u>\$ 795,098.58</u>	<u>\$ 812,162.51</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	\$ 572.41	\$ 359.25
Accrued Salaries	770.00	870.00
Due to Water Fund	1,129.69	1,115.67
Customer's Deposits	7,275.00	7,100.00
Total Current Liabilities (Payable from Current Assets)	<u>\$ 9,747.10</u>	<u>\$ 9,444.92</u>
Current Liabilities (Payable from Restricted Assets):		
Accrued Bond Interest	\$ 1,375.00	\$ 1,500.00
Water Revenue Bonds Payable	8,354.74	7,245.73
Total Current Liabilities (Payable from Restricted Assets)	<u>\$ 9,729.74</u>	<u>\$ 8,745.73</u>
Total Current Liabilities	<u>\$ 19,476.84</u>	<u>\$ 18,190.65</u>
Long-Term Liabilities:		
Water Revenue Bonds	\$ 253,426.04	\$ 261,780.78
Total Long-Term Liabilities	<u>\$ 253,426.04</u>	<u>\$ 261,780.78</u>
Total Liabilities	<u>\$ 272,902.88</u>	<u>\$ 279,971.43</u>

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004 AND 2003

EXHIBIT E  
CONTINUED

	2004	2003
Net Assets:		
Invested in Capital Assets Net of Related Debt	\$ 428,797.08	\$ 438,177.68
Restricted for Revenue Bond Retirement	37,422.08	35,728.25
Unrestricted	55,976.54	58,285.15
Total Net Assets	\$ 522,195.70	\$ 532,191.08
 Total Liabilities and Net Assets	 \$ 795,098.58	 \$ 812,162.51

See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION

EXHIBIT F

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

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND - WATER

	2004	2003
Operating Revenues:		
Charges for Services	\$ 41,993.79	\$ 45,162.53
Connection Fees	110.00	140.00
Total Operating Revenues	\$ 42,103.79	\$ 45,302.53
Operating Expenses:		
Salaries and Employee Benefits	\$ 7,972.03	\$ 7,499.64
Office Supplies	1,373.32	985.85
Professional Fees	1,966.67	2,350.00
Repairs and Maintenance	3,201.82	2,200.05
Sales Taxes and HUD Fees	1,048.28	2,323.40
Utilities and Telephone	3,742.24	3,899.09
Depreciation and Amortization	18,126.33	18,285.36
Water Chlorination	1,006.18	661.37
Insurance	1,523.66	1,590.32
Total Operating Expenses	\$ 39,960.53	\$ 39,795.08
Net Operating Income (Loss)	\$ 2,143.26	\$ 5,507.45
Non-Operating Revenues (Expenses):		
Interest Income	\$ 616.63	\$ 1,252.82
Interest Expense	(12,755.27)	(13,109.26)
Total Non-Operating Revenues (Expenses)	\$ (12,138.64)	\$ (11,856.44)
Net Income (Loss) Before Contributions and Transfers	\$ (9,995.38)	\$ (6,348.99)
Change in Net Assets	\$ (9,995.38)	\$ (6,348.99)
Net Assets - Beginning of the Year	532,191.08	538,540.07
Net Assets - End of the Year	\$ 522,195.70	\$ 532,191.08

See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

EXHIBIT G

	2004	2003
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash Received from Customers	\$ 42,272.70	\$ 44,665.09
Cash Paid to Suppliers	12,959.01	14,882.60
Cash Paid to Employees	8,084.19	7,289.64
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b>\$ 21,229.50</b>	<b>\$ 22,492.85</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Operating Grants Received	\$ .00	\$ .00
Operating Transfers to Other Funds	14.02	(103.69)
<b><u>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</u></b>	<b>\$ 14.02</b>	<b>\$ (103.69)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Principal Paid on Bonds	\$ (7,245.73)	\$ (7,141.74)
Interest Paid on Bonds	(12,880.27)	(13,234.26)
<b><u>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	<b>\$ (20,126.00)</b>	<b>\$ (20,376.00)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Investment Income	\$ 396.67	\$ 704.00
Purchase of Fixed Assets	.00	.00
<b><u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u></b>	<b>\$ 396.67</b>	<b>\$ 704.00</b>
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b>\$ 1,514.19</b>	<b>\$ 2,717.22</b>
<b><u>CASH AND CASH EQUIVALENTS AT JULY 1, 2003</u></b>	<b>69,898.84</b>	<b>67,181.62</b>
<b><u>CASH AND CASH EQUIVALENTS AT JUNE 30, 2004</u></b>	<b>\$ 71,413.03</b>	<b>\$ 69,898.84</b>
<b><u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</u></b>		
Cash	\$ 15,907.25	\$ 17,433.73
Restricted Assets - Revenue Bonds	55,505.78	52,465.11
<b><u>NET CASH AND CASH EQUIVALENTS</u></b>	<b>\$ 71,413.03</b>	<b>\$ 69,898.84</b>

VILLAGE OF MCNARY  
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PROPRIETARY FUNDS  
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

EXHIBIT G  
CONTINUED

	2004	2003
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ 2,143.26	\$ 5,507.45
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	18,126.33	18,285.36
(Increase) Decrease in Accounts Receivable	168.91	(837.44)
(Increase) Decrease in Prepaid Insurance	502.84	(815.00)
Increase (Decrease) in Vouchers Payable	213.16	(57.52)
Increase (Decrease) in Other Accrued Expense	(100.00)	210.00
Increase (Decrease) in Customer Deposits	175.00	200.00
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	\$ 21,229.50	\$ 22,492.85
<u>SCHEDULE OF NONCASH NONCAPITAL FINANCING, CAPITAL, AND RELATED FINANCING, AND INVESTING ACTIVITIES</u>		
No Transactions	\$ .00	\$ .00

See accompanying notes and accountants' report.

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VILLAGE OF McNARY  
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NOTES TO FINANCIAL STATEMENTS  
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INTRODUCTION

The Village of McNary in Glenmora, Louisiana (hereafter referred to as the Village) was incorporated August 6, 1913, under the provisions of the Lawrason Act, Louisiana Revised Statute 33:321. The Village operates under a Mayor-Board of Aldermen form of government.

The Mayor is elected for a four year term. The three Alderpersons are elected every four years from a separate district in the Village. They are compensated for their services.

The Village provides the following services: public safety, streets, drainage, utilities (water only), public improvements, planning and zoning and general and administrative services.

The Village is located in the south part of Rapides Parish. It has a population of 211 persons. It is currently servicing 202 water customers and an average of 57 garbage customers. The Village employs 1 full time person and 2 part time persons. Education, health and social services employ 30% of its citizens with another 20% employed in the agriculture, forestry, fishing, hunting, and mining industry.

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Village of McNary, Glenmora, 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 Village includes all funds which are controlled by or dependent on the Village 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 Village exercise 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 Village.

Government-Wide Accounting - In accordance with Government Accounting Standards Board Statement No. 34, the Village has presented a Statement of Net Assets and Statement of Activities for the Village as a whole. These statements include the primary government and its component units. 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:

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

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 Village is considered a Phase 3 government as its total annual revenues is less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Village has opted not to retroactively report these types 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 Village. 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 Village has chosen not to do so.

Operating Revenues - Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Village's operation of providing water 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 Village 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 Village 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 Village 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:



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NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Governmental Funds - Governmental funds account for all or most of the Village'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:

1. General Fund - is the general operating fund of the Village 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.

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:

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.

Basis of Accounting/Measurement Focus - The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting - The Village 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 Village 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.

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GLENMORA, LOUISIANA  
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JUNE 30, 2004

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 Village are certificates of deposits held at Sabine Bank in Glenmora, Louisiana 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:

Water Revenue Bond Fund	\$	18,073.69
Water Revenue Bond Reserve Fund		7,718.00
Water Revenue Bond Fund		20,986.02
Water Replacement and Extension Fund (Depreciation and Contingency Fund)		13,422.68
Water Reserve Fund		<u>3,023.39</u>
Total Restricted Assets	\$	<u>63,223.78</u>

Inventories - The Village does not maintain inventories. Supplies are purchased on a as needed basis and are used normally within the year purchased.

Capital Assets - The Village's assets are recorded at historical cost. 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/Water system	5 - 50 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 Village has elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 50 years is the water system that is reported in the business-type activities of the Village. From this point forward, the Village will use the basic approach to infrastructure reporting for its governmental activities.

Compensated Absences - The Village does not pay sick or vacation time to its employees. The Village has only one full time employee

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.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 borrowings 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.

Sales Taxes - The Village receives a percentage of the Rapides parish wide one cent sales tax which is based on a formula developed in 1967. The Village also receives a portion of the half cent parish wide sales tax for road maintenance. The road maintenance sales tax receipt is based on the percent of McNary's population as it relates to the total population of Rapides parish. The police jury collects and distributes both parish wide sales taxes. The road maintenance sales taxes are restricted to road maintenance at the parish level but are not restricted at the Village level. Any funding needed for road maintenance in the Village will be financed through the parish police jury's portion of the half cent parish wide sales tax fund.

NOTE # 2 - CASH AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Village 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.

At June 30, 2004, the Village has cash and investments totaling \$200,368.98, as follows:

Cash in Checking or On Hand	\$ 48,293.93
Certificates of Deposits	88,851.27
Restricted Assets	<u>63,223.78</u>
Total	<u>\$ 200,368.98</u>

VILLAGE OF MCNARY  
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NOTE # 2 - CASH AND INVESTMENTS CONTINUED

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the 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. Sabine Bank has pledged security of \$159,000. Cash, cash equivalents and investments (bank balances), at June 30, 2004, are secured as follows:

Bank Balances	\$ <u>200,318.98</u>
Federal Deposit Insurance	148,243.93
Pledge Securities	<u>52,075.05</u>
Total	<u>\$ 200,318.98</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	\$ .00	\$ .00	\$ .00	\$ .00
Certificates of Deposit				
90 Days or Less	67,680.52	.00	.00	67,680.52
Over 90 Days	<u>84,394.53</u>	<u>.00</u>	<u>.00</u>	<u>84,394.53</u>
Total Investments	<u>\$ 152,075.05</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 152,075.05</u>

The State requires collateral pledged for deposits to be held in the government's name by the banks trust department. The trust department reviews collateral pledged on a quarterly basis. Passbooks pay interest on a monthly basis, while certificate of deposits pay interest at the maturity of the certificate. Checking accounts do not earn interest. Unpaid earned interest accrued at year end is \$821.52.

NOTE # 3 - RECEIVABLES

A summary of receivables at June 30, 2004, follows:

General Fund	
Oil and Gas	\$ 269.26
Occupational Franchise	1,485.01
Garbage Receivable	46.00
Sales Taxes	<u>2,880.37</u>
Total General Fund	<u>\$ 4,680.64</u>

VILLAGE OF MCNARY  
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NOTE # 3 - RECEIVABLES CONTINUED

Enterprise Fund	
Water customers	\$ 4,232.89
Less: Allowance for uncollectible	<u>149.05</u>
Total Enterprise Fund	<u>\$ 4,083.84</u>
Total All Funds	<u><u>\$ 8,764.48</u></u>

The aged balance of the Water Department's account receivable is:

<u>TOTAL</u>	<u>CURRENT</u>	<u>30 DAYS</u>	<u>60 DAYS</u>	<u>90 DAYS OR OVER</u>
\$ 4,083.84	\$ 3,390.96	\$ 341.30	\$ 351.58	\$ .00

NOTE # 4 WATER STATISTICS

The Village has 202 customers. All are classified as residential. The Village classifies residential and commercial accounts based on the size of the meter.

A. The water utility rates are as follows:

<u>RESIDENTIAL</u>	
<u>GALLONS</u>	<u>AMOUNT</u>
0 - 2,000 Gallons	\$ 10.00
Over 2,000 Gallons	\$ 1.50 Per Thousand Gallons
 <u>COMMERCIAL</u>	
<u>GALLONS</u>	<u>AMOUNT</u>
0 - 12,000 Gallons	\$ 21.50
Over 12,000 Gallons	1.50 Per Thousand Gallons

B. The estimated water usage for this year is 14,984,000 gallons. The population of the Village is 211 with 93 housing units inside the city limits. The water system services customers who do not reside inside the Village's limits.

NOTE# 5 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for Doubtful Accounts for the Proprietary Fund - Water Receivable accounts are based on the collectibility of outstanding receivables. Uncollected amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectability of the particular receivable. The allowance for uncollectible receivables is \$149.05 at June 30, 2004.

NOTE # 6 - RESTRICTED ASSETS - WATER

These assets consist of cash and investments restricted for the reserves and payment for the Water Revenue Bonds issued in 1972 and 1999.

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NOTE # 6 - RESTRICTED ASSETS - WATER CONTINUED

Water Revenue Bond Passbook	\$ 18,073.69
Depreciation & Contingency Passbook	13,422.68
Water Reserve Bond Fund CD	20,986.22
Revenue Bond Fund CD	7,718.00
Water Reserve Fund CD	<u>3,023.39</u>
Total	<u>\$ 63,223.98</u>

The Village was not required by bond covenants to restrict cash for customer deposits. The liability for customer's deposits on meters is \$7,275. The Village's water fund checking account balance at year was \$15,882, which is sufficient enough to cover this liability.

NOTE # 7 - CAPITAL ASSETS

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

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BEGINNING</u> <u>BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING</u> <u>BALANCE</u>
Land	\$ 2,100.00	\$ .00	\$ .00	\$ 2,100.00
Buildings	33,793.00	.00	.00	33,793.00
Improvements Other Than Buildings	265.00	.00	.00	265.00
Machinery and Equipment	59,250.97	20,840.50	(18,384.96)	61,706.51
Infrastructure	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Totals at Historical Cost	<u>\$ 95,408.97</u>	<u>\$ 20,840.50</u>	<u>\$ (18,384.96)</u>	<u>\$ 97,864.51</u>
Less Accumulated Depreciation for:				
Buildings	\$ (7,797.30)	\$ (1,145.24)	\$ .00	\$ (8,942.54)
Improvements	(21.20)	(5.30)	.00	(26.50)
Machinery and Equipment	(34,920.73)	(10,161.63)	18,196.94	(26,885.42)
Infrastructure	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Accumulated Depreciation for:	<u>\$ (42,739.23)</u>	<u>\$ (11,312.17)</u>	<u>\$ 18,196.94</u>	<u>\$ (35,854.46)</u>
<u>GOVERNMENTAL ACTIVITIES</u> <u>CAPITAL ASSETS NET</u>	<u>\$ 52,669.74</u>	<u>\$ 9,528.33</u>	<u>\$ (188.02)</u>	<u>\$ 62,010.05</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Water System	\$ 836,843.49	\$ .00	\$ .00	\$ 836,843.49
Storage Buildings	16,070.00	.00	.00	16,070.00
Machinery and Equipment	<u>10,081.54</u>	<u>.00</u>	<u>.00</u>	<u>10,081.54</u>
Totals at Historical Cost	<u>\$ 862,995.03</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 862,995.03</u>
Less: Accumulated Depreciation for:				
Water System	(142,845.49)	(17,086.15)	.00	(159,931.64)
Storage Buildings	(2,008.75)	(803.50)	.00	(2,812.25)
Machinery and Equipment	<u>(9,436.60)</u>	<u>(236.68)</u>	<u>.00</u>	<u>(9,673.28)</u>
Total Accumulated Depreciation for:	<u>\$ (154,290.84)</u>	<u>\$ (18,126.33)</u>	<u>\$ .00</u>	<u>\$ (172,417.17)</u>
<u>BUSINESS-TYPE ACTIVITIES</u> <u>CAPITAL ASSETS NET</u>	<u>\$ 708,704.19</u>	<u>\$ (18,126.33)</u>	<u>\$ .00</u>	<u>\$ 690,577.86</u>

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE # 8 PENSION PLAN

The Village does participate in any retirement plan.

NOTE # 9 - ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2004:

<u>CLASS OF PAYABLE</u>	<u>GENERAL FUND</u>	<u>PROPRIETARY FUNDS</u>	<u>TOTAL</u>
Accounts	\$ 2,290.56	\$ 572.41	\$ 2,862.97
Withholding and Payroll Accruals	51.78	.00	51.78
Accrued Salaries	<u>3,570.00</u>	<u>770.00</u>	<u>4,340.00</u>
Totals	<u>\$ 5,912.34</u>	<u>\$ 1,342.41</u>	<u>\$ 7,254.75</u>

Deferred revenue of \$1,161.67 represents the portion of occupational licenses that were unearned at June 30, 2004. Accrued interest payable in the proprietary fund of \$1,375.00 is included on the statement of net assets with the current portion of long-term obligations of \$8,354.74 for a total of \$9,729.74.

NOTE # 10 - NOTES AND BONDS PAYABLE

The following is a summary of bond transactions of the Village of McNary for the year ended June 30, 2004:

	<u>1972 WATER UTILITY BONDS</u>	<u>1999 REVENUE WATER UTILITY BOND #91.02/ 91.04</u>	<u>TOTAL</u>
Bonds Payable - July 1, 2003	\$ 60,000.00	\$ 209,026.51	\$ 269,026.51
Bonds Retired	5,000.00	2,245.73	7,245.73
Bonds Payable - June 30, 2004	<u>\$ 55,000.00</u>	<u>\$ 206,780.78</u>	<u>\$ 261,780.78</u>

Bonds payable at June 30, 2004 are comprised of the following individual issues:

Revenue Bonds:

\$142,000 Water Utility Bonds issued and dated January 20, 1972; due in annual installments ending in 2011; interest at 5%	<u>\$ 55,000.00</u>
\$201,000 Water Revenue Bonds, Series 1999 issued and dated July 13, 2000; due in monthly installments of \$944.70 for 40 years, interest 4.75%, Bond R-1.	\$ 193,316.00
\$14,000 Water Revenue Bonds, Series 1999 and issued and dated July 13, 2000; due in monthly installments of \$65.80 for 40 years, interest 4.75%, Bond R-2.	<u>13,464.78</u>
	<u>\$ 206,780.78</u>

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE #10 - NOTES AND BOND PAYABLE CONTINUED

The annual requirement to amortize 1972 non-major debt outstanding as of June 30, 2004, including interest payments of \$13,050, are as follows:

YEAR ENDING JUNE 30	PRINCIPLE	INTEREST	TOTAL PAYMENTS
2005	\$ 6,000.00	\$ 2,750.00	\$ 8,750.00
2006	6,000.00	2,450.00	8,450.00
2007	6,000.00	2,150.00	8,150.00
2008	7,000.00	1,850.00	8,850.00
2009	7,000.00	1,500.00	8,500.00
2010 - 2012	<u>23,000.00</u>	<u>2,350.00</u>	<u>25,350.00</u>
	<u>\$ 55,000.00</u>	<u>\$ 13,050.00</u>	<u>\$ 68,050.00</u>

The annual requirements to amortize 2001 non-major debt outstanding as of June 30, 2004, including interest payments of \$218,018.27 are as follows:

YEAR ENDING JUNE 30	PRINCIPLE	INTEREST	TOTAL PAYMENTS
2005	\$ 2,354.74	\$ 9,771.26	\$ 12,126.00
2006	2,469.05	9,656.95	12,126.00
2007	2,588.92	9,537.08	12,126.00
2008	2,714.59	9,411.41	12,126.00
2009	2,846.41	9,279.59	12,126.00
2010 - 2039	<u>193,807.07</u>	<u>170,361.98</u>	<u>364,169.05</u>
	<u>\$ 206,780.78</u>	<u>\$ 218,018.27</u>	<u>\$ 424,799.05</u>

NOTE #11 - FLOW OF FUNDS; RESTRICTION ON USE - UTILITIES REVENUES

BOND RESERVE FUND

Under the terms of the Series 1999 bond indenture a sum equal to 5% of the monthly payment being made into the Sinking Fund must be deposited monthly into this fund until the moneys equal the highest combined annual debt service in any future year on the outstanding bonds. The highest payment total is \$20,976 in 2008.

RENEWAL AND REPLACEMENT FUND

The terms also require a sum equal to \$86 is to be paid monthly into the Replacement Fund. Once the Reserve Requirement is met, a sum of \$137 is to be paid monthly into the Replacement Fund over the life of the Bond.

Subject to the foregoing, which are cumulative, any balance in the Water Revenue Fund shall be used for the purpose of acquiring for cancellation, the outstanding Water Revenue Bonds or for redeeming the outstanding Water Revenue Bonds in inverse numerical order, at par and accrued interest to the call date, or any other lawful purpose whether or not connected with the System.



VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE # 12 - GRANTS AND GOVERNMENT PROGRAMS

The Village did not receive any grant income in this fiscal year. The \$3,600 on the Statements of Activities represents the amount of supplemental pay received by the police department.

The Village applied for a \$15,000 rural development grant for the new fiscal year, but have not received approval.

NOTE # 13 - DEFICIT FUND EQUITY

As of June 30, 2004 no Village funds had deficit fund equities.

NOTE # 14 INTERFUND BALANCES AND TRANSFERS

	DUE FROM	DUE TO
General Fund:		
Water	\$ 1,129.69	
Total General Fund	\$ 1,129.69	
Water Enterprise Fund: General Fund		
General Fund		\$ 1,129.69
Total Water Enterprise Fund		\$ 1,129.69
 Total All Funds	\$ 1,129.69	\$ 1,129.69

The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 2004

	GENERAL FUND	WATER FUND
Total Transfers All Funds	\$ .00	\$ .00

NOTE # 15 - PROPRIETARY FUND SEGMENT INFORMATION

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

	2004	2003
Current Assets	\$ 41,296.94	\$ 43,360.68
Restricted Assets	63,223.78	60,097.64
Capital Assets, Net	690,577.86	708,704.19
Total Assets	\$ 795,098.58	\$ 812,162.51
Current Liabilities	19,476.84	18,190.65
Long-Term Liabilities	253,426.04	261,780.78
Total Net Assets	\$ 522,195.70	\$ 532,191.08
 Invested in Capital Assets, Net	\$ 428,797.08	\$ 438,177.68
Restricted	37,422.08	35,728.25
Unrestricted	55,976.54	58,285.15
Total	\$ 522,195.70	\$ 532,191.08
Operating Revenues:		
Water Sales and Service	\$ 42,103.79	\$ 45,302.53
Total Operating Revenues	\$ 42,103.79	\$ 45,302.53

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE # 15 - PROPRIETARY FUND SEGMENT INFORMATION CONTINUED

	<u>2004</u>	<u>2003</u>
Operating Expenses	\$ 21,834.20	\$ 21,509.72
Depreciation	<u>18,126.33</u>	<u>18,285.36</u>
Operating Income	\$ 2,143.26	\$ 5,507.45
Non-Operating Revenue (Expenses)	<u>(12,138.64)</u>	<u>(11,856.44)</u>
Change in Net Assets	<u>\$ (9,995.38)</u>	<u>\$ (6,348.99)</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</u>	
	<u>2004</u>	<u>2003</u>
Unrestricted	\$ 15,907.25	\$ 17,433.73
Restricted	<u>55,505.78</u>	<u>52,465.11</u>
Total	<u>\$ 71,413.03</u>	<u>\$ 69,898.84</u>

NOTE # 17 - CONTINGENCIES

Summary of Disclosures of Significant Contingencies

In the normal course of operations, the Village receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Operating Lease

In 2004, the Village of McNary entered into a one year contract with IESI Company to provide garbage pickup for Village residents. This contract expires on June 30, 2005. In 2004, the contract cost was \$11.67 per month per customer with the customer paying \$3.00 of this cost. In June 2004, the cost per customer went down to \$8.75. The potential maximum net cost to the general fund is \$5,244.

Cooperative Endeavor Agreement

The Village of McNary and the Spring Creek Community Volunteer Fire Department, and the Rapides Parish Fire Protection District No. 11 renewed their agreement effective July 26, 2004 to provide the Village of McNary with fire and medical emergency services. The Village agreed to pay \$4,200 per year for these services. The payments are to be paid per quarter beginning July 26, 2004. The term of this agreement is for a two year period commencing upon the effective date of the agreement.

Other Contingencies

The Village indicated there are no lawsuits pending that the Village is involved in.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE # 17 - CONTINGENCIES CONTINUED

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of the risks are handled by purchasing commercial insurance coverage through Risk Management Insurance Company. There have been no significant reductions in the insurance coverage during the year.

NOTE # 18 - WATER DEPARTMENT BUDGET 2004

Operating Revenue	\$ 54,771.00
Operating Expenses	45,000.00
Non Operating Revenues (Expenses)	<u>.00</u>
Net Income	<u>\$ 9,771.00</u>

NOTE # 19 - RELATED PARTY TRANSACTIONS

There were no related party transactions during fiscal year 2004.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF MCNARY  
 GLENMORA, LOUISIANA  
 COMPILATION  
 GENERAL FUND

STATEMENT A

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

	<u>ORIGINAL BUDGET</u>	<u>JUNE 2004 AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUE</u>	\$ 107,000.00	\$ 91,000.00	\$ 96,356.84	\$ 5,356.84
<u>EXPENDITURES</u>	\$ 109,000.00	\$ 99,800.00	\$ 94,639.80	\$ 5,160.20
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	\$ (2,000.00)	\$ (8,800.00)	\$ 1,717.04	\$ 10,517.04
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers (Out) In	\$ .00	\$ .00	\$ .00	\$ .00
Purchase of Assets	.00	.00	(20,840.50)	(20,840.50)
Total	\$ .00	\$ .00	\$ (20,840.50)	\$ (20,840.50)
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</u>	\$ (2,000.00)	\$ (8,800.00)	\$ (19,123.46)	\$ (10,323.46)
<u>FUND BALANCE - BEGINNING OF YEAR (RESTATED)</u>	119,001.87	119,001.87	119,001.87	.00
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ 117,001.87</u>	<u>\$ 110,201.87</u>	<u>\$ 99,878.41</u>	<u>\$ (10,323.46)</u>

See accompanying notes and accountants' report.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION  
SCHEDULE OF COMPENSATION PAID TO ELECTED OFFICIALS  
JUNE 30, 2004

SCHEDULE A

Compensation paid to the Mayor and Board of Aldermen in the form of salaries for the year ended June 30, 2004 are as follows:

MAYOR

Donald Parker II P. O. Box 194 Glenmora, LA 71433 318 748-6022	\$6,300.00
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ALDERMEN & ALDERWOMEN

Louise Bullock P. O. Box 343 Glenmora, LA 71433 318 748-4234	\$3,000.00
---	------------

Brian Goree P. O. Box 1345 Glenmora, LA 71433 318 748-4309	\$3,000.00
---	------------

Barbara Billings P. O. Box 984 Glenmora, LA 71433 318 748-4045	\$3,000.00
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Their terms expire January 1, 2007.

See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION

SCHEDULE B

ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS-  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 42,000.00	\$ 42,103.79	\$ 103.79
Total Operating Revenues	<u>\$ 42,000.00</u>	<u>\$ 42,103.79</u>	<u>\$ 103.79</u>
<u>OPERATING EXPENSES</u>			
Cost of Sales and Services	\$ -	\$ 16,454.75	\$ -
Administrative	-	5,379.45	-
Depreciation	-	18,126.33	-
Total Operating Expenses	<u>\$ 32,245.00</u>	<u>\$ 39,960.53</u>	<u>\$ (7,715.53)</u>
<u>OPERATING INCOME</u>	<u>\$ 9,755.00</u>	<u>\$ 2,143.26</u>	<u>\$ (7,611.74)</u>
<u>NON-OPERATING REVENUES</u> <u>(EXPENSES)</u>			
Interest Income	\$ 600.00	\$ 616.63	\$ 16.63
Interest Expense & Fiscal Charges	<u>(12,755.00)</u>	<u>(12,755.27)</u>	<u>(.27)</u>
Total Non-operating Revenues (Expenses)	<u>\$ (12,155.00)</u>	<u>\$ (12,138.64)</u>	<u>\$ 16.36</u>
<u>NET INCOME (LOSS)</u>	<u>\$ (2,400.00)</u>	<u>\$ (9,995.38)</u>	<u>\$ (7,595.38)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>532,191.08</u>	<u>532,191.08</u>	<u>.00</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 529,791.08</u>	<u>\$ 522,195.70</u>	<u>\$ (7,595.38)</u>

See accompanying notes and accountants' report.



SCHEDULE C

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION

SCHEDULE OF UTILITY PLANT & EQUIPMENT  
ENTERPRISE FUND - WATER DEPARTMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

2004 UNAUDITED

<u>IMPROVEMENTS OTHER THAN BUILDING</u>	<u>ACQUIRED</u>	<u>LIFE</u>	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET</u>	<u>DEPRECIATION</u>
Water Distribution System	5-1-01	50	\$ 2,481.70	\$ 173.71	\$ 2,307.99	\$ 49.63
Water Meters	2001	10	3,338.10	1,168.34	2,169.76	333.81
Water System	1979	50	157,147.00	96,524.72	60,622.28	3,140.44
Water Lines	1993	25	4,236.38	1,948.79	2,287.59	169.46
Booster Pump, Stations and Water Well	2000	50	394,522.01	35,355.42	359,166.59	7,890.44
Water Distribution and Fire Protection	2000	50	275,118.30	24,760.66	250,357.64	5,502.37
Total			\$ 836,843.49	\$ 159,931.64	\$ 676,911.85	\$ 17,086.15
<u>STORAGE BUILDING</u>	2001	20	\$ 16,070.00	\$ 2,812.25	\$ 13,257.75	\$ 803.50
<u>MACHINERY AND EQUIPMENT</u>						
<u>EQUIPMENT</u>		10	\$ 10,081.54	\$ 9,673.28	\$ 408.26	\$ 236.68
<u>GRAND TOTAL</u>			\$ 862,995.03	\$ 172,417.17	\$ 690,577.86	\$ 18,126.33

See accompanying notes and accountants' report.

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
COMPILATION

SCHEDULE D

COMBINED SCHEDULE OF CASH AND INVESTMENTS - ALL FUNDS  
JUNE 30, 2004

<u>FUND</u> <u>GENERAL FUND</u>	<u>BANK</u>	<u>DATE</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>2003</u> <u>BALANCE</u>
Checking	Sabine Bank	-	-	-	\$ 14,779.02
Petty Cash	-	-	-	-	25.00
Checking - Police	Sabine Bank	-	-	-	17,582.66
Savings - Passbook	Sabine Bank	-	.50%	-	12,174.74
Savings - C.D.	Sabine Bank	11-16-03	1.14%	12-16-04	30,119.14
Savings - C.D.	Sabine Bank	06-30-02	2.96%	12-31-04	25,640.01
Total General Fund					<u>\$ 100,320.57</u>
<u>WATER</u>					
Checking 002-38-63-5	Sabine Bank	-	-	-	\$ 15,882.25
Petty Cash	-	-	-	-	25.00
Savings - Water 002315698	Sabine Bank	06-17-04	.75%	10-17-04	15,134.64
Savings - Water 15686	Sabine Bank	10-04-03	.80%	10-04-04	5,782.74
Restricted					
Water Revenue Bond 002-3864	Sabine Bank	-	.50%	-	18,073.69
Depreciation & Contingency	Sabine Bank	-	.50%	-	13,422.68
Water Reserve Bond Fund	Sabine Bank	04-02-04	1.00%	07-02-04	20,986.02
Revenue Bond Fund 032330043	Sabine Bank	01-27-04	.75%	07-27-04	7,718.00
Water Reserve Fund	Sabine Bank	-	.50%	-	3,023.39
Total Water					<u>\$ 100,048.41</u>
<u>TOTAL CASH AND INVESTMENTS</u>					<u>\$ 200,368.98</u>

Total with Sabine Bank of \$200,318.98 is secured up to \$100,000 for checking accounts and \$100,000 for savings by the FDIC and \$159,000 of pledged securities.

See accompanying notes and accountants' report.

SCHEDULE E

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA

COMPILATION

SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 2004

<u>INSURANCE COMPANY</u>	<u>POLICY</u>	<u>DATE</u>	<u>COVERAGE TYPE</u>	<u>AMOUNT</u>	<u>PREMIUM</u>
La. Municipal Risk Mgt.	6733HV6P604	03-29-04 03-29-05	General Liability Each Occurrence	\$ 500,000	\$ 1,933.00
La. Municipal Risk Mgt.	6733HV6P604	03-29-04 03-29-05	Workmen's Compensation Each Accident Each Disease Disease Aggregate	\$ 100,000 \$ 100,000 \$ 500,000	\$ 1,454.00
La. Municipal Risk Mgt.	6733HV6P604	03-29-04 03-29-05	Business Auto Policy Liability each accident	\$ 500,000	\$ 1,836.00
La. Municipal Risk Mgt.	6733HV6P604	03-29-04 03-29-05	Professional Liability for Police/Each Occurrence	\$ 500,000	\$ 1,350.00
CNA Surety	01317585	12-14-03 12-14-04	Surety Bond - Water System	\$ 40,000	\$ 140.00
CNA Surety	18237200	10-11-03 10-11-04	Clerks Bond	\$ 20,376	\$ 71.32
La. Municipal Risk Mgt.	6733HV6P604	03/29/04 03/29/05	Public Officials Errors & Omissions Liability Each Occurrence	\$ 500,000	\$ 1,317.00
CNA Surety	69126636	02-10-03 02-10-05	Mayor's Bond	\$ 20,376	\$ 71.32
Lexington/Audubon	APD-269701	03-29-04 03-29-05	Commercial Auto Physical Damage 2003 Crown Vic 1993 Dodge Pickup	\$ 20,000 1,000	\$ 723.45
EMC Insurance	2A9-95-23-04	10/28/03 10/28/04	Commercial Property Building Business Property	\$ 75,000 20,000	\$ 580.00

See accompanying notes and accountants' report.

ACTIONS TAKEN ON PRIOR YEAR RECOMMENDATIONS

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
ACTIONS TAKEN ON PRIOR YEAR RECOMMENDATIONS  
JUNE 30, 2004

The following recommendations were made in the report dated November 10, 2003:

1. Garbage Fees - The Village contracts for outside garbage service for the households in the Village limits. The Village pays the garbage service company \$11.67 per household per month. The Village charges \$3 per household per month. According to the 2000 census, the number of households in McNary is 93. Of those households, 76 are occupied. The maximum potential yearly loss is around \$9,700 a year (\$8.67 times 93) with a realistic potential loss at \$7,900 a year (\$8.67 times 76). Based on historical records, the highest loss was in 1999 when the Village lost \$6,167 and had an average of 68 customers. Since 1995, the Village has funded \$45,000 in garbage cost for an average of \$5,000 a year. We suggest that the Village raise the rates to \$5 a month per household. Future garbage rates should be raised to at least match the same percentage of increase that is paid by the Village to the contractor.

Action Taken

There was no action taken in this fiscal year. The Mayor and Board are still in discussions to raise the rates. In July, the garbage service company lowered their rates to \$8.75 for one year. (See Note # 17)

**CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN**

VILLAGE OF MCNARY  
GLENMORA, LOUISIANA  
SUMMARY OF SCHEDULE OF CURRENT YEAR FINDINGS  
AND CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2004

<u>REF. NO.</u>	<u>FISCAL YEAR FINDING INITIALLY OCCURRED</u>	<u>DESCRIPTION OF FINDING</u>	<u>CORRECTIVE ACTION TAKEN</u>	<u>CORRECTIVE ACTION PLANNED</u>	<u>NAME OF CONTACT PERSON</u>	<u>ANTICIPATED COMPLETION DATE</u>
<u>INTERNAL CONTROL</u>						
04-1(IC)	2004	Due to the small number of employees, the Village of McNary did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties	N/A	No response is considered necessary	Margie Holden, Village Clerk	N/A
<u>COMPLIANCE:</u>						
04-2(CO)	2004	The Village's general fund budget for 2004 shows the actual revenues and expenditures exceed budgeted amounts by more than 5%.	None	When the Village amended their budget, the purchase of the police car was left out of the amended figures. The Village will monitor their budget on a periodic basis and make adjustments accordingly.	Margie Holden, Village Clerk	06/30/05

**MARCUS, ROBINSON and HASSELL**

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 2004.

**ATTESTATION REPORT**

Independent Accountant's Report  
On Applying Agreed Upon Procedures

To the Honorable Donald Parker, II, Mayor  
and Members of the Board of Alderman

We have performed the procedures included in the **Louisiana Government Audit Guide** as enumerated below, which were agreed to by the management of the Village of McNary and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of McNary's compliance with certain laws and regulations during the year ended June 30, 2004 included in the accompanying **Louisiana Attestation Questionnaire**. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose which this report has been requested or for any other purpose.

**Public Bid Law**

- 1) Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The Village purchased a police car under the state contract guidelines.

**Code of Ethics for Public Officials and Public Employees**

- 2) Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

- 3) Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

- 4) Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).



To the Honorable Donald Parker, II, Mayor  
and Members of the Board of Alderman  
December 21, 2004  
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### **Budgeting**

- 5) Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There was one amendment to the budget during the year.

- 6) Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on June 9, 2003, which indicated that the budget had been adopted by the commissioners of the Village of McNary by a vote of three in favor and zero opposed. One amendment was made to the budget of the General Fund on June 7, 2004.

- 7) Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

The Village did not include in budgeted or amended budgeted expenditures any capital outlays. A police car was purchased during the year thus expenditures exceeded budgeted expenditures by greater than 5%.

### **Accounting and Reporting**

- 8) Randomly select 6 disbursements made during the period under examination and:

- a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were properly coded to the correct fund and general ledger account.

- c) determine whether payments received approval from authorities.

According to the minute book, disbursements are approved by the town council each month before they are paid. As an additional procedure, one of the council members checks the monthly bank statements for payments that have not been approved.

### **Meetings**

- 9) Examine evidence indicating that agendas for meeting recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meeting law).

The Village of McNary is only required to post a notice of each meeting and accompanying agenda on the door of the entity's office building. They advertise each meeting in the local newspaper. A notice is attached to the door to their office.

To the Honorable Donald Parker, II, Mayor  
and Members of the Board of Alderman  
December 21, 2004  
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#### **Debt**

- 10) Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits that appear to be proceeds of bank loans, bonds, or like indebtedness.

#### **Advances and Bonuses**

- 11) Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

We read minutes of the entity for the year and noted no approval of any of the payments noted above. We also inspected payroll records for the year and noted no instances which would indicate that payments to employees would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of McNary and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken the responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Marcus, Robinson & Hassell*

Marcus, Robinson and Hassell  
Certified Public Accountants