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**TOWN OF JUNCTION CITY, LOUISIANA**

FINANCIAL STATEMENTS  
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 1-19-05

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Financial Report**  
**For The Year Ended June 30, 2004**

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TABLE OF CONTENTS

	<u>Page</u>
Management's Discussion and Analysis	1-6
Accountants' Compilation Report	7
<b>Basic Financial Statements:</b>	
Statement of Net Assets	8
Statement of Activities	9
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenses and Changes in Fund Balance – Governmental Funds	11
Statement of Net Assets – Proprietary Funds	12
Statement of Revenues, Expenses and Changes in Fund Balance – Proprietary Funds	13
Statement of Cash Flows – Proprietary Funds	14
Notes to Financial Statements	15-26
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule-General Fund	27
<b>Other Information:</b>	
Independent Accountants' Report on Applying Agreed-upon Procedures	28-30
Louisiana Attestation Questionnaire	31-32

TOWN OF JUNCTION CITY, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004

Our discussion and analysis of the Town of Junction City, Louisiana provides an overview of the Town's activities for the year ended June 30, 2004. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Town's financial performance as a whole.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Town of Junction City, on a government-wide basis, exceeded its liabilities at the end of the fiscal year by \$1,355,507. Of this amount, \$60,342 is unrestricted.
- The Town's total net assets decreased by \$17,213 for the fiscal year. This is a result of a \$16,130 decrease in governmental activities and a \$1,083 increase in net assets of business-type activities.
- The Town's governmental funds reported combined ending fund balances of \$526,441.
- The unreserved fund balance of the general fund was \$145,639, or 273% of the total general fund expenditures.
- The general fund reported a surplus of \$13,782.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town of Junction City's basic financial statements. The basic financial statements comprise three components:

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting operations in more detail than the government-wide statements.
- The governmental fund statement tells how general government services like public safety were *financed in the short term as well as what amounts remain for future spending*.
- The proprietary fund statement offers short and long term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required *supplementary information that further explains and supports the information in the financial statements*.

In the past, the primary focus of local government financial statements has been summarized fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2004, the new focus is on both the Town as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Town's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Town's accountability.

## **GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the Town of Junction City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Town's net assets and how they have changed. Net assets - the difference between the Town's assets and liabilities - are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating.

In the statement of net assets and the statement of activities, the Town is divided into two categories:

- Governmental activities – Most of the Town’s basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.
- Business-type activities – The Town charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

## **FUND FINANCIAL STATEMENTS**

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Town’s most significant funds – not the Town as a whole. Funds are accounting mechanisms that the Town uses to keep track of specific sources of funding and spending for particular purposes.

The Town has two kinds of funds:

- Governmental funds – Most of the Town’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- Proprietary funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Town’s enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

## FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net assets for the 2003-2004 fiscal year increased by \$616,662. Since this is the first year that GASB Statement No. 34 has been implemented, comparative figures for prior periods are not available. Such comparative information will be provided in future years.

### Statement of Net Assets

The following table reflects the condensed net assets:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
<b>ASSETS:</b>			
Current and Other Assets	\$ 149,902	\$ 131,832	\$ 281,734
Capital Assets	<u>380,802</u>	<u>812,986</u>	<u>1,193,788</u>
Total Assets	<u>\$ 530,704</u>	<u>\$ 944,818</u>	<u>\$ 1,475,522</u>
<b>LIABILITIES:</b>			
Long-Term Debt Outstanding	\$ -	\$ 89,000	\$ 89,000
Other Liabilities	<u>4,263</u>	<u>26,752</u>	<u>31,015</u>
Total Liabilities	4,263	115,752	120,015
<b>NET ASSETS:</b>			
Invested in Capital Assets Net of Debt	380,802	914,363	1,295,165
Unrestricted	<u>145,639</u>	<u>(85,297)</u>	<u>60,342</u>
Total Net Assets	<u>\$ 526,441</u>	<u>\$ 829,066</u>	<u>\$ 1,355,507</u>

Net assets (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Town of Junction City's assets exceeded liabilities by \$1,355,507 at the close of the fiscal year. The largest portion of the Town's net assets (91.62%) reflects its investment in capital assets. The Town uses these assets to provide services to its citizens and those assets are not available for spending.

### Governmental Activities

Net assets of the Town's governmental activities decreased \$16,130 during the fiscal year.

### Business-type Activities

Net assets of the Town's business-type activities decreased \$1,083 during the fiscal year.

### Statement of Activities

The following table shows the revenues and expenses of the governmental and business type activities:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
REVENUES:			
Program Revenues			
Charges for Services	\$ 14,305	\$ 103,853	\$ 118,158
Capital Grants and Contributions	-	12,123	12,123
General Revenues			
Property Taxes	4,875	-	4,875
Sales Taxes	27,848	-	27,848
Franchise Revenue	13,078	-	13,078
Miscellaneous	5,170	-	5,170
Interest Earned	1,903	950	2,853
Total Revenue	<u>67,179</u>	<u>116,926</u>	<u>184,105</u>
EXPENSES:			
General Government	53,968	-	53,968
Public Safety	29,341	-	29,341
Utilities	-	118,009	118,009
Total Expenses	<u>83,309</u>	<u>118,009</u>	<u>201,318</u>
Increase/Decrease in Net Assets	(16,130)	(1,083)	(17,213)
Net Assets June 30, 2003	542,571	830,149	1,372,720
Net Assets June 30, 2004	<u>\$ 526,441</u>	<u>\$ 829,066</u>	<u>\$ 1,355,507</u>

### Governmental Activities

During the fiscal year ended June 30, 2004, the major sources of income were:

- Sales Tax 41%
- Franchise Fees 19%
- Fines & Forfeitures 21%

### Business-type Activities

Total revenues from business-type activities were \$116,926 for the fiscal year.

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

The Town of Junction City uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Government Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's combined ending fund balances was \$145,639 at June 30, 2004. The unreserved portion or the portion available for spending was \$145,639.

### **Proprietary Funds**

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

Net assets of the Utilities Enterprise fund at the end of the fiscal year were \$829,066. The fund had an operating loss of \$14,156.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Town of Junction City's investment in capital assets for its governmental and business-type activities as of June 30, 2004 amounted to \$1,193,788 (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water and sewer facilities. The outstanding debt of \$89,000 is to Rural Development for revenue bonds that were used to upgrade the Town's sewer system.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town's management and elected officials considered many factors when preparing the 2004-2005 budget. Most revenue sources should remain fairly consistent with prior year collections.

## **REQUEST FOR INFORMATION**

This financial report is to provide citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Town Clerk, Town of Junction City, Louisiana, 104 West Third Street, Junction City, Louisiana 71749.

**Warren & Brewer**  
Certified Public Accountants  
A Professional Accounting Corporation  
112 East Carolina Avenue  
Ruston, Louisiana 71270

Joan L. Warren, CPA  
Douglas A. Brewer, CPA

Telephone: (318) 251-1317  
Fax: (318) 251-2108

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Accountants' Compilation Report

To the Honorable Mayor and Board of Aldermen of  
Town of Junction City, Louisiana

We have compiled the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Junction City, 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, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated October 26, 2004, on the results of our agreed-upon procedures.

Warren & Brewer CPAs APAC

October 26, 2004

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Statement of Net Assets**  
**June 30, 2004**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 39,451	\$ 38,489	\$ 77,940
Investments	110,522	70,409	180,931
Receivables	-	10,740	10,740
Due From Other Governments	-	12,123	12,123
Internal Balances	(71)	71	-
Capital Assets			
Land, Improvements, and Construction in Progress	30,000	13,523	43,523
Other Capital Assets, Net of Depreciation	350,802	799,463	1,150,265
<b>Total Assets</b>	<u>\$ 530,704</u>	<u>\$ 944,818</u>	<u>\$ 1,475,522</u>
 <b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 4,263	\$ 12,952	\$ 17,215
Accrued Interest	-	2,225	2,225
Customer Deposits	-	11,575	11,575
Long-Term Liabilities			
Notes Payable - Due Within One Year	-	10,000	10,000
Notes Payable - Due In More Than One Year	-	79,000	79,000
<b>Total Liabilities</b>	<u>4,263</u>	<u>115,752</u>	<u>120,015</u>
 <b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	380,802	861,153	1,241,955
Restricted For:	-	-	0
Debt Service	-	53,210	53,210
Unrestricted	145,639	(85,297)	60,342
<b>Total Net Assets</b>	<u>526,441</u>	<u>829,066</u>	<u>1,355,507</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 530,704</u>	<u>\$ 944,818</u>	<u>\$ 1,475,522</u>

See accompanying notes and accountants' report.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Statement of Activities**  
**For The Year Ended June 30, 2004**

	<b>Program Revenues</b>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General Government	\$ 53,968	\$ -	\$ -	\$ -
Public Safety	29,341	14,305	-	-
Total Governmental Activities	\$ 83,309	\$ 14,305	\$ 0	\$ 0
Business-Type Activities:				
Utilities	118,009	103,853	12,123	-
Total Business-Type Activities	118,009	103,853	12,123	0
Total Primary Government	\$ 201,318	\$ 118,158	\$ 12,123	\$ 0

**General Revenues:**

- Taxes:
  - Property Taxes levied for General Purposes
  - Sales Tax levied for General Purposes
- Franchise Revenues
- Occupational Licenses
- Unrestricted Investment Earnings
- Miscellaneous
- Transfers
- Total General Revenues, Special Items, and Transfers
- Changes in Net Assets
- Net Assets-Beginning**
- Net Assets-Ending**

**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (53,968)	\$ -	\$ (53,968)
(15,036)	-	(15,036)
<u>\$ (69,004)</u>	<u>\$ 0</u>	<u>\$ (69,004)</u>
-	(2,033)	(2,033)
<u>0</u>	<u>(2,033)</u>	<u>(2,033)</u>
<u>\$ (69,004)</u>	<u>\$ (2,033)</u>	<u>\$ (71,037)</u>
4,875	-	4,875
27,848	-	27,848
13,078	-	13,078
3,687	-	3,687
1,903	950	2,853
1,483	-	1,483
-	-	-
<u>52,874</u>	<u>950</u>	<u>53,824</u>
(16,130)	(1,083)	(17,213)
542,571	830,149	1,372,720
<u>\$ 526,441</u>	<u>\$ 829,066</u>	<u>\$ 1,355,507</u>

See accompanying notes and accountants' report.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2004**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 39,451	\$ 39,451
Investments	110,522	110,522
Total Assets	<u>\$ 149,973</u>	<u>\$ 149,973</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable and Accrued Expenses	\$ 4,263	\$ 4,263
Due to Other Funds	71	71
Total Liabilities	<u>4,334</u>	<u>4,334</u>
 Fund Balances:		
Unreserved	145,639	145,639
Total Fund Balances	<u>\$ 145,639</u>	<u>145,639</u>
Total Liabilities and Fund Balances	<u>\$ 149,973</u>	<u>\$ 149,973</u>
 Amounts reported for <i>Governmental Activities</i> in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds		380,802
Net Assets of Governmental Activities		\$ 526,441

See accompanying notes and accountants' report.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Statement Of Revenues, Expenditures, And Changes In Fund Balances**  
**Governmental Funds**  
**For The Year Ended June 30, 2004**

	General Fund	Total Governmental Funds
<b>REVENUES</b>		
Taxes	\$ 32,723	\$ 32,723
Intergovernmental	-	0
Licenses and Permits	16,765	16,765
Fines and Forfeitures	14,305	14,305
Miscellaneous	3,386	3,386
<b>Total Revenues</b>	<b>67,179</b>	<b>67,179</b>
<b>EXPENDITURES</b>		
General Government	36,882	36,882
Public Safety	16,515	16,515
<b>Total Expenditures</b>	<b>53,397</b>	<b>53,397</b>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	13,782	13,782
<u>Other Financing Sources (Uses)</u>		
Operating Transfers - In	-	0
Operating Transfers - Out	-	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>
<u>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</u>	13,782	13,782
Fund Balances at Beginning of Year	131,857	
Fund Balances at End of Year	\$ 145,639	
Net Change in Fund Balances - Total Governmental Funds		13,782
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		0
Depreciation expense		(29,912)
		(29,912)
Change in Net Assets in Governmental Activities	\$	(16,130)

See accompanying notes and accountants' report.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2004**

		<b>Business-Type Activities Utility Enterprise Fund</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$	14,532
Investments		26,353
Receivables		10,740
Due From Other Funds		71
Due From Other Governments		12,123
Total Current Assets		63,819
Noncurrent Assets:		
Restricted Cash and Investments		68,013
Capital Assets		
Land and Improvements		1,400
Construction in Progress		12,123
Treatment Facilities		1,086,552
Water Wells and Lines		54,777
Less Accumulated Depreciation		(341,866)
Total Capital Assets		812,986
Total Noncurrent Assets		880,999
<b>Total Assets</b>	<b>\$</b>	<b>944,818</b>
 <b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$	12,952
Accrued Interest		2,225
Customer Deposits		11,575
Notes Payable		10,000
Total Current Liabilities		36,752
Noncurrent Liabilities		
Notes Payable		79,000
Total Noncurrent Liabilities		79,000
Total Liabilities		115,752
 <b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt		861,153
Reserved For Debt Service		53,210
Unrestricted		(85,297)
Total Net Assets		829,066
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>944,818</b>

See accompanying notes and accountants' report.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Statement Of Revenues, Expenses, And Changes in Net Assets**  
**Proprietary Funds**  
**For The Year Ended June 30, 2004**

	<b>Business-Type Activities Utility Enterprise Fund</b>
<b><u>OPERATING REVENUES</u></b>	
Charges for Services - Water Sales and Sewer Fees	\$ <u>103,853</u>
Total Operating Revenues	103,853
<b><u>OPERATING EXPENSES</u></b>	
Depreciation	31,864
Insurance	5,648
Interest	4,700
Licenses & Permits	2,366
Materials, Repairs & Supplies	13,583
Mowing	1,091
Other Administrative	1,717
Payroll Taxes	2,631
Salaries & Wages	32,593
Sample Collections/Testing	2,436
Utilities	19,380
Total Operating Expenses	<u>118,009</u>
Total Operating Income (Loss)	(14,156)
<b><u>NONOPERATING REVENUES/(EXPENSES)</u></b>	
Interest Income	950
Grants	12,123
Total Nonoperating Income/(Expenses)	<u>13,073</u>
NET LOSS BEFORE OPERATING TRANSFERS	(1,083)
<b><u>OPERATING TRANSFERS</u></b>	
Operating Transfers - (In)/Out	<u>-</u>
NET LOSS	(1,083)
Net Assets at Beginning of Year	(31,004)
Net Assets at End of Year	\$ <u><u>(32,087)</u></u>

See accompanying notes and accountants' report.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Statement Of Cash Flows**  
**Proprietary Fund**  
**For The Year Ended June 30, 2004**

		<b>Business-Type Activities Utility Enterprise Fund</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Receipts from Customers	\$	103,523
Payments to Provide Services		(51,624)
Payments to Employees		(32,593)
Net Cash Provided (Used) by Operating Activities		<u>19,306</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>		
Increase in Customer Deposits		760
Increase in Restricted Assets (Cash)		(3,208)
Net Cash Provided (Used) by Noncapital Financing Activities		<u>(2,448)</u>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Acquisition of Capital Assets		(9,556)
Principal Paid on Capital Debt		(10,000)
Principal Paid on Short-Term Borrowing		(5,200)
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(24,756)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Interest Earned		950
Proceeds From Matured Certificate of Deposit		10,000
Net Cash Provided (Used) by Investing Activities		<u>10,950</u>
Net Increase (Decrease) in Cash and Cash Equivalents		3,052
Cash and Cash Equivalents at Beginning of Year		11,480
Cash and Cash Equivalents at End of Year	\$	<u><u>14,532</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income	\$	(14,156)
<b><u>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</u></b>		
Depreciation		31,864
Increase in Accounts Receivable		(330)
Increase in Accounts Payable		9,168
Increase in Due From Other Governments		(12,123)
Decrease in Due From Other Funds		5,133
Decrease in Accrued Interest		(250)
Net Cash Provided (Used) by Operating Activities	\$	<u><u>19,306</u></u>

See accompanying notes and accountants' report.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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INTRODUCTION

The Town of Junction City, Louisiana (the Town) consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of three aldermen. The Town's combined balance sheet includes the accounts of all the town's operations. The Town's major operations include police protection, garbage and trash collection, culture/recreation, highways, streets, and administrative services. In addition, the Town operates a Utility Enterprise Fund to provide water and sewerage services.

The following is a summary of certain significant accounting policies and practices:

**Note 1 - Summary of Significant Accounting Policies**

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued *Statement 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and *Statement 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that government should have presented in the past. Comparability with reports issued in years prior to 2004 is affected.

Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the Town has implemented the following GASB Statements: *Statement 37 – Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and *Statement 38 – Certain Financial Statements Note Disclosures*.

The accompanying financial statements present the financial position of the Town and the various funds and fund types, the results of operations of the Town and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2004 and for the year then ended.

**Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the Town of Junction City, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, the Town of Junction City, Louisiana, (b)

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Note 1 – Summary of Significant Accounting Policies (continued)**  
**Financial Reporting Entity (continued)**

organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement 14 established criteria for determining which component units should be considered part of the Town of Junction City, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Town to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship. Based on the previous criteria, the Town has determined that there are no component units that are part of the reporting entity.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these government-wide 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, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Note 1 – Summary of Significant Account Policies (continued)**  
**Government-Wide Fund Financial Statements (continued)**

internally are reported as general revenues rather than as program revenues. The Town does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

***Government-Wide Financial Statements*** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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*** – The 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Town's present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Town.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Note 1 – Summary of Significant Account Policies (continued)**  
**Measurement Focus, Basis of Accounting and Financial**  
**Statement Presentation (continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include: Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2004 has been reported only in the government-wide financial statements. Interest on general long-term obligations is recognized when paid. Debt service expenditures are recorded only when payment is due.

**Proprietary Funds** – The financial statements of the proprietary funds are reported using the *economic resources measurement focus and the accrual basis of accounting*, similar to the government-wide statements described above.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government's enterprise fund has elected to not apply FASBs issued after the applicable date.

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. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Fund Accounting**

The financial activities of the Town are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Town uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Note 1 – Summary of Significant Accounting Policies (continued)**  
**Fund Accounting (continued)**

**Major Governmental Funds**

*General Fund* – This fund accounts for all activities of the Town not specifically required to be accounted for in other funds. Included are transactions for services such as general government, health services, public safety, regulatory services and social services.

**Proprietary Funds**

*Water and Sewer Funds* – These funds are used to account for the provision of water and sewerage to residents of the Town of Junction City. These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Budgets**

The Town uses the following budget practices:

1. In May of each year, the town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and expenses and the means of financing them.
2. In June of each year, the budget is legally enacted through passage of ordinance. The public is invited to attend all meetings
3. The town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Cash and Cash Equivalents**

Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased.

**Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**Short-Term Interest Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

**Advances To Other Funds**

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

**Bad Debts**

Uncollectible amounts for ad valorem taxes and utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Fixed Assets**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or fair market value at date of gift, if donated.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Improvements	40 –50 years
Equipment	5-10 years

**Compensated Absences**

The Town does not have a formal leave policy.

**Fund Equity**

**Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

**Reserves**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**Designated Fund Balances**

Designated fund balances represent tentative plans for future use of financial resources.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Total Columns On Combined Statements**

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, results of operations, or changes in 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.

**Note 2 – Cash and Cash Equivalents**

At June 30, 2004, the Town had cash and cash equivalents in the form of demand deposits in the amounts of \$35,802.

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. At June 30, 2004, the Town had \$35,802 in demand deposits ( bank statement balances) and investments of \$180,930 at a single financial institution. These deposits were secured with \$100,000 of federal deposit insurance and \$116,732 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

**Note 3 – Investments**

At June 30, 2004, the Town's investments consisted of certificates of deposit in the amounts of \$180,930. See Note 2.

**Note 4 - Fund Deficits**

At June 30, 2004, the Water and Sewer Enterprise Fund had unrestricted net assets of (\$85,297).

**Note 5 – Ad Valorem Taxes**

Property taxes are assessed and collected on a calendar year. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year.

The ad valorem tax millage is 4.99 mills. For the calendar year 2003, the 4.99 mills were levied on property with an assessed valuation totaling \$640,420 and were dedicated entirely for general purposes.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Note 6 – Accounts Receivable**

Accounts Receivable at June 30, 2004, consisted of the following:

	General Fund	Enterprise Fund	Total
Accounts Receivable	\$ -0-	\$10,740	\$10,740

**Note 7 – Restricted Assets**

At June 30, 2004, restricted assets were either in the form of demand deposits or certificates of deposit. These assets represent amounts held as follows:

Utility Customer Deposits	\$ 11,575
Rural Development Loan Requirements	56,438
Totals	\$ 68,013

**Note 8 - Pension and Retirement Plans**

At June 30, 2004, there were no Town employees participating in any of the State retirement systems.

**Note 9 – Postemployment Health Care Benefits**

The Town does not provide medical coverage for its retirees; consequently there is no liability for post-employment health care benefits.

**Note 10 – Notes Payable**

Long-term debt consists a note payable to Rural Development that relates to the Town's sewerage system. This note requires an annual payment due by December 31 of each year. The Interest rate is 5%. At June 30, 2004, the outstanding principal balance was \$89,000. The annual principal requirement is \$10,000. Interest paid during the fiscal year ended June 30, 2004 was \$4,950.

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

**Note 11 – Capital Assets**

A summary of changes in capital assets follows:

	Balance <u>July 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>July 30, 2004</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Total capital assets, not being depreciated:	<u>30,000</u>	<u>-</u>	<u>0</u>	<u>30,000</u>
Capital assets, being depreciated:				
Buildings & Improvements	185,315	-	-	185,315
Vehicles	225,567	-	-	225,567
Equipment	<u>73,523</u>	<u>-</u>	<u>-</u>	<u>73,523</u>
Total capital assets, being depreciated:	484,405	0	0	484,405
Less accumulated depreciation for:				
Buildings & Improvements	(13,421)	(6,583)	-	(20,004)
Vehicles	(39,560)	(12,826)	-	(52,386)
Equipment	<u>(50,710)</u>	<u>(10,503)</u>	<u>-</u>	<u>(61,213)</u>
Total accumulated depreciation	<u>(103,691)</u>	<u>(29,912)</u>	<u>0</u>	<u>(133,603)</u>
Total capital assets, being depreciated, net	<u>380,714</u>	<u>(29,912)</u>	<u>0</u>	<u>350,802</u>
Governmental activities capital assets, net	<u>\$ 410,714</u>	<u>\$ (29,912)</u>	<u>\$ 0</u>	<u>\$ 380,802</u>

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

**Note 11 – Capital Assets (continued)**

	<u>Balance</u> <u>July 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>July 30, 2004</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,400	\$ -	\$ -	\$ 1,400
Construction in Progress	<u>0</u>	<u>12,123</u>	<u>-</u>	<u>12,123</u>
Total capital assets, not being depreciated:	<u>1,400</u>	<u>12,123</u>	<u>0</u>	<u>13,523</u>
Capital assets, being depreciated:				
Buildings & Improvements	9,700	9,768	-	19,468
Waterworks System and Treatment Facilities	1,100,322	-	-	1,100,322
Machinery and Equipment	<u>21,539</u>	<u>-</u>	<u>-</u>	<u>21,539</u>
Total capital assets, being depreciated:	1,131,561	9,768	0	1,141,329
Less accumulated depreciation for:				
Buildings & Improvements	(8,245)	(546)	-	(8,791)
Waterworks System and Treatment Facilities	(283,517)	(30,995)	-	(314,512)
Machinery and Equipment	<u>(18,240)</u>	<u>(323)</u>	<u>-</u>	<u>(18,563)</u>
Total accumulated depreciation	<u>(310,002)</u>	<u>(31,864)</u>	<u>0</u>	<u>(341,866)</u>
Total capital assets, being depreciated, net	<u>821,559</u>	<u>(22,096)</u>	<u>0</u>	<u>799,463</u>
Governmental activities capital assets, net	<u>\$ 822,959</u>	<u>\$ (9,973)</u>	<u>\$ 0</u>	<u>\$ 812,986</u>

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2004**

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**Note 12 – Interfund Receivables and Payables**

Individual fund interfund receivables and payables at June 30, 2004, were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 0	\$ 71
Enterprise Fund	<u>71</u>	<u>0</u>
Total	<u>\$ 71</u>	<u>\$ 71</u>

**Note 13 – Compensation of Mayor and Aldermen**

The mayor and aldermen of the Town of Junction City, Louisiana, were paid the following amounts during the fiscal year ended June 30, 2004:

Mr. Preston Rogers, Mayor	\$4,800
Mr. Mike Griffith	588
Mr. Terry Enis	588
Mr. Arnold Jones	<u>588</u>
Total	<u>\$6,564</u>

**TOWN OF JUNCTION CITY, LOUISIANA**  
**Budgetary Comparison Schedule - General Fund**  
**For The Year Ended June 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 35,000	\$ 33,000	\$ 32,723	\$ (277)
Intergovernmental	-	-	-	-
Licenses and Permits	18,000	15,600	16,765	1,165
Fines and Forfeitures	15,000	15,000	14,305	(695)
Miscellaneous	3,000	2,000	3,386	1,386
Total Revenues	<u>71,000</u>	<u>65,600</u>	<u>67,179</u>	<u>1,579</u>
<b>EXPENDITURES</b>				
General Government	49,530	44,130	36,882	7,248
Public Safety	21,470	21,470	16,515	4,955
Total Expenditures	<u>71,000</u>	<u>65,600</u>	<u>53,397</u>	<u>12,203</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	-	-	13,782	13,782
Fund Balance At Beginning Of Year	<u>131,857</u>	<u>131,857</u>	<u>131,857</u>	-
Fund Balance At End Of Year	<u>\$ 131,857</u>	<u>\$ 131,857</u>	<u>\$ 145,639</u>	<u>\$ 13,782</u>

See accompanying notes and accountants' report.

# Warren & Brewer

Certified Public Accountants  
A Professional Accounting Corporation  
112 East Carolina Avenue  
Ruston, Louisiana 71270

Joan L. Warren, CPA  
Douglas A. Brewer, CPA

Telephone: (318) 251-1317  
Fax: (318) 251-2108

## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Board of Aldermen of  
Town of Junction City, Louisiana

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

### ***Public Bid Law***

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

There were no expenditures made during the year for materials and supplies exceeding \$20,000 and none for public works exceeding \$100,000.

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

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

Management provided us with the required list.

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

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

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

### ***Budgeting***

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

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

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

We traced the adoption of the original budget to the minutes of a meeting held on June 12, 2004 which indicated that the budget had been adopted by the board of aldermen of the Town of Junction City.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

### ***Accounting and Reporting***

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

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

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

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

Each of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated proper approvals.

### ***Meetings***

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

We examined copies of notices and agendas for all council meetings during the fiscal year.

### ***Debt***

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

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

***Advances and Bonuses***

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

A reading of the minutes of the Town for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Our prior year report, dated December 18, 2003, did not include any comments or unresolved matters.

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

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

*Warren & Brewer CPAs APAC*

Ruston, Louisiana  
October 26, 2004

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**  
October 26, 2004

Warren & Brewer CPAs, APAC  
112 E. Carolina Ave.  
Ruston, LA 71270  
\_\_\_\_\_ (Auditors)

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

These representations are based on the information available to us as of October 26, 2004

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..  
Yes [ X ] No [ ]

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

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

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

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.  
Yes [ X ] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.  
Yes [ X ] No [ ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.  
Yes [ X ] No [ ]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.  
Yes  No

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.  
Yes  No

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.  
Yes  No

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.  
Yes  No

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

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

Lester Rozen Mayor 11-11-04 Date

Carolyn Enis Town Clerk 11-11-04 Date

Note: If the engagement is for a routine compilation/attest that will be completed within six months of the entity's fiscal year-end and the CPA will submit either a Fax Approval Form or an Email engagement approval form to the legislative auditor, the space for the legislative auditor's approval may be omitted.