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***VILLAGE OF GEORGETOWN
LOUISIANA
Annual Financial Statements
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 12-29-04

Village of Georgetown, Louisiana
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Village of Georgetown

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MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

The annual report consists of series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on the next page. For governmental activities these statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide statements by providing information about the Village's most significant funds.

FINANCIAL HIGHLIGHTS:

- Net assets decreased in governmental activities by \$8,618 and net assets decreased by \$59,166 in business-type activities, which include sewer and water funds. The decrease in net assets of the business-type activities was a result of depreciation taken on the fixed assets that were financed with grants.
- The Village had overall expenses from governmental activities of \$300,377 and expenses from business-type activities of \$163,578 for a total expense for the year of \$463,955.
- The general fund operated with excess revenues over expenditures of \$2,139 and ended the year with a net change in fund balance of \$32,024. Transfers to the enterprise funds of \$34,163 caused the operating deficit. Transfers made up the deficit from the enterprise funds (sewer and water).
- In the business-type activities – enterprise funds, the sewer fund had operating loss of \$34,930, and appropriations the water fund had an operating loss of \$7,264. The sewer fund had a cash flow from operating activities of negative \$9,348, and the water fund had a negative cash flow of \$21,414.
- The Village amended its budget during the year and the final budget shows that there were excess expenditures over appropriations of \$143,650. The general fund had an unfavorable revenue budget variance of \$6,018 or 2%.
- The Village constructed a walking track, purchased a police car, and a maintenance tractor during the year.
- A comparative analysis will be provided in future years when prior year information is available.

CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show that the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Danny Olden at the Town Hall, phone number (318) 827-5527.

JOHN R. VERCHER PC
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

The Honorable Danny Olden, Mayor
and Members of the Village Council
Georgetown, Louisiana

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

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

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Village of Georgetown, Louisiana, as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 29, 2004, on my consideration of the Village of Georgetown, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

John R. Vercher

August 29, 2004

Jena, Louisiana

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

The Honorable Danny Olden, Mayor
and Members of the Village Council
Georgetown, Louisiana

I have audited the financial statements of the governmental activities and the business-type activities of Village of Georgetown, Louisiana, as of and for the year ended June 30, 2004 which collectively comprise the Village of Georgetown, Louisiana's basic financial statements and have issued my report thereon dated August 29, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Georgetown, Louisiana's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standard*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Georgetown, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the *internal control over financial reporting* that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operations that I consider to be material weaknesses.

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this document is public record and its distribution is not limited.

John R. Vercher

Jena, Louisiana
August 29, 2004

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

BASIC FINANCIAL STATEMENTS

Village of Georgetown, Louisiana
Statement of Net Assets
June 30, 2004

	PRIMARY GOVERNEMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$ 133,603	\$ 1,223	\$ 134,826
Receivables (net of allowances for uncollectable)	4,703	4,915	9,623
Restricted assets	-0-	14,306	14,306
Capital assets	183,788	1,534,240	1,718,028
TOTAL ASSETS	\$ 322,099	\$ 1,554,684	\$ 1,876,783
LIABILITIES			
Accounts, salaries, and other payables	\$ 21,751	\$ 2,796	\$ 24,547
Other liabilities	-0-	14,415	14,415
Bonds payable	13,641	21,000	34,641
TOTAL LIABILITIES	\$ 35,392	\$ 38,211	\$ 73,603
NET ASSETS			
Invested in capital assets, net of related debt	\$ 170,147	\$ 1,513,240	\$ 1,683,387
Restricted for:			
Debt service	13,091	2,946	16,037
Unrestricted	103,469	14,323	117,792
TOTAL NET ASSETS	\$ 286,707	\$ 1,530,509	\$ 1,817,216

The accompanying notes are an integral part of this statement.

**Village of Georgetown, Louisiana
Statement of Activities
For the Year Ended June 30, 2004**

	PROGRAM REVENUES		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 262,530	\$ 259,493	\$ 46,550
Interest on long-term debt	732	-0-	-0-
Total Governmental Activities	\$ 263,262	\$ 259,493	\$ 46,550
Business-type Activities			
Sewer	\$ 61,201	\$ 25,121	\$ -0-
Water	102,377	45,113	-0-
Total Business-type Activities	\$ 163,578	\$ 70,234	\$ -0-
Total Primary Government	\$ 426,840	\$ 329,727	\$ 46,550

General Revenues:

Investment earnings

Transfers In/(Out)

Total general revenues and transfers

Change in Net Assets**Net assets – beginning****Net assets - ending**

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenue	Net (Expenses) Revenues and Changes of Primary Government	
	Governmental Activities	Business-type Activities
\$ (43,513)	\$ (43,513)	\$ -0-
(732)	(732)	-0-
<u>\$ (44,245)</u>	<u>\$ (44,245)</u>	<u>\$ -0-</u>
\$ (36,080)	\$ -0-	\$ (36,080)
(57,264)	-0-	(57,264)
<u>\$ (93,344)</u>	<u>\$ (42,781)</u>	<u>\$ (93,344)</u>
		15
	34,163	(34,163)
	<u>34,165</u>	<u>34,178</u>
	(8,618)	(59,166)
	<u>295,325</u>	<u>1,589,675</u>
	<u>\$ 286,707</u>	<u>\$ 1,530,509</u>

**Village of Georgetown, Louisiana
Balance Sheet, Governmental Funds**

June 30, 2004

	General Fund	Debt Service Non-Major	Totals
ASSETS			
Cash and cash equivalents	\$ 117,039	\$ 16,564	\$ 133,603
Receivables (net of allowances for uncollectibles)	1,235		1,235
Due from other funds	3,473		3,473
TOTAL ASSETS	\$ 121,747	\$ 16,564	\$ 138,311
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts, salaries, and other payables	\$ 18,278	\$ -0-	\$ 18,278
Due to other funds	-0-	3,473	3,473
TOTAL LIABILITIES	\$ 18,278	\$ 3,473	\$ 21,751
Fund balances:			
Unreserved, reported in:			
General Fund	\$ 103,469	\$ 13,091	\$ 116,560
TOTAL LIABILITIES AND FUND BALANCES	\$ 121,747	\$ 16,564	\$ 138,311

The accompanying notes are an integral part of this statement.

Village of Georgetown, Louisiana

**Reconciliation of The Government 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 Balance, Total Governmental Funds (Statement C)	\$	116,560
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		183,788
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Other		(13,641)
Net Assets of Governmental Activities (Statement A)	\$	<u>286,707</u>

The accompanying notes are an integral part of this statement.

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

	General	Debt Service Non-Major	Totals
Revenues:			
Fees and charges	\$ 28,354	\$	\$ 28,354
Taxes	4,814	5,259	10,073
Fines	217,482		217,482
Grants	46,550		46,550
Intergovernmental revenues:			
Other	3,584		3,584
Total Revenues	\$ 300,784	\$ 5,259	\$ 306,043
Expenditures:			
Personnel Expense	\$ 107,233	\$	\$ 107,233
Police Expense	28,113		28,113
Other Administrative	85,433		85,433
Sanitation	-0-		-0-
Debt Service	8,051	1,732	9,783
Capital Outlay	69,815		69,815
Total Expenditures	\$ 298,645	\$ 1,732	\$ 300,377
Excess (Deficiency) of Revenues Over Under Expenditures	\$ 2,139	\$ 3,527	\$ 5,666
Other Financing Sources (Uses):			
Transfers In/(Out)	\$ (34,163)	\$ -0-	\$ (34,163)
Total Other Financing Sources and Uses	\$ (34,163)	\$ -0-	\$ (34,163)
Net Change in Fund Balance	\$ (32,024)	\$ 3,527	\$ (28,497)
Fund balances--beginning	135,493	9,564	145,057
Fund balances--ending	\$ 103,469	\$ 13,091	\$ 116,560

The accompanying notes are an integral part of this statement.

Village of Georgetown, Louisiana

**Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the 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, Statement E	\$	(28,497)
Governmental funds report capital outlays as expenditure. 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 exceeded depreciation in the current period.		69,815
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(33,700)
Changes in Net Assets of Governmental Activities, statement B	\$	<u>8,618</u>

The accompanying notes are an integral part of this statement.

Village of Georgetown, Louisiana
Statement of Net Assets, Proprietary Funds
June 30, 2004

	BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	SEWER FUND	WATER FUND	ENTERPRISE FUNDS
ASSETS			
Cash and cash equivalents	\$ 770	\$ 453	\$ 1,223
Receivables (net of allowances for uncollectibles)	1,815	3,100	4,915
Prepaid items	-0-	-0-	-0-
TOTAL CURRENT ASSETS	\$ 2,585	\$ 3,553	\$ 6,138
Non-Current Assets			
Restricted assets	\$ 4,498	\$ 9,808	\$ 14,306
Capital assets (net of accumulated depreciation)	614,932	919,308	1,534,240
Total Non-Current Assets	\$ 619,430	\$ 929,116	\$ 1,548,546
TOTAL ASSETS	\$ 622,015	\$ 932,669	\$ 1,554,684
LIABILITIES			
Liabilities			
Accounts, salaries, and other payables	\$ 1,623	\$ 1,173	\$ 2,796
Due to other funds	-0-	-0-	-0-
Matured bonds and interest payable	-0-	-0-	-0-
Total Current Liabilities	\$ 1,623	\$ 1,173	\$ 2,796
Current Liabilities Payable from Restricted Assets	\$ 1,552	\$ 12,863	\$ 14,415
Non Current Liabilities			
Revenue Bonds	\$ 21,000	\$ -0-	\$ 21,000
Total Non Current Liabilities	\$ 21,000	\$ -0-	\$ 21,000
NET ASSETS			
Invested in capital assets net of related debt	\$ 593,932	\$ 919,308	\$ 1,513,240
Restricted for capital outlay	-0-	-0-	-0-
Restricted for debt service	2,946	-0-	2,946
Unrestricted	962	13,361	14,323
TOTAL NET ASSETS	\$ 597,840	\$ 932,669	\$ 1,530,509

The accompanying notes are an integral part of this statement.

Village of Georgetown, Louisiana
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
June 30, 2004

	BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	SEWER FUND	WATER FUND	ENTERPRISE FUNDS
Operating Revenues			
Charges for services:			
Water sales	\$ -0-	\$ 28,838	\$ 28,838
Sewer charges	25,121	-0-	25,121
Sales Tax	-0-	13,764	13,764
Other	-0-	2,511	2,511
Total Operating Revenues	\$ 25,121	\$ 45,113	\$ 70,234
Operating Expenses			
Cost of sales and services	\$ -0-	\$ -0-	\$ -0-
Administration	35,687	69,510	105,197
Depreciation	24,364	32,867	57,231
Total Operating Expenses	\$ 60,051	\$ 102,377	\$ 162,428
Operating Income (Loss)	\$ (34,930)	\$ (57,264)	\$ (92,194)
Nonoperating Revenue (Expenses)			
Interest earnings	\$ 15	\$ -0-	\$ 15
Interest expense	(1,150)	-0-	(1,150)
Total Nonoperating Revenue (Expenses)	\$ (1,135)	\$ -0-	\$ (1,135)
Income (Loss) Before Contributions and Transfers	\$ (36,065)	\$ (57,264)	\$ (93,329)
Transfers In	\$ 13,037	\$ 21,126	\$ 34,163
Transfers Out	-0-	-0-	-0-
Change in Net Assets	\$ (23,028)	\$ (36,138)	\$ (59,166)
Total Net Assets - Beginning	620,868	968,807	1,589,675
Total Net Assets - Ending	\$ 597,840	\$ 932,669	\$ 1,530,509

The accompanying notes are an integral part of this statement.

Village of Georgetown, Louisiana
Statement of Cash Flows
Proprietary Funds

June 30, 2004

	BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	SEWER FUND	WATER FUND	ENTERPRISE FUNDS
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 25,389	\$ 47,596	\$ 72,985
Payments to suppliers	(19,817)	(43,119)	(62,936)
Payments to employees	(14,920)	(25,891)	(40,811)
Payments for interfund services used	-0-	-0-	-0-
Net Cash Provided by Operating Activities	\$ (9,348)	\$ (21,414)	\$ (30,762)
Cash Flows From NonCapital Financing Activities			
Transfers to other funds	\$ -0-	\$ -0-	\$ -0-
Advances from other funds	13,037	21,126	34,163
Net Cash Provided (used) by NonCapital Financing Activities	\$ 13,037	\$ 21,126	\$ 34,163
Cash Flows From Capital and Related Financing Activities			
Principal on capital debt	\$ (2,000)	\$ -0-	\$ (2,000)
Interest paid on capital debt	(1,200)	-0-	(1,200)
Other	-0-	-0-	-0-
Net Cash Provided (used) by Capital and Related Financing Activities	\$ (3,200)	\$ -0-	\$ (3,200)
Cash Flows From Investing Activities			
Proceeds from sales and maturities of investments	\$ -0-	\$ -0-	\$ -0-
Purchase of investments	(325)	(339)	(664)
Interest and dividends received	15	-0-	15
Net Cash Provided (used) by Investing Activities	\$ (310)	\$ (339)	\$ (649)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 179	\$ (627)	\$ (448)
Cash and Cash Equivalents, Beginning of Year	591	1,080	1,671
Cash and Cash Equivalents, End of Year	\$ 770	\$ 453	\$ 1,223
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities			
Operating income (loss)	\$ (34,930)	\$ (57,264)	\$ (92,194)
Depreciation expense	24,364	32,867	57,231
(Increase) decrease in accounts receivable	268	698	966
(Increase) decrease in prepaid items	-0-	-0-	-0-
Increase (decrease) in accounts payables	950	335	1,285
Increase (decrease) customer deposits	-0-	1,950	1,950
Total Adjustments	\$ 25,582	\$ 35,850	\$ 61,432
Net Cash Provided by Operating Activities	\$ (9,348)	\$ (21,414)	\$ (30,762)

The accompanying notes are an integral part of this statement.

*Notes
To
Financial Statements*

Village of Georgetown, Louisiana Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Georgetown was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Village of Georgetown conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Village of Georgetown, Louisiana Notes to Financial Statements

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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:

- Water Fund
- Sewer Fund

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 principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise 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.

Village of Georgetown, Louisiana
Notes to Financial Statements

C. FIXED ASSETS AND LONG-TERM LIABILITIES

For the year ended June 30, 2004, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	40
Sewer System	40
Walking Trail	20
Equipment	5-10

D. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

- (1) The Village clerk prepares a proposed budget based on departmental group budget requests, and submits the same to the Mayor and Board of Aldermen for approval.
- (2) The Village does not utilize the budget in comparison form in financial statement presentation during the year.
- (3) All budgetary appropriations lapse at the end of the fiscal year.
- (4) The Village does not utilize encumbrance accounting.
- (5) The budget was amended during the year.

E. CASH AND INVESTMENTS

All cash and investments (CD's over 90 days) are reported at cost and are on deposit as following federally insured banks:

It is the Village's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village's deposits are categorized to give an indication of the level of risk assumed by the Village at fiscal year-end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the School or by its agent in the Village's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.
- *Category 3* – Uncollateralized.

VILLAGE OF GEORGETOWN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. CASH AND INVESTMENTS (Continued)

Bank	Bank Balance 6-30-2004
Southern Heritage Bank	\$ 151,638

Amounts on deposit at the bank are secured by the following:

Description	Market Value
FDIC (<i>Category 1</i>)	\$ 100,000
New Roads LA Elec. Sys Rev (<i>Category 2</i>)	154,200
Total	\$ 254,200

F. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

G. ACCOUNTS RECEIVABLE AND BAD DEBTS - GENERAL FUND AND ALLOWANCE FOR BAD DEBTS - ENTERPRISE FUND

At June 30, 2004 no reserve for bad debts was required since the estimated uncollectable receivables outstanding were considered immaterial.

	Enterprise Fund		Governmental Fund
	Water Fund	Sewer Fund	General Fund
	Tax	\$ 1,452	\$ -0-
Customer	1,803	1,906	-0-
Allowance for Bad Debts	155	(90)	-0-
Total	\$ 3,410	\$ 1,816	\$ 1,234

H. COMPENSATED ABSENCES

The Village has no compensated absence policy.

I. RESERVES

The Village records reserves to indicate that a portion of its retained earnings/fund balances are legally restricted for a specific future use. The following is a list of such reserves and a description of each:

Reserved for System Maintenance

This amount represents monies reserved for repairs and replacement of the water system.

**VILLAGE OF GEORGETOWN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)**

I. RESERVES – (CONT.)

Reserved - Revenue Bonds

This amount represents monies reserved as required by the revenue bond indentures.

Reserved for Debt Service

Certain assets have been reserved in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

J. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) AD VALOREM TAXES

The Village levies taxes on real and business personal property located within its boundaries. The Village utilizes the services of the Grant Parish Tax Assessor to assess the property values and prepare the Village's property tax roll. The Village bills and collects its own property taxes.

Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended December 31, 2004, taxes of 18.80 mills were levied against property having a valuation of some \$ 548,379 which produced some \$10,310 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
Georgetown Debt Service - General Obligation Bonds	4.90
Georgetown Sewer District No. 1 - General Obligation Bonds	4.90
General Alimony	9.00

Total	<u>18.80</u>

VILLAGE OF GEORGETOWN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(3) SALES TAX

Voters passed a 1% sales tax in February 1991 dedicated to the repair and maintenance of the Village's water system.

(4) RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2004, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	Water	Sewer
Sales Tax Repair & Maintenance	\$ 2,675	\$ -0-
Tax Bond Sinking	-0-	3,423
Meter Deposit	7,133	-0-
Bond Reserve	-0-	357
Depreciation & Contingencies	-0-	719
Total	\$ 9,808	\$ 4,499

(5) FIXED ASSETS

PROPERTY ENTERPRISE FUND: PLANT AND EQUIPMENT

A summary of enterprise fund property, plant and equipment at June 30, 2004, is as follows:

	Balance 6-30-2003	Additions (Deletions)	Balance 6-30-2004
Water			
Distribution System	\$ 1,296,644	\$ -0-	\$ 1,296,644
Accumulated Depreciation	344,469	32,867	377,336
Net	952,175	32,867	919,308
Sewer			
Plant	\$ 974,558	\$ -0-	\$ 974,558
Accumulated Depreciation	335,261	24,364	359,625
Net	639,297	24,364	614,933

Enterprise fund assets are depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

VILLAGE OF GEORGETOWN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(5) FIXED ASSETS (CONT)

Governmental Fund:

A summary of governmental fund depreciable assets at June 30, 2004, is as follows:

	Balance 6-30-03	Additions (Deletions)	Balance 6-30-04
Equipment	\$ 147,673	\$ 69,816	\$ 217,489
Accumulated Depreciation	\$ -0-	\$ 33,700	\$ 33,700
Net	\$ 147,673	\$ 36,116	\$ 183,789

Government fund assets are depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Walking Track	20 Years

(6) CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of Village of Georgetown for the year ended June 30, 2004.

	Balance 6-30-2003	Additions	Payments	Balance 6-30-2004
General Obligation Bonds	\$ 14,641	\$ -0-	\$ 1,000	\$ 13,641
Revenue Bonds	24,000	-0-	2,000	22,000
Total	\$ 38,641	\$ -0-	\$ 3,000	\$ 35,641

**VILLAGE OF GEORGETOWN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)**

(6) CHANGES IN LONG-TERM DEBT (Cont)

Bond and installment notes payable at June 30, 2004 are comprised of the following issues:

Revenue Bonds (Enterprise Fund)

\$ 60,000 Sewer Revenue Bonds dated 1975, due in monthly installments of \$1,000 to \$2,000 through January 1, 2015, interest at 5 percent.

\$ 22,000

***General Obligation Bonds (Ad Valorem Tax)
(Governmental Activities)***

\$ 36,000 (2 at \$18,000 each) General Obligation Bonds dated 1-1-76 and 1-1-75, due in annual installments of \$1,000 (\$500 each) through 1-1-2015, interest at 5 percent.

13,641

Total

\$ 35,641

The annual requirements to amortize all debt outstanding as of June 30, 2004, including interest payments of \$25,311 are as follows:

<u>Year Ending June 30,</u>	<u>G.O. Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Total</u>
2005	1,682	3,200	4,882
2006	1,632	3,100	4,732
2007	1,582	3,000	4,582
2008	1,532	2,900	4,432
2009	1,482	2,800	4,282
2010-2014	6,660	12,500	19,160
2015	1,182	2,200	3,382
Total	<u>\$ 15,752</u>	<u>\$ 29,700</u>	<u>\$ 45,452</u>

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated 1975, earnings of the sewer system are to be maintained separately and used for the following purposes:

- (a) Payment of all reasonable and necessary expenses of operating and maintaining the system.
- (b) Each month there will be set aside into a fund called the "Sewer Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next principal and interest payment.
- (c) Each month, there will be set aside into a "Sewer Reserve Fund" 5% of the amount paid into the Sinking Fund. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not available in the Sinking Fund.

**VILLAGE OF GEORGETOWN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)**

(6) CHANGES IN LONG-TERM DEBT (Cont)

(d) There will also be set aside into a "Sewer Depreciation and Contingency Fund" 5% of the amount paid into the sinking fund. These funds will be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly, and to pay interest and principal on bonds when there is not sufficient money in the Sinking or Reserve Fund.

(e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

(7) LITIGATION

The Village of Georgetown is involved in no litigation at June 30, 2004, which is not covered by the Village's applicable insurance policies or is considered to be significant to the Village's financial statements.

(8) ELECTED OFFICIAL'S SALARIES

Name	Title	Term of Office	Annualized Salary
Danny Olden 297 Hwy 502 Georgetown, LA 71432	Mayor	Jan.1, 2001- Dec. 31, 2004	\$ 3,000
John Budemer 4935 Hwy 500 E Georgetown, LA 71432	Alderman	Jan.1, 2001- Dec. 31, 2004	1,200
Donald Stevenson PO Box 122 Georgetown, LA 71432	Alderman	Jan.1, 2001- Dec. 31, 2004	1,200
Calvin Vogel PO Box 235 Georgetown, LA 71432	Alderman	Jan.1, 2001- Dec. 31, 2004	1,200
Earl Self Jr. 313 Hwy 502 Georgetown, LA 71432	Police Chief	Jan.1, 2001- Dec. 31, 2004	6,000

VILLAGE OF GEORGETOWN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(9) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 and expenses during the reporting period. Actual results could differ from those estimates.

(10) RETIREMENT PLANS

The Village does not offer its employees a retirement plan. All employees are in the social security system.

(11) WATER AND SEWER RATES

<u>Water:</u>	<u>Minimum Charge</u>	<u>Next</u>
Residential	\$10.30 for 1 st 1,600 gals. water used	\$1.65 per 1,000 for next 2,400 gals. water used 1.35 per 1,000 for next 1,800 gals. water used 1.20 per 1,000 for next 4,200 gals. water used 1.07 per 1,000 for next 5,000 gals. water used .93 per 1,000 thereafter
Schools	\$ 76.67 for 1 st 71,600 gals. water used	\$.93 per 1,000 thereafter
Housing Authority	\$214.00 for 1 st 42,000 gals. water used	\$1.75 per 1,000 for next 70,000 gals. water used 1.33 per 1,000 for next 60,000 gals. water used .90 per 1,000 for next 110,000 gals. water used .80 thereafter
Sewer:		
Residential -	\$ 14.00 for 1 st 5,100 gals. water used	\$.10 per 1,000 gals. water used thereafter
School	\$ 48.33 a month for all water used	
Housing Authority	\$350.16 for 1 st 145,600 gals. water used	\$.07 per 1,000 thereafter

(12) CONTINGENCIES

The Village has entered into a lease agreement with International Paper Inc. (I.P.) for the purchase of water from I.P.'s property. The lease is for \$1 annually and renewed on an annual basis.

(13) RELATED PARTY TRANSACTIONS

One of the Village's aldermen, Calvin Vogel, has a contract in the amount of \$2,500 with the Village to cut grass. The transaction has been reviewed by the "Board of Ethics".

**VILLAGE OF GEORGETOWN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)**

(14) DUE TO DUE FROM

	Due To	Due From
Debt Service	\$ 3,473	\$ -0-
General Fund	-0-	3,473
	\$ 3,473	\$ 3,473

***REQUIRED SUPPLEMENTAL
INFORMATION***

Village of Georgetown, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund

For the Year Ended June 30, 2004

	Budget Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)
	Original	Final		
Revenues	\$ 11,855	\$ 24,422	\$ 28,354	\$ 3,932
Fees and charges	12,725	10,880	4,814	(6,066)
Taxes	226,500	223,500	217,482	(6,018)
Fines	1,200	46,500	46,550	50
Grants	1,500	1,500	3,584	2,084
Total Revenues	<u>\$ 253,780</u>	<u>\$ 306,802</u>	<u>\$ 300,784</u>	<u>\$ (6,018)</u>
Expenditures				
Personnel Expense	\$ 118,933	\$ 201,972	\$ 107,233	\$ 94,739
Police Expense	38,500	56,500	28,113	28,387
Other Administrative	183,259	177,773	85,433	92,340
Sanitation	1,050	6,050	35,003	6,050
Capital Outlay	-0-	-0-	69,815	(69,815)
Debt Service	-0-	-0-	8,051	(8,051)
Total Expenditures	<u>\$ 341,742</u>	<u>\$ 442,295</u>	<u>\$ 298,645</u>	<u>\$ 143,650</u>
Excess (Deficiency) of Revenues Over Under Expenditures	(87,962)	(135,493)	2,139	137,632
Other Financing Sources (uses)				
Transfers In/(Out)	\$ 9,539	\$ -0-	\$ (34,163)	\$ (34,163)
Total Other Financing Sources (uses)	<u>\$ 9,539</u>	<u>\$ 75,445</u>	<u>\$ (34,163)</u>	<u>\$ (34,163)</u>
Net Change in Fund Balance	(78,423)	(135,493)	(32,024)	103,469
Fund Balance (Deficit) at Beginning of Year	<u>135,493</u>	<u>135,493</u>	<u>135,493</u>	<u>-0-</u>
Fund Balance (Deficit) at End of Year	<u>\$ 57,070</u>	<u>\$ -0-</u>	<u>\$ 103,469</u>	<u>\$ 103,469</u>

The accompanying notes are an integral part of this statement.

Other Reports

**VILLAGE OF GEORGETOWN
GEORGETOWN, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2004**

I was engaged to audit the basic financial statements of the Village of Georgetown, Louisiana, as of and for the year ended June 30, 2004 and have issued my report thereon dated August 25, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)

Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs:

 \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

Yes No

**VILLAGE OF GEORGETOWN
GEORGETOWN, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2004**

Section II - Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

Section III – Internal Control

No items to report.

Section IV Federal Awards Findings and Questioned Costs.

Not applicable.

VILLAGE OF GEORGETOWN
STATE OF LOUISIANA
CATAHOULA PARISH

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Georgetown, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2003.

Prior Year Findings

2003-C-1) Bond Commission Approval

Finding: During the year the Village purchased a mosquito sprayer in the amount of \$6,000 to be paid for in six monthly installments of \$1,000. The Village did not obtain bond commission approval. Article VII, Section 8 of the Louisiana Constitution, and LSA-RS 47:1803-4 states that any indebtedness in excess of 90 days must be approved by the State Bond Commission.

Village's Corrective Action: The Village will obtain State Bond Commission approval before obtaining any debt in excess of 90 days.