

Village of Tangipahoa, Louisiana

Annual Financial Report

As of June 30, 2004 and for the Year Then Ended

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 Tangipahoa, Louisiana
Annual Financial Report
As of June 30, 2004 and for the Year Then Ended
With Supplemental Information Schedules

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Village of Tangipahoa, Louisiana

**Annual Financial Statements
As of June 30, 2004 and for the Year Then Ended
With Supplemental Information Schedules**

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Member
A.i.c.p.a.

member
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The Honorable Mayor James Fultz
and Members of the Board of Aldermen
Village of Tangipahoa, Louisiana

Commissioners:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Tangipahoa, Louisiana, as of June 30, 2004, and for the year then ended, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Tangipahoa's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Village of Tangipahoa. The information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In my opinion, the basic financial statements and supplemental information referred to in the above paragraphs, present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund, of the Village of Tangipahoa, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows of it's proprietary fund types, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, I have also issued my report dated December 6, 2004, on my consideration of the Village of Tangipahoa, Louisiana's internal control over financial reporting and my 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 my audit.

Management's Discussion and Analysis on pages 3-10 is not a required part of these basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.



William R. Durden, CPA

December 6, 2004

Required Supplemental Information (Part I)
Management's Discussion and Analysis

Village of Tangipahoa, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2004

Introduction

The Village of Tangipahoa, Louisiana (the Village) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards. The Village was not required to implement GASB 34 until the fiscal year ending June 30, 2004.

The Village's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village's financial activity, (c) identify changes in the Village's financial position, (d) identify any significant variations from the Village's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Village's financial statements on pages 17 through 31 of this report.

Financial Highlights

- At June 30, 2004, the Village's assets exceeded its liabilities by \$1,434,887 (net assets). Of this amount, \$295,367 (unrestricted net assets) may be used to meet the Village's ongoing obligations to its citizens.
- For the year ended June 30, 2004, the Village's total net assets increased by \$6,631.
- At June 30, 2004, the Village's governmental funds reported combined ending fund balances of \$63,695, a decrease of \$858 for the year. Of this amount, 89%, or \$56,724 is available for spending at the Village's discretion (unreserved fund balances).
- At June 30, 2004, the Village's proprietary funds reported combined ending net assets of \$1,342,087, a decrease of \$9,523 for the year. Of this amount, approximately 18%, or \$238,647, is available for spending at the Village's discretion (unrestricted net assets).

Overview of the Annual Financial Report

The financial statement focus is on both the Village as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Village's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Village's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Village of Tangipahoa, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30,2004**

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business. Governmental and business-type activities are presented in separate columns along with a total column for the primary government. Component unit information, if applicable, is presented separately in the notes to the financial statements.

The Statement of Net Assets presents information on the Village's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Village's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Village's activities are divided into two types:

- Governmental activities - Most of the Village's basic services are reported here, including general government, public safety, highways and streets, sanitation, health and welfare. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.
- Business-type activities - The Village charges a fee to customers to help it cover all of the cost of the services provided. The Village's water, natural gas, and sewer utility systems are reported in this section.

The government-wide financial statements include the Village of Tangipahoa, Louisiana (primary government) only and can be found on pages 11 through 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Village of Tangipahoa, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30,2004**

Governmental funds are used to account for most of the Village's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Village to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail. The basic proprietary fund financial statements can be found on pages 21 through 25 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Village's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliation can be found on pages 16 and 19 of this report.

Notes to the Financial Statements

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. The notes to the financial statements can be found on pages 26 through 39 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Village's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 11 of this report.

Village of Tangipahoa, Louisiana

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2004

Net Assets
June 30, 2004 and 2003

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets:						
Current and Other Assets	\$ 181,956	\$ 161,350	\$ 266,293	\$ 243,819	\$ 448,249	\$ 405,169
Capital Assets	29,105	12,093	1,098,690	1,129,992	1,127,795	1,142,085
Total Assets	<u>211,061</u>	<u>173,443</u>	<u>1,364,983</u>	<u>1,373,811</u>	<u>1,576,044</u>	<u>1,547,254</u>
Liabilities:						
Deferred Revenue	20,181	25,791	-	-	20,181	25,791
Other Liabilities	98,080	71,006	22,896	22,201	120,976	93,207
Total Liabilities	<u>118,261</u>	<u>96,797</u>	<u>22,896</u>	<u>22,201</u>	<u>141,157</u>	<u>118,998</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	29,105	12,093	1,098,690	1,129,992	1,127,795	1,142,085
Restricted	6,975	-	4,750	4,778	11,725	4,778
Unrestricted	56,720	64,553	238,647	216,840	295,367	281,393
Total Net Assets	<u>\$ 92,800</u>	<u>\$ 76,646</u>	<u>\$ 1,342,087</u>	<u>\$ 1,351,610</u>	<u>\$ 1,434,887</u>	<u>\$ 1,428,256</u>

Approximately 78% of the Village's net assets reflect its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Approximately 1% of the Village's net assets represent resources that are subject to external restriction on how they may be used. The Village's restricted net assets consist of cash for customer deposits net of corresponding liabilities, and sales tax collections restricted for garbage expenditures.

Approximately 21% of the Village's net assets are unrestricted and may be used to meet the Village's ongoing obligations to its citizens.

At the end of the current fiscal year, the Village was able to report positive balances in all three categories of net assets, both for the Village as a whole, as well as for separate governmental and business-type activities. The same held true for the prior fiscal year.

The Village's activities increased its total net assets by \$6,631, with governmental activities increasing net assets by \$16,154 and business-type activities decreasing net assets by \$9,523.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Village's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on pages 18 and 19 of this report.

Village of Tangipahoa, Louisiana

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2004

Changes in Net Assets
For the Years Ended June 30, 2004 and 2003

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for Services	\$ 54,408	\$ 79,249	\$ 150,117	\$ 144,406	\$ 204,525	\$ 223,655
Operating Grants and Contributions	60,236	55,094	-	12,000	60,236	67,094
Capital Grants and Contributions	17,860	169,731	-	-	17,860	169,731
General Revenues:						
Sales Taxes	57,412	39,250	-	-	57,412	39,250
Ad Valorem Taxes	8,398	8,494	-	-	8,398	8,494
Franchise Taxes	8,081	7,804	-	-	8,081	7,804
Intergovernmental Tax	2,468	2,801	-	-	2,468	2,801
Interest Income	252	1,371	838	892	1,090	2,263
Other Revenues	1,338	318	177	-	1,515	318
Total Revenues	<u>210,453</u>	<u>364,112</u>	<u>151,132</u>	<u>157,298</u>	<u>361,589</u>	<u>521,410</u>
Expenses:						
General	26,472	25,960	-	-	26,472	25,960
Police Protection	87,181	84,226	-	-	87,181	84,226
Fire Protection	4,200	4,200	-	-	4,200	4,200
Streets	14,519	14,013	-	-	14,519	14,013
Sanitation	26,844	29,177	-	-	26,844	29,177
Health and Welfare	14,856	10,410	-	-	14,856	10,410
Water, Gas, and Sewer Utility	-	-	180,882	165,936	180,882	165,936
Total Expenses	<u>174,072</u>	<u>167,986</u>	<u>180,882</u>	<u>165,936</u>	<u>354,954</u>	<u>333,922</u>
Change in Net Assets Before Transfers	36,381	196,126	(29,750)	(8,638)	6,631	187,488
Transfers	(20,227)	(440,810)	20,227	440,810	-	-
Change in Net Assets	<u>16,154</u>	<u>(244,684)</u>	<u>(9,523)</u>	<u>432,172</u>	<u>6,631</u>	<u>187,488</u>
Net Assets, Beginning	76,646	319,740	1,351,610	909,818	1,428,256	1,229,558
Prior Period Adjustment	-	1,590	-	9,620	-	11,210
Net Assets, Ending	<u>\$ 92,800</u>	<u>\$ 76,646</u>	<u>\$ 1,342,087</u>	<u>\$ 1,351,610</u>	<u>\$ 1,434,887</u>	<u>\$ 1,428,256</u>

Governmental Activities

The Village's governmental net assets increased by \$16,154, or 21% of the prior year ending net assets, to \$92,800. As compared to the prior fiscal year, the "Change in Net Assets Before Transfers" decreased by \$159,745, primarily because capital grants for the Louisiana Community Development Block Grant (LCDBG) of \$169,731 were recorded in fiscal year 2003 as compared to \$17,860 recorded in fiscal year 2004 for a new LCDBG project. In addition, the operating transfers out for the fiscal year 2003 were restated to reflect a transfer of \$428,492 from the capital projects fund (LCDBG) to the utility fund for completion of a sewer project. Other notable changes for governmental activities include an \$11,562 decrease in fines revenue and an increase of \$18,162 in sales tax revenue.

Village of Tangipahoa, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2004**

Business-Type Activities

The Village's business-type net assets decreased by \$9,523 of the prior year ending net assets, to \$1,342,087. Revenues and expenses were relatively constant from fiscal year 2003 to fiscal year 2004, with the "Change in Net Assets Before Transfers" decrease of \$21,112 primarily due to the effect of a \$12,000 operating grant that had increased revenues for fiscal year 2003 and increase in current year bad expense of \$4,800. The effect of the operating transfer in for completion of the LCDBG sewer project was noted in the "Governmental Activities" analysis above.

Fund Financial Analysis

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spend able resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

At the end of the current year, the Village's governmental funds reported combined ending fund balances of \$63,695, all of which are unreserved and available for spending at the Village's discretion except for \$6,975 reserved in the sales tax fund for garbage collection expenditures. This represents a decrease of \$858, or 1% of the prior year's ending balances.

The general fund is the chief operating fund of the Village. At the end of the current year, the total fund balance for the general fund was \$35,647, all of which was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 41% of total general fund expenditures.

During the current year, the Village's general fund balance decreased by \$15,204. The reduction in general fund balance is primarily caused by a decrease in grant revenue of \$12,971 and an increase of \$1,622 in police protection from the prior year.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Village of Tangipahoa, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30, 2004**

General Fund Budgetary Highlights

The Village of Tangipahoa is required to demonstrate legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources must be within 5% of budgeted revenues and other sources, and actual expenditures must not exceed budgeted expenditures and other uses by 5%. Budget compliance findings for expenditures are noted for the general fund, sales tax fund, and summer food service fund within *Footnote 2 - Stewardship, Compliance, and Accountability*.

For the general fund, original budgeted revenues and other sources were \$77,200 and final budgeted revenues and other sources were \$55,900. Original budgeted expenditures and other uses were \$77,000 and final budgeted expenditures and other uses were \$79,000.

Significant variations from the general fund's original and final amended budgets were as follows:

- Budgeted revenues decreased by \$21,300 due to the large decrease in operating transfers in from the Enterprise Fund and Special Revenue Fund.
- Budgeted expenditures increased by \$2,000, due to increase in street expenditures (\$4,800) and decrease in police department expenditures (\$2,900).

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2004 amounts to \$1,127,795 (net of depreciation). The total decrease in the Village's investment in capital assets for the current fiscal year was \$14,290 (net of depreciation).

Major capital asset events during the current year included gas utility system extensions, and purchase of a vehicle.

The following table provides a summary of the Village's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements on pages 40 to 42 of this report.

**Capital Assets (Net of Depreciation)
June 30, 2004 and 2003**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 400	\$ 400	\$ -	\$ -	\$ 400	\$ 400
Buildings	-	-	2,863	3,323	2,863	3,323
Furniture & Fixtures	607	788	-	-	607	788
Vehicles and Equipment	10,238	10,905	10,943	11,975	21,181	22,880
Construction in Progress	17,860	-	-	-	17,860	-
Water Utility System	-	-	572,397	592,167	572,397	592,167
Gas Utility System	-	-	16,876	8,058	16,876	8,058
Sewer Utility System	-	-	495,611	514,469	495,611	514,469
Capital Assets, Net	\$ 29,105	\$ 12,093	\$ 1,098,690	\$ 1,129,992	\$ 1,127,795	\$ 1,142,085

Village of Tangipahoa, Louisiana

**Management's Discussion and Analysis
As of and for the Year Ended June 30,2004**

Other Factors Affecting the Village

The Village of Tangipahoa's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Village based on existing revenues and to finance long-term projects only when absolutely necessary. The Village also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Village for the cost of gas sold. In addition, the Village was required to respond to the need for sewer system improvements as mandated for municipalities by the United States Environmental Protection Agency and the Louisiana Department of Environmental Quality.

Contacting the Village's Financial Management

This financial report is designed to provide the Village's citizens, taxpayers, creditors and investors with a general overview of the Village's finances and show the Village's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Village of Tangipahoa , Post Office Box 156, Tangipahoa, Louisiana 70465, telephone (985) 229-8300.

Basic Financial Statements
Government-Wide Financial Statements

Village of Tangipahoa, Louisiana

Statement A

Statement of Net Assets
June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 127,694	\$ 157,597	\$ 285,291
Taxes Receivable, Net	2,701	-	2,701
Accounts Receivable, Net	-	22,885	22,885
Accrued Billings	-	11,814	11,814
Due From Other Funds	47,214	44,314	91,528
Prepaid Insurance	4,347	6,600	10,947
Restricted Cash and Cash Equivalents	-	23,083	23,083
Land	400	-	400
Construction in Progress	17,860	-	17,860
Capital Assets, Net of Depreciation	10,845	1,098,690	1,109,535
Total Assets	<u>211,061</u>	<u>1,364,983</u>	<u>1,576,044</u>
Liabilities			
Accounts Payable	4,771	4,563	9,334
Other Accrued Expenses	1,781	-	1,781
Deferred Revenue	20,181	-	20,181
Due To Other Funds	91,528	-	91,528
Customer Deposits	-	18,333	18,333
Total Liabilities	<u>118,261</u>	<u>22,896</u>	<u>141,157</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	29,105	1,098,690	1,127,795
Restricted Net Assets:			
Restricted Sales Tax Collections	6,975	-	6,975
Restricted Meter Deposits	-	4,750	4,750
Unrestricted	56,720	238,647	295,367
Total Net Assets	<u>\$ 92,800</u>	<u>\$ 1,342,087</u>	<u>\$ 1,434,887</u>

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Statement of Activities
For the Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions
Governmental Activities:				
General Government	\$ 26,472	\$ 27,349	\$ 250	\$ -
Police Protection	87,181	7,773	46,294	-
Fire Protection	4,200	-	-	-
Streets	14,519	-	-	-
Sanitation	26,844	19,286	-	-
Health	14,856	-	13,692	-
LCDBG	0	-	-	17,860
Total Governmental Activities	<u>174,072</u>	<u>54,408</u>	<u>60,236</u>	<u>17,860</u>
Business-Type Activities:				
Gas Utility	57,245	32,994	-	-
Water Utility	44,253	88,568	-	-
Sewer Utility	79,384	28,555	-	-
Total Business-Type Activities	<u>180,882</u>	<u>150,117</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>\$ 354,954</u>	<u>\$ 204,525</u>	<u>\$ 60,236</u>	<u>\$ 17,860</u>

General Revenues:

Taxes:

Ad Valorem Taxes
Sales and Use Taxes
Franchise Taxes
Louisiana Beer Tax Distribution
Interest Income
Other Income
Operating Transfers In (Out)
Gain on Sales of Fixed Assets
Total General Revenues

Change in Net Assets
Net Assets, Beginning
Net Assets, Ending

The accompanying notes are an integral part of these statements.

Statement B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ 1,127	\$ -	\$ 1,127
-33,114	-	-33,114
-4,200	-	-4,200
-14,519	-	-14,519
-7,558	-	-7,558
-1,164	-	-1,164
17,860	-	17,860
<u>-41,568</u>	<u>0</u>	<u>-41,568</u>
-	-24,251	-24,251
-	44,315	44,315
-	-50,829	-50,829
<u>0</u>	<u>-30,765</u>	<u>-30,765</u>
<u>-41,568</u>	<u>-30,765</u>	<u>-72,333</u>
8,398	-	8,398
57,412	-	57,412
8,081	-	8,081
2,468	-	2,468
252	838	1,090
935	177	1,112
-20,227	20,227	-
403	-	403
<u>57,722</u>	<u>21,242</u>	<u>78,964</u>
16,154	-9,523	6,631
76,646	1,351,610	1,428,256
<u>\$ 92,800</u>	<u>\$ 1,342,087</u>	<u>\$ 1,434,887</u>

Village of Tangipahoa, Louisiana

Balance Sheet
Governmental Funds
June 30, 2004

	General Fund	Special Revenue	
		Sales Tax Fund	Cops Fines Fund
Assets			
Cash and Cash Equivalents	\$ 7,474	\$ 83,635	\$ 31,772
Taxes Receivable, Net	1,645	-	-
Due From Other Funds	47,214	-	-
Due From Other Governments	468	3,879	-
Total Assets	<u>\$ 56,801</u>	<u>\$ 87,514</u>	<u>\$ 31,772</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	\$ 4,046	\$ 725	\$ -
Other Accrued Expenses	810	-	617
Deferred Revenue	-	-	20,181
Due to Other Funds	16,298	74,883	-
Total Liabilities	<u>21,154</u>	<u>75,608</u>	<u>20,798</u>
Fund Balance:			
Unreserved	35,647	4,931	10,974
Reserved for Garbage Collection Costs	-	6,975	-
Total Fund Balance	<u>35,647</u>	<u>11,906</u>	<u>10,974</u>
Total Liabilities and Fund Balances	<u>\$ 56,801</u>	<u>\$ 87,514</u>	<u>\$ 31,772</u>

The accompanying notes are an integral part of these statements.

Statement C

Special Revenue	Capital Project	Total
Summer Feeding Fund	LCDBG Fund	Governmental Funds
\$ 4,763	\$ 50	\$ 127,694
1,056	-	2,701
-	-	47,214
-	-	4,347
<u>\$ 5,819</u>	<u>\$ 50</u>	<u>\$ 181,956</u>
\$ -	\$ -	\$ 4,771
354	-	1,781
-	-	20,181
347	-	91,528
<u>701</u>	<u>0</u>	<u>118,261</u>
5,118	50	56,720
-	0	6,975
<u>5,118</u>	<u>50</u>	<u>63,695</u>
<u>\$ 5,819</u>	<u>\$ 50</u>	<u>\$ 181,956</u>

Village of Tangipahoa, Louisiana

Statement D

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

Fund Balances, Governmental Funds \$ 63,695

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 are therefore not reported in the governmental funds. These assets consist of:

Capital assets, net of depreciation 29,105

Net Assets, Governmental Activities \$ 92,800

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

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

Revenues	General Fund	Special Revenue	
		Sales Tax Fund	Cops Fines Fund
Taxes	\$ 16,479	\$ 57,412	\$ -
Licenses and Permits	27,349	-	-
Intergovernmental:			
Louisiana Beer Tax Distribution	2,468	-	-
Cops Universal Hiring Grant	-	-	43,725
Police Grant	2,569	-	-
Summer Food Service Grant	-	-	-
LCDBG Grant	-	-	-
Garbage Fees	-	19,286	-
Fines and Forfeits	65	-	7,708
Entergy Grant	250	-	-
Interest Income	-	252	-
Miscellaneous	935	-	-
Total Revenues	<u>50,115</u>	<u>76,950</u>	<u>51,433</u>
Expenditures			
General Government	26,281	-	-
Public Safety:			
Police Protection	39,017	-	44,410
Fire Protection	4,200	-	-
Streets	13,331	-	-
Sanitation	-	26,844	-
Health	-	-	-
Capital Outlay	4,275	-	-
Total Expenditures	<u>87,104</u>	<u>26,844</u>	<u>44,410</u>
Excess Revenues (Expenditures)	<u>-36,989</u>	<u>50,106</u>	<u>7,023</u>
Other Financing Sources (Uses)			
Operating Transfers In	22,832	-	-
Operating Transfers Out	-1,450	-43,059	-
Sales of Fixed Assets	403	-	-
Total Other Financing Sources (Uses)	<u>21,785</u>	<u>-43,059</u>	<u>0</u>
Net Change in Fund Balance	-15,204	7,047	7,023
Fund Balance, Beginning	50,851	4,859	3,951
Fund Balance, Ending	<u>\$ 35,647</u>	<u>\$ 11,906</u>	<u>\$ 10,974</u>

The accompanying notes are an integral part of these statements.

Statement E

Special Revenue	Capital Project		Total
Summer Feeding Fund	2003 LCDBG Fund	Other Fund	Governmental Funds
\$ -	\$ -	\$ -	73,891
-	-	-	27,349
-	-	-	2,468
-	-	-	43,725
-	-	-	2,569
13,692	-	-	13,692
-	17,860	-	17,860
-	-	-	19,286
-	-	-	7,773
-	-	-	250
-	-	-	252
-	-	-	935
<u>13,692</u>	<u>17,860</u>	<u>0</u>	<u>210,050</u>
-	-	10	26,291
-	-	-	83,427
-	-	-	4,200
-	-	-	13,331
-	-	-	26,844
14,856	-	-	14,856
-	17,860	-	22,135
<u>14,856</u>	<u>17,860</u>	<u>10</u>	<u>191,084</u>
<u>-1,164</u>	<u>0</u>	<u>-10</u>	<u>18,966</u>
1,450	-	-	24,282
-	-	-	-44,509
-	-	-	403
<u>1,450</u>	<u>0</u>	<u>0</u>	<u>-19,824</u>
286	0	-10	-858
4,832	50	10	64,553
<u>\$ 5,118</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 63,695</u>

Village of Tangipahoa, Louisiana

Statement F

Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2004

Net Change in Fund Balances, Governmental Funds \$ -858

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital outlay	22,135
Depreciation expense	-5,123

Change in Net Assets, Governmental Activities \$ 16,154

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Statement of Net Assets
Proprietary Funds
June 30, 2004

Statement G

	<u>Utility Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 157,597
Accounts Receivable, Net	22,885
Accrued Billings	11,814
Prepaid Insurance	6,600
Due From Other Funds	44,314
Total Current Assets	<u>243,210</u>
Restricted Assets:	
Cash and Cash Equivalents	23,083
Total Restricted Assets	<u>23,083</u>
Property, Plant and Equipment:	
Building	10,045
Utility Plant, In Service	1,777,976
Equipment	59,802
Accumulated Depreciation	-749,133
Net Property, Plant and Equipment	<u>1,098,690</u>
Total Assets	<u>1,364,983</u>
Liabilities	
Current Liabilities (Payable from Current Assets):	
Accounts Payable	4,563
Total Current Liabilities (Payable from Current Assets)	<u>4,563</u>
Current Liabilities (Payable from Restricted Assets):	
Customer Deposits	18,333
Total Current Liabilities (Payable from Restricted Assets)	<u>18,333</u>
Total Liabilities	<u>22,896</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	1,098,690
Restricted for Debt Service	4,750
Unrestricted	238,647
Total Net Assets	<u>\$ 1,342,087</u>

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Statement H

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2004

	Utility Fund
Operating Revenues	
Gas Sales	\$ 32,994
Less Cost of Gas Sold	-25,181
Gross Profit on Gas Sales	<u>7,813</u>
Water Sales	78,154
Sewerage Service Charges	28,555
Delinquent Charges	8,314
Rural Development Grant	2,277
Total Operating Revenues	<u>125,113</u>
Operating Expenses	
Gas Department	
Salaries	3,600
Temporary Office Help	347
Advertising	466
Bad Debt	2,688
Bank Charges	17
Depreciation	1,978
Dues	175
Drug Testing	470
Gas Leak Inspection	1,824
Insurance	2,391
Line Location	83
Office Supplies and Postage	802
Payroll Taxes	286
Professional Services	8,483
Operating Supplies, Repairs, and Maintenance	6,748
Travel	209
Truck and Tractor Expense	725
Utility Billing Fees	772
Total Operating Expenses - Gas	<u>32,064</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Statement H

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2004

Operating Expenses	<u>Utility Fund</u>
<i>Water Department</i>	
Salaries	\$ 3,600
Temporary Office Help	347
Bad Debt	1,104
Depreciation	11,545
Dues	985
Insurance	2,325
Office Supplies and Postage	742
Operating Supplies, Repairs, and Maintenance	5,592
Payroll Taxes	286
Professional Services	8,483
Travel	70
Truck and Tractor Expense	725
Utilities	7,677
Utility Billing Fees	772
Total Operating Expenses - Water	<u>44,253</u>
<i>Sewer Department</i>	
Salaries	17,352
Temporary Office Help	347
Bad Debt	1,008
Depreciation	29,674
Insurance	2,358
Lab Tests	1,020
Office Supplies and Postage	707
Operating Supplies, Repairs, and Maintenance	9,594
Payroll Taxes	1,296
Permits	743
Professional Services	8,333
Travel	70
Truck and Tractor Expense	2,920
Utilities	2,882
Utility Billing Fees	1,080
Total Operating Expenses - Sewer	<u>79,384</u>
Total Operating Expenses	<u>155,701</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Statement H

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

	Utility Fund
Operating Income (Loss)	\$ <u>-30,588</u>
Nonoperating Revenues (Expenses)	
Interest Income	838
Total Nonoperating Revenues (Expenses)	<u>838</u>
Income (Loss) Before Contributions and Transfers	<u>-29,750</u>
Contributions and Transfers	
Operating Transfers In - Sales Tax Fund	28,706
Operating Transfers Out - General Fund	<u>-8,479</u>
Total Contributions and Transfers	<u>20,227</u>
Change in Net Assets	-9,523
Net Assets, Beginning	<u>1,351,610</u>
Net Assets, Ending	\$ <u><u>1,342,087</u></u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Statement I

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004**

	<u>Utility Fund</u>
Cash Flows from Operating Activities	
Received From Customers	\$ 116,710
Received (Paid) for Meter Deposit Fees	1,301
Received (Paid) for Interfund Services	-21,208
Received (Paid) for Operations	-83,758
Payments to Employees	-24,552
Net Cash Provided (Used) by Operating Activities	<u>-11,507</u>
Cash Flows from Noncapital Financing Activities	
Operating Transfers In	28,706
Operating Transfers Out	-8,479
Net Cash Provided (Used) by Noncapital Financing Activities	<u>20,227</u>
Cash Flows from Capital and Related Financing Activities	
Paid for Capital Acquisitions	-11,894
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-11,894</u>
Cash Flows from Investing Activities	
Receipt of Interest	<u>838</u>
Net Cash Provided (Used) by Investing Activities	<u>838</u>
Net Increase (Decrease) in Cash	-2,336
Cash and Cash Equivalents, Beginning of Year	<u>183,016</u>
Cash and Cash Equivalents, End of Year	<u>\$ 180,680</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets	
Cash and Cash Equivalents, Unrestricted	\$ 157,597
Cash and Cash Equivalents, Restricted	<u>23,083</u>
Total Cash and Cash Equivalents	<u>\$ 180,680</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Statement I

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	<u>Utility Fund</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ -30,588
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
<i>Depreciation</i>	43,196
Change in Accounts Receivable	-2,863
Change in Prepaid Insurance	-739
Change in Accounts Payable	-449
Change in Accrued Expenses	-157
Change in Due From Other Funds	-21,208
Change in Customer Deposits	<u>1,301</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ -11,507</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

Village of Tangipahoa
Notes to the Financial Statements

As of and for the Year Ended June 30, 2004

Introduction

The Village of Tangipahoa was incorporated July 1, 1959, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government. The Mayor and each of the three aldermen are elected at large for a term of four years. The Village is located approximately 4 miles south of Kentwood, Louisiana, on Highway 51 east of Interstate 55. The total population of the Village of Tangipahoa, Louisiana is 747, as reported by the U.S. Census Bureau, Census 2000. The Village provides police protection services, services to maintain or develop streets, drainage, sanitation, support of recreational activities, general and administrative services, and utilities services for area residents. Utility services include water, sewer, and gas and are provided to a total of 296 water customers, 212 sewer customers and 55 gas customers. The Village employees 5 full-time employees and 1 part-time employee in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses have a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that is legally restricted to expenditures for specific purposes. For the fiscal year ending June 30, 2004, the Village elected to report all special revenue funds, including the *Sales Tax Fund*, *Cops Fines Fund*, and the *Summer Feeding Fund*, as major governmental funds.

The *Capital Project Fund* accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds. For the fiscal year ending June 30, 2004, the Village elected to report transactions of a Louisiana Community Development Block Grant (LCDBG) within the capital projects fund.

The Village reports the following major proprietary funds:

The *Enterprise Fund* accounts for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, 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.

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool and mutual funds consisting solely of government-backed securities.

Investments for the Village, as well as for its component units, are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between

Village of Tangipahoa, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
General Corporate Purposes	5.95	5.95
Fire Protection	6.46	6.46
Total	12.41	12.41

Two separate sales and use taxes are levied, each at one percent. The proceeds of the ad valorem taxes and the sales and use taxes are dedicated for general corporate purposes and for specific uses as detailed in *Footnote 3 - Levied Taxes*.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Cash held for customers' meter deposits has been set aside in separate cash accounts and is classified as a restricted asset on the balance sheet.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line basis over the following useful lives:

Buildings	15 - 30 Years
Improvements	20 - 45 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure	20 - 45 Years
Water Utility System	20 - 45 Years
Gas Utility System	20 - 45 Years
Sewer Utility System	20 - 45 Years

H. Compensated Absences

The Village of Tangipahoa's recognition and measurement criteria for compensated absences follows:

All regular employees of the Village of Tangipahoa earn one day of vacation leave and one day of sick leave each month. Vacation and sick leave must be used in the year earned.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

L. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and change in fund balance and the government-wide

2. Stewardship, Compliance and Accountability

The Village uses the following budget practices:

1. The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The following funds had expenditures over budgeted expenditures for the year ended June 30, 2004, which result in violations of the Local Government Budget Act:

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 77,000	\$ 79,000	\$ 87,104	\$ (8,104)
Sales Tax Fund	58,100	54,400	69,903	(15,503)
Summer Food Service	14,065	12,000	14,856	(2,856)

General Fund actual expenditures exceeded budgeted expenditures by \$8,104 (10.02%). The variance was due primarily to excess expenditures of \$4,917 for police department operating expenses and \$4,275 for police department capital expenditures. Actual expenditures in the Sales Tax Fund exceeded budgeted expenditures by \$15,503 (28.50%) due primarily to additional operating transfers for excess sales tax collections due the General Fund and Utility Fund. The variance of actual expenditures over budgeted expenditures of \$2,856 (23.80%) for the Summer Food Fund occurred primarily because of recording operating transfers of \$1,450 for General Fund expenditures paid on behalf of the Summer Food Program and the allocation of expenses between grant periods.

Management of the Village of Tangipahoa has stated that they will more closely monitor budget compliance on a monthly basis.

3. Levied Taxes

On May 3, 1972, the Village adopted Ordinance 62 authorizing the Village to levy a one-cent sales and use tax. The proceeds of this one cent sales and use tax, levied by the Village, are for the purposes of purchasing and/or constructing sewers, drains, drainage canals, pumping plants, sewerage disposal works, and all facilities necessary or convenient for the completion and maintenance of an adequate sewerage disposal system. In addition, the proceeds are for the purposes of acquiring necessary property, appurtenances, or equipment, or for any one or more of any such purposes, or for any other lawful corporate purpose in connection with the acquisition, construction, and/or maintenance of such a sewerage system.

On April 10, 1985, the Village adopted Ordinance 1 authorizing the collection of an additional one-cent sales tax. Up to 50% of the proceeds was restricted for the purpose of establishing the regular collection of garbage and refuse, and acquiring necessary equipment for the maintenance of such garbage system and the remainder of the proceeds is to be used for the purpose of constructing and improving streets and street lights and acquiring necessary equipment for the maintenance thereof.

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

On August 13, 2003, the Village adopted a resolution levying an ad valorem tax of 12.41 mills on the assessed valuation of all property subject to taxation within the Village for the year 2003. Of the 12.41 mills levied, 6.46 mills was dedicated to fire protection and 5.95 mills was dedicated to general corporate purposes.

For the year ending June 30, 2004, the Village assessed Entergy, Inc. and Charter Communications, Inc. public utilities franchise taxes totaling \$8,081 for the privilege of providing services to the Village's citizens.

4. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at June 30, 2004:

Demand Deposits	\$	245,947
Time Deposits		11,607
Louisiana Asset Management Pool		50,820
	\$	<u>308,374</u>

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

At June 30, 2004, the Village has \$265,911 in deposits (collected bank balances). These deposits are secured from risk by \$111,607 of federal deposit insurance and \$154,304 in pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

5. Investments

Investments are categorized into these three categories of credit risk:

1) Insured or registered, or securities held by the Village or its agent in the Village's name, 2) uninsured and unregistered, with securities held by the counter party's trust department or agent in the Village's name, or 3) uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Village's name.

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

All investments held by the Village fall into category I credit risk, defined as "insured or registered, or securities held by the Village of Tangipahoa or its agent in the Village of Tangipahoa's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

At fiscal year-end, the Village's investment balances were as follows:

	Carrying Amount	Fair Value
Time Deposits	\$ 11,607	11,607
Louisiana Asset Management Pool	50,820	50,820
	<u>\$ 62,427</u>	<u>\$ 62,427</u>

In accordance with GASB Codification Section 150.165, the investment in LAMP at June 30, 2004, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

6. Receivables

The following is a summary of governmental fund receivables at June 30, 2004:

	General Fund	Special Revenue Funds		Total
Taxes:				
Public Utility Franchise	\$ 1,645	\$ -	\$	1,645
Sales and Use	-	3,879		3,879
Intergovernmental:				
Summer Feeding Program		1,056		1,056
Louisiana Beer Tax Distribution	468	-		468
	\$ 2,113	\$ 4,935	\$	5,992

The following is a summary of enterprise fund accounts receivable at June 30, 2004:

Current	\$ 11,986
31 - 60 Days	6,755
61 - 90 Days	4,184
Over 90 Days	11,960
Subtotal	34,885
Less Allowance for Bad Debt	12,000
Accounts Receivable, Net	22,885
Accrued Billings	11,814
	\$ 34,699

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances reported in the fund financial statements on June 30, 2004:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 47,214	\$ 16,298
Special Revenue Fund	-	75,230
Capital Project Fund	-	-
Enterprise Fund	44,314	-
	\$ 91,528	\$ 91,528

8. Capital Assets

As a Phase III government (a government with annual revenues of less than \$10 million), the Village elected not to retroactively report infrastructure assets prior to implementation of GASB 34. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended June 30, 2004, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

Village of Tangipahoa, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

Capital assets and depreciation activity as of and for the year ended June 30, 2004 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 400	-	\$ -	\$ 400
Construction in Progress	-	17,860	-	17,860
Total Capital Assets Not Being Depreciated	<u>400</u>	<u>17,860</u>	<u>-</u>	<u>18,260</u>
Capital Assets Being Depreciated:				
Buildings	6,600	-	-	6,600
Furniture and Fixtures	4,213	-	-	4,213
Vehicles	16,110	2,500	3,010	15,600
Equipment	<u>32,122</u>	<u>1,775</u>	<u>-</u>	<u>33,897</u>
Total Capital Assets Being Depreciated	<u>59,045</u>	<u>4,275</u>	<u>3,010</u>	<u>60,310</u>
Less Accumulated Depreciation for:				
Buildings	6,600	-	-	6,600
Furniture and Fixtures	3,425	181	-	3,606
Vehicles	11,708	2,229	3,010	10,927
Equipment	25,619	2,713	-	28,332
Total Accumulated Depreciation	47,352	5,123	3,010	49,465
Capital Assets Being Depreciated, Net	<u>11,693</u>	<u>(848)</u>	<u>-</u>	<u>10,845</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,093</u>	<u>\$ 17,012</u>	<u>\$ -</u>	<u>\$ 29,105</u>

Depreciation was charged to governmental functions as follows:

General Administration	\$ 121
Police Protection	3,531
Public Works	<u>1,471</u>
	<u>\$ 5,123</u>

The Village has active construction projects of \$17,860 at June 30, 2004 consisting of initial costs for the Louisiana Community Development Block Grant (LCDBG) Program for Fiscal Year 2003 Wastewater Treatment Facility Improvements.

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

Capital assets and depreciation activity as of and for the year ended June 30, 2004 for business-type activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Buildings	\$ 10,045	\$ -	\$ -	\$ 10,045
Vehicles and Equipment	57,407	2,395	-	59,802
Water Utility System	883,508	-	-	883,508
Gas Utility System	36,339	9,500	-	45,839
Sewer Utility System	848,630	-	-	848,630
Total Capital Assets Being Depreciated	<u>1,835,929</u>	<u>11,895</u>	<u>-</u>	<u>1,847,824</u>
Less Accumulated Depreciation for:				
Buildings	6,723	459	-	7,182
Vehicles and Equipment	45,432	3,427	-	48,859
Water Utility System	291,341	19,770	-	311,111
Gas Utility System	28,280	683	-	28,963
Sewer Utility System	334,160	18,859	-	353,019
Total Accumulated Depreciation	<u>705,936</u>	<u>43,198</u>	<u>-</u>	<u>749,134</u>
Capital Assets Being Depreciated, Net	<u>1,129,993</u>	<u>(31,303)</u>	<u>-</u>	<u>1,098,690</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,129,993</u>	<u>\$ (31,303)</u>	<u>\$ -</u>	<u>\$ 1,098,690</u>

9. Accounts, Salaries, and Other Payables

The payables of \$11,115 at June 30, 2004 are as follows:

	General Fund	Special Revenue Funds	Proprietary Fund	Total
Accounts	\$ 4,046	\$ 725	\$ 4,563	\$ 9,334
Withholdings	810	971	-	1,781
	<u>\$ 4,856</u>	<u>1,696</u>	<u>4,563</u>	<u>11,115</u>

10. Intergovernmental Cooperative Agreement

On December 12, 1984, the Village entered into an agreement with the Tangipahoa Parish Council to allow the Parish Section 8 Program to operate within its corporate limits. The U.S. Department of Housing and Urban Development (HUD) allows these programs to operate within communities without such programs. The Village has attempted to find such assistance through federal and state rental subsidy programs, but has been turned down for such assistance because of its small size and the cut back in federal funding for housing.

Village of Tangipahoa, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

11. Short-Term Debt

The Village had no short-term debt outstanding at June 30, 2004, and had no short-term debt activity during the year then ended.

12. Restricted Assets - Enterprise Fund

Restricted assets were as follows at June 30, 2004:

Customers' Deposits	\$	23,083
	\$	<u>23,083</u>

13. Contingent Liabilities

At June 30, 2004, the Village is not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No. 5, and has not consulted a lawyer concerning litigation, claims, or assessments.

14. Sanitation Contract

The Village contracts with Waste Management, Inc. for the pickup and disposal of solid waste. Sales tax in the amount of ½ of 1% is dedicated to pay for the cost of this contract.

15. 2003 LCDBG Grant

The Village of Tangipahoa received a Louisiana Community Development Block Grant in the amount of \$441,981 for sewer improvements. On April 9, 2003, the Village received authorization to incur costs for planning and administration which includes the preparation of engineering plans and specifications and the environmental review record. At June 30, 2004, \$17,860 was incurred under this grant. On April 17, 2003, The Village of Tangipahoa entered into a contract with Spinks Construction, Inc. in the amount of \$338,000 for sewer improvement.

16. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on June 30, 2004:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 22,832	\$ 1,450
Special Revenue Funds	1,450	43,059
Enterprise Fund	<u>28,706</u>	<u>8,479</u>
	<u>\$ 52,988</u>	<u>\$ 52,988</u>

Village of Tangipahoa, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2004**

17. Reserved and Designated Fund Balances/Net Assets

At June 30, 2004, the sales tax fund recorded \$6,975 as reserved fund balance. The amount of \$6,975 represents excess sales tax collections (above expenditures for garbage collection) for the fiscal year ending June 30, 2004, that must be reserved for operation of the solid waste collection program. Since, as noted in *Footnote 3 - Levied Taxes*, these excess funds relate to a legal obligation to expend sales tax collections for the solid waste program, the amount of \$6,975 is also recorded within the government-wide Statement of Net Assets as restricted net assets.

At June 30, 2004, the proprietary fund had restricted net assets of \$4,750, representing the Village's funds restricted for customers for meter deposits, net of the related liability.

18. Risk Management

The Village is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Village purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Village's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

Supplemental Information Schedules
(Part II)

General Fund

The general operating fund of the Village accounts for all financial resources, except those required to be accounted for in other funds.

Village of Tangipahoa, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund
 For the Year Ended June 30, 2004

Revenues	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Taxes:				
Ad Valorem Taxes	\$ 9,000	\$ 8,200	\$ 8,398	\$ 198
Public Utility Franchise	7,500	7,000	8,081	1,081
Licenses and Permits:				
Business Privilege Licenses	21,500	21,700	24,655	2,955
Building Permits	2,100	2,800	2,694	-106
Intergovernmental:				
Louisiana Beer Tax Distribution	2,500	2,800	2,468	-332
Police Grant	2,000	300	2,569	2,269
Fines and Forfeits	2,500	100	65	-35
Entergy Grant	-	0	250	250
Other Revenues	200	1,400	935	-465
Total Revenues	<u>47,300</u>	<u>44,300</u>	<u>50,115</u>	<u>5,815</u>
Expenditures				
General and Administrative:				
Mayor's Salary	3,000	3,000	3,000	-
Per Diem - Aldermen	3,600	3,600	3,600	-
Animal Shelter	200	-	-	-
City Hall Maintenance	500	500	430	70
Coroner	200	0	100	-100
Dues & Subscriptions	500	600	535	65
Insurance	2,000	1,000	2,019	-1,019
Meetings, Conventions, & Travel	500	500	435	65
Office Supplies & Postage	3,000	2,800	2,850	-50
Official Journal	500	600	587	13
Other Expenditures	2,800	6,000	3,138	2,862
Park Expense	750	100	553	-453
Payroll Taxes, All Departments	1,500	0	1,783	-1,783
Tax Roll	400	400	376	24
Travel	750	1,600	1,428	172
Utilities and Telephone	5,000	5,600	5,447	153
Total General and Administrative	<u>25,200</u>	<u>26,300</u>	<u>26,281</u>	<u>19</u>

(Continued)

The accompanying notes are an integral part of these statements

Village of Tangipahoa, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Public Safety:				
Police Department:				
Salaries	\$ 16,800	\$ 16,800	\$ 16,800	\$ -
Auto	9,000	8,300	9,378	-1,078
Insurance	5,000	5,100	8,439	-3,339
Prisoner	-	0	234	-234
Repairs	200	500	979	-479
Supplies	2,500	300	399	-99
Telephone	2,500	1,500	1,374	126
Uniforms	-	0	509	-509
Other Expenditures	1,000	1,600	905	695
Total Police Department	<u>37,000</u>	<u>34,100</u>	<u>39,017</u>	<u>-4,917</u>
Fire Department	4,200	4,200	4,200	-
Total Public Safety	<u>41,200</u>	<u>38,300</u>	<u>43,217</u>	<u>-4,917</u>
Streets:				
Maintenance & Repairs	600	3,500	4,842	-1,342
Streets & Traffic Lights	9,000	10,900	8,489	2,411
Total Streets	<u>9,600</u>	<u>14,400</u>	<u>13,331</u>	<u>1,069</u>
Capital Outlay:				
General & Administration	500	-	-	-
Police Equipment	500	-	4,275	-4,275
Street Department	-	0	0	-
Total Capital Outlay	<u>1,000</u>	<u>0</u>	<u>4,275</u>	<u>-4,275</u>
Total Expenditures	<u>77,000</u>	<u>79,000</u>	<u>87,104</u>	<u>-8,104</u>
Excess Revenues (Expenditures)	<u>-29,700</u>	<u>-34,700</u>	<u>-36,989</u>	<u>-2,289</u>
Other Financing Sources (Uses)				
Operating Transfer In - Enterprise Fund	13,400	2,600	8,479	5,879
Operating Transfer In - Special Revenue Funds	16,500	9,000	14,353	5,353
Operating Transfer Out - Summer Food	-	-	-1,450	-1,450
Gain on Sale of Asset	-	-	403	403
Total Other Financing Sources (Uses)	<u>29,900</u>	<u>11,600</u>	<u>21,785</u>	<u>10,185</u>
Net Change in Fund Balance	200	-23,100	-15,204	7,896
Fund Balance, Beginning	<u>53,783</u>	<u>50,851</u>	<u>50,851</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 53,983</u>	<u>\$ 27,751</u>	<u>\$ 35,647</u>	<u>\$ 7,896</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Special Revenue Funds

COPS UHP Fund - To account for the Village's administration of its participation in the COPS Universal Hiring Program for law enforcement. Funding is received through the U.S. Department of Justice.

Sales Tax Fund - To account for the receipt and use of proceeds of the Village of Tangipahoa's 2% sales and use taxes.

The proceeds from the 1% sales and use tax are dedicated to purchasing and/or constructing sewers, drains, drainage canals, pumping plants, sewerage disposal works, and all facilities necessary or convenient for the implementation and maintenance of an adequate sewerage disposal system, the acquisition of necessary property, appurtenances or equipment, or for any other lawful corporate purpose in connection with acquisition, construction and/or maintenance of such a sewerage system.

The proceeds from the other 1% sales and use tax are dedicated for garbage collection and streets. Up to 50% of the proceeds are restricted for the purpose of establishing the regular collection of garbage and refuse, and acquiring necessary equipment for the maintenance of such garbage system, and the remainder of the proceeds is to be used for the purpose of constructing and improving streets and streetlights, and acquiring necessary equipment for the maintenance thereof.

Summer Food Service Program Fund - To account for the Village's administration of its participation in the Summer Food Service Program for children. Funding is received through Louisiana Department of Education, Bureau of Food and Nutrition Services.

Village of Tangipahoa, Louisiana

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Special Revenue Fund - Sales Tax Fund
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales Taxes	\$ 40,000	\$ 53,700	\$ 57,412	\$ 3,712
Garbage Fees	19,000	19,100	19,286	186
Interest	500	0	252	252
Total Revenues	<u>59,500</u>	<u>72,800</u>	<u>76,950</u>	<u>4,150</u>
Expenditures				
Garbage	<u>29,000</u>	<u>28,900</u>	<u>26,844</u>	<u>2,056</u>
Total Expenditures	<u>29,000</u>	<u>28,900</u>	<u>26,844</u>	<u>2,056</u>
Excess Revenues (Expenditures)	<u>30,500</u>	<u>43,900</u>	<u>50,106</u>	<u>6,206</u>
Other Financing Sources (Uses)				
Operating Transfer Out - Enterprise Fund	-20,600	-16,500	-28,706	-12,206
Operating Transfer Out - General Fund	<u>-8,500</u>	<u>-9,000</u>	<u>-14,353</u>	<u>-5,353</u>
Total Other Financing Sources (Uses)	<u>-29,100</u>	<u>-25,500</u>	<u>-43,059</u>	<u>-17,559</u>
Net Change in Fund Balance	1,400	18,400	7,047	-11,353
Fund Balance, Beginning	<u>364</u>	<u>4,859</u>	<u>4,859</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,764</u>	<u>\$ 23,259</u>	<u>\$ 11,906</u>	<u>\$ -11,353</u>

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 3

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Special Revenue Fund - Cops UHP Fund
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Fines	\$ 20,000	\$ 7,800	\$ 7,708	\$ -92
Universal Hiring Grant	35,000	41,600	43,725	2,125
Total Revenues	<u>55,000</u>	<u>49,400</u>	<u>51,433</u>	<u>2,033</u>
Expenditures				
Police Department	<u>44,200</u>	<u>43,200</u>	<u>44,410</u>	<u>-1,210</u>
Total Expenditures	<u>44,200</u>	<u>43,200</u>	<u>44,410</u>	<u>-1,210</u>
Excess Revenues (Expenditures)	<u>10,800</u>	<u>6,200</u>	<u>7,023</u>	<u>823</u>
Other Financing Sources (Uses)				
Operating Transfer Out - General Fund	<u>-8,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>-8,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	2,800	6,200	7,023	823
Fund Balance, Beginning	<u>-2,409</u>	<u>3,951</u>	<u>3,951</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 391</u>	<u>\$ 10,151</u>	<u>\$ 10,974</u>	<u>\$ 823</u>

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 4

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Special Revenue Fund - Summer Food Program
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Summer Food Service Grant	\$ 14,000	\$ 11,900	\$ 13,692	\$ 1,792
Total Revenues	<u>14,000</u>	<u>11,900</u>	<u>13,692</u>	<u>1,792</u>
Expenditures				
Bus Service	1,500	-	-	-
Disposal	100	200	160	40
Food Cost	5,300	4,500	4,233	267
Other	200	0	1,580	-1,580
Payroll & Taxes	5,350	4,600	6,386	-1,786
Rent	1,200	2,200	1,980	220
Travel	-	0	67	-67
Utilities	415	500	450	50
Total Expenditures	<u>14,065</u>	<u>12,000</u>	<u>14,856</u>	<u>-2,856</u>
Excess Revenues (Expenditures)	<u>-65</u>	<u>-100</u>	<u>-1,164</u>	<u>-1,064</u>
Other Financing Sources (Uses)				
Operating Transfer In - General Fund	-	0	1,450	1,450
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,450</u>	<u>1,450</u>
Net Change in Fund Balance	-	-100	286	386
Fund Balance, Beginning	<u>559</u>	<u>4,832</u>	<u>4,832</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 559</u>	<u>\$ 4,732</u>	<u>\$ 5,118</u>	<u>\$ 386</u>

The accompanying notes are an integral part of these statements.

Proprietary Fund

Enterprise Fund

To account for the provision of natural gas, water, sewer, and sewer disposal services to customers and residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, maintenance, financing and related debt service, and billing and collections.

Village of Tangipahoa, Louisiana

Schedule 5

Comparative Schedule of Net Assets
Proprietary Fund Type - Utility Fund
June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 157,597	\$ 161,206
Accounts Receivable, Net	22,885	20,603
Accrued Billings	11,814	11,233
Prepaid Insurance	6,600	5,860
Due From Other Funds	44,314	23,107
Total Current Assets	<u>243,210</u>	<u>222,009</u>
Restricted Assets:		
Cash and Cash Equivalents	<u>23,083</u>	<u>21,810</u>
Property, Plant and Equipment:		
Building	10,045	10,045
Utility Plant, In Service	1,777,976	1,768,477
Equipment	59,802	57,407
Accumulated Depreciation	<u>-749,133</u>	<u>-705,937</u>
Net Property, Plant and Equipment	<u>1,098,690</u>	<u>1,129,992</u>
Total Assets	<u>1,364,983</u>	<u>1,373,811</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	4,563	5,012
Sales Tax Payable	-	157
Total Current Liabilities (Payable From Current Assets)	<u>4,563</u>	<u>5,169</u>
Current Liabilities (Payable From Restricted Assets):		
Customer's Deposits	<u>18,333</u>	<u>17,032</u>
Total Liabilities	<u>22,896</u>	<u>22,201</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,098,690	1,129,992
Restricted for Debt Service	4,750	4,778
Unrestricted	238,647	216,840
Total Net Assets	<u>\$ 1,342,087</u>	<u>\$ 1,351,610</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 6

Comparative Schedule of Revenues, Expenses and Changes in Net Assets
 Proprietary Fund Type - Utility Fund
 For the Years Ended June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Operating Revenues		
Gas Sales	\$ 32,994	\$ 33,104
Less Cost of Gas Sold	-25,181	-20,288
<i>Gross Profit in Gas Sales</i>	7,813	12,816
Water Sales	78,154	75,406
Sewerage Service Charges	28,555	28,531
Delinquent Charges	8,314	7,365
Rural Development Grant	-	12,000
Connection Fees	2,100	-
Other	177	-
Total Operating Revenues	125,113	136,118
Operating Expenses		
Gas Department		
Salaries	3,600	3,600
<i>Temporary Office Help</i>	347	855
Advertising	466	64
Bad Debt	2,688	799
Bank Charges	17	19
Depreciation	1,978	1,636
Dues	175	10
Drug Testing	470	396
Gas Leak Inspection	1,824	1,750
Insurance	2,391	1,512
Line Location	83	90
Office Supplies and Postage	802	673
Payroll Taxes	286	286
Professional Services	8,483	6,000
<i>Operating Supplies, Repairs, and Maintenance</i>	6,748	9,300
Travel	209	43
Truck and Tractor Expense	725	667
Utility Billing Fees	772	923
Total Operating Expenses - Gas	32,064	28,623

(Continued)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 6

Comparative Schedule of Revenues, Expenses and Changes in Net Assets
 Proprietary Fund Type - Utility Fund
 For the Years Ended June 30, 2004 and 2003

Operating Expenses	Enterprise Fund	
	2004	2003
Water Department		
Salaries	\$ 3,600	\$ 3,600
Temporary Office Help	347	856
Bad Debt	1,104	1,820
Depreciation	11,545	21,205
Dues	985	996
Insurance	2,325	1,512
Office Supplies and Postage	742	672
Operating Supplies, Repairs, and Maintenance	5,592	5,029
Payroll Taxes	286	286
Professional Services	8,483	5,800
Travel	70	-
Truck and Tractor Expense	725	667
Utilities	7,677	6,413
Utility Billing Fees	772	923
Total Operating Expenses - Water	<u>44,253</u>	<u>49,779</u>
Sewer Department		
Salaries	17,352	16,800
Temporary Office Help	347	900
Bad Debt	1,008	689
Depreciation	29,674	20,021
Dues	-	10
Insurance	2,358	1,512
Lab Tests	1,020	1,144
Office Supplies and Postage	707	724
Operating Supplies, Repairs, and Maintenance	9,594	12,302
Payroll Taxes	1,296	1,596
Permits	743	728
Professional Services	8,333	5,800
Travel	70	56
Truck and Tractor Expense	2,920	715
Utilities	2,882	3,326
Utility Billing Fees	1,080	923
Total Operating Expenses - Sewer	<u>79,384</u>	<u>67,246</u>
Total Operating Expenses	<u>155,701</u>	<u>145,648</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 6

Comparative Schedule of Revenues, Expenses and Changes in Net Assets
 Proprietary Fund Type - Utility Fund
 For the Years Ended June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Operating Income (Loss)	\$ <u>-30,588</u>	\$ <u>-9,530</u>
Nonoperating Revenues (Expenses)		
Interest Income	<u>838</u>	<u>892</u>
Total Nonoperating Revenues (Expenses)	<u>838</u>	<u>892</u>
Income (Loss) Before Contributions and Transfers	<u>-29,750</u>	<u>-8,638</u>
Contributions and Transfers		
Operating Transfers In - Capital Projects Fund	-	428,492
Operating Transfers In - Sales Tax Fund	28,706	19,625
Operating Transfers Out - General Fund	<u>-8,479</u>	<u>-7,307</u>
Total Contributions and Transfers	<u>20,227</u>	<u>440,810</u>
Change in Net Assets	-9,523	432,172
Net Assets, Beginning	1,351,610	909,818
Prior Period Adjustment	-	9,620
Net Assets, Ending	\$ <u>1,342,087</u>	\$ <u>1,351,610</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 7

Comparative Schedule of Cash Flows
 Proprietary Fund Type - Utility Fund
 For the Years Ended June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Cash Flows from Operating Activities		
Received From Customers	\$ 116,710	\$ 157,196
Payments for Meter Deposit Fees	1,301	-1,175
Payments for Interfund Services	-21,208	-9,984
Payments for Operations	-83,758	-93,738
Payments to Employees	-24,552	-28,936
Net Cash Provided (Used) by Operating Activities	<u>-11,507</u>	<u>23,363</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers In	28,706	19,625
Operating Transfers Out	-8,479	-7,307
Net Cash Provided (Used) by Noncapital Financing Activities	<u>20,227</u>	<u>12,318</u>
Cash Flows from Capital and Related Financing Activities		
Paid for Capital Acquisitions	-11,894	-15,695
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-11,894</u>	<u>-15,695</u>
Cash Flows from Investing Activities		
Receipt of Interest	838	892
Net Cash Provided (Used) by Investing Activities	<u>838</u>	<u>892</u>
Net Increase (Decrease) in Cash	-2,336	20,878
Cash and Cash Equivalents, Beginning of Year	<u>183,016</u>	<u>162,138</u>
Cash and Cash Equivalents, End of Year	<u>\$ 180,680</u>	<u>\$ 183,016</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and Cash Equivalents, Unrestricted	\$ 157,597	\$ 161,206
Cash and Cash Equivalents, Restricted	23,083	21,810
Total Cash and Cash Equivalents	<u>\$ 180,680</u>	<u>\$ 183,016</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 7

Comparative Schedule of Cash Flows
 Proprietary Fund Type - Utility Fund
 For the Years Ended June 30, 2004 and 2003

	Enterprise Fund	
	2004	2003
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ -30,588	\$ -9,530
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	43,196	42,862
Change in Accounts Receivable	-2,863	790
Change in Prepaid Insurance	-739	298
Change in Accounts Payable	-449	259
Change in Accrued Expenses	-157	-157
Change in Due To Other Funds	-	-3,268
Change in Due From Other Funds	-21,208	-6,716
Change in Customer Deposits	1,301	-1,175
Net Cash Provided (Used) by Operating Activities	\$ <u>-11,507</u>	\$ <u>23,363</u>

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 8

Schedule of Revenues, Expenses, and Changes in Net Assets
Budget (GAAP Basis) and Actual - Proprietary Fund Type
For the Year Ended June 30, 2004

	Enterprise Fund			
	2004		Variance: Favorable (Unfavorable)	2003
	Budget	Actual		Actual
Operating Revenues				
Gas Sales	\$ 34,400	\$ 32,994	\$ -1,406	\$ 33,104
Less Cost of Gas Sold	-26,300	-25,181	1,119	-20,288
Gross Profit on Gas Sales	8,100	7,813	-287	12,816
Water Sales	76,500	78,154	1,654	75,406
Sewer Service Charges	29,000	28,555	-445	28,531
Delinquent Charges	8,800	8,314	-486	7,365
Connection Fees	1,700	2,100	400	-
Other	200	177	-23	12,000
Total Operating Revenues	124,300	125,113	813	136,118
Operating Expenses				
Gas Department				
Salaries	3,600	3,600	-	3,600
Temporary Office Help	300	347	-47	855
Advertising	475	466	9	64
Bad Debt	1,100	2,688	-1,588	799
Bank Charges	25	17	8	19
Depreciation	1,700	1,978	-278	1,636
Dues	200	175	25	10
Drug Testing	500	470	30	396
Gas Leak Inspection	1,750	1,824	-74	1,750
Insurance	1,300	2,391	-1,091	1,512
Line Location	100	83	17	90
Office Supplies and Postage	700	802	-102	673
Payroll Taxes	300	286	14	286
Professional Services	7,500	8,483	-983	6,000
Operating Supplies, Repairs, & Maint.	5,650	6,748	-1,098	9,300
Travel	200	209	-9	43
Truck and Tractor Expense	600	725	-125	667
Utility Billing Fees	800	772	28	923
Total Operating Expenses - Gas	26,800	32,064	-5,264	28,623

(Continued)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 8

Schedule of Revenues, Expenses, and Changes in Net Assets
Budget (GAAP Basis) and Actual - Proprietary Fund Type
For the Year Ended June 30, 2004

	Enterprise Fund			
	2004		Variance: Favorable (Unfavorable)	2003
	Budget	Actual		Actual
Operating Expenses				
Water Department				
Salaries	\$ 3,600	\$ 3,600	\$ -	\$ 3,600
Temporary Office Help	300	347	-47	856
Bad Debt	1,100	1,104	-4	1,820
Depreciation	21,300	11,545	9,755	21,205
Dues	1,100	985	115	996
Insurance	1,200	2,325	-1,125	1,512
Office Supplies and Postage	700	742	-42	672
Operating Supplies, Repairs, & Maint.	5,700	5,592	108	5,029
Payroll Taxes	300	286	14	286
Professional Services	7,500	8,483	-983	5,800
Travel	100	70	30	-
Truck and Tractor Expense	600	725	-125	667
Utilities	8,400	7,677	723	6,413
Utility Billing Fees	800	772	28	923
Total Operating Expenses - Water	<u>52,700</u>	<u>44,253</u>	<u>8,447</u>	<u>49,779</u>
Sewer Department				
Salaries	17,400	17,352	48	16,800
Temporary Office Help	300	347	-47	900
Bad Debt	1,100	1,008	92	689
Depreciation	20,100	29,674	-9,574	20,021
Dues	-	-	-	10
Insurance	1,300	2,358	-1,058	1,512
Lab Tests	1,000	1,020	-20	1,144
Office Supplies and Postage	700	707	-7	724
Operating Supplies, Repairs, & Maint.	8,700	9,594	-894	12,302
Payroll Taxes	1,300	1,296	4	1,596
Permits	900	743	157	728
Professional Services	7,400	8,333	-933	5,800
Travel	100	70	30	56
Truck and Tractor Expense	3,000	2,920	80	715
Utilities	4,200	2,882	1,318	3,326
Utility Billing Fees	800	1,080	-280	923
Total Operating Expenses - Sewer	<u>68,300</u>	<u>79,384</u>	<u>-11,084</u>	<u>67,246</u>
Total Operating Expenses	<u>147,800</u>	<u>155,701</u>	<u>-7,901</u>	<u>145,648</u>
Operating Income (Loss)	<u>-23,500</u>	<u>-30,588</u>	<u>-7,088</u>	<u>-9,530</u>

(Continued)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 8

Schedule of Revenues, Expenses, and Changes in Net Assets
 Budget (GAAP Basis) and Actual - Proprietary Fund Type
 For the Year Ended June 30, 2004

	Enterprise Fund			
	2004		Variance: Favorable (Unfavorable)	2003
	Budget	Actual		Actual
Nonoperating Revenues (Expenses)				
Interest Income	\$ 0	\$ 838	\$ 838	\$ 892
Total Nonoperating Revenues (Expenses)	0	838	838	892
Income (Loss) Before				
Contributions and Transfers	-23,500	-29,750	-6,250	-8,638
Contributions and Transfers				
Operating Transfers In - Sales Tax Fund	15,600	28,706	13,106	19,625
Operating Transfers Out - General Fund	-2,600	-8,479	-5,879	-7,307
Total Contributions and Transfers	13,000	20,227	7,227	12,318
Change in Net Assets	\$ -10,500	\$ -9,523	\$ 977	\$ 3,680

(Concluded)

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 9

Utility Rate Schedule
Proprietary Fund Type - Utility System
June 30, 2004

Water	\$	22.00	Flat Monthly Rate
Sewer	\$	11.50	Flat Monthly Rate
Garbage	\$	6.50	Flat Monthly Rate
Gas	\$	8.50	1 to 500 MCF
	\$	10.34	Over 500 MCF

The accompanying notes are an integral part of these statements.

Village of Tangipahoa, Louisiana

Schedule 10

Schedule of Compensation Paid Elected Officials
Year Ended June 30, 2004

Per Deim Payments	Term	Compensation Received FYE 6/30/04
		\$
James Fultz, Mayor Post Office Box 156 Tangipahoa, La 70465 (985) 229-6663	01/01/01 to 12/31/04	3,000
Eddie Myers, Mayor Pro-Tem Post Office Box 128 Tangipahoa, La 70465 (985) 229-2692	01/01/01 to 12/31/04	1,200
Mary McLeary, Alderwomen Post Office Box 14 Tangipahoa, La 70465 (985) 229-5327	01/01/01 to 12/31/04	1,200
Brenda V. Nevel, Alderwomen Post Office Box 133 Tangipahoa, La 70465 (985) 229-2422	01/01/01 to 12/31/04	1,200
Richard F. Banks, Police Chief Post Office Box 131 Tangipahoa, La 70465	01/01/01 to 12/31/04	16,800
		<u>23,400</u>
		<u>\$ 23,400</u>

The accompanying notes are an integral part of these statements.

William R. Durden
Certified Public Accountant

820 11th Avenue
Franklinton, Louisiana 70438
(985)839-4413
Fax (985)839-4402

Member
A.i.c.p.a.

member
I.c.p.a.

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

The Honorable Mayor, C. James Fultz
and the Board of Aldermen
Village of Tangipahoa, Louisiana

I have audited the basic financial statements of the Village of Tangipahoa, Louisiana, as of and for the year ended June 30, 2004, and have issued my report thereon dated December 6, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Tangipahoa, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, which noncompliance with could have a direct and material effect on the determination of financial statement amounts. However; providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying *Summary Schedule of Prior Year Audit Findings* as Reference Number 2002-C2, and Reference Number 2002-F1, and in the accompanying *Corrective Action Plan for Current Year Audit Findings* as Reference Number 2004-C1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Tangipahoa, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to a material weakness.

William R. Durden
Certified Public Accountant

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member
l.c.p.a.

Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended solely for the information and use of the Mayor and Board of Aldermen of the Village of Tangipahoa, Louisiana, the State of Louisiana Legislative Auditor, and the Federal Cognizant Agent. However, this report is a matter of public record, and its distribution is not limited.



William R. Durden
William R. Durden
Certified Public Accountant

December 6, 2004

Village of Tangipahoa
Tangipahoa, Louisiana

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2004

Section I-Internal Control and Compliance Material to the Financial Statements:

Reference Number: 2002-C2

Description of Finding:

During the audits of the years ending June 30, 2003 and June 30, 2002, it was noted that the Village of Tangipahoa had several related party transactions. These transactions are listed as follows:

1. The Village's General Fund contained purchases of office supplies, such as, cleaning supplies and coffee from a local store owned by the mayor's brother. These purchases totaled \$1,121 for 2002, \$837 for 2003, and \$237 for 2004.
2. The Village's Summer Food Program paid the chief of police for the use of his school bus to transport children for the program. These payments totaled \$1,450 for 2002, and \$1,450 for 2003.

Corrective Action Planned (Response by Management):

We will no longer purchase items from the store belonging to the mayor's brother. Payments made to the chief of police from the Village's Summer Food Program were made before we were made aware that this was unallowable. These payments have been discontinued and will not occur in the future.

Corrective Action Taken: Final

The Village ceased purchasing items from the store owned by the mayor's brother in November 2003, and did not make any additional purchases through the end of the fiscal year. The Village's Summer Food Program did not pay the chief of police, for use of his school bus to transport children for the program, during the fiscal year that ended June 30, 2004. The Village reached a settlement with the State of Louisiana and reimbursed the state \$1,450

Section II-Internal Control and Compliance Material to Federal Awards:

Reference Number: 2002-F1

Description of Finding:

The finding for the fiscal year ended June 30, 2002, applied to a non-major program, U.S. Department of Justice Public Safety and Community Policing Grants (CFDA 16.710). For the fiscal year ended June 30, 2002, total funds received to-date were \$83,500, with eligible expenditures for the project totaling only \$39,586, resulting in deferred revenue of \$43,914.

(continued)

Village of Tangipahoa
Tangipahoa, Louisiana

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2004

For the fiscal year ended June 30, 2003, total funds received to-date were \$107,500 with eligible expenditures for the project totaling only \$81,709 resulting in deferred revenue of 25,791. For the fiscal year ended June 30, 2004, funds received to-date totaled \$145,615 with eligible expenditures to-date totaled \$125,434 resulting in deferred revenue of \$20,181. This program is funded on an expenditure reimbursement basis, therefore funds were requested in excess of actual expenditures in each of the three fiscal years.

Corrective Action Planned (Response by Management):

The Village will complete this grant during the fiscal year ending June 30, 2005. Funds yet to be received for the grant at June 30, 2004 are \$205. We will expense \$20,386 during the fiscal year ending June 30, 2005; therefore matching receipts with expenditures.

Corrective Action Taken: Partial

Additional Description of Corrective Action Taken:

Corrective action is listed as partial, pending final accounting of grant expenditures during the fiscal year ending June 30, 2005

(Concluded)

Village of Tangipahoa
Tangipahoa, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2004

Section I-Internal Control and Compliance Material to the Financial Statements:

Reference Number: 2004-C1

Description of Findings:

The Village failed to properly amend their budget for the fiscal year ended June 30, 2004. Actual expenditures in the general fund exceeded budget amounts by 12%, actual expenditures in the sales tax fund exceeded budget amounts by 29%, and actual expenditures in the summer feeding program exceeded budget amounts by 24%.

Corrective Action Planned (Response by Management):

We amended our budget but failed to take into consideration year-end adjustments that had to be made prior to compiling the financial statements. We will review our budget/actual expenditure schedule during the year and have our accountant (Bruce Harrell & Co. CPAs) prepare adjustments prior to preparing the final amended budget.

Section II – Internal Control and Compliance Material to Federal Awards:

There were no Section II findings.

Section III – Management Letter:

Reference Number: 2004-M1.

Description of Finding:

The Village failed to properly monitor utility accounts receivable and at June 30, 2004 accounts over 90 days past due exceeded 34% of total accounts receivable.

Corrective Action Planned (Response by Management):

We have instituted the following collection procedures:

Accounts 30-day past due will be sent a notice that their services will be disconnected within 10 days unless payment is received at City Hall.

Cut-off day established and services will be disconnected if payment is not received by cut-off date.

Re-connect fee has been increased from \$10 to \$25 as an additional incentive to pay promptly, and partial payments are not accepted.

(Continued)

Village of Tangipahoa
Tangipahoa, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2004

Corrective Action Taken: Partial

Corrective action is listed as partial until delinquent accounts are substantially reduced.

Reference Number: 2004 - M2

Description of Findings:

Village of Tangipahoa had excess gas losses or unaccounted for gas purchases during the fiscal year ended June 30, 2004. Unaccounted for gas purchases totaled \$4,977 (762 mcf's), which represents 19.77% of total gas purchases.

Corrective Action Planned (Response by Management):

We will commence a program of upgrading or replacing gas meters in our distribution system and perform repairs as indicated on our leak survey.

Corrective Action Taken: Partial

Corrective action listed as partial until gas losses can b substantially reduced.

Reference Number: 2004 – M3

Description of Findings:

Village does not have adequate accounting of police ticket books. Police Chief issues the ticket books to patrolmen but tickets received by the town clerk are not reconciled to insure all tickets are accounted for.

Corrective Action Planned (Response by Management):

In the future the town clerk will reconcile tickets received for payment of fines with ticket books issued by the police chief. Any tickets not accounted for as issued, or voided, will have written explanation of the ticket's disposition provided by the police chief.

Corrective Action Taken: Partial

Corrective action listed as partial until verification is received that the tickets are being Reconciled.

(Concluded)