

TOWN OF CLARKS
Clarks, Louisiana

Annual Financial Statements

As of and for the Year Ended
June 30, 2004

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

Release Date 2-2-05

TOWN OF CLARKS
Clarks, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2004

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TOWN OF CLARKS
Clarks, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2004

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

Accountant's Compilation Report

MAYOR AND BOARD OF ALDERMEN
TOWN OF CLARKS
Clarks, Louisiana

I have compiled the accompanying basic financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Town of Clarks as of June 30, 2004, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

I am not independent with respect to the Town of Clarks for the year ended June 30, 2004.

Carleen Dumas

Calhoun, Louisiana
December 28, 2004

TOWN OF CLARKS
CLARKS, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

Our discussion and analysis of Town of Clarks' (hereafter referred to as the Town) financial performance provides an overview of the town's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Town's financial statements that begin on page 10.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 10 through 12 provide information about the activities of the Town as a whole. Fund financial statements begin on page 13. For governmental activities, these statements provide information on how the general activities of the Town are financed in the short term as well as what remains for future spending. Fund financial statements report the Town's operations in more detail than the government-wide statements.

Reporting the Town as a Whole - The Statement of Net Assets and the Statement of Activities

Our analysis of the Town as a whole begins on page 10 with the Statement of Net Assets and on page 11 with the Statement of Activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net assets* and the changes in them. Net assets - the difference between assets (what the Town owns) and liabilities (what the Town owes) is a way to measure the financial position of the Town. Over time, increases or decreases in the Town's net assets are an indicator of whether the Town's financial position is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the Town is divided into two kinds of activities:

Governmental activities - all of the Town's governmental services are reported here including police and fire protection and general administration.

Business-type activities - the Town's water and sewer systems are reported here.

TOWN OF CLARKS
Clarks, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

Reporting the Town's Funds - Fund Financial Statements

Our analysis of the Town's funds begin on page 13 . The fund financial statements provide more detailed information about the Town's funds. The Town's two kinds of funds - governmental and business-type funds use different accounting methods.

Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future. The differences between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds are reported in a reconciliation at the bottom of the fund financial statements.

Business-type activities funds are reported in the same way that the activities are reported in the Statement of Net Assets and the Statement of Activities.

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

Government-Wide

The Town's total net assets decreased by \$115,698 during the year ended June 30, 2004. The decrease in net assets is primarily due to the Town's water and sewer system revenues being inadequate to cover the cost of operating the water and sewer system, including depreciation. Depreciation expense for the year for the business-type activities was \$104,215. The following presents an analysis of net assets and changes in net assets of the Town's governmental and business-type activities:

TOWN OF CLARKS
Clarks, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2004	2003	2004	2003	2004	2003
Assets						
Current assets	\$5,194	\$10,234	\$24,737	\$34,759	\$29,931	\$44,993
Capital assets	<u>509,600</u>	<u>520,213</u>	<u>1,447,682</u>	<u>1,551,897</u>	<u>1,957,282</u>	<u>2,072,110</u>
Total assets	<u>514,794</u>	<u>530,447</u>	<u>1,472,419</u>	<u>1,586,656</u>	<u>1,987,213</u>	<u>2,117,103</u>
Liabilities						
Current liabilities	2,818	2,540	18,630	26,007	21,448	28,547
Long-term liabilities	<u>65,390</u>	<u>72,483</u>			<u>65,390</u>	<u>72,483</u>
Total liabilities	<u>68,208</u>	<u>75,023</u>	<u>18,630</u>	<u>26,007</u>	<u>86,838</u>	<u>101,030</u>
Net Assets						
Invested in capital assets, net of related debt	444,210	447,730	1,447,682	1,551,897	1,891,892	1,999,627
Unrestricted	<u>2,376</u>	<u>7,694</u>	<u>6,107</u>	<u>8,752</u>	<u>8,483</u>	<u>16,446</u>
Total net assets	<u>446,586</u>	<u>455,424</u>	<u>1,453,789</u>	<u>1,560,649</u>	<u>1,900,375</u>	<u>2,016,073</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2004	2003	2004	2003	2004	2003
Program revenues						
Charges for services	\$18,338	\$15,940	\$109,519	\$102,924	\$127,857	\$118,864
Operating grants	3,600	31,625			3,600	31,625
General revenues						
Property taxes	5,600	4,675			5,600	4,675
Franchise taxes	6,417	13,865			6,417	13,865
Sales taxes	2,216	4,090			2,216	4,090
Occupational licenses	6,264	4,202			6,264	4,202
Investment earnings	35	73	86	341	121	414
Other	7,693	2,444			7,693	2,444
Transfers	<u>33,500</u>	<u>31,700</u>	<u>(33,500)</u>	<u>(31,700)</u>		
Total revenue and transfers	<u>83,663</u>	<u>108,614</u>	<u>76,105</u>	<u>71,565</u>	<u>159,768</u>	<u>180,179</u>
Program expenses						
General government	92,501	103,685			92,501	103,685
Water and sewer			182,965	199,197	182,965	199,197
Total expenses	<u>92,501</u>	<u>103,685</u>	<u>182,965</u>	<u>199,197</u>	<u>275,466</u>	<u>302,882</u>
Change in net assets	(8,838)	4,929	(106,860)	(127,632)	(115,698)	(122,703)
Net assets - beginning	<u>455,424</u>	<u>450,495</u>	<u>1,560,649</u>	<u>1,688,281</u>	<u>2,016,073</u>	<u>2,138,776</u>
Net assets - ending	<u>\$446,586</u>	<u>\$455,424</u>	<u>\$1,453,789</u>	<u>\$1,560,649</u>	<u>\$1,900,375</u>	<u>\$2,016,073</u>

TOWN OF CLARKS
Clarks, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

The Town's total revenues decreased \$20,411 in 2004 primarily due to receiving less in federal grants. Total expenses decreased \$27,416 in 2004 to an overall decrease in spending levels for the Town due to a deteriorating financial condition.

Governmental Funds

The revenue from governmental activities decreased \$24,951 from governmental revenues of the prior year due to a decrease in federal grants. The street improvement project being accounted for in the LCDBG Capital Projects Fund was completed during the year ended June 30, 2003.

Business-Type Activities

Revenues of the Water Enterprise Fund and Sewer Enterprise Fund increased \$6,595 from the prior year due to a water rate increase in May 2004 and increased collection efforts. Expenses decreased \$16,232 from the prior year amounts.

OVERALL FINANCIAL POSITION

The Town's net assets decreased \$115,698 as a result of this year's operations. Unrestricted net assets (those assets available to finance the daily operations of the Town) were \$8,483 at year end. The amount invested in capital assets, net of related debt was \$1,891,892 at year end.

TOWN'S FUNDS

At the end of the year, the Town's General Fund reported an unreserved fund balance of \$2,376. The decrease in unreserved fund balance for 2004 was \$5,318. The Water Enterprise Fund reported a deficit in unrestricted net assets of \$4,733 at year end. The decrease in net assets was \$49,922 for 2004. The Sewer Enterprise Fund reported unrestricted net assets of \$10,840 at year end. The decrease in net assets was \$56,938 for 2004. These decreases in net assets were a result of revenues being insufficient to cover the cost of operations including depreciation.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town did not amend its General Fund budget during the year ended June 30, 2004. At year end, actual revenues and other financing sources were \$5,935 more than budgeted revenues and other financing sources. Actual General Fund expenditures were \$11,766 more than budgeted expenditures. The Town prepares its General Fund budget on the modified accrual basis of accounting.

TOWN OF CLARKS
Clarks, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the Town had capital assets (net of accumulated depreciation) totaling \$1,957,282. Capital assets include the water and sewer systems and improvements, street improvements, land, buildings, and equipment and vehicles, costing \$500 or more. The Town's only additions during the year were the purchase of equipment in the General Fund for \$4,595. Additional information about the Town's capital assets is presented in Note 5 to the financial statements.

Debt

At year end the Town had an obligation under a capital lease for \$65,390. Additional information about the Town's debt is presented in Notes 7 and 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town prepared its 2005 General Fund budget on the assumption that revenues and expenditures will remain fairly constant next year. The Town expects its Water Enterprise Fund revenues to increase in 2005 due to a rate increase that went into effect in May 2004. The revenues and expenses of the Sewer Enterprise Fund are expected to remain fairly constant for the year ending June 30, 2005.

BASIC FINANCIAL STATEMENTS

TOWN OF CLARKS
Clarks, Louisiana

STATEMENT OF NET ASSETS
June 30, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash	\$1,412	\$6,425	\$7,837
Receivables (net of allowances for uncollectibles)	3,782	18,312	22,094
Capital assets (net)	<u>509,600</u>	<u>1,447,682</u>	<u>1,957,282</u>
TOTAL ASSETS	<u>514,794</u>	<u>1,472,419</u>	<u>1,987,213</u>
LIABILITIES			
Accounts payable	2,818	8,231	11,049
Customer deposits		10,399	10,399
Capital lease payable	<u>65,390</u>		<u>65,390</u>
TOTAL LIABILITIES	<u>68,208</u>	<u>18,630</u>	<u>86,838</u>
NET ASSETS			
Invested in capital assets, net of related debt	444,210	1,447,682	1,891,892
Unrestricted	<u>2,376</u>	<u>6,107</u>	<u>8,483</u>
TOTAL NET ASSETS	<u><u>\$446,586</u></u>	<u><u>\$1,453,789</u></u>	<u><u>\$1,900,375</u></u>

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

	..Program Revenues..		Charges		Net (Expense) Revenue and	
	Expenses	Services	Operating Grants	Governmental Activities	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
General government	\$92,501	\$18,338	\$3,600	(\$70,563)		(\$70,563)
BUSINESS-TYPE ACTIVITIES:						
Water and sewer service	182,965	109,519			(\$73,446)	(73,446)
Total government	<u>\$275,466</u>	<u>\$127,857</u>	<u>\$3,600</u>	<u>(70,563)</u>	<u>(73,446)</u>	<u>(144,009)</u>
GENERAL REVENUES:						
Property taxes			5,600			5,600
Franchise taxes			6,417			6,417
Sales taxes			2,216			2,216
Occupational licenses			6,264			6,264
Investment earnings			35		86	121
Other revenues			7,693			7,693
Transfers			33,500		(33,500)	
Total general revenues and transfers			<u>61,725</u>		<u>(33,414)</u>	<u>28,311</u>

(Continued)

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
 Clarks, Louisiana
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2004

	Net (Expense) Revenue and		
	Program Revenues... Charges for	Operating Governmental Activities	Business- Type Activities
Expenses	Services	Grant	Total
..Program Revenues... Charges for	Operating Governmental Activities	Business- Type Activities	Total
	(\$8,838)	(\$106,860)	(\$115,698)
	455,424	1,560,649	2,016,073
	<u>\$446,586</u>	<u>\$1,453,789</u>	<u>\$1,900,375</u>

CHANGE IN NET ASSETS
 NET ASSETS - BEGINNING
 NET ASSETS - ENDING

(Concluded)

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2004

	<u>GENERAL FUND</u>
ASSETS	
Cash	\$1,412
Receivable	<u>3,782</u>
TOTAL ASSETS	<u><u>\$5,194</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities - accounts payable	\$2,818
Fund balance - unreserved	<u>2,376</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$5,194</u></u>
 Reconciliation of the Balance Sheet of Governmental Fund To the Statement of Net Assets:	
Fund balance - unreserved - General Fund	\$2,376
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	509,600
Capital lease payable is not due and payable in the current period and, therefore, is not reported in the fund	<u>(65,390)</u>
Net assets of governmental activities (Statement A)	<u><u>\$446,586</u></u>

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2004

	<u>GENERAL FUND</u>
REVENUES	
Taxes:	
Property	\$5,600
Sales	2,216
Franchise	6,417
Occupational licenses	6,264
Fire protection fees	10,117
Intergovernmental - state funds	3,600
Use of money and property:	
Interest earnings	35
Rent	5,655
Other revenues	<u>11,181</u>
Total revenues	<u>51,085</u>
EXPENDITURES	
General government - current:	
Personal services and related benefits	21,220
Operating services	44,773
Materials and supplies	7,228
Capital outlay	4,595
Debt service	<u>12,087</u>
Total expenditures	<u>89,903</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(38,818)
OTHER FINANCING SOURCES	
Transfers in	<u>33,500</u>
NET CHANGE IN FUND BALANCE	(5,318)
FUND BALANCE AT BEGINNING OF YEAR	<u>7,694</u>
FUND BALANCE AT END OF YEAR	<u><u>\$2,376</u></u>

(Continued)

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
 Clarks, Louisiana
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2004

GENERAL
 FUND

**Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance of Governmental Funds to
 the Statement of Activities:**

Net change in fund balances - Total Governmental Funds	(\$5,318)
Amount reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(9,690)
A loss on the disposition of equipment is reported in the statement of activities.	(923)
The repayment of the principal of long-term debt consumes current financial resources of governmental funds; however, this transaction has no effect on net assets. This amount is the effect of this difference in the treatment of long-term debt.	<u>7,093</u>
Change in net assets of governmental activities (Statement B)	<u><u>(\$8,838)</u></u>

(Concluded)

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

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

	...Enterprise Funds...		Total
	Water	Sewer	Enterprise
	Fund	Fund	Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash	\$537	\$5,888	\$6,425
Accounts receivable (net of allowance for doubtful accounts)	<u>12,239</u>	<u>6,073</u>	<u>18,312</u>
Total current assets	12,776	11,961	24,737
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	<u>616,292</u>	<u>831,390</u>	<u>1,447,682</u>
Total assets	<u>629,068</u>	<u>843,351</u>	<u>1,472,419</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,110	1,121	8,231
Customer deposits	<u>10,399</u>	<u> </u>	<u>10,399</u>
Total liabilities	<u>17,509</u>	<u>1,121</u>	<u>18,630</u>
NET ASSETS (Deficit)			
Invested in capital assets	616,292	831,390	1,447,682
Unrestricted	<u>(4,733)</u>	<u>10,840</u>	<u>6,107</u>
Total net assets	<u>\$611,559</u>	<u>\$842,230</u>	<u>\$1,453,789</u>

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

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

	..Enterprise Funds..		Total
	Water	Sewer	Enterprise
	Fund	Fund	Funds
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Service fees	\$72,172	\$37,347	\$109,519
OPERATING EXPENSES			
Salaries	15,675	8,475	24,150
Payroll taxes	771	362	1,133
Utilities	10,579	10,190	20,769
Labor	960		960
Materials and supplies	7,196	5,990	13,186
Repairs and maintenance	8,937	5,724	14,661
Office expense	1,372		1,372
Postage	602		602
Sales tax	641		641
Miscellaneous	901	375	1,276
Depreciation	45,016	59,199	104,215
Total operating expenses	<u>92,650</u>	<u>90,315</u>	<u>182,965</u>
OPERATING INCOME (Loss)	<u>(20,478)</u>	<u>(52,968)</u>	<u>(73,446)</u>
NON-OPERATING REVENUE (Expenses)			
Interest income	56	30	86
Operating transfers out	(29,500)	(4,000)	(33,500)
Total non-operating revenues (expenses)	<u>(29,444)</u>	<u>(3,970)</u>	<u>(33,414)</u>
CHANGE IN NET ASSETS	(49,922)	(56,938)	(106,860)
NET ASSETS - BEGINNING	<u>661,481</u>	<u>899,168</u>	<u>1,560,649</u>
NET ASSETS - ENDING	<u>\$611,559</u>	<u>\$842,230</u>	<u>\$1,453,789</u>

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2004

	..Enterprise Funds..		Total
	Water	Sewer	Enterprise
	Fund	Fund	Funds
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$67,995	\$38,364	\$106,359
Customer deposit receipts, net	(94)		(94)
Payments to suppliers	(33,385)	(26,555)	(59,940)
Payments to employees	<u>(15,675)</u>	<u>(8,475)</u>	<u>(24,150)</u>
Net cash provided by operating activities	18,841	3,334	22,175
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers out	(29,500)	(4,000)	(33,500)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>56</u>	<u>30</u>	<u>86</u>
NET DECREASE IN CASH	(10,603)	(636)	(11,239)
CASH AT BEGINNING OF YEAR	<u>11,140</u>	<u>6,524</u>	<u>17,664</u>
CASH AT END OF YEAR	<u><u>\$537</u></u>	<u><u>\$5,888</u></u>	<u><u>\$6,425</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	<u>(\$20,478)</u>	<u>(\$52,968)</u>	<u>(\$73,446)</u>
Adjustments:			
Depreciation	45,016	59,199	104,215
(Increase) decrease in accounts receivable	(2,234)	1,017	(1,217)
Decrease in customer deposits	(94)		(94)
Decrease in accounts and taxes payable	<u>(3,369)</u>	<u>(3,914)</u>	<u>(7,283)</u>
Total adjustments	<u>39,319</u>	<u>56,302</u>	<u>95,621</u>
Net cash provided by operating activities	<u><u>\$18,841</u></u>	<u><u>\$3,334</u></u>	<u><u>\$22,175</u></u>

See accompanying notes and accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

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

INTRODUCTION

The Town of Clarks is governed by the mayor-board of aldermen form of government. The aldermen receive a \$30 per diem for attending each regular and special meeting. The town provides public safety, public works, and general government services to its residents. The town has a full-time clerk, an elected Chief of Police and one other employee.

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 Town of Clarks 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 municipality 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. The town has no component units.

I. 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 activities of the Town of Clarks. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

See accountant's compilation report.

TOWN OF CLARKS
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and business-type activities funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**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 business-type 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. 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, revenues are considered 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 judgements, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and charges for services 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. All other revenue items are considered to be measurable and available only when cash is received by the town.

The Town of Clarks reports the following governmental funds:

General Fund

The General fund is the general operating fund of the town and accounts for all financial resources of the general government.

See accountant's compilation report.

TOWN OF CLARKS
Notes to the Financial Statements

The Town of Clarks reports the following business-type activity funds:

Water Enterprise Fund

The Water Enterprise Fund accounts for the operations of the town's water system.

Sewer Enterprise Fund

The Sewer Enterprise Fund accounts for the operations of the town's sewer system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and business-type activities 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 the same limitation. The town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided and operating grants. General revenues include all taxes, occupational licenses, interest, and other miscellaneous revenue.

Business-type activities 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 the fund's ongoing operations. The Water Enterprise Fund and Sewer Enterprise Fund's operating revenues consist of charges for water and sewer sales. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Deposits

The town's cash consists of interest-bearing demand deposits. State law allows the town to invest in collateralized certificates of deposits, government-backed securities,

See accountant's compilation report.

TOWN OF CLARKS
Notes to the Financial Statements

commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables

All receivables are generally shown net of an allowance for uncollectible amounts. The allowance for uncollectibles in the Water Enterprise Fund is based on a historical collection rate.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended June 30, 2004, the town levied 6.33 mills for operations of the General Fund.

The town receives a pro-rata share of a one-fourth of one percent parishwide (excluding the Town of Columbia) sales tax approved by the voters in Caldwell Parish on October 19, 1985 for fire protection in the parish. The sales tax is collected by the police jury and remitted to the town net of its pro-rata share of the cost of collection.

E. Capital Assets

Capital assets, which include land, buildings, street improvements, the water and sewer systems and improvements, and vehicles and equipment 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. Approximately 98 percent of the town's capital assets have been capitalized at cost and the remaining 2 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Town of Clarks maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

	<u>Estimated Lives</u>
Infrastructure - water and sewer system and improvements	25 years
Infrastructure - street improvements	40 years
Buildings	25 years
Vehicles and equipment	5-15 years

See accountant's compilation report.

F. Long-Term Obligations

In the government-wide financial statements long-term debt is reported as a liability in the applicable governmental activities and business-type activities statement of net assets.

G. 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 a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At June 30, 2004, the town's governmental fund balances were unreserved and undesignated.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

A. Budget Information

The Town of Clarks uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen in June each year. The budget is legally adopted by the board of aldermen at the June board meeting and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There were no budget amendments during the year ended June 30, 2004.

B. Excess of Expenditures Over Appropriations

The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2004:

See accountant's compilation report.

TOWN OF CLARKS
Notes to the Financial Statements

	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	<u>\$78,137</u>	<u>\$78,137</u>	<u>\$89,903</u>	<u>\$11,766</u>

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2004, the town has cash (book balances) as follows:

Checking accounts	<u>\$7,837</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 deposits are secured from risk by federal deposit insurance.

4. RECEIVABLES

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

	General Fund	Water Enterprise Fund	Sewer Enterprise Fund	Total
Sales taxes	\$168			\$168
Accounts		\$15,728	\$6,073	21,801
Other	3,614			3,614
Allowance for doubtful accounts	<u>NONE</u>	<u>(3,489)</u>	<u>NONE</u>	<u>(3,489)</u>
Total	<u>\$3,782</u>	<u>\$12,239</u>	<u>\$6,073</u>	<u>\$22,094</u>

5. CAPITAL ASSETS

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

	Balance at July 1, 2003	Increases	Decreases	Balance at June 30, 2004
Governmental activities:				
Capital assets not being depreciated:				

See accountant's compilation report.

TOWN OF CLARKS
Notes to the Financial Statements

	Balance at July 1, 2003	Increases	Decreases	Balance at June 30, 2004
Land	<u>\$1,700</u>			<u>\$1,700</u>
Capital assets being depreciated:				
Buildings	\$61,000			\$61,000
Street improvements	338,007			338,007
Vehicles and equipment	168,867	\$4,595	(\$1,360)	172,102
Total capital assets being depreciated	<u>567,874</u>	<u>4,595</u>	<u>(1,360)</u>	<u>571,109</u>
Less accumulated depreciation for:				
Buildings	9,150	1,525		10,675
Street improvements	1,408	1,409		2,817
Vehicles and equipment	38,803	11,352	(438)	49,717
Total accumulated depreciation	<u>49,361</u>	<u>14,286</u>	<u>(438)</u>	<u>63,209</u>
Total assets being depreciated, net	<u>\$518,513</u>	<u>(\$9,691)</u>	<u>(\$922)</u>	<u>\$507,900</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	<u>\$1,500</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,500</u>
Capital assets being depreciated:				
Water system and improvements	\$1,093,199			\$1,093,199
Sewer system and improvements	1,479,988			1,479,988
Equipment	12,735			12,735
Total capital assets being depreciated	<u>2,585,922</u>	<u>NONE</u>	<u>NONE</u>	<u>2,585,922</u>
Less accumulated depreciation for:				
Water system and improvements	442,221	\$43,728		485,949

See accountant's compilation report.

TOWN OF CLARKS
Notes to the Financial Statements

	Balance at July 1, 2003	Increases	Decreases	Balance at June 30, 2004
Sewer system and improvements	\$589,398	\$59,199		\$648,597
Equipment	3,906	1,288		5,194
Total accumulated depreciation	<u>1,035,525</u>	<u>104,215</u>	NONE	<u>1,139,740</u>
Total capital assets being depreciated, net	<u>\$1,550,397</u>	<u>(\$104,215)</u>	NONE	<u>\$1,446,182</u>

Depreciation expense of \$14,286 for the year ended June 30, 2004 was charged to the general government governmental function.

6. INTERFUND TRANSFERS

The following is a summary of interfund transfers during the year ended June 30, 2004:

	Transfer In	Transfer Out
General Fund	\$33,500	
Water Enterprise Fund		\$29,500
Sewer Enterprise Fund		4,000
Total	<u>\$33,500</u>	<u>\$33,500</u>

The transfers were made to pay operating expenses of the General Fund.

7. CAPITAL LEASE

The town records assets acquired through capital leases as an asset and an obligation in the accompanying financial statements. On September 18, 2000, the town entered into a capital lease agreement for a fire truck. The lease has an original recorded amount of \$85,326. Lease payments are made from the General Fund. The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments, as of June 30, 2004:

December 2, 2004	\$12,087
December 2, 2005	12,087
December 2, 2006	12,087
December 2, 2007	12,087

See accountant's compilation report.

TOWN OF CLARKS
Notes to the Financial Statements

December 2, 2008	\$12,087
December 2, 2009 - 2010	<u>24,174</u>
Total lease payments	84,609
Less amount representing interest	<u>(19,219)</u>
Present value of net minimum lease payments	<u>\$65,390</u>

8. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (capital lease payable) transactions for the year ended June 30, 2004:

Capital lease payable at July 1, 2003	\$72,483
Additions	NONE
Reductions	<u>(7,093)</u>
Capital lease payable at June 30, 2004	<u>\$65,390</u>

9. RISK MANAGEMENT

The town purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

**10. ON-BEHALF PAYMENTS
FOR SALARIES**

During the year ended June 30, 2004, the town police chief received supplemental compensation in the amount of \$3,600, from the Louisiana Department of Public Safety. In accordance with GASB Statement 24 that amount has been reported as intergovernmental revenue and personal services expenditures in the General Fund in the accompanying financial statements.

See accountant's compilation report.

REQUIRED SUPPLEMENTAL INFORMATION

See accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2004

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$5,500	\$5,500	\$5,600	\$100
Sales	4,000	4,000	2,216	(1,784)
Franchise	9,000	9,000	6,417	(2,583)
Occupational licenses	4,500	4,500	6,264	1,764
Intergovernmental revenue - state grants	6,100	6,100	3,600	(2,500)
Fire protection fees	11,500	11,500	10,117	(1,383)
Rent	5,000	5,000	5,655	655
Investment earnings	50	50	35	(15)
Other revenue	3,000	3,000	11,181	8,181
Total revenues	<u>48,650</u>	<u>48,650</u>	<u>51,085</u>	<u>2,435</u>
EXPENDITURES				
General government:				
Personal services	21,250	21,250	21,220	30
Operating services	30,800	30,800	44,773	(13,973)
Materials and supplies	13,000	13,000	7,228	5,772
Debt service	12,087	12,087	12,087	
Capital outlay	1,000	1,000	4,595	(3,595)
Total expenditures	<u>78,137</u>	<u>78,137</u>	<u>89,903</u>	<u>(11,766)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(29,487)	(29,487)	(38,818)	(9,331)
OTHER FINANCING SOURCES				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>33,500</u>	<u>3,500</u>
NET CHANGE IN FUND BALANCE	513	513	(5,318)	(5,831)
FUND BALANCE AT BEGINNING OF YEAR	<u>2,465</u>	<u>2,465</u>	<u>7,694</u>	<u>5,229</u>
FUND BALANCE AT END OF YEAR	<u><u>\$2,978</u></u>	<u><u>\$2,978</u></u>	<u><u>\$2,376</u></u>	<u><u>(\$602)</u></u>

There were no budget amendments during the year ended June 30, 2004.

See accountant's compilation report.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 2004

COMPENSATION PAID ALDERMEN

The schedule of per diem paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government personal services expenditures of the General Fund. Aldermen receive a per diem of \$30 for attending each regular meeting.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 3.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 4.

See accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

Schedule of Per Diem Paid Aldermen
For the Year Ended June 30, 2004

Murphy Ballard	\$150
Brian Brooks	90
Toby Esters	360
Fred Grant	90
Phyllis Holmes	360
Shannon Laffoon	<u>210</u>
Total	<u>\$1,260</u>

See accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2004

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
Procedure 7	2003	Need to Comply with Local Budget Act	No	See Current Year Findings

See accountant's compilation report.

TOWN OF CLARKS
Clarks, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2004

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 7	Actual General Fund expenditures exceeded budgeted expenditures by \$11,766 or 13%.	The clerk will monitor the budget for 2005 and will notify the mayor when actual expenditures exceed budgeted expenditures.	Marilyn Franklin, Mayor	06/30/05
	The annual financial report was not submitted to the Legislative Auditor within six months of the end of the fiscal year.	The financial records will be maintained in a manner that will allow the financial report to be completed and submitted to the Legislative Auditor within six months of the end of the fiscal year.	Marilyn Franklin, Mayor	06/30/05

See accountant's compilation report.

HILL, INZINA & COMPANY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Aldermen
Town of Clarks, Louisiana
Clarks, Louisiana

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

Our applied procedures, together with any findings, follow:

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).
 - Our review of cash disbursement journals revealed no individual expenditure for materials and supplies exceeding \$20,000 and no individual expenditure for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

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

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Telephone 318-281-4492 • Fax 318-281-4087

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.
 - Management provided the required information. One employee included on the employees listing provided by management in agreed-upon procedure (3) appeared on the listings provided by management in agreed-upon procedure (2). Per our conversation with an attorney at Louisiana Board of Ethics, the Town's clerk being the spouse of an alderman was not in violation of state statutes as the Town's clerk had been continuously employed for more than one year upon the spouse being elected to serve as an alderman. As of the date of this report, this clerk was no longer employed by the Town.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.
6. Trace the budget adoption and amendments to the minute book.
7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.
 - Management provided a copy of the original budget that no amendments were made during the year. We traced the adoption of the budget to the minutes of a meeting held on June 12, 2003, which indicated that the budget was adopted by the Alderman of the Town by a unanimous vote.
 - We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year exceeded budgeted revenues but actual expenditures of \$89,903 for the year exceeded budgeted amounts of \$78,137 by \$11,766 or 15.06%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee; (b) determine if payments were properly coded to the correct fund and general ledger account; and (c) determine whether payments received approval from proper authorities.
 - We examined supporting documentation for six randomly selected disbursements and found that the payments were for the proper amounts and made to the correct payees; were properly coded to the correct fund and general ledger accounts; and received approval from the full Board of Aldermen.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the open meetings law).
 - The Town is only required to post a notice of each meeting and the accompanying agenda on the door of the Town's meeting location. Management has asserted that such documents were properly posted.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.
 - We scanned cash receipt journals for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.
 - A reading of the minutes of the Town for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

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

This report is intended solely for the use of management of Town of Clarks, Louisiana, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


January 5, 2005

Cindy Haynes, CPa
Hill, Inzina, & Co., CPAs
P.O. Box 631
Bastrop, LA 71221-0631

Ms. Haynes:

In connection with your compilation of the financial statements of the Village of Clarks as of June 30, 2004 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of 12/22/04.

PUBLIC BID LAW

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No [] N/A []

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No [] N/A []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No [] N/A []

BUDGETING

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No [] N/A []

ACCOUNTING AND REPORTING

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No [] N/A []

We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes [] No [] N/A []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No [] N/A []

MEETINGS

We have complied with the provisions of the Opening Meetings Law, provided in LSA-RS 42:1-12.

Yes [] No [] N/A []

DEBT

It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 -1410.65.

Yes [] No [] N/A []

ADVANCES AND BONUSES

It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known non-compliance which may occur subsequent to the issuance of your report.

M. J. Trakler 12/22/04
Mayor Date