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ANNUAL FINANCIAL REPORT
OF THE
TOWN OF LEONVILLE, LOUISIANA
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

RICHARD C. URBAN
CERTIFIED PUBLIC ACCOUNTANT

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RICHARD C. URBAN

CERTIFIED PUBLIC ACCOUNTANT

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

INDEPENDENT AUDITOR'S REPORT

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To the Mayor and Board of Aldermen
Town of Leonville, Louisiana

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leonville, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2004, on our consideration of the Town of Leonville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Leonville, Louisiana's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The accompanying supplemental information statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town of Leonville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Richard C. Urban, CPA

Opelousas, Louisiana
December 28, 2004

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

TOWN OF LEONVILLE, LOUISIANA
STATEMENT OF NET ASSETS -
June 30, 2004

ASSETS	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
Cash and cash equivalents	\$ 22,297	\$ 148,934	\$ 171,231
Receivables (net of allowances for uncollectibles)	18,546	93,319	111,865
Unbilled service revenue		24,724	24,724
Other assets	1,377	1,885	3,262
Restricted assets		29,283	29,283
Capital assets (net)	<u>163,777</u>	<u>6,888,050</u>	<u>7,051,827</u>
 TOTAL ASSETS	 <u>205,997</u>	 <u>7,186,195</u>	 <u>7,392,192</u>
 LIABILITIES			
Accounts, salaries , and other payables	\$ 4,369	\$ 23,966	\$ 28,335
Payable from restricted assets		11,810	11,810
Matured bonds and interest payable	<u>-</u>	<u>1,190,355</u>	<u>1,190,355</u>
 TOTAL LIABILITIES	 <u>4,369</u>	 <u>1,226,131</u>	 <u>1,230,500</u>
 NET ASSETS			
Invested in capital assets, net of related debt	163,777	5,777,682	5,941,459
Unrestricted	<u>37,851</u>	<u>182,382</u>	<u>220,233</u>
 TOTAL NET ASSETS	 <u>201,628</u>	 <u>5,960,064</u>	 <u>6,161,692</u>

The accompanying notes are an integral part of this statement.

TOWN OF LEONVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2004

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Primary government:					
Governmental activities:					
General government	\$ 54,678	\$	\$	\$ 53,500	\$(1,178)
Public safety:					
Police	117,190	18,084	16,891		(82,215)
Public services - street	<u>12,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,275)</u>
Total governmental activities	<u>184,143</u>	<u>18,084</u>	<u>16,891</u>	<u>53,500</u>	<u>(95,668)</u>
Business-type activities:					
Gas utilities	118,276	117,600			(676)
Water utilities	548,781	596,454			47,673
Sewer utilities	<u>218,218</u>	<u>86,942</u>	<u>-</u>	<u>-</u>	<u>(131,276)</u>
Total business-type activities	<u>885,275</u>	<u>800,996</u>	<u>-</u>	<u>-</u>	<u>(84,279)</u>
Total primary government	<u>\$1,069,418</u>	<u>\$819,080</u>	<u>\$ 16,891</u>	<u>\$ 53,500</u>	<u>\$(179,947)</u>

The accompanying notes are an integral part of this statement.

	<u>Governmental</u> <u>Activities</u>	<u>Primary Government</u> <u>Business-type</u> <u>Activities</u>	<u>Total</u>
Change in net assets:			
Net (expense) revenue	\$(95,668)	\$(84,279)	\$(179,947)
General revenues:			
Taxes:			
Franchise fees	34,168		34,168
Licenses and permits	15,507		15,507
Intergovernmental	18,305		18,305
Miscellaneous	2,724		2,724
Interest income		1,102	1,102
Transfers	<u>116,000</u>	<u>(116,000)</u>	<u>-</u>
Total general revenues and transfers	<u>186,704</u>	<u>(114,898)</u>	<u>71,806</u>
Change in net assets	91,036	(199,177)	(108,141)
Net assets - beginning	<u>110,592</u>	<u>6,159,241</u>	<u>6,269,833</u>
Net assets - ending	<u><u>201,628</u></u>	<u><u>5,960,064</u></u>	<u><u>6,161,692</u></u>

FUND FINANCIAL STATEMENTS

TOWN OF LEONVILLE, LOUISIANA
BALANCE SHEET, GOVERNMENTAL FUNDS
June 30, 2004

	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 22,297	\$ 22,297
Franchise fees receivable	4,997	4,997
Other assets	1,377	1,377
Due from other governments	<u>13,549</u>	<u>13,549</u>
Total assets	<u><u>42,220</u></u>	<u><u>42,220</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts, salaries and other payables	<u>4,369</u>	<u>4,369</u>
Total liabilities	<u><u>4,369</u></u>	<u><u>4,369</u></u>
Fund balances:		
Unreserved, reported in:		
General fund	<u>37,851</u>	<u>37,851</u>
Total fund balances	<u><u>37,851</u></u>	<u><u>37,851</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>42,220</u></u>	 <u><u>42,220</u></u>

See accompanying notes to financial statements.

**TOWN OF LEONVILLE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE GOVERNMENT-WIDE
FINANCIAL STATEMENT OF NET ASSETS
June 30, 2004**

Amounts reported for governmental activities in the Statement of Net
Assets are different because:

Fund Balances, Total Governmental Funds	\$ 37,851
Capital assets of \$143,700, net of accumulated depreciation of (\$81,702), are not financial resources and, therefore, are not reported in the funds.	<u>163,777</u>
Net Assets of Governmental Activities	<u><u>\$ 201,628</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF LEONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2004**

	<u>General</u>	Total Governmental Funds
<u>REVENUES</u>		
Licenses and permits	\$ 15,507	\$ 15,507
Franchise fees	34,168	34,168
Fines and forfeits	18,084	18,084
Intergovernmental	88,697	88,697
Other	<u>2,724</u>	<u>2,724</u>
Total Revenues	<u>159,180</u>	<u>159,180</u>
<u>EXPENDITURES</u>		
General government	50,666	50,666
Public safety:		
Police	109,241	109,241
Public services - street	12,275	12,275
Capital outlay	<u>101,778</u>	<u>101,778</u>
Total Expenditures	<u>273,960</u>	<u>273,960</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,780)	(114,780)
<u>OTHER FINANCING SOURCES</u>		
<u>(USES)</u>		
Transfers in	<u>116,000</u>	<u>116,000</u>
Total Other Financing Sources and (Uses)	<u>116,000</u>	<u>116,000</u>
Net Change in Fund Balance	1,220	1,220
Fund balances - beginning	<u>36,631</u>	<u>36,631</u>
Fund balances - ending	<u><u>37,851</u></u>	<u><u>37,851</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF LEONVILLE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2004**

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,220

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense. This is the amount by which capital outlays
of \$101,778 exceeded depreciation of \$(11,962) in the
current period.

89,816

Change in net assets of governmental activities \$ 91,036

The accompanying notes are an integral part of this statement.

TOWN OF LEONVILLE, LOUISIANA
STATEMENT OF NET ASSETS, PROPRIETARY FUNDS
June 30, 2004

ASSETS	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Current Assets:				
Cash and cash equivalents	\$ 79,199	\$ 34,825	\$ 34,910	\$ 148,934
Accounts receivable, net	71,141	12,422	9,756	93,319
Unbilled service revenue	20,279	1,771	2,674	24,724
Other assets	1,600	285		1,885
Restricted assets	<u>-</u>	<u>12,876</u>	<u>16,407</u>	<u>29,283</u>
Total Current Assets	<u>172,219</u>	<u>62,179</u>	<u>63,747</u>	<u>298,145</u>
Non-Current Assets:				
Capital assets (net of accumulated depreciation)	<u>1,315,677</u>	<u>378,394</u>	<u>5,193,979</u>	<u>6,888,050</u>
Total Non-Current Assets	<u>1,315,677</u>	<u>378,394</u>	<u>5,193,979</u>	<u>6,888,050</u>
 TOTAL ASSETS	 <u>1,487,896</u>	 <u>440,573</u>	 <u>5,257,726</u>	 <u>7,186,195</u>
 LIABILITIES				
Current liabilities:				
Accounts, salaries, and other payables	<u>13,331</u>	<u>4,047</u>	<u>6,588</u>	<u>23,966</u>
Total Current Liabilities	<u>13,331</u>	<u>4,047</u>	<u>6,588</u>	<u>23,966</u>
Current Liabilities Payable from Restricted Assets (Customer deposits)	<u>-</u>	<u>11,810</u>	<u>-</u>	<u>11,810</u>
Non-Current Liabilities:				
Revenue bonds	<u>-</u>	<u>-</u>	<u>1,190,355</u>	<u>1,190,355</u>
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>1,190,355</u>	<u>1,190,355</u>
 NET ASSETS				
Invested in capital assets, net of related debt	946,057	607,840	4,223,785	5,777,682
Restricted for debt service				
Unrestricted (deficit)	<u>528,508</u>	<u>(183,124)</u>	<u>(163,002)</u>	<u>182,382</u>
 TOTAL NET ASSETS	 <u>\$ 1,474,565</u>	 <u>\$ 424,716</u>	 <u>\$ 4,060,783</u>	 <u>\$5,960,064</u>

The accompanying notes are an integral part of this statement.

TOWN OF LEONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS, PROPRIETARY FUNDS
Year Ended June 30, 2004

Operating Revenues	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Charges for services:				
Gas sales	\$	\$ 114,600	\$	\$ 114,600
Water sales	567,959			567,959
Sewer charges			82,410	82,410
Penalties and late fees	18,519			18,519
Other income	<u>9,976</u>	<u>3,000</u>	<u>4,532</u>	<u>17,508</u>
Total Operating Revenues	<u>596,454</u>	<u>117,600</u>	<u>86,942</u>	<u>800,996</u>
 Operating Expenses				
Cost of sales and services		72,637		72,637
Administration	488,519	28,299	45,945	562,763
Depreciation	<u>60,262</u>	<u>17,340</u>	<u>118,728</u>	<u>196,330</u>
Total Operating Expenses	<u>548,781</u>	<u>118,276</u>	<u>164,673</u>	<u>831,730</u>
 Operating Income (Loss)	<u>47,673</u>	(676)	(77,731)	(30,734)
 Nonoperating Revenues (Expenses)				
Interest earnings	451	315	336	1,102
Interest expense	<u>-</u>	<u>-</u>	(53,545)	(53,545)
Total Nonoperating Revenue (Expenses)	<u>451</u>	<u>315</u>	(53,209)	(52,443)
 Income (Loss) Before Contributions And Transfers	48,124	(361)	(130,940)	(83,177)
 Transfers In			20,000	20,000
Transfers Out	(100,000)	(36,000)	-	(136,000)
	<u>(100,000)</u>	<u>(36,000)</u>	<u>20,000</u>	<u>(116,000)</u>
 Change in Net Assets	(51,876)	(36,361)	(110,940)	(199,177)
 Total Net Assets, Beginning	<u>1,526,441</u>	<u>461,077</u>	<u>4,171,723</u>	<u>6,159,241</u>
Total Net Assets, Ending	<u>1,474,565</u>	<u>424,716</u>	<u>4,060,783</u>	<u>5,960,064</u>

The accompanying notes are an integral part of this statement.

TOWN OF LEONVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2004

	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 601,056	\$ 115,081	\$ 87,730	\$803,867
Payments to suppliers	(248,210)	(90,123)	(43,142)	(381,475)
Payments to employees	(252,473)	(8,428)	-	(260,901)
Net Cash Provided by Operating Activities	<u>100,373</u>	<u>16,530</u>	<u>44,588</u>	<u>161,491</u>
Cash Flows From NonCapital Financing Activities				
Cylinder deposits	400			400
Transfers from other funds			20,000	20,000
Transfers to other funds	(100,000)	(36,000)	-	(136,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(99,600)</u>	<u>(36,000)</u>	<u>20,000</u>	<u>(115,600)</u>
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(41,674)		(6,760)	(48,434)
Principal paid on capital debt			(12,589)	(12,589)
Interest paid on capital debt			(53,545)	(53,545)
Contributed capital	27,300			27,300
Customer deposits		825		825
Reserve account requirements	-	-	(7,408)	(7,408)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(14,374)</u>	<u>825</u>	<u>(80,302)</u>	<u>(93,851)</u>
Cash Flows From Investing Activities				
Interest received	<u>451</u>	<u>315</u>	<u>336</u>	<u>1,102</u>
Net Cash Provided (Used) by Investing Activities	<u>451</u>	<u>315</u>	<u>336</u>	<u>1,102</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,150)	(18,330)	(15,378)	(46,858)
Cash and Cash Equivalents, Beginning of Year	<u>92,349</u>	<u>53,155</u>	<u>50,288</u>	<u>195,792</u>
Cash and Cash Equivalents, End of Year	<u>79,199</u>	<u>34,825</u>	<u>34,910</u>	<u>148,934</u>

The accompanying notes are an integral part of this statement.

	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 47,673	\$(676)	\$(77,731)	\$(30,734)
Depreciation expense	60,262	17,340	118,728	196,330
(Increase) decrease in accounts receivable	5,631	(2,697)	812	3,746
(Increase) decrease in unbilled service revenue	(1,029)	178	(24)	(875)
(Increase) decrease in restricted assets		(891)		(891)
Increase (decrease) in accounts payable	<u>(12,164)</u>	<u>3,276</u>	<u>2,803</u>	<u>(6,085)</u>
Total adjustments	<u>52,700</u>	<u>17,206</u>	<u>122,319</u>	<u>192,225</u>
Net Cash Provided (Used) by Operating Activities	<u>100,373</u>	<u>16,530</u>	<u>44,588</u>	<u>161,491</u>

TOWN OF LEONVILLE, LOUISIANA

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

INTRODUCTION

The Town of Leonville is a municipal corporation governed by an elected mayor. The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The Board consists of five elected members. The Mayor and Board are compensated for their services at an amount legally set by the Board annually.

The Town of Leonville, Louisiana is located in southeast St. Landry Parish and contains approximately 2.5 square miles. The Town has a population of 1,069.

The Town's utility system provides gas, water and sewer services to approximately 3,217 customers. The Town employs twelve full and part-time workers. The Town is responsible for maintaining approximately 10 miles of streets within its city limits.

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 municipality 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 or 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 municipality has no component units and therefore, none are presented in the government-wide financial statements.

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 changes in net assets) 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.

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 meetings 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 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 proprietary fund and fiduciary 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, 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.

Franchise taxes, licenses, and interest and certain intragovernmental revenues 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 government.

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

The Water Fund accounts for the operating activities of the Town's water system.

The Gas Fund accounts for the operating activities of the Town's gas system.

The Sewer Fund accounts for the operating activities of the Town's sewer system.

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 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 Town's utility system provides gas, water and sewer services to its customers. 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 municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

Town of Leonville, Louisiana
Notes to the Financial Statements (Continued)

The municipality'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 municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year re 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 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 receivables are shown net of an allowance for uncollectibles. The Town bases its allowance on prior experience and the amount trade receivables exceed meter deposits.

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

Certain proprietary fund assets are legally restricted for the payment of revenue bonds as well as for the refunding of customer meter deposits.

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 (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$100 or more for capitalizing capital assets.

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

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. No interest costs were capitalized during the fiscal year ended June 30, 2004.

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

Town of Leonville, Louisiana
Notes to the Financial Statements (Continued)

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	5- 20 years
Land improvements	5- 20 years
Buildings and building improvements	10-20 years
Furniture and fixtures	3- 5 years
Vehicles	3- 5 years
Equipment	3- 5 years

H. Compensated Absences

The municipality has the following policy relating to vacation and sick leave:

Full-time, permanent employees are granted ten vacation days per year, which may not carry over or accumulate to future years. Sick leave accrues to full-time, permanent employees to specified maximums.

The Town's employees earned and used their vacation and sick leave during the fiscal year. Therefore, no provision for compensated absences has been provided for in the financial statements.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. 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.

K. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for the utility fund in the other supplemental information financial statements in order to provide an understanding of the changes in the financial position and operations of this fund. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

M. 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Town of Leonville, Louisiana
Notes to the Financial Statements (Continued)

N. Reconciliations of Government-Wide and Fund Financial Statements

The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

Capital assets net of accumulated depreciation	\$ <u>163,777</u>
Net adjustment	<u>163,777</u>

The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Difference by which capital outlays exceed depreciation expense	\$ <u>89,816</u>
Net adjustment	<u>89,816</u>

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The municipality uses the following budget practices:

1. The Mayor prepares a proposed, detailed line item, budget and submits same to the Board of Aldermen no later than thirty days prior to the beginning of each fiscal year. Revenues are budgeted by source. Expenditures are budgeted by department and class.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
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. Any budgetary revisions require the approval of the Mayor and Board of Aldermen. Revisions to the budget were made throughout the year.
6. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2004:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 271,100	\$ 271,100	\$ 273,960	\$ 2,860

No individual funds had deficits in unreserved fund balance (net assets) at June 30, 2004.

3. CASH AND CASH EQUIVALENTS

At June 30, 2004, the municipality has cash and cash equivalents (book balances) totaling \$200,510 as follows:

Demand deposits	\$ 28,585
Interest-bearing demand deposits	171,885
Other	<u>40</u>
Total	<u>200,510</u>

Town of Leonville, Louisiana
Notes to the Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the 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 municipality has \$200,470 in deposits (collected bank balances). These deposits are secured from risk by \$200,470 of federal deposit insurance.

4. RECEIVABLES

The receivables of \$111,865 at June 30, 2004, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Franchise fees	\$ 4,997		\$ 4,997
Intergovernmental	13,549		13,549
Accounts	-	93,319	93,319
Total	18,546	93,319	111,865

5. INTERFUND RECEIVABLES/PAYABLES

There were no interfund payables/receivables at June 30, 2004.

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 8,912			\$ 8,912
Construction in progress				
Total capital assets, not being depreciated	8,912			8,912
Capital assets being depreciated				
Buildings	87,430			87,430
Improvements other than buildings		72,723		72,723
Machinery and equipment	47,358	29,056		76,414
Total capital assets being depreciated	134,788	101,779		236,567
Less accumulated depreciation for:				
Buildings	45,484	1,988		47,472
Improvements other than buildings		1,697		1,697
Machinery and equipment	24,257	8,276		32,533
Total accumulated depreciation	69,741	11,961		81,702
Total capital assets being depreciated, net	65,047	89,818		154,865

Town of Leonville, Louisiana
Notes to the Financial Statements (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated				
Land	44,860			44,860
Total capital assets not being depreciated	44,860			44,860
Capital assets being depreciated				
Utility systems and extensions	8,051,258	41,675		8,092,933
Machinery and equipment	181,745	6,760		188,505
Total capital assets being depreciated	8,233,003	48,435		8,281,438
Less accumulated depreciation for:				
Utility systems and extensions	1,095,685	169,595		1,262,280
Machinery and equipment	146,233	26,735		172,968
Total accumulated depreciation	1,241,918	196,330		1,438,248
Total business-type assets being depreciated, net	7,035,945	(147,895)		6,888,050

Depreciation expense of \$208,291 for the year ended June 30, 2004, was charged to the following governmental functions:

General Fund:		Enterprise Funds:	
Police	\$ 7,949	Water	\$ 60,262
General and administrative	4,012	Gas	17,340
		Sewer	118,728

7. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of June 30, 2004 is as follows:

Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Sewer Fund	Water Fund	\$ 20,000
General Fund	Water Fund	80,000
General Fund	Gas Fund	36,000

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$28,335 at June 30, 2004, are as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Accounts	\$ 2,239	\$ 5,645	\$ 3,816	\$ 3,213	\$ 14,913
Other		104		3,375	3,479
Payroll taxes	<u>2,130</u>	<u>7,582</u>	<u>231</u>	<u>-</u>	<u>9,943</u>
Total	<u>9,802</u>	<u>13,331</u>	<u>4,047</u>	<u>6,588</u>	<u>28,335</u>

Town of Leonville, Louisiana
Notes to the Financial Statements (Continued)

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2004:

	<u>Bonded Debt</u>
Long-term obligations at Beginning of Year	\$1,202,944
Deductions	<u>12,589</u>
Long-term obligations at End of Year	<u>1,190,355</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

	<u>Bonded Debt</u>
Current portion	\$ 14,108
Long-term portion	<u>1,176,247</u>
Total	<u>1,190,355</u> =====

The municipal bonds outstanding at June 30, 2004, are sewer revenue bonds of \$1,190,355 with maturity in 2041. The interest rate is 4.5%. Bond principal and interest payable in the next fiscal year are \$14,108 and \$52,358, respectively. The individual issues are as follows:

<u>Bond</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Sewer Revenue	1/05/01	4.50%	1/05/41	1,237,004	1,190,355	Sewer revenue

All principal and interest requirements are funded in accordance with Louisiana law. The municipality is required to deposit monthly into each a Reserve Fund and a Contingency Fund the amounts of \$277 and \$554, respectively. These monthly deposits shall continue until a sum of \$66,466 has been accumulated in each fund. At June 30, 2004, the municipality has accumulated \$7,834 in its reserve fund and \$8,573 in its Contingency Fund. The bonds are due as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2005	\$ 14,108	\$ 52,358	\$ 66,466
2006	15,727	50,739	66,466
2007	17,491	48,975	66,466
2008	19,316	47,150	66,466
2009	21,162	45,304	66,466
2010 and thereafter	<u>1,102,551</u>	<u>992,478</u>	<u>2,095,029</u>
Total	<u>1,190,355</u>	<u>1,237,004</u>	<u>2,427,359</u>

Town of Leonville, Louisiana
Notes to the Financial Statements (Continued)

10. RETIREMENT SYSTEMS

Substantially all employees of the Town of Leonville, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Leonville is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Leonville are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Leonville contributions to the System under Plan B for the years ending June 30, 2004 and 2003, were \$19,445 and \$16,259, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

**Town of Leonville, Louisiana
Notes to the Financial Statements (Continued)**

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Leonville is required to contribute at an actuarially determined rate. The current rate is 15.25% of annual covered payroll. The contribution requirements of plan members and the Town of Leonville are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Leonville contributions to the System for the years ending June 30, 2004 and 2003, were \$8,090 and \$4,106, respectively, equal to the required contributions for each year.

11. FEDERAL COMPLIANCE CONTINGENCIES

The Town of Leonville is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the Town in the current and prior years. These examinations may result in required refunds by the Town to federal grantors and/or program beneficiaries. No questioned or disallowed costs were noted for inclusion in our report.

12. RISK MANAGEMENT

The Town of Leonville is exposed to all common perils associated with the ownership of infrastructure, providing public safety, and the operation of a utility system. To minimize loss occurrence and to transfer risk, the Town carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGET COMPARISON SCHEDULES

TOWN OF LEONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Budget to GAAP</u>	<u>Actual Amount</u> <u>GAAP Basis</u>
	<u>Original</u>	<u>Final</u>		<u>Differences</u> <u>Over (Under)</u>	
Revenues					
Licenses and permits	\$ 13,350	\$ 13,350	\$ 15,507		\$ 15,507
Franchise fees	34,885	34,885	34,168		34,168
Fines and forfeits	18,775	18,775	18,084		18,084
Intergovernmental	19,215	19,215	18,306		18,306
Miscellaneous	<u>2,535</u>	<u>2,535</u>	<u>2,724</u>		<u>2,724</u>
Total Revenues	<u>88,760</u>	<u>88,760</u>	<u>88,789</u>		<u>88,789</u>
Expenditures					
General - salaries	11,825	11,825	11,825		11,825
General - all others	111,700	111,700	111,563	(72,722)	38,841
General - depreciation				4,012	4,012
Street - utilities	11,860	11,860	11,341		11,341
Street - all others	500	500	934		934
Police - salaries	75,650	75,650	76,325		76,325
Police - all others	65,565	65,565	61,972	(29,055)	32,917
Police - depreciation	-	-	-	7,949	7,949
Total Expenditures	<u>277,100</u>	<u>277,100</u>	<u>273,960</u>	(89,816)	<u>184,144</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(188,340)</u>	<u>(188,340)</u>	<u>(185,171)</u>	<u>89,816</u>	<u>(95,355)</u>
Other Financing Sources					
Operating and Capital Grants	73,250	73,250	70,391		70,391
Transfers in	<u>116,000</u>	<u>116,000</u>	<u>116,000</u>	-	<u>116,000</u>
Total Other Financing Sources	<u>189,250</u>	<u>189,250</u>	<u>186,391</u>	-	<u>186,391</u>
Net Change in Fund Balance	910	910	1,220	89,816	91,036
Fund Balance, Beginning	<u>36,631</u>	<u>36,631</u>	<u>36,631</u>	<u>73,961</u>	<u>110,592</u>
Fund Balance, Ending	<u>37,541</u>	<u>37,541</u>	<u>37,851</u>	<u>163,777</u>	<u>201,628</u>

Budget to GAAP differences are due to the capitalization and depreciation of capital assets.

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF LEONVILLE, LOUISIANA
ENTERPRISE FUND – ENTERPRISE FUNDS
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
GAS FUND:		
Salaries	\$ 8,428	\$ 8,428
Payroll taxes	662	661
Retirement	553	446
Gas purchases	72,637	63,877
Insurances	6,316	1,419
Accounting and audit fees	1,439	1,249
Office supplies and postage	208	191
Repairs and maintenance	3,901	2,540
Bad debts	2,584	51
Miscellaneous	4,208	2,338
Depreciation	<u>17,340</u>	<u>17,355</u>
Total gas fund	<u>118,276</u>	<u>98,555</u>
 WATER FUND:		
Salaries	252,473	243,274
Payroll taxes	18,852	18,146
Retirement and employee benefits	37,567	32,036
Utilities	40,079	40,273
Insurances	32,194	38,281
Office supplies and postage	2,917	624
Accounting and audit fees	3,098	2,498
Computer expense	3,260	1,008
Repairs and maintenance	49,095	62,411
Truck	13,973	9,858
Telephone	2,138	739
Miscellaneous	32,873	30,135
Depreciation	<u>60,262</u>	<u>58,552</u>
Total water fund	<u>548,781</u>	<u>537,835</u>
 Sewer department:		
Utilities	15,198	14,326
Repairs and maintenance	20,077	9,741
Miscellaneous	10,670	3,002
Depreciation	<u>118,728</u>	<u>117,922</u>
Total sewer fund	<u>164,673</u>	<u>144,991</u>
 Total operating expenses		
	<u>831,730</u>	<u>781,381</u>

The accompanying notes are an integral part of this statement.

TOWN OF LEONVILLE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2004

<u>Federal Grantor/ Program Title</u>	<u>CFDA No.</u>	<u>Grant ID No.</u>	<u>Federal Award Received</u>	<u>Program Expenditures</u>
U.S. Dept. of Agriculture:				
Grants for Capital Improvements	10.766	N/A	\$53,500	\$53,500
U.S. Dept. of Justice:				
Office of Justice COPS Program	16.710	N/A	<u>16,891</u>	<u>16,891</u>
Total federal assistance			<u>70,391</u>	<u>70,391</u>

1. The Town of Leonville, Louisiana, is indebted to the USDA Rural Development for bonds with a balance of \$1,190,355 at June 30, 2004.
2. The above schedule has been prepared on the cash basis of accounting.

TOWN OF LEONVILLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
Year Ended June 30, 2004

Board Member	Amount
Honorable Joel Lanclos, Jr., Mayor	\$ 1,200
Honorable Dorothy Meche, Alderwoman	1,200
Honorable Joseph Davis, Alderman	1,200
Honorable Gayle Falcon, Alderwoman	1,200
Honorable Nicholas Degueyter, Alderman	1,200
Honorable Kerry Willingham, Alderman	<u>1,200</u>
Total	<u><u>7,200</u></u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

RICHARD C. URBAN

CERTIFIED PUBLIC ACCOUNTANT

MEMBER:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
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To the Mayor and Board of Aldermen
Town of Leonville, Louisiana

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leonville, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

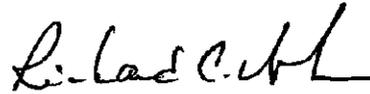
In planning and performing our audit, we considered the Town of Leonville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Leonville, Louisiana's financial statements are free of material misstatement, we performed tests of

its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Aldermen, management, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Richard C. Urban, CPA

Opelousas, Louisiana
December 28, 2004

**TOWN OF LEONVILLE, LOUISIANA
SCHEDULE OF FINDINGS, RECOMMENDATIONS AND
CORRECTIVE ACTION PLAN
Year Ended June 30, 2004**

No internal control or compliance findings material to the financial statements were disclosed with this audit.

**TOWN OF LEONVILLE, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2004**

The prior audit disclosed no findings material to the financial statements.

