

2422

VILLAGE OF PALMETTO, LOUISIANA

Financial Report

Year Ended July 31, 2009

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.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Jeff Benhard, II, Mayor
and the Board of Aldermen
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We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto, Louisiana, as of and for the year ended July 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Palmetto, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the Village of Palmetto, Louisiana, as of July 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 18, 2010, on our consideration of the Village of Palmetto, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Village of Palmetto, Louisiana has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Palmetto, Louisiana's financial statements. The accompanying financial information listed as "Supplemental Information" and the budgetary comparison schedules listed as required supplementary information in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
January 18, 2010

BASIC FINANCIAL STATEMENTS

VILLAGE OF PALMETTO, LOUISIANA

Statement of Net Assets
July 31, 2009

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 16,685	\$ 30,394	\$ 47,079
Certificates of deposit	-	66,823	66,823
Investments	31,060	440,487	471,547
Accounts receivable, net	5,129	51,449	56,578
Internal balances	(3,883)	3,883	-
Restricted assets:			
Cash and cash equivalents	-	7,511	7,511
Certificates of deposit	-	65,775	65,775
Investments	-	62,279	62,279
Capital assets:			
Non-depreciable	5,250	32,069	37,319
Depreciable, net	767,049	2,257,647	3,024,696
Bond issue costs, net of accumulated amortization	-	5,302	5,302
Total assets	<u>821,290</u>	<u>3,023,619</u>	<u>3,844,909</u>
Liabilities:			
Accounts payable and accrued expenses	1,124	1,360	2,484
Customer deposits	-	45,811	45,811
Accrued interest on bonds	-	8,763	8,763
Long-term liabilities:			
Portion due or payable within one year - Bonds payable	-	20,154	20,154
Portion due or payable after one year - Bonds payable	-	598,498	598,498
Total liabilities	<u>1,124</u>	<u>674,586</u>	<u>675,710</u>
Net Assets:			
Investment in capital, net of related debt	772,299	1,671,064	2,443,363
Restricted for debt service	-	82,001	82,001
Unrestricted	47,867	595,968	643,835
Total net assets	<u>\$ 820,166</u>	<u>\$ 2,349,033</u>	<u>\$ 3,169,199</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Statement of Activities
Year Ended July 31, 2009

Activities	Expenses	Program Revenues	Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Governmental Activities	Business-Type Activities	Total
Government activities:					
General government	\$ 27,734	\$ 517	\$ (27,217)	\$ -	\$ (27,217)
Public safety	39,965	5,661	(34,304)	-	(34,304)
Highways and streets	47,726	24,860	(22,866)	-	(22,866)
Total government activities	<u>115,425</u>	<u>31,038</u>	<u>(84,387)</u>	<u>-</u>	<u>(84,387)</u>
Business type activities:					
Gas	380,377	391,073	-	10,696	10,696
Sewer	235,658	225,442	-	(10,216)	(10,216)
Total business-type activities	<u>616,035</u>	<u>616,515</u>	<u>-</u>	<u>480</u>	<u>480</u>
Total	<u>\$ 731,460</u>	<u>\$ 647,553</u>	<u>\$ (84,387)</u>	<u>\$ 480</u>	<u>\$ (83,907)</u>
General Revenues:					
Taxes			\$ 11,174	\$ -	\$ 11,174
Licenses and permits			19,580	-	19,580
Grants and contributions not restricted to specific programs			61,057	4,536	65,593
Interest			312	8,709	9,021
Miscellaneous			465	2,300	2,765
Total general revenues			<u>92,588</u>	<u>15,545</u>	<u>108,133</u>
Change in net assets			8,201	16,025	24,226
Net assets - beginning			<u>811,965</u>	<u>2,333,008</u>	<u>3,144,973</u>
Net assets - ending			<u>\$ 820,166</u>	<u>\$ 2,349,033</u>	<u>\$ 3,169,199</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENT (FFS)

VILLAGE OF PALMETTO, LOUISIANA

Balance Sheet-Governmental Funds
July 31, 2009

	<u>General Fund</u>
ASSETS	
Cash	\$ 16,685
Investments	31,060
Accounts receivable	<u>5,129</u>
Total assets	<u>\$ 52,874</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Account payable and accrued expenses	\$ 1,124
interfund balances	<u>3,883</u>
Total liabilities	<u>5,007</u>
Fund balances:	
Unreserved, undesignated	<u>47,867</u>
Total fund balances	<u>47,867</u>
Total liabilities and fund balances	<u>\$ 52,874</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
Year Ended July 31, 2009

Total fund balances - governmental funds	\$	47,867
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, net		<u>772,299</u>
Total net assets of governmental activities at July 31, 2009	\$	<u>820,166</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Statement of Revenues, Expenditures and Change in
Fund Balances – Governmental Funds
Year Ended July 31, 2009

	<u>General Fund</u>
Revenues:	
Taxes	\$ 11,174
Licenses and permits	19,580
Intergovernmental	29,800
Charges for services	24,860
Fines and forfeitures	5,661
Interest	312
Miscellaneous	<u>32,239</u>
Total revenues	<u>123,626</u>
Expenditures:	
Current -	
General government	17,982
Public safety	38,806
Highways and street	17,479
Capital outlay	<u>25,939</u>
Total expenditures	<u>100,206</u>
Net change in fund balance	<u>23,420</u>
Fund balances, beginning	<u>24,447</u>
Fund balances, ending	<u>\$ 47,867</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Reconciliation of the Statement of revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended July 31, 2009

Net changes in fund balance - total governmental fund \$ 23,420

The change in net assets reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.
However, in the statements of activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	\$ 25,939	
Depreciation expense	<u>(41,158)</u>	<u>(15,219)</u>

Change in net assets of governmental activities \$ 8,201

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Proprietary Funds
 Statement of Net Assets
 Business-Type Activities – Enterprise Funds
 July 31, 2009

	Gas Utility	Water Utility	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 16,595	\$ 13,799	\$ 30,394
Certificates of deposit	48,984	17,839	66,823
Investments	422,662	17,825	440,487
Accounts receivable, net	22,561	17,977	40,538
Unbilled services receivable	5,088	5,822	10,910
Interfund balances	<u>1,942</u>	<u>3,907</u>	<u>5,849</u>
Total current assets	<u>517,832</u>	<u>77,169</u>	<u>595,001</u>
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	702	6,809	7,511
Certificates of deposit	18,074	47,701	65,775
Investments	<u>6,000</u>	<u>56,279</u>	<u>62,279</u>
Total noncurrent assets	<u>24,776</u>	<u>110,789</u>	<u>135,565</u>
CAPITAL ASSETS			
Land	29,238	2,831	32,069
Utility plant and equipment	632,891	2,733,874	3,366,765
Furniture and fixtures	37,860	15,760	53,620
Vehicles	36,207	296	36,503
Buildings	91,870	71,834	163,704
Accumulated depreciation	<u>(582,797)</u>	<u>(780,148)</u>	<u>(1,362,945)</u>
Total capital assets	<u>245,269</u>	<u>2,044,447</u>	<u>2,289,716</u>
BOND ISSUE COSTS, net of accumulated amortization			
	<u>-</u>	<u>5,302</u>	<u>5,302</u>
Total assets	<u>\$ 787,877</u>	<u>\$ 2,237,707</u>	<u>\$ 3,025,584</u>

	Gas Utility	Water Utility	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES (payable from current assets)			
Accounts payable and accrued expenses	\$ 818	\$ 542	\$ 1,360
Interfund balances	<u>1,965</u>	<u>-</u>	<u>1,965</u>
Total	<u>2,783</u>	<u>542</u>	<u>3,325</u>
CURRENT LIABILITIES (payable from restricted assets)			
Customers' deposits	27,499	18,312	45,811
Accrued interest on bonds	-	8,763	8,763
Bonds payable, due currently	<u>-</u>	<u>20,154</u>	<u>20,154</u>
Total	<u>27,499</u>	<u>47,229</u>	<u>74,728</u>
Total current liabilities	<u>30,282</u>	<u>47,771</u>	<u>78,053</u>
NONCURRENT LIABILITIES			
Bonds payable	<u>-</u>	<u>598,498</u>	<u>598,498</u>
Total liabilities	<u>30,282</u>	<u>646,269</u>	<u>676,551</u>
NET ASSETS			
Invested in capital assets, net of related debt	245,269	1,425,795	1,671,064
Restricted for debt service	-	82,001	82,001
Unrestricted	<u>512,326</u>	<u>83,642</u>	<u>595,968</u>
Total net assets	<u>757,595</u>	<u>1,591,438</u>	<u>2,349,033</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Statements of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 Business-Type Activities – Enterprise Funds
 Year Ended July 31, 2009

	Gas Utility	Water Utility	Total
Operating revenues:			
Charges for services	\$ 367,403	\$ 209,034	\$ 576,437
Other billings to customers	<u>12,245</u>	<u>16,408</u>	<u>28,653</u>
Total operating revenues	<u>379,648</u>	<u>225,442</u>	<u>605,090</u>
Operating expenses:			
Gas purchases	104,506	-	104,506
Personal costs	116,434	64,689	181,123
Operating and maintenance	15,847	26,037	41,884
Truck expenses	9,681	4,691	14,372
Travel	7,270	-	7,270
Office supplies	16,564	469	17,033
Computer	4,524	-	4,524
Bad debts	10,000	500	10,500
Telephone and utilities	21,409	16,085	37,494
Insurance	20,879	16,092	36,971
Professional fees	11,907	1,650	13,557
Depreciation	21,323	57,686	79,009
Amortization	-	147	147
Tower inspection	-	10,470	10,470
Other	<u>20,033</u>	<u>6,409</u>	<u>26,442</u>
Total operating expenses	<u>380,377</u>	<u>204,925</u>	<u>585,302</u>
Operating income (loss)	<u>(729)</u>	<u>20,517</u>	<u>19,788</u>
Nonoperating revenues (expenses):			
Interest revenue	6,264	2,445	8,709
Interest expense	-	(30,733)	(30,733)
Rent	11,425	-	11,425
Other	<u>2,300</u>	<u>4,536</u>	<u>6,836</u>
Total nonoperating revenues (expenses)	<u>19,989</u>	<u>(23,752)</u>	<u>(3,763)</u>
Change in net assets	19,260	(3,235)	16,025
Net assets, beginning	<u>738,335</u>	<u>1,594,673</u>	<u>2,333,008</u>
Net assets, ending	<u>\$ 757,595</u>	<u>\$ 1,591,438</u>	<u>\$ 2,349,033</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 Business-Type Activities – Enterprise Funds
 Year Ended July 31, 2009

	Gas Utility	Water Utility	Total
Cash flows from operating activities:			
Receipts from customers	\$ 351,889	\$ 205,744	\$ 557,633
Payments to suppliers for goods and services	(241,758)	(81,723)	(323,481)
Payments to employees and for employee related costs	(116,434)	(64,689)	(181,123)
Other receipts	<u>12,245</u>	<u>16,408</u>	<u>28,653</u>
Net cash provided by operating activities	<u>5,942</u>	<u>75,740</u>	<u>81,682</u>
Cash flows from noncapital financing activities:			
Transportation charges, net	2,300	-	2,300
Increase (decrease) in customer's deposits, net of refunds	<u>173</u>	<u>789</u>	<u>962</u>
Net cash provided by noncapital financing activities	<u>2,473</u>	<u>789</u>	<u>3,262</u>
Cash flows from capital and related financing activities:			
Proceeds from federal grants	-	4,536	4,536
Principal payments on bonds	-	(29,630)	(29,630)
Purchases of fixed assets	(50,575)	-	(50,575)
Interest paid	-	(30,279)	(30,279)
Rents	<u>11,425</u>	<u>-</u>	<u>11,425</u>
Net cash used by capital and related financing activities	<u>(39,150)</u>	<u>(55,373)</u>	<u>(94,523)</u>
Cash flows from investing activities:			
Interest received	6,264	2,445	8,709
Purchases of investments	<u>13,736</u>	<u>(13,916)</u>	<u>(180)</u>
Net cash provided (used) by investing activities	<u>20,000</u>	<u>(11,471)</u>	<u>8,529</u>
Net increase (decrease) in cash and cash equivalents	(10,735)	9,685	(1,050)
Cash and cash equivalents, beginning of year	<u>28,032</u>	<u>10,923</u>	<u>38,955</u>
Cash and cash equivalents, end of year	<u>\$ 17,297</u>	<u>\$ 20,608</u>	<u>\$ 37,905</u>

(Continued)

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 Business-Type Activities – Enterprise Funds
 Year Ended July 31, 2009

	Gas Utility	Water Utility	Total
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (729)	\$ 20,517	\$ 19,788
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	21,323	57,687	79,010
Amortization	-	147	147
Changes in assets and liabilities -			
Increase in receivables	(5,514)	(2,791)	(8,305)
Increase (decrease) in accounts payable and accrued expenses	(9,138)	180	(8,958)
Net cash provided by operating activities	<u>\$ 5,942</u>	<u>\$ 75,740</u>	<u>\$ 81,682</u>
Cash and cash equivalents shown on statement of net assets as:			
Current assets -			
Cash and cash equivalents	\$ 16,595	\$ 13,799	\$ 30,394
Restricted assets -			
Cash and cash equivalents	<u>702</u>	<u>6,809</u>	<u>7,511</u>
	<u>\$ 17,297</u>	<u>\$ 20,608</u>	<u>\$ 37,905</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Palmetto, Louisiana (the "Village") are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements for both the business-type activities and proprietary fund financial statements. Although the Village has the option to apply FASB pronouncements issued after that date, they have chosen not to do so. The more significant of the village's accounting policies are described below.

Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government –

Village of Palmetto – The Village operates under an elected Mayor/Aldermen (three members) form of government. The Village's operations include police protection, streets and drainage, and general administrative services. The Village owns and operates gas and water utilities systems.

Component Units –

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy sell and lease property in its own name.
2. Whether the primary government's governing authority (Aldermen or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, the Village has no component units.

Basis of Presentation

The Village's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the government and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts – invested in capital assets; net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, licenses and permits, certain intergovernmental revenues, etc.) The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, licenses and permits, intergovernmental revenues, investment income, etc.). The village does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the Village's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental funds:

General Fund

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

The Village reports the following major enterprise funds:

Gas Utility Fund

This fund accounts for the provision of gas service to the residents of the Village and some residents of the Parish. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Water Utility Fund

This fund accounts for the provision of water service to the residents of the Village and some residents of the Parish. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. All of the Village's funds are considered major funds for the year ended July 31, 2009.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Government-wide and proprietary fund financial statements -

The government-wide and proprietary fund 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. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements -

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Investments

State statutes authorize the Village to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Investments consist of amounts invested in the Louisiana Asset management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool and which local governments are authorized to invest in. The Village has implemented GASB No. 31; however, its investments do not fall under the requirements of the Statement. Therefore, investments are stated at cost.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, with the paying agent and on hand. Highly liquid investments (including restricted assets) with an original maturity of three months or less and investments in LAMP are considered to be cash equivalents for purposes of statement of cash flows for the proprietary funds.

Deposits

The Village is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Village's policy to ensure there is no exposure is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage in the Village's name. These securities are to be held at a third party bank. Accordingly, the Village had no custodial credit risk related to its deposits at July 31, 2009.

Interfund Balances

Short-term cash borrowings between funds are considered temporary in nature. These are reported as interfund balances in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receivables

Accounts receivable for the Gas and Water Fund are reported net of an allowance for doubtful accounts. The allowance amount at July 31, 2009 for the Gas and Water Fund was \$14,372 and \$1,999, respectively.

Bond Discount/Issuance Costs

In governmental funds, bond discounts and issuance costs are recognized in the current period. In proprietary funds (and for governmental activities, in the government-wide statements), bond discount and issuance costs are deferred and amortized over the terms of the bonds to which such discounts and costs apply.

Restricted assets

Certain resources of the Gas and Water Utility Funds are classified as restricted assets on the statement of net assets because their use is limited by bond ordinances or because they represent customers' deposits being held by the Village.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide financial statements –

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Prior to August 1, 2003, governmental funds' infrastructure assets were not capitalized. As provided for in GASB 34, the Village has not retroactively reported infrastructure. All infrastructure from August 1, 2003 forward is capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Utility plant and equipment	5 - 50
Buildings and improvements	25 - 40
Furniture, fixtures, equipment and vehicles	3 - 25
Infrastructure	25
Land improvements	25

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

Fund financial statements --

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

Compensated absences

Employees of the Village earn annual leave of five working days per year and may accumulate a maximum of five days of annual leave, which is paid at termination. Through July 31, 2009, all material available leave has been taken, and therefore, no liability is recorded.

Sick leave is earned at the rate of 5/6 day for each month worked. There is no maximum amount of sick leave which may be accumulated; however, no sick leave is paid to employees at termination.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term debt

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide financial statements.

Equity Classifications

Government-wide financial statements –

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consist of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements –

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide financial statements.

Interfund transfers

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental and proprietary funds have been eliminated.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 as of the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Impairments

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Village is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude, and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The Village recorded no impairment losses during the year ended July 31, 2009.

NOTE 2 CERTIFICATES OF DEPOSIT

The Village held the following certificate of deposit at July 31, 2009:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Washington State Bank	\$ 132,598	2.00%	05/19/10

The certificate of deposit of the enterprise funds was applicable to the following at July 31, 2009:

	<u>Gas Utility Fund</u>	<u>Water Utility Fund</u>
Current assets	\$ 48,984	\$ 17,839
Restricted assets	<u>18,074</u>	<u>47,701</u>
	<u>\$ 67,058</u>	<u>\$ 65,540</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 3 INVESTMENTS

As of July 31, 2009, the Village had the following investments:

State Investment Pool (LAMP) -
maturity of less than one year \$ 533,826

Investments of the Village were applicable to the following funds at July 31, 2009:

	<u>General Fund</u>	<u>Gas Utility Fund</u>	<u>Water Utility Fund</u>
Current assets	\$ 31,060	\$ 422,662	\$ 17,825
Restricted assets	<u>-</u>	<u>6,000</u>	<u>56,279</u>
	<u>\$ 31,060</u>	<u>\$ 428,662</u>	<u>\$ 74,104</u>

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village does not have a formal investment policy that addresses this risk. LAMP is rated AAAM by Standard & Poor's at July 31, 2009.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 4 INTERFUND BALANCES

Interfund balances at July 31, 2009 consist of the following:

Due to:	Due From:		Total
	General	Gas	
Gas	\$ 1,942	\$ -	\$ 1,942
Water	<u>1,942</u>	<u>1,965</u>	<u>3,907</u>
Total	<u>\$ 3,884</u>	<u>\$ 1,965</u>	<u>\$ 5,849</u>

The remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended July 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$ 5,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,250</u>
Capital assets being depreciated:				
Land improvements	225,360	-	-	225,360
Buildings and improvements	401,452	-	-	401,452
Equipment	146,118	2,000	-	148,118
Infrastructure	<u>337,250</u>	<u>23,939</u>	-	<u>361,189</u>
Total capital assets	<u>1,110,180</u>	<u>25,939</u>	-	<u>1,136,119</u>
Less accumulated depreciation				
Land improvements	(63,101)	(8,263)	-	(71,364)
Buildings and improvements	(170,617)	(9,200)	-	(179,817)
Equipment	(65,275)	(11,249)	-	(76,524)
Infrastructure	<u>(28,919)</u>	<u>(12,446)</u>	-	<u>(41,365)</u>
Total accumulated depreciation	<u>(327,912)</u>	<u>(41,158)</u>	-	<u>(369,070)</u>
Total capital assets being depreciated, net	<u>782,268</u>	<u>(15,219)</u>	-	<u>767,049</u>
Governmental activities capital assets, net	<u>\$ 787,518</u>	<u>\$ (15,219)</u>	<u>\$ -</u>	<u>\$ 772,299</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 5 CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 4,831	\$ 27,238	\$ -	\$ 32,069
Capital assets being depreciated -				
Utility plant and equipment	3,366,765	-	-	3,366,765
Furniture and fixtures	46,931	6,689	-	53,620
Vehicles	29,819	6,684	-	36,503
Buildings	<u>153,740</u>	<u>9,964</u>	-	<u>163,704</u>
Total capital assets being depreciated	<u>3,597,255</u>	<u>23,337</u>	-	<u>3,620,592</u>
Less accumulated depreciation for -				
Utility and plant and equipment	(1,160,591)	(64,367)	-	(1,224,958)
Furniture and fixtures	(24,357)	(4,851)	-	(29,208)
Vehicles	(20,082)	(3,607)	-	(23,689)
Buildings	<u>(78,905)</u>	<u>(6,185)</u>	-	<u>(85,090)</u>
Total accumulated depreciation	<u>(1,283,935)</u>	<u>(79,010)</u>	-	<u>(1,362,945)</u>
Total capital assets being depreciated, net	<u>2,313,320</u>	<u>(55,673)</u>	-	<u>2,257,647</u>
Business-type activities capital assets, net	<u>\$ 2,318,151</u>	<u>\$ (28,435)</u>	\$ -	<u>\$ 2,289,716</u>
Depreciation was charged as follows:				
Governmental activities:				
General government				\$ 9,752
Highways and streets				30,246
Public safety				<u>1,160</u>
Total governmental activities				<u>\$ 41,158</u>
Business-type activities:				
Gas				\$ 21,323
Water				<u>57,687</u>
Total business-type activities depreciation expense				<u>\$ 79,010</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 6 LONG-TERM DEBT

Revenue Bonds

The Village has issued bonds which are payable from a specific revenue source, income derived from the Water Utility System proprietary fund. Proceeds were used for the acquisition and construction of major capital facilities of the waterworks system. These bonds, expected to be paid from the Water Utility System proprietary fund, is reported in that fund. Revenue bonds outstanding at July 31, 2009 are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>	<u>Amount Due In One Year</u>
Business-type activities: Waterworks Revenue Bonds -					
	11/24/1976	1/1/2009	5.000	\$ 76,000	\$ 9,000
	5/4/1982	1/1/2016	5.000	94,000	5,000
	2/10/1993	1/1/2033	5.625	80,020	1,656
	4/21/2005	4/1/2045	4.250	<u>368,632</u>	<u>4,498</u>
Total business-type activities debt				<u>\$ 618,652</u>	<u>\$ 20,154</u>

Debt service requirements to maturity of all bonds outstanding at July 31, 2009 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 20,154	\$ 28,581	\$ 48,735
2011	22,442	27,593	50,035
2012	22,743	26,492	49,235
2013	24,060	25,375	49,435
2014	24,391	24,194	48,585
2015	26,738	22,997	49,735
2016	28,101	21,684	49,785
2017	15,481	20,303	35,784
2018	16,881	19,554	36,435
2019	17,298	18,736	36,034
2020-2024	81,498	80,526	162,024
2025-2029	67,394	63,778	131,172
2030-2034	78,811	46,203	125,014
2035-2039	70,834	29,555	100,389
2040-2044	87,573	12,817	100,390
2045	<u>14,253</u>	<u>246</u>	<u>14,499</u>
	<u>\$ 618,652</u>	<u>\$ 468,634</u>	<u>\$ 1,087,286</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 6 LONG-TERM DEBT (Continued)

Changes in Long-term Debt

The following is a summary of debt activity for the year ended July 31, 2009:

	<u>Balance 7/31/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 7/31/2009</u>
Revenue Bonds	<u>\$ 648,282</u>	<u>\$ -</u>	<u>\$ (29,630)</u>	<u>\$ 618,652</u>

NOTE 7 RESTRICTED

Restricted assets of the enterprise funds were applicable to the following at July 31, 2009:

	<u>Gas Utility Fund</u>	<u>Water Utility Fund</u>
Customer deposits	\$ 24,776	\$ 18,312
Revenue bond reserve fund	-	53,340
Depreciation and contingencies fund	-	10,158
Bond and interest amortization fund	<u>-</u>	<u>28,979</u>
	<u>\$ 24,776</u>	<u>\$ 110,789</u>

NOTE 8 AD VALOREM TAXES

Government-wide financial statements –

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements –

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when collected.

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of St. Landry Parish.

For the year ended July 31, 2009, taxes of 5.90 mills were levied on property with assessed valuations of \$663,330 and were dedicated for general corporate purposes.

Total taxes levied were \$3,914 for 2009. There were no taxes receivable at July 31, 2009, therefore no receivable has been recorded.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 9 FLOW OF FUNDS; RESTRICTIONS ON USE – UTILITIES REVENUES

Under the terms of various bond indentures on outstanding Waterworks Revenue Bonds, all income and revenues earned from the operation of the waterworks system are pledged and dedicated to the retirement of said bonds and are to be deposited in funds as follows:

All revenue must be deposited into a System Fund to be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system.

An Amortization Fund (Bond and Interest Sinking Fund) shall be established and maintained by transferring monthly from the System Fund a sum whereby there will accumulate an amount sufficient to pay all interest and principal as it becomes due.

A Reserve Fund shall be established and maintained by transferring each month from the System Fund \$160 until the improvements financed with the 2005 Bonds are accepted and thereafter 5% of the amount paid to the Amortization Fund, until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year on all bonds payable from the sinking fund. These funds shall be retained solely for the purpose of paying the principal and interest on the bonds should the Amortization Fund be in default.

A Depreciation and Contingencies Fund shall be established and maintained by transferring \$210 each month from the System Fund until the improvements financed with the 2005 Bonds are accepted and thereafter 5% of the monthly sum deposited into the Sinking fund until the amount in the Reserve Fund equals the reserve fund requirement. Thereafter, a sum equal to 5% of the sum deposited into the Sinking Fund for the 1976, 1982 and 1993 Bonds and 10% of the sum deposited in the Sinking Fund for the 2005 Bonds. The money shall be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly. Money in this fund shall also be used for the payment of principal and interest on bonds if there is not sufficient money shall be replaced as soon as possible out of system earnings after all required payments are made.

All required transfers were made for the year ended July 31, 2009.

NOTE 10 CONSTRUCTION OF GAS LINE

The Village has completed construction of a gas line to a nearby manufacturing facility as called for in an agreement signed by the two parties on February 11, 1988. The cost of construction, which was reimbursed in full by the facility, was \$143,070. The line was placed in use in December 1988, and the manufacturing facility reimburses the purchase price paid by the Village for any gas flowing through the line along with a fee for transportation of the gas.

The term of the original agreement was for three years, with a three year renewal option through 2006. Subsequent to that time, renewals have been on annual basis. Options to renew have been exercised through December 31, 2009. At the end of the initial or extended term of the contract, the manufacturer has the right to acquire the line and appurtenances for \$100.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Financial Statements

NOTE 11 RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to cover any claims related to these risks.

NOTE 12 COMPENSATION OF ELECTED OFFICIALS

A detail of compensation paid to individual elected officials for the year ended July 31, 2009 follows:

Mayor:	
Jeff Benhard, II	\$ 600
Aldermen:	
Lavonya Malveaux	1,719
Nelene Guidroz	2,292
Judy Dupre	2,292
Debra Lynn Coulon	<u>573</u>
	<u>\$ 7,476</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PALMETTO, LOUISIANA

Budgetary Comparison Schedule
 General Fund
 Year Ended July 31, 2009

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 10,900	\$ 11,300	\$ 11,174	\$ (126)
Licenses and permits	19,024	20,024	19,580	(444)
Intergovernmental	12,265	29,804	29,800	(4)
Charges for services	25,000	26,625	24,860	(1,765)
Fines and forfeits	2,500	5,800	5,661	(139)
Interest	200	300	312	12
Miscellaneous	<u>36,400</u>	<u>32,970</u>	<u>32,239</u>	<u>(731)</u>
Total revenues	<u>106,289</u>	<u>126,823</u>	<u>123,626</u>	<u>(3,197)</u>
Expenditures:				
Current -				
General government	24,360	18,135	17,982	153
Public safety	33,015	41,774	38,806	2,968
Highways and streets	22,300	17,465	17,479	(14)
Capital outlay	-	<u>23,939</u>	<u>25,939</u>	<u>(2,000)</u>
Total expenditures	<u>79,675</u>	<u>101,313</u>	<u>100,206</u>	<u>1,107</u>
Net change in fund balance	<u>\$ 26,614</u>	<u>\$ 25,510</u>	23,420	<u>\$ (2,090)</u>
Fund balance, beginning			<u>24,447</u>	
Fund balance, ending			<u>\$ 47,867</u>	

See notes to budgetary comparison schedule.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Budgetary Comparison Schedule

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The Village of Palmetto, Louisiana follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits a proposed operating budget for the General Fund to the Board of Aldermen prior to the beginning of the fiscal year.
2. The proposed budget is discussed and adopted at the public meeting when presented.
3. The General Fund budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
4. Any amendment to the adopted budget must be approved by the Board of Aldermen.
5. All appropriations lapse at year end.

All budgeted amounts presented reflect the original budget and the final budget (which has been adjusted for legally authorized revisions during the year).

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

The Village of Palmetto, Louisiana did not have any individual fund with actual expenditures in excess of budgeted expenditures for the year ended July 31, 2009:

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF PALMETTO, LOUISIANA

Budgetary Comparison Schedule – Detail of Revenues
 General Fund
 Year Ended July 31, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:				
Taxes -				
Ad valorem taxes	\$ 4,000	\$ 4,000	\$ 3,914	\$ (86)
Franchise	6,400	6,700	6,701	1
Housing authority in lieu of taxes	500	600	559	(41)
Licenses and permits	19,024	20,024	19,580	(444)
Intergovernmental -				
Beer and tobacco tax	800	250	246	(4)
State grant	-	10,000	10,000	-
Local grant	11,465	19,554	19,554	-
Charges for services -				
Grass cutting	25,000	26,625	24,860	(1,765)
Fines and forfeits	2,500	5,800	5,661	(139)
Interest	200	300	312	12
Miscellaneous -				
Racino revenue	35,000	32,000	31,257	(743)
Wood revenue	500	500	517	17
Other	900	470	465	(5)
Total revenues	<u>\$ 106,289</u>	<u>\$ 126,823</u>	<u>\$ 123,626</u>	<u>\$ (3,197)</u>

VILLAGE OF PALMETTO, LOUISIANA

Budgetary Comparison Schedule – Detail of Expenditures
 General Fund
 Year Ended July 31, 2009

	Original Budget	Amended Budget	Actual	Variance - Variance With Final Budget Positive (Negative)
Current:				
General government -				
Mayor's salary	\$ 300	\$ 300	\$ 300	\$ -
Clerk's salary	3,175	3,144	3,144	-
Payroll taxes	675	600	540	(60)
Bank service charges	120	120	120	-
Advertising	250	100	51	(49)
Travel and meetings	1,000	70	70	-
Tax roll preparation	300	330	318	(12)
Insurance	13,000	7,000	7,086	86
Town hall expense	800	1,200	1,196	(4)
Municipal dues	600	500	474	(26)
Professional fees	3,790	3,490	3,340	(150)
Miscellaneous	350	1,281	1,343	62
Total general government	<u>24,360</u>	<u>18,135</u>	<u>17,982</u>	<u>(153)</u>
Public safety -				
Police department:				
Police salaries	26,265	29,444	29,186	(258)
Payroll taxes	2,050	2,255	2,233	(22)
Supplies and auto expenses	4,000	8,275	5,844	(2,431)
Miscellaneous	700	1,800	1,543	(257)
Total public safety	<u>33,015</u>	<u>41,774</u>	<u>38,806</u>	<u>(2,968)</u>
Highways and streets -				
Supplies	16,500	8,700	8,695	(5)
Tractor expenses	5,000	4,000	4,005	5
Grants	-	4,465	4,465	-
Contract labor	300	-	-	-
Repairs and maintenance	500	300	314	14
Total highways and streets	<u>22,300</u>	<u>17,465</u>	<u>17,479</u>	<u>14</u>
Capital outlay	-	23,939	25,939	2,000
Total expenditures	<u>\$ 79,675</u>	<u>\$ 101,313</u>	<u>\$ 100,206</u>	<u>\$ (1,107)</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**



**Darnall, Sikes,
Gardes Frederick.**

(A Corporation of Certified Public Accountants)

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Jeff Benhard, II, Mayor
and the Board of Aldermen
Palmetto, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the business-type activities and each major fund of the Village of Palmetto, Louisiana, as of and for the year ended July 31, 2009, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated January 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in

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accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying schedule of findings and deficiency described at 09-1 in the accompanying schedule of finds and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency or a combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

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

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, federal awarding agencies and pass through entities. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, therefore its distributions not limited.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
January 18, 2010

VILLAGE OF PALMETTO, LOUISIANA

Schedule of Prior Year Finding
Year Ended July 31, 2009

08-1 Segregation of Duties

Recommendation:

Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status:

This finding is included in the current year's schedule of findings and responses. The Village has provided as much segregation as possible with the resources available.

VILLAGE OF PALMETTO, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended July 31, 2009

We have audited the basic financial statements of the Village of Palmetto, as of and for the year ended July 31, 2009, and have issued our report thereon dated January 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of July 31, 2009 resulted in unqualified opinions.

Section I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Village of Palmetto, Louisiana's financial statements as of and for the year ended July 31, 2009.

Material Weakness and Significant Deficiencies - Financial Reporting

One significant deficiency in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 09-1 in Section II. This significant deficiency is not considered a material weakness.

Material Noncompliance - Financial Reporting

There were no instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended July 31, 2009.

Section II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

09-1 Segregation of Duties

Finding:

Due to the size of the Village, an adequate segregation of duties does not exist in the administrative offices. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Village may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. This condition was also included in the 2008 audit as item 08-1.

VILLAGE OF PALMETTO, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended July 31, 2009

Recommendation:

Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

VILLAGE OF PALMETTO, LOUISIANA

Management Corrective Action Plan
Year Ended July 31, 2009

Response to Finding 09-1

Segregation of Duties

The Village is unable to segregate duties anymore at this time considering the resources available. However, the Mayor oversees the operations on a daily basis and the Board of Aldermen approve all bills for payment at the monthly meetings.