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TOWN OF ARNAUDVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2005

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 10/5/05

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KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Conrad O. Chapman, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*

Robert S. Carter, CPA
Allen J. LaBry, CPA
Harry J. Clostio, CPA
Al Leger, CPA
Penny Angelle Scruggins, CPA
Christina L. Cousin, CPA
Mary T. Thibodeaux, CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA
Cheryl L. Bartley, CPA, CVA
Mandy B. Self, CPA

* A Professional Accounting Corporation

WEB SITE:
WWW.KCSRPCAS.COM

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

INDEPENDENT AUDITORS' REPORT

The Honorable Kathy Richard, Mayor
and Members of the Board of Aldermen
Town of Arnaudville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arnaudville, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Arnaudville, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the Town of Arnaudville, Louisiana's 2004 financial statements and, in our report dated September 23, 2004, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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, and the aggregate remaining fund information of the Town of Arnaudville, Louisiana, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 21, 2005, on our consideration of the Town of Arnaudville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

183 South Beadle
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

The required supplementary information on pages 41 through 44, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The prior year comparative information on the required supplementary information has been derived from the Town of Arnaudville, Louisiana's 2004 financial statements, which were not audited by us and on which we expressed no opinion.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Arnaudville, Louisiana's basic financial statements. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the other supplementary information. However, we did not audit the information and express no opinion on it. The prior year comparative information on the other supplementary information has been derived from the Town of Arnaudville, Louisiana's 2004 financial statements, which were not audited by us and on which we expressed no opinion.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
July 21, 2005

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Net Assets

June 30, 2005

With Comparative Totals for June 30, 2004

	2005			2004 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing demand deposits	\$ 793,178	\$ 106,526	\$ 899,704	\$ 911,275
Interest-bearing time deposits	489,407	762,735	1,252,142	1,225,684
Receivables, net	29,707	85,437	115,144	101,510
Internal balances	26,408	(26,408)	-	-
Due from other governmental units	63,093	2,902	65,995	42,575
Prepaid items	7,337	11,359	18,696	13,064
Total current assets	<u>1,409,130</u>	<u>942,551</u>	<u>2,351,681</u>	<u>2,294,108</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing demand deposits	-	193,262	193,262	429,866
Interest-bearing time deposits	-	86,575	86,575	84,909
Capital assets, net	881,071	1,566,265	2,447,336	2,136,038
Total noncurrent assets	<u>881,071</u>	<u>1,846,102</u>	<u>2,727,173</u>	<u>2,650,813</u>
Total assets	<u>2,290,201</u>	<u>2,788,653</u>	<u>5,078,854</u>	<u>4,944,921</u>
LIABILITIES				
Current liabilities:				
Accounts, salaries and other payables	70,358	34,552	104,910	76,338
Bonds payable	-	28,000	28,000	28,000
Total current liabilities	<u>70,358</u>	<u>62,552</u>	<u>132,910</u>	<u>104,338</u>
Noncurrent liabilities:				
Customers deposits payable	-	33,833	33,833	32,849
Bonds payable	-	504,000	504,000	532,000
Total noncurrent liabilities	<u>-</u>	<u>537,833</u>	<u>537,833</u>	<u>564,849</u>
Total liabilities	<u>70,358</u>	<u>600,385</u>	<u>670,743</u>	<u>669,187</u>
NET ASSETS				
Invested in capital assets, net of related debt	881,071	1,222,898	2,103,969	2,004,038
Restricted for debt service	-	51,833	51,833	48,645
Unrestricted	1,338,772	913,537	2,252,309	2,223,051
Total net assets	<u>\$ 2,219,843</u>	<u>\$ 2,188,268</u>	<u>\$ 4,408,111</u>	<u>\$ 4,275,734</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2005

	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General government	\$ 202,344	\$ 91,497	\$ -	\$ -	\$ -	\$ (110,847)
Public safety:						
Police	279,455	10,250	-	-	-	(269,205)
Streets	72,156	-	-	-	-	(72,156)
Parks and recreation	37,975	-	-	-	-	(37,975)
Community development	76,919	-	-	76,919	-	-
Total governmental activities	668,849	101,747	-	76,919	-	(490,183)
Business-type activities:						
Gas	380,439	359,468	-	-	(20,971)	(20,971)
Water	156,994	202,098	-	25,000	70,104	70,104
Sewer	126,982	86,995	-	-	(39,987)	(39,987)
Sanitation	2,566	730	-	-	(1,836)	(1,836)
Interest on long-term debt	21,600	-	-	-	(21,600)	(21,600)
Total business-type activities	688,581	649,291	-	25,000	(14,290)	(14,290)
Total	\$1,357,430	\$751,038	\$ -	\$101,919	(14,290)	(504,473)
General revenues:						
Taxes -						
Property taxes, levied for general purposes				28,691	29,865	58,556
Sales and use taxes, levied for general purposes				310,812	-	310,812
Franchise taxes				76,461	-	76,461
Grants and contributions not restricted to specific programs -						
State sources				107,314	-	107,314
Interest and investment earnings				17,910	18,055	35,965
Miscellaneous				29,393	18,349	47,742
Transfers				(15,200)	15,200	-
Total general revenues and transfers				555,381	81,469	636,850
Change in net assets				65,198	67,179	132,377
Net assets - July 1, 2004				2,154,645	2,121,089	4,275,734
Net assets - June 30, 2005				\$2,219,843	\$2,188,268	\$4,408,111

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

1969 Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's 1969 1% sales and use tax. These taxes are dedicated for the purpose of constructing, acquiring, improving and maintaining police department stations and equipment, garbage and waste disposal facilities, streets, drains and drainage facilities; compensating policemen; maintaining sewers and sewerage disposal works; and purchasing and acquiring the necessary equipment and furnishings for the aforesaid public works, improvements and facilities.

1982 Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's 1982 1% sales and use tax. These taxes are dedicated for the purpose of constructing, acquiring, improving, operating, and/or maintaining public streets, bridges, sidewalks, drainage facilities, recreational facilities and garbage and waste disposal facilities; and purchasing and acquiring the necessary land, equipment, and furnishings for any of the aforesaid public works, improvements and facilities.

LCDBG Fund -

To account for the proceeds of a Louisiana Community Development Block Grant that is to be used for housing rehabilitation.

Enterprise Fund

Utility Fund -

To account for the provision of water, sewerage and limited sanitation services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

NONMAJOR FUNDS

Two Capital Projects Funds are presented as the nonmajor funds. Information about these funds can be found on pages 49-51.

Fiduciary Fund

Prairie des Femmes Water Corporation

To account for the receipts and disbursements of the Prairie des Femmes Water Corporation (Prairie). The Town agreed to extend water to the Prairie Corporation. The Town does the billing and collection of the Prairie's water sales. The Town charges the Prairie for water purchases at the Town's regular water rates. The excess funds of the fund, after paying the Town and other related expenses (sales tax and safe drinking water charges) belongs to the Prairie Corporation.

TOWN OF ARNAUDVILLE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2005

With Comparative Totals for June 30, 2004

	1969		1982		LCDBG	Nonmajor Funds	Totals	
	General	Special Revenue	Sales Tax Special Revenue	Sales Tax Special Revenue			2005	2004
ASSETS								
Cash and interest-bearing demand deposits	\$ 312,662	\$ 81,231	\$ 399,271	\$ 1	\$ 13	\$ 793,178	\$ 778,222	
Interest-bearing time deposits	-	183,376	155,641	-	150,390	489,407	479,335	
Receivables:								
Interest	-	2,112	1,700	-	2,135	5,947	6,115	
Due from other governmental units	14,760	11,625	11,625	25,083	-	63,093	39,344	
Due from other funds	125,459	6,162	12,147	-	25,866	169,634	149,387	
Prepaid items	7,337	-	-	-	-	7,337	4,915	
Total assets	<u>\$ 460,218</u>	<u>\$ 284,506</u>	<u>\$ 580,384</u>	<u>\$ 25,084</u>	<u>\$ 178,404</u>	<u>\$ 1,528,596</u>	<u>\$ 1,457,318</u>	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 35,684	\$ 2,536	\$ 425	\$ 25,083	\$ -	\$ 63,728	\$ 26,649	
Due to other funds	-	40,133	103,093	-	-	143,226	111,782	
Total liabilities	<u>35,684</u>	<u>42,669</u>	<u>103,518</u>	<u>25,083</u>	<u>-</u>	<u>206,954</u>	<u>138,431</u>	
Fund balances -								
Reserved for prepaid items	7,337	-	-	-	-	7,337	4,915	
Unreserved:								
Unreserved, undesignated	417,197	241,837	476,866	1	178,404	1,314,305	1,313,972	
Total fund balances	<u>424,534</u>	<u>241,837</u>	<u>476,866</u>	<u>1</u>	<u>178,404</u>	<u>1,321,642</u>	<u>1,318,887</u>	
Total liabilities and fund balances	<u>\$ 460,218</u>	<u>\$ 284,506</u>	<u>\$ 580,384</u>	<u>\$ 25,084</u>	<u>\$ 178,404</u>	<u>\$ 1,528,596</u>	<u>\$ 1,457,318</u>	

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

TOWN OF ARNAUDVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2005

Total fund balances for governmental funds at June 30, 2005			\$ 1,321,642
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. Those assets consist of:			
Land	\$ 74,498		
Buildings and improvements, net of \$151,835 accumulated depreciation	148,819		
Infrastructure, net of \$143,100 accumulated depreciation	568,876		
Equipment and vehicles, net of \$100,992 accumulated depreciation	73,678		
Construction in progress	<u>15,200</u>	881,071	
Compensated absences not payable from current resources, and, therefore, not reported in the governmental funds		(6,630)	
Governmental funds are not reported on the accrual basis of accounting and therefore, there are some revenue sources that were not reported in the funds. The additional accruals are:			
Franchise taxes	\$ 19,108		
Occupational licenses	20		
Fines	1,158		
Miscellaneous	<u>3,474</u>	<u>23,760</u>	
			<u>898,201</u>
Total net assets of governmental activities at June 30, 2005			<u>\$ 2,219,843</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2005
With Comparative Totals for the Year Ended June 30, 2004

	1969		1982		LCDBG	Nonmajor Funds	Totals	
	General	Special Revenue	Sales Tax	Special Revenue			2005	2004
Revenues:								
Taxes	\$ 103,313	\$ 155,406	\$ 155,406	\$ -	\$ -	\$ -	\$ 414,125	\$ 402,709
Licenses and permits	91,527	-	-	-	-	-	91,527	90,574
Intergovernmental	107,239	75	-	76,919	-	-	184,233	88,607
Fines and forfeits	10,610	-	-	-	-	-	10,610	16,360
Miscellaneous	27,190	3,766	10,592	-	1	3,551	45,100	46,890
Total revenues	<u>339,879</u>	<u>159,247</u>	<u>165,998</u>	<u>76,920</u>	<u>76,920</u>	<u>3,551</u>	<u>745,595</u>	<u>645,140</u>
Expenditures:								
Current -								
General government	177,597	5,827	6,806	-	-	-	190,230	177,543
Public safety:								
Police	108,580	161,468	-	-	-	-	270,048	254,633
Streets	36,581	-	17,968	-	-	-	54,549	46,676
Parks and recreation	28,041	-	5,015	-	-	-	33,056	32,077
Community development	-	-	-	76,919	-	-	76,919	-
Capital outlay	32,852	-	1,911	-	-	68,075	102,838	133,495
Total expenditures	<u>383,651</u>	<u>167,295</u>	<u>31,700</u>	<u>76,919</u>	<u>76,919</u>	<u>68,075</u>	<u>727,640</u>	<u>644,424</u>
Excess (deficiency) of revenues over expenditures	<u>(43,772)</u>	<u>(8,048)</u>	<u>134,298</u>	<u>1</u>	<u>1</u>	<u>(64,524)</u>	<u>17,955</u>	<u>716</u>
Other financing sources (uses):								
Operating transfers in	100,000	20,000	-	-	-	14,800	134,800	196,652
Operating transfers out	(20,000)	-	(130,000)	-	-	-	(150,000)	(143,852)
Total other financing sources (uses)	<u>80,000</u>	<u>20,000</u>	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>14,800</u>	<u>(15,200)</u>	<u>52,800</u>
Net changes in fund balances	36,228	11,952	4,298	1	1	(49,724)	2,755	53,516
Fund balances, beginning	388,306	229,885	472,568	-	-	228,128	1,318,887	1,265,371
Fund balances, ending	<u>\$ 424,534</u>	<u>\$ 241,837</u>	<u>\$ 476,866</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 178,404</u>	<u>\$ 1,321,642</u>	<u>\$ 1,318,887</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2005

Total net changes in fund balances at June 30, 2005 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,755
The change in net assets reported for governmental activities in the statement of activities is different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay which are considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 102,838
Depreciation expense for the year ended June 30, 2005	<u>(41,302)</u> 61,536
<p>Governmental funds record long-term debt in the General Long- Term Debt Account Group as opposed to recording debt activity in the fund fund financial statements. However, in the statement of activities, the debt and related expenses are reported.</p>	
	(2,492)
<p>Governmental funds are reported on the modified accrual basis of accounting as opposed to the accrual basis of accounting. Therefore, there are additional accruals in the statement of activities.</p>	
	3,651
<p>Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with no selling price does not affect the statement of revenues, expenditures, and changes in fund balances. However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated.</p>	
	<u>(252)</u>
Total changes in net assets at June 30, 2005 per Statement of Activities	<u>\$ 65,198</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Net Assets
 Proprietary Fund
 June 30, 2005
 With Comparative Amounts for June 30, 2004

	<u>Utility Enterprise Fund</u>	
	<u>2005</u>	<u>2004</u>
ASSETS		
Current assets:		
Cash and interest-bearing demand deposits	\$ 106,526	\$ 133,053
Interest-bearing time deposits	762,735	746,349
Receivables:		
Accounts	77,205	67,175
Due from other funds	75,714	27,986
Due from other governmental units	2,902	3,231
Other	8,232	8,111
Prepaid items	<u>11,359</u>	<u>8,149</u>
Total current assets	<u>1,044,673</u>	<u>994,054</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing demand deposits	193,262	429,866
Interest-bearing time deposits	86,575	84,909
Capital assets, net of accumulated depreciation	<u>1,566,265</u>	<u>1,316,251</u>
Total noncurrent assets	<u>1,846,102</u>	<u>1,831,026</u>
Total assets	<u>2,890,775</u>	<u>2,825,080</u>
LIABILITIES		
Current liabilities:		
Accounts payable	15,212	24,664
Due to other funds	102,122	65,591
Accrued liabilities	13,802	15,606
Payable from restricted assets -		
Revenue bonds	28,000	28,000
Accrued interest payable	4,265	4,265
Due to others - water tower escrow	1,273	1,016
Customers' deposits	<u>33,833</u>	<u>32,849</u>
Total current liabilities	<u>198,507</u>	<u>171,991</u>
Noncurrent liabilities:		
Revenue bonds payable	<u>504,000</u>	<u>532,000</u>
Total liabilities	<u>702,507</u>	<u>703,991</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,222,898	1,184,251
Restricted for debt service	51,833	48,645
Unrestricted	<u>913,537</u>	<u>888,193</u>
Total net assets	<u>\$ 2,188,268</u>	<u>\$ 2,121,089</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Fund

For the Year Ended June 30, 2005

With Comparative Amounts for the Year Ended June 30, 2004

	<u>Utility Enterprise Fund</u>	
	<u>2005</u>	<u>2004</u>
Operating revenues:		
Charges for services -		
Gas charges	\$ 359,468	\$ 348,213
Water charges	202,098	189,326
Sewer service charges	86,995	86,960
Sanitation charges	730	803
Miscellaneous	<u>18,074</u>	<u>20,336</u>
Total operating revenues	<u>667,365</u>	<u>645,638</u>
Operating expenses:		
Salaries	152,727	178,869
Payroll taxes and retirement	26,326	19,473
Gas purchases	195,971	159,574
Repairs and maintenance	84,737	72,436
Professional fees	9,615	10,510
Bad debts	2,200	1,760
Telephone	5,225	5,654
Depreciation	99,357	91,181
Insurance	38,405	34,793
Water plant lease	250	250
Utilities	34,983	28,159
Fire department expense	2,472	2,266
Office supplies	7,448	7,511
Miscellaneous	<u>7,265</u>	<u>7,300</u>
Total operating expenses	<u>666,981</u>	<u>619,736</u>
Operating income	<u>384</u>	<u>25,902</u>

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Assets -
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2005
 With Comparative Amounts for the Year Ended June 30, 2004

	<u>Utility Enterprise Fund</u>	
	<u>2005</u>	<u>2004</u>
Nonoperating revenues (expenses):		
Interest income	\$ 18,055	\$ 20,969
Ad valorem taxes	29,865	25,433
Interest expense	(21,600)	(12,565)
Grant revenue	25,000	-
Gain on sale of asset	-	300
Miscellaneous	275	1,098
Total nonoperating revenues	<u>51,595</u>	<u>35,235</u>
Income before transfers	<u>51,979</u>	<u>61,137</u>
Transfers in (out):		
Transfer from 1982 Sales Tax Fund	70,000	20,000
Transfer to General fund	(40,000)	(60,000)
Transfer to One Percent Budget Fund	(14,800)	(12,800)
Total transfers in (out)	<u>15,200</u>	<u>(52,800)</u>
Change in net assets	67,179	8,337
Net assets, beginning	<u>2,121,089</u>	<u>2,112,752</u>
Net assets, ending	<u>\$ 2,188,268</u>	<u>\$ 2,121,089</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2005
 With Comparative Amounts for the Year Ended June 30, 2004

	<u>Utility Enterprise Fund</u>	
	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Receipts from customers	\$ 655,343	\$ 647,259
Payments to suppliers	(421,695)	(346,645)
Payments to employees	<u>(153,978)</u>	<u>(173,774)</u>
Net cash provided by operating activities	<u>79,670</u>	<u>126,840</u>
Cash flows from noncapital financing activities:		
Cash received from (disbursed to) other funds	7,552	(53,541)
Ad valorem tax receipts	29,865	25,433
Miscellaneous receipts	<u>276</u>	<u>1,356</u>
Net cash provided by (used by) noncapital financing activities	<u>37,693</u>	<u>(26,752)</u>
Cash flows from capital and related financing activities:		
Proceeds from long-term debt	-	400,000
Grant proceeds	25,000	-
Principal paid on revenue bonds and notes payable	(28,000)	(6,000)
Interest and fiscal charges paid on revenue bonds and notes payable	(21,600)	(12,565)
Increase (decrease) in customer deposits payable	984	(1,742)
Acquisition of property, plant and equipment	<u>(349,372)</u>	<u>(74,516)</u>
Net cash provided by (used by) capital and related financing activities	<u>(372,988)</u>	<u>305,177</u>
Cash flows from investing activities:		
Purchase of interest-bearing time deposits	(18,052)	(20,061)
Interest on interest-bearing deposits	<u>18,055</u>	<u>20,969</u>
Net cash provided by investing activities	<u>3</u>	<u>908</u>
Net increase (decrease) in cash and cash equivalents	(255,622)	406,173
Cash and cash equivalents, beginning of period	<u>552,263</u>	<u>146,090</u>
Cash and cash equivalents, end of period	<u>\$ 296,641</u>	<u>\$ 552,263</u>

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2005
 With Comparative Amounts for the Year Ended June 30, 2004

	Utility Enterprise Fund	
	2005	2004
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 384	\$ 25,902
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	99,357	91,181
Changes in current assets and liabilities:		
Decrease (increase) in accounts receivable	(10,030)	2,389
Decrease in other receivables	208	992
Decrease (increase) in prepaid items	(3,210)	1,576
Decrease in accounts payable	(5,788)	(295)
Increase (decrease) in accrued liabilities	(1,251)	5,095
Total adjustments	79,286	100,938
Net cash provided by operating activities	\$ 79,670	\$ 126,840
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 90,206	\$ 85,630
Cash - restricted	462,057	60,460
Total cash and cash equivalents	552,263	146,090
Cash and cash equivalents, end of period -		
Cash - unrestricted	70,234	90,206
Cash - restricted	226,407	462,057
Total cash and cash equivalents	296,641	552,263
Net increase (decrease)	\$ (255,622)	\$ 406,173

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Fiduciary Net Assets
Prairie des Femmes Water Corporation
June 30, 2005
With Comparative Amounts for June 30, 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Cash	\$ 179	\$ 3,050
Accounts receivable	<u>9,427</u>	<u>6,353</u>
Total assets	<u>\$ 9,606</u>	<u>\$ 9,403</u>
LIABILITIES		
Sales tax payable	\$ -	\$ 138
Due to other	4,388	3,171
Due to water corporation	4,868	5,794
Customer meter deposits payable	<u>350</u>	<u>300</u>
Total liabilities	<u>\$ 9,606</u>	<u>\$ 9,403</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Changes in Fiduciary Net Assets

Prairie des Femmes Water Corporation

For the Year Ended June 30, 2005

With Comparative Amounts for the Year Ended June 30, 2004

	<u>2005</u>	<u>2004</u>
Fiduciary net assets at July 1	<u>\$ 5,794</u>	<u>\$ 4,568</u>
Collections:		
Water revenues	65,795	62,307
Connection fees	-	300
Meter installations	2,200	2,450
Penalties	<u>1,732</u>	<u>1,133</u>
Total collections	<u>69,727</u>	<u>66,190</u>
 Total	 <u>75,521</u>	 <u>70,758</u>
Distributions:		
Water purchases from Town	43,253	40,873
Meter installation expenses	2,200	2,450
Other charges	50	20
Transfers to Prairie des Femmes Water Corporation	<u>25,150</u>	<u>21,621</u>
Total distributions	<u>70,653</u>	<u>64,964</u>
 Fiduciary net assets at June 30 (due to water corporation)	 <u>\$ 4,868</u>	 <u>\$ 5,794</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Arnaudville (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although the Town has the option to apply FASB pronouncements issued after that date, the Town has chosen not to. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A Financial Reporting Entity

The Town of Arnaudville was incorporated in 1909 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

This report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). *Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.*

Based on the foregoing criteria, one governmental organization is not part of the Town and is thus excluded from the accompanying financial statements. This organization is the Arnaudville Volunteer Fire Department. Although the Town does provide facilities and some of their financing, no control is exercised over their operations.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Several funds of the Town are considered to be major funds and are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Special Revenue Funds

1969 Sales Tax Fund -

The 1969 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

1982 Sales Tax Fund -

The 1982 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

LCDBG Fund -

The LCDBG Fund is used to account for the proceeds of a Louisiana Community Development Block Grant that is to be used for housing rehabilitation.

Proprietary Fund -

Enterprise Fund -

Enterprise 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. The Town of Arnaudville's enterprise fund is the Utility Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

The Town's non-major funds are described below:

Capital Projects Funds -

Street Improvements Fund -

The Street Improvements Fund is used to account for the financing and improvement of certain streets within the town.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

One Percent Budget Set-Aside Fund -

The One Percent Budget Set-Aside Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Fiduciary Fund Type -

Agency Fund -

Prairie des Femmes Water Corporation Fund

This fund is used to account for the receipts and disbursements of the Prairie Water Corporation. The Town agreed to extend water to the Prairie Corporation. The Town does the billing and collecting of the Prairie's water sales. The Town charges the Prairie for water purchases at the Town's regular water rates. The excess funds of the fund, after paying the Town and other related expenses (sales tax and safe drinking water charges) belong to the Prairie Corporation.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes, sales and use taxes, and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. An allowance for uncollectible ad valorem taxes was recorded at an amount equal to the receivable balance, because collection is unlikely. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are estimated and recorded at June 30, 2005.

Capital Assets

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

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital 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:

Buildings and improvements	40 years
Equipment and vehicles	3-10 years
Utility system and improvements	10-50 years
Infrastructure	40 years

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

Prior to the adoption of GASB 34, it was the Town's policy not to record infrastructure; therefore, the Town did not have a complete listing of infrastructure. However, through the years, a partial list of infrastructure was maintained. The Town has opted not to do a detailed analysis of existing infrastructure. Rather, we will include the infrastructure for which we do have cost information available, and begin accumulating infrastructure information prospectively.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Long-term debt

The accounting treatment of long-term debt 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.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits 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. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Vacation leave is earned at the rate of five days to twenty days per year. Vacation leave earned does not accumulate from year to year. However, all vacation leave accumulated at the time of separation is payable.

Sick leave is earned at the rate of one day per month not to exceed ten days in one year. Employees are allowed to accumulate and carryforward up to forty days of sick leave from year to year. Accumulated sick leave is not payable at time of separation.

At June 30, 2005, vested leave benefits have been accrued as required by GASB statement No. 16 "Accounting for Compensated Absences."

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide 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, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists 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.”

In the fund 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 statements.

E. Budget and Budgetary Accounting

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

1. The Town Clerk submits, no later than 15 days prior to the beginning of each fiscal year, to the Mayor and Board of Aldermen a proposed operating budget.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

F. Capitalization of Interest Expense

It is the policy of the Town of Arnaudville to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2005, there was no material interest paid on borrowings for assets under construction, and therefore, no capitalized interest expense was recorded on the books.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Prior Year Reclassification

Certain previously reported amounts have been reclassified to enhance comparability with 2005 reported classifications.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessors of St. Martin and St. Landry Parishes. Town property tax revenues are budgeted in the year billed.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

For the year ended June 30, 2005, taxes of 13.51 mills were levied on property with assessed valuations totaling \$4,130,577 and were dedicated as follows:

General corporate purposes	6.51 mills
Utility system	7.00 mills

Total taxes levied were \$55,804. Taxes receivable at June 30, 2005 was \$6,939. The allowance for uncollectible accounts was \$6,939 at June 30, 2005; therefore, the net taxes receivable is \$0 at June 30, 2005.

(3) Sales and Use Tax

Proceeds of a 1 percent sales and use tax (accounted for in the 1969 Sales Tax Fund - a special revenue fund) levied by the Town of Arnaudville (2005 collections \$155,406) are dedicated to the following purposes:

Constructing, acquiring, improving and maintaining police department stations and equipment, garbage and waste disposal facilities, streets, drains and drainage facilities; compensating policemen; maintaining sewers and sewerage disposal works; and purchasing and acquiring the necessary equipment and furnishings for the aforesaid public works, improvements and facilities.

Proceeds of a 1 percent sales and use tax (accounted for in the 1982 Sales Tax Fund - a special revenue fund) levied by the Town of Arnaudville (2005 collections \$155,406) are dedicated to the following purposes:

Constructing, acquiring, improving, operating and/or maintaining public streets, bridges, sidewalks, drainage facilities, recreational facilities and garbage and waste disposal facilities; and purchasing and acquiring the necessary land, equipment, and furnishings for any of the aforesaid public works, improvements and facilities.

(4) Cash and Interest-Bearing Deposits and Investments

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2005, the Town had cash and interest-bearing deposits (book balances) totaling \$2,431,683 as follows:

Demand deposits	\$1,092,966
Time deposits	<u>1,338,717</u>
Total	<u>\$2,431,683</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at June 30, 2005 were secured as follows:

Bank balances	<u>\$ 2,458,082</u>
Federal deposit insurance	\$ 371,615
Pledged securities (Category 3)	<u>2,086,467</u>
Total FDIC insurance and pledged securities	<u>\$ 2,458,082</u>

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

(5) Receivables

Receivables at June 30, 2005 of \$115,144 consist of the following:

	<u>General</u>	<u>1969 Sales Tax</u>	<u>1982 Sales Tax</u>	<u>Nonmajor Funds</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ -	\$ -	\$ 91,708	\$ 91,708
Allowance	-	-	-	-	(14,503)	(14,503)
Franchise tax	19,108	-	-	-	-	19,108
Interest	-	2,112	1,700	2,135	7,732	13,679
Fines, licenses, etc.	<u>4,652</u>	-	-	-	<u>500</u>	<u>5,152</u>
Totals	<u>\$ 23,760</u>	<u>\$ 2,112</u>	<u>\$ 1,700</u>	<u>\$ 2,135</u>	<u>\$ 85,437</u>	<u>\$ 115,144</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2005 consisted of the following:

General Fund:

Amount due from the State of Louisiana for video poker receipts for the months of May and June 2005.	\$ 3,372
Amount due from St. Landry Parish Government for slot machine receipts for the months of May and June 2005.	4,909
Amount due from Department of Transportation and Development for grass cutting grant for January 1 through June 30, 2005.	1,653
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2005.	1,806
Amount due from St. Landry Housing Authority for payment in lieu of taxes	<u>3,020</u>
	14,760

1969 Sales Tax Fund:

Amount due from St. Landry Parish School Board for sales tax receipts for June, 2005.	11,625
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1982 Sales Tax Fund:

Amount due from St. Landry Parish School Board for sales tax receipts for June, 2005.	11,625
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LCDBG Fund:

Amount due from the State of Louisiana for grant monies earned during fiscal year ending June 30, 2005.	25,083
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Utility Fund:

Amount due from St. Landry Housing Authority for payment in lieu of taxes	<u>2,902</u>
	<u>\$ 65,995</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2005:

Revenue bond sinking and interest redemption fund	\$ 19,032
Revenue bond reserve fund	16,702
Revenue bond capital additions and contingencies fund	48,364
Public improvement bonds construction	160,633
Water tower escrow	1,273
Customers' deposits	<u>33,833</u>
Total restricted assets	<u>\$ 279,837</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balance</u> 07/01/04	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 06/30/05
Governmental activities:				
Land	\$ 74,498	\$ -	\$ -	\$ 74,498
Buildings and improvements	298,743	1,911	-	300,654
Infrastructure	643,901	68,075	-	711,976
Equipment and vehicles	152,543	22,852	(725)	174,670
Construction in progress	5,200	10,000	-	15,200
Totals	<u>1,174,885</u>	<u>102,838</u>	<u>(725)</u>	<u>1,276,998</u>
Less accumulated depreciation				
Buildings and improvements	142,594	9,241	-	151,835
Infrastructure	126,207	16,893	-	143,100
Equipment and vehicles	86,297	15,168	(473)	100,992
Total accumulated depreciation	<u>355,098</u>	<u>41,302</u>	<u>(473)</u>	<u>395,927</u>
Governmental activities, capital assets, net	<u>\$ 819,787</u>	<u>\$ 61,536</u>	<u>\$ (252)</u>	<u>\$ 881,071</u>
Business-type activities:				
Land	\$ 33,180	\$ -	\$ -	\$ 33,180
Plant and equipment - gas	586,872	-	-	586,872
Plant and equipment - water system	713,173	256,016	-	969,189
Plant and equipment - sewer system	1,464,150	13,748	-	1,477,898
Autos and office equipment	159,578	79,607	-	239,185
Totals	<u>2,956,953</u>	<u>349,371</u>	<u>-</u>	<u>3,306,324</u>
Less accumulated depreciation				
Plant and equipment - gas	476,369	\$ 10,802	-	487,171
Plant and equipment - water system	392,416	23,074	-	415,490
Plant and equipment - sewer system	705,260	40,093	-	745,353
Autos and office equipment	66,657	25,388	-	92,045
Total accumulated depreciation	<u>1,640,702</u>	<u>99,357</u>	<u>-</u>	<u>1,740,059</u>
Business-type activities, capital assets, net	<u>\$1,316,251</u>	<u>\$250,014</u>	<u>\$ -</u>	<u>\$1,566,265</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 9,372
Police	9,657
Streets	17,354
Park and recreation	<u>4,919</u>
Total depreciation expense	<u>\$41,302</u>

(9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2005:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 57,254	\$ 15,212	\$ 72,466
Sales tax	-	364	364
Accrued salaries	5,330	2,725	8,055
Payroll withholdings	1,144	589	1,733
Due to others - water tower escrow	-	1,273	1,273
Accrued interest payable	-	4,265	4,265
Compensated absences	<u>6,630</u>	<u>10,124</u>	<u>16,754</u>
Totals	<u>\$ 70,358</u>	<u>\$ 34,552</u>	<u>\$ 104,910</u>

(10) Long-Term Debt

The following is a summary of general long-term obligation transactions of the Town for the year ended June 30, 2005. This obligation relates to business-type activities, and the payments are made from the enterprise fund. In the past, payments on bonds that pertained to the Town's governmental activities were made by the debt service funds, and those that pertained to the business-type activities were made by the enterprise fund.

Bonds payable at June 30, 2004	\$ 560,000
Additions	-
Reductions	<u>(28,000)</u>
Bonds payable at June 30, 2005	<u>\$ 532,000</u>

TOWN OF ARNAUDVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

Bonds payable at June 30, 2005 is comprised of the following:

Revenue bonds:

\$245,000 Utility bonds dated 3/24/82; due in annual installments of \$3,000 to \$13,000 through 3/24/22; interest at 5.00 percent \$ 154,000

Public improvement Bonds:

\$400,000 Public improvement bonds dated 05/01/04; due in annual installments of \$22,000 to \$34,000 through 5/01/19; interest at 4.00 percent 378,000
\$ 532,000

The annual requirements to amortize the outstanding debt as of June 30, 2005 are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 28,000	\$ 20,900	\$ 48,900
2007	28,000	20,200	48,200
2008	30,000	19,500	49,500
2009	30,000	18,710	48,710
2010	31,000	17,920	48,920
2011-2015	177,000	68,600	245,600
2016-2020	183,000	27,760	210,760
2021-2022	<u>25,000</u>	<u>1,900</u>	<u>26,900</u>
	<u>\$ 532,000</u>	<u>\$ 195,490</u>	<u>\$ 727,490</u>

(11) Flow of Funds; Restrictions on Use – Utilities Revenues

- A. Under the terms of the bond indenture on outstanding utility revenue bonds dated March 24, 1982, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds and certificates and are to be set aside into the following funds:

Each month there will be set aside into a "Bond and Interest Redemption Fund", also called the "Sinking Fund", an amount consisting of 1/12 of the next maturing installment of principal and interest on the outstanding certificates. Such transfers must be made on or before the 20th day of each month to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Five percent (5%) of the amount to be paid into the Bond and Interest Redemption Fund each month must be deposited into a "Bond Reserve Fund" until there is on deposit an amount equal to \$15,050. Also, there will be set aside into a "Capital Additions and Contingencies Fund" \$119 per month. Moneys in this account may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense.

- B. For the payment of the principal and the interest on the Public Improvement Bonds (2005), a Sinking Fund must be established and maintained with the regularly designated fiscal agent bank of the Town. The Town shall deposit in said Sinking Fund at least three (3) days in advance of the date on which each payment of principal and/or interest on the Bonds falls due, funds fully sufficient to promptly pay the maturing principal and/or interest so falling due on such date.

The Public Improvement Bonds (2005) have no additional reserve and contingency fund requirements

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

(12) Pension Plans

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

A. Municipal Employees Retirement System of Louisiana (System)

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

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy - Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The rate was 15.0% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System under Plan A for the years ending June 30, 2005, 2004, and 2003 were \$37,927, \$30,107 and \$20,093, respectively, equal to the required contributions for each year.

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

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

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 21.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 2005, 2004, and 2003 were \$28,063, \$17,547, and \$10,106, respectively, equal to the required contributions for each year.

(13) Segment Information for the Enterprise Fund

The Town of Arnaudville maintains one enterprise fund with four departments, which provides gas, water, sewerage and sanitation (on a limited basis) services. Segment information for the year ended June 30, 2005 was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 368,606	\$ 209,405	\$ 88,624	\$ 730	\$ 667,365
Operating expenses	<u>380,439</u>	<u>156,994</u>	<u>126,982</u>	<u>2,566</u>	<u>666,981</u>
Operating income (loss)	<u>\$ (11,833)</u>	<u>\$ 52,411</u>	<u>\$ (38,358)</u>	<u>\$ (1,836)</u>	<u>\$ 384</u>

TOWN OF ARNAUDVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

(14) Compensation of Town Officials

A detail of compensation paid to the Mayor, Chief of Police, and Board of Aldermen for the year ended June 30, 2005 follows:

Kathy Richard, Mayor	\$ 15,456
Richard Mizzi, Chief of Police	32,379
Aldermen:	
Chad Hebert	4,200
Elsie Lagrange	4,200
Ricky Lagrange	4,200
Remi Olivier	4,200
John Ray Taylor	4,200
	<u>\$ 68,835</u>

(15) Pending Litigation

The Town is a defendant in one lawsuit. Management is of the opinion that monetary damages would be minimal, in the event that the Town is unsuccessful in its defense. No accrual was recorded at June 30, 2005.

(16) Construction Project

The Town was involved with two construction projects at June 30, 2005. The first project is the Atchafalaya Project, which is to be used to develop strategic long range plans for the Town. The expected cost is \$50,000, and the expected date of completion is June of 2006. The second is the housing rehabilitation project. The expected cost is \$414,300, which is being funded by an LCDBG grant. The expected date of completion is August of 2007.

(17) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2005:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 128,828	\$ -
1969 Sales Tax Special Revenue Fund	-	40,133
1982 Sales Tax Special Revenue Fund	12,147	100,300
Enterprise Fund:		
Utility Fund	66,386	92,794
Non-major Funds	<u>25,866</u>	<u>-</u>
Total	<u>\$ 233,227</u>	<u>\$ 233,227</u>

Transfers are recorded in the year in which they were budgeted. However, the amounts are not always paid in that same year; therefore, causing balances as noted above. These balances are expected to be paid within the next fiscal year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2005:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 100,000	\$ 20,000
1969 Sales Tax Special Revenue Fund	20,000	-
1982 Sales Tax Special Revenue Fund	-	130,000
Enterprise Fund:		
Utility Fund	70,000	54,800
Non-major Funds	<u>14,800</u>	<u>-</u>
Total	<u>\$ 204,800</u>	<u>\$ 204,800</u>

Transfers made to the general fund are for the normal operations of the Town. The amounts each fund will transfer are calculated as part of the budget preparation process. These amounts reflect each funds' proportionate share of expenses paid out of the general fund.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF ARNAUDVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2005
With Comparative Actual Amounts for the Year Ended June 30, 2004

	2005			Variance with Final Budget Positive (Negative)	2004 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 95,000	\$103,500	\$103,313	\$ (187)	\$ 98,231
Licenses and permits	75,000	80,000	91,527	11,527	90,574
Intergovernmental	42,800	85,706	107,239	21,533	44,131
Fines and forfeits	18,000	9,500	10,610	1,110	16,360
Miscellaneous	<u>19,900</u>	<u>21,400</u>	<u>27,190</u>	<u>5,790</u>	<u>28,140</u>
Total revenues	<u>250,700</u>	<u>300,106</u>	<u>339,879</u>	<u>39,773</u>	<u>277,436</u>
Expenditures:					
General government	175,365	186,006	177,597	8,409	164,509
Public safety - police	121,040	101,200	108,580	(7,380)	109,596
Highways and streets	47,160	37,500	36,581	919	30,691
Parks and recreation	17,084	19,364	28,041	(8,677)	27,055
Capital outlay	<u>16,000</u>	<u>35,200</u>	<u>32,852</u>	<u>2,348</u>	<u>36,349</u>
Total expenditures	<u>376,649</u>	<u>379,270</u>	<u>383,651</u>	<u>(4,381)</u>	<u>368,200</u>
Deficiency of revenues over expenditures	<u>(125,949)</u>	<u>(79,164)</u>	<u>(43,772)</u>	<u>35,392</u>	<u>(90,764)</u>
Other financing sources (uses):					
Transfer from 1982 Sales Tax Fund	80,000	60,000	60,000	-	60,000
Transfer from Utility Fund	40,000	40,000	40,000	-	60,000
Transfer to 1969 Sales Tax Fund	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>120,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>120,000</u>
Net change in fund balances	(5,949)	836	36,228	35,392	29,236
Fund balance, beginning	<u>356,257</u>	<u>388,306</u>	<u>388,306</u>	<u>-</u>	<u>359,070</u>
Fund balance, ending	<u>\$350,308</u>	<u>\$389,142</u>	<u>\$424,534</u>	<u>\$35,392</u>	<u>\$388,306</u>

TOWN OF ARNAUDVILLE, LOUISIANA
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2005
With Comparative Actual Amounts for the Year Ended June 30, 2004

	2005				
	Budget		Actual	Variance with Final Budget Positive (Negative)	2004 Actual
	Original	Final			
Revenues:					
Taxes	\$ 135,000	\$ 155,000	\$ 155,406	\$ 406	\$ 152,239
Intergovernmental -					
State revenue sharing	175	100	75	(25)	106
Miscellaneous - interest and other	<u>5,800</u>	<u>3,500</u>	<u>3,766</u>	<u>266</u>	<u>4,235</u>
Total revenues	<u>140,975</u>	<u>158,600</u>	<u>159,247</u>	<u>647</u>	<u>156,580</u>
Expenditures:					
General government -					
Collection fees	1,400	1,600	1,562	38	1,427
Professional fees	<u>3,800</u>	<u>4,800</u>	<u>4,265</u>	<u>535</u>	<u>5,020</u>
Total general government	<u>5,200</u>	<u>6,400</u>	<u>5,827</u>	<u>573</u>	<u>6,447</u>
Public Safety -					
Police					
Salaries	132,945	125,163	120,976	4,187	115,027
Worker's compensation	11,000	10,700	10,685	15	9,628
Payroll taxes and retirement	<u>24,900</u>	<u>30,500</u>	<u>29,807</u>	<u>693</u>	<u>20,382</u>
Total public safety	<u>168,845</u>	<u>166,363</u>	<u>161,468</u>	<u>4,895</u>	<u>145,037</u>
Total expenditures	<u>174,045</u>	<u>172,763</u>	<u>167,295</u>	<u>5,468</u>	<u>151,484</u>
Excess (deficiency) of revenues over expenditures	<u>(33,070)</u>	<u>(14,163)</u>	<u>(8,048)</u>	<u>6,115</u>	<u>5,096</u>
Other financing sources:					
Transfer from General Fund	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(33,070)	5,837	11,952	6,115	5,096
Fund balance, beginning	<u>210,678</u>	<u>229,885</u>	<u>229,885</u>	<u>-</u>	<u>224,789</u>
Fund balance, ending	<u>\$ 177,608</u>	<u>\$ 235,722</u>	<u>\$ 241,837</u>	<u>\$ 6,115</u>	<u>\$ 229,885</u>

TOWN OF ARNAUDVILLE, LOUISIANA
1982 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2005
With Comparative Actual Amounts for the Year Ended June 30, 2004

	2005			Variance with Final Budget Positive (Negative)	2004 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 135,000	\$ 155,000	\$ 155,406	\$ 406	\$ 152,239
Miscellaneous - interest and other	12,700	10,000	10,592	592	11,188
Total revenues	<u>147,700</u>	<u>165,000</u>	<u>165,998</u>	<u>998</u>	<u>163,427</u>
Expenditures:					
General government -					
Collection fees	1,400	1,600	1,562	38	1,428
Professional fees	3,300	4,800	4,265	535	4,030
Miscellaneous	1,200	1,200	979	221	1,129
Total general government	<u>5,900</u>	<u>7,600</u>	<u>6,806</u>	<u>794</u>	<u>6,587</u>
Highway and streets -					
Utilities - street lighting	17,500	17,500	17,968	(468)	15,985
Culture and recreation -					
Park utilities	3,000	2,000	2,588	(588)	2,996
Supplies	3,200	750	2,427	(1,677)	2,026
Total culture and recreation	<u>6,200</u>	<u>2,750</u>	<u>5,015</u>	<u>(2,265)</u>	<u>5,022</u>
Capital outlay -					
Parks and recreation	4,000	3,050	1,911	1,139	-
Total expenditures	<u>33,600</u>	<u>30,900</u>	<u>31,700</u>	<u>(800)</u>	<u>27,594</u>
Excess of revenues over expenditures	<u>114,100</u>	<u>134,100</u>	<u>134,298</u>	<u>198</u>	<u>135,833</u>
Other financing uses:					
Transfer to Utility Fund	(20,000)	(70,000)	(70,000)	-	(20,000)
Transfer to Street Improvement Fund	(10,000)	-	-	-	(63,852)
Transfer to General Fund	(80,000)	(60,000)	(60,000)	-	(60,000)
Total other financing uses	<u>(110,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>	<u>(143,852)</u>
Net change in fund balance	4,100	4,100	4,298	198	(8,019)
Fund balance, beginning	<u>500,187</u>	<u>472,568</u>	<u>472,568</u>	<u>-</u>	<u>480,587</u>
Fund balance, ending	<u>\$ 504,287</u>	<u>\$ 476,668</u>	<u>\$ 476,866</u>	<u>\$ 198</u>	<u>\$ 472,568</u>

TOWN OF ARNAUDVILLE, LOUISIANA
LCDBG Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 114,695	\$ 114,695	\$ 76,919	\$ (37,776)
Miscellaneous - interest & other	-	-	1	1
Total revenues	<u>114,695</u>	<u>114,695</u>	<u>76,920</u>	<u>(37,775)</u>
Expenditures:				
Community development	<u>114,695</u>	<u>114,695</u>	<u>76,919</u>	<u>37,776</u>
Net change in fund balance	-	-	1	1
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ARNAUDVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2005
With Comparative Actual Amounts for the Year Ended June 30, 2004

	2005			Variance with Final Budget Positive (Negative)	2004 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 24,000	\$ 25,500	\$ 26,014	\$ 514	\$ 26,082
Payment in lieu of taxes	5,000	3,000	2,677	(323)	2,441
Franchise - electric, TV, etc.	<u>66,000</u>	<u>75,000</u>	<u>74,622</u>	<u>(378)</u>	<u>69,708</u>
Total taxes	<u>95,000</u>	<u>103,500</u>	<u>103,313</u>	<u>(187)</u>	<u>98,231</u>
Occupational licenses	<u>75,000</u>	<u>80,000</u>	<u>91,527</u>	<u>11,527</u>	<u>90,574</u>
Intergovernmental:					
State of Louisiana -					
State grant - boat launch	-	37,500	50,000	12,500	-
Highway maintenance revenue	3,300	3,306	3,306	-	3,306
Beer taxes	8,000	7,600	7,396	(204)	6,418
Poker machines	<u>31,500</u>	<u>37,300</u>	<u>46,537</u>	<u>9,237</u>	<u>34,407</u>
Total intergovernmental	<u>42,800</u>	<u>85,706</u>	<u>107,239</u>	<u>21,533</u>	<u>44,131</u>
Fines and forfeits	<u>18,000</u>	<u>9,500</u>	<u>10,610</u>	<u>1,110</u>	<u>16,360</u>
Miscellaneous:					
Miscellaneous	5,000	6,000	6,572	572	11,171
Recreation dept. income	12,000	14,000	19,218	5,218	12,584
Donations	<u>2,900</u>	<u>1,400</u>	<u>1,400</u>	<u>-</u>	<u>4,385</u>
Total miscellaneous	<u>19,900</u>	<u>21,400</u>	<u>27,190</u>	<u>5,790</u>	<u>28,140</u>
Total revenues	<u>\$250,700</u>	<u>\$300,106</u>	<u>\$339,879</u>	<u>\$39,773</u>	<u>\$277,436</u>

TOWN OF ARNAUDVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2005
With Comparative Actual Amounts for the Year Ended June 30, 2004

	2005			Variance with Final Budget Positive (Negative)	2004 Actual
	Actual		Actual		
	Original	Final			
Current:					
General government -					
Council salaries	\$ 21,000	\$ 21,000	\$ 21,000	\$ -	\$ 21,000
Mayor's compensation	15,456	15,456	15,456	-	15,456
Clerk and other salaries	51,977	55,800	49,618	6,182	29,677
Payroll taxes and retirement	8,432	10,500	11,563	(1,063)	9,343
Worker's compensation insurance	1,000	1,600	1,573	27	1,629
Insurance	18,875	27,000	25,446	1,554	21,457
Utilities	7,000	8,500	8,407	93	9,300
Telephone	1,950	1,700	1,879	(179)	1,551
Professional fees	15,800	15,800	13,401	2,399	15,099
Computer related fees and software	4,700	3,000	2,444	556	4,827
Office supplies	4,300	4,000	4,110	(110)	7,098
Meeting and convention expense	9,000	3,500	4,100	(600)	6,400
Travel	1,200	1,500	1,542	(42)	1,427
Dues	1,500	1,700	2,152	(452)	4,828
Tax roll & assessor's fee	850	850	816	34	859
Economic develop./town beautification	5,000	500	325	175	4,082
Coffee expense	1,725	1,500	1,321	179	1,523
Coroner/medical	500	500	450	50	450
Miscellaneous	2,100	5,200	5,628	(428)	5,629
Mosquito testing	-	1,500	1,500	-	-
City Hall & Post Office building	3,000	4,900	4,866	34	2,874
Total general government	<u>175,365</u>	<u>186,006</u>	<u>177,597</u>	<u>8,409</u>	<u>164,509</u>
Public safety -					
Police:					
Salaries - dispatchers	61,525	62,500	63,289	(789)	62,203
P/R taxes and retirement	7,215	6,350	7,403	(1,053)	6,175
Worker's compensation insurance	500	450	452	(2)	426
Supplies	13,000	5,000	9,824	(4,824)	9,836
Prisoners meals & medical	2,250	1,050	1,113	(63)	1,161
Uniforms	3,000	2,100	2,022	78	1,628
Auto expenses	12,000	15,200	15,681	(481)	16,445
Telephone	5,000	3,500	3,707	(207)	3,499
NCIC computer services	800	1,150	957	193	622
Repairs and maintenance	9,500	2,600	2,280	320	3,982
Miscellaneous	2,450	400	825	(425)	1,201
Training	3,800	900	1,027	(127)	2,418
Total police	<u>121,040</u>	<u>101,200</u>	<u>108,580</u>	<u>(7,380)</u>	<u>109,596</u>

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2005
With Comparative Actual Amounts for the Year Ended June 30, 2004

	2005				
	Budget		Actual	Variance with	2004 Actual
	Original	Final		Final Budget Positive (Negative)	
Highways and streets					
Salaries	25,000	27,300	25,257	2,043	22,892
Payroll taxes and retirement	2,720	3,900	3,782	118	2,489
Worker's compensation insurance	1,840	3,000	2,920	80	-
Insurance	-	-	638	(638)	-
Equip. and street maintenance	<u>17,600</u>	<u>3,300</u>	<u>3,984</u>	<u>(684)</u>	<u>5,310</u>
Total highways and streets	<u>47,160</u>	<u>37,500</u>	<u>36,581</u>	<u>919</u>	<u>30,691</u>
Parks and recreation -					
Coach's salary	4,599	4,714	4,637	77	4,714
Payroll taxes	260	350	352	(2)	352
Worker's compensation insurance	225	300	384	(84)	301
Supplies	<u>12,000</u>	<u>14,000</u>	<u>22,668</u>	<u>(8,668)</u>	<u>21,688</u>
Total parks and recreation	<u>17,084</u>	<u>19,364</u>	<u>28,041</u>	<u>(8,677)</u>	<u>27,055</u>
Capital outlay:					
General government -					
Equipment	1,500	1,500	1,290	210	13,069
City hall renovations	13,000	-	-	-	-
Boat launch	-	15,200	10,000	5,200	-
Public Safety					
Equipment	1,500	500	4,217	(3,717)	-
Police cars	-	18,000	17,345	655	23,280
Total capital outlay	<u>16,000</u>	<u>35,200</u>	<u>32,852</u>	<u>2,348</u>	<u>36,349</u>
Total expenditures	<u>\$ 376,649</u>	<u>\$ 379,270</u>	<u>\$ 383,651</u>	<u>\$ (4,381)</u>	<u>\$ 368,200</u>

NON MAJOR FUND DESCRIPTIONS

CAPITAL PROJECTS FUNDS

Street Improvements Fund -

To account for the financing and improvement of certain streets within the Town. The proceeds of \$300,000 of certificates of indebtedness dated 06/01/92 along with \$285,423 of federal grant monies awarded under the Louisiana Community Development Block Grant program are to be used to finance the 1996 Street Improvement Project as well as future street improvement projects as needed.

One Percent Budget Set-Aside Fund -

To account for the financing of various capital improvement projects as designated by the Town Council. Capital projects are to be funded by excess annual revenues of the Town.

TOWN OF ARNAUDVILLE, LOUISIANA
Nonmajor Governmental Funds

Balance Sheet
June 30, 2005

	Street Improvements Fund	One Percent Budget Set-Aside Fund	Totals
ASSETS			
Cash and interest-bearing demand deposits	\$ 13	\$ -	\$ 13
Interest-bearing time deposits	-	150,390	150,390
Receivables:			
Due from other funds	-	25,866	25,866
Accrued interest	-	2,135	2,135
 Total assets	 \$ 13	 \$ 178,391	 \$ 178,404
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund balances - unreserved	13	178,391	178,404
 Total liabilities and fund balances	 \$ 13	 \$ 178,391	 \$ 178,404

TOWN OF ARNAUDVILLE, LOUISIANA
Nonmajor Governmental Funds

Statements of Revenues, Expenditures, and Changes in Fund Balances-
For the Year Ended June 30, 2005

	Street Improvements Fund	One Percent Budget Set Aside Fund	Totals
Revenues:			
Miscellaneous	\$ 619	\$ 2,932	\$ 3,551
Total revenues	619	2,932	3,551
Expenditures:			
Current -			
Capital Outlay	68,075	-	68,075
Total expenditures	68,075	-	68,075
Excess (deficiency) of revenues over expenditures	(67,456)	2,932	(64,524)
Other financing sources:			
Transfers in	-	14,800	14,800
Net changes in fund balances	(67,456)	17,732	(49,724)
Fund balances, beginning	67,469	160,659	228,128
Fund balances, ending	\$ 13	\$ 178,391	\$ 178,404

TOWN OF ARNAUDVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2005 and 2004

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 30, 2005 and 2004:

<u>Department</u>	<u>2005</u>	<u>2004</u>
Gas (metered)	693	698
Water (metered)	838	846
Sewer	581	592
Sanitation	34	34

TOWN OF ARNAUDVILLE, LOUISIANA

Combined Schedule of Interest-Bearing Time Deposits
June 30, 2005

	<u>Financial Institution</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Special Revenue Funds:				
1969 Sales Tax Fund-				
Certificate of deposit	F	09/05/05	1.82%	\$ 53,677
Certificate of deposit	F	09/26/05	1.82%	42,731
Certificate of deposit	W	05/18/06	3.20%	59,675
Certificate of deposit	F	09/26/05	1.82%	27,293
1982 Sales Tax Fund-				
Certificate of deposit	F	09/05/05	1.82%	65,445
Certificate of deposit	F	09/26/05	1.82%	30,521
Certificate of deposit	W	05/18/06	3.20%	59,675
				<u>339,017</u>
Capital Projects Fund:				
One Percent Budget Set-Aside Fund-				
Certificate of deposit	W	08/22/05	1.92%	84,995
Certificate of deposit	W	10/10/05	1.92%	12,156
Certificate of deposit	F	09/26/05	1.82%	27,372
Certificate of deposit	W	09/25/05	1.92%	12,790
Certificate of deposit	W	06/30/06	3.20%	13,077
				<u>150,390</u>
Utility Fund:				
Certificate of deposit	W	10/10/05	1.92%	4,615
Certificate of deposit	F	05/09/06	3.01%	168,253
Certificate of deposit	W	05/09/06	3.20%	8,343
Certificate of deposit	F	05/09/06	3.01%	38,321
Certificate of deposit	W	07/09/05	2.16%	85,399
Certificate of deposit	W	05/09/06	3.20%	47,741
Certificate of deposit	F	07/27/05	1.82%	48,886
Certificate of deposit	W	07/02/05	2.16%	104,440
Certificate of deposit	W	05/18/06	3.20%	88,319
Certificate of deposit	W	05/22/06	3.20%	23,615
Certificate of deposit	W	06/12/06	3.20%	175,144
Certificate of deposit	W	05/13/06	3.20%	20,939
Certificate of deposit	F	09/26/05	1.82%	35,295
				<u>849,310</u>
Total - all funds				<u>\$ 1,338,717</u>

Interest-Bearing Time Deposits with:

(W) Washington State Bank, Arnaudville, Louisiana

(F) Farmers - Merchants Bank, Breaux Bridge, Louisiana

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2005

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's compensation - Employer's liability	\$ 100,000
Surety bonds - Public employees	10,000
Treasurer	263,000
Commercial general liability	500,000
Law enforcement officers' liability	500,000
Public officials' errors and omissions liability	500,000
Business auto liability	500,000
Fire, lightning and extended coverage, vandalism and malicious mischief - Blanket on all Town property	1,166,754
Equipment physical damage	129,928
Blanket accident and health policy- Baseball and basketball programs	500,000

TOWN OF ARNAUDVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Departmental Analysis of Revenues and Expenses
Year Ended June 30, 2005
With Comparative Amounts for the Year Ended June 30, 2004

	Totals		Gas	
	2005	2004	2005	2004
Operating revenues:				
Charges for services -				
Billings to customers	\$ 649,291	\$ 625,302	\$359,468	\$ 348,213
Delinquent charges	11,831	11,615	7,176	7,085
Other fees	6,243	8,721	1,962	1,303
Total operating revenues	667,365	645,638	368,606	356,601
Operating expenses:				
Salaries	152,727	178,869	56,602	62,215
Payroll taxes and retirement	26,326	19,473	10,177	7,966
Gas purchases	195,971	159,574	195,971	159,574
Repairs and maintenance	84,737	72,436	34,206	25,829
Professional fees	9,615	10,510	-	-
Bad debts	2,200	1,760	1,320	1,074
Telephone	5,225	5,654	585	1,181
Depreciation	99,357	91,181	10,802	12,205
Insurance	38,405	34,793	15,472	13,257
Water plant lease	250	250	-	-
Utilities	34,983	28,159	1,536	1,562
Fire department expense	2,472	2,266	-	-
Office supplies	7,448	7,511	-	-
Miscellaneous	7,265	7,300	4,439	4,423
Allocation of administrative expense	-	-	49,329	59,605
Total operating expenses	666,981	619,736	380,439	348,891
Operating income (loss)	384	25,902	\$ (11,833)	\$ 7,710
Nonoperating revenues (expenses):				
Interest income	18,055	20,969		
Ad valorem taxes	29,865	25,433		
Interest expense	(21,600)	(12,565)		
Grant revenue	25,000	-		
Gain on sale of asset	-	300		
Miscellaneous	275	1,098		
Total nonoperating revenues	51,595	35,235		
Income before transfers	51,979	61,137		
Transfers in (out):				
Transfers in	70,000	20,000		
Transfers out	(54,800)	(72,800)		
Total transfers in (out)	15,200	(52,800)		
Change in net assets	67,179	8,337		
Net assets, beginning	2,121,089	2,112,752		
Net assets, ending	\$ 2,188,268	\$ 2,121,089		

Water		Sewer		Sanitation		Administration	
2005	2004	2005	2004	2005	2004	2005	2004
\$202,098	\$189,326	\$86,995	\$86,960	\$730	\$803	\$-	\$-
3,026	2,904	1,629	1,626	-	-	-	-
4,281	7,418	-	-	-	-	-	-
<u>209,405</u>	<u>199,648</u>	<u>88,624</u>	<u>88,586</u>	<u>730</u>	<u>803</u>	<u>-</u>	<u>-</u>
37,808	32,854	29,786	30,005	-	-	28,531	53,795
6,833	4,145	4,805	3,650	-	-	4,511	3,712
-	-	-	-	-	-	-	-
36,551	35,149	13,980	11,458	-	-	-	-
-	-	-	-	-	-	9,615	10,510
572	440	308	246	-	-	-	-
-	-	-	-	-	-	4,640	4,473
23,074	20,930	40,093	38,936	-	-	25,388	19,110
8,635	8,569	5,776	4,944	-	-	8,522	8,023
250	250	-	-	-	-	-	-
14,530	13,158	17,893	12,639	-	-	1,024	800
2,472	2,266	-	-	-	-	-	-
-	-	-	-	-	-	7,448	7,511
259	226	888	844	1,669	1,368	10	439
<u>26,010</u>	<u>31,428</u>	<u>13,453</u>	<u>16,256</u>	<u>897</u>	<u>1,084</u>	<u>(89,689)</u>	<u>(108,373)</u>
<u>156,994</u>	<u>149,415</u>	<u>126,982</u>	<u>118,978</u>	<u>2,566</u>	<u>2,452</u>	<u>-</u>	<u>-</u>
<u>\$52,411</u>	<u>\$50,233</u>	<u>\$(38,358)</u>	<u>\$(30,392)</u>	<u>\$(1,836)</u>	<u>\$(1,649)</u>	<u>\$-</u>	<u>\$-</u>

INTERNAL CONTROL

AND

COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Conrad O. Chapman, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*

WEB SITE:
WWW.KSRCPAS.COM

Robert S. Carter, CPA
Allen J. LaBry, CPA
Harry J. Clostio, CPA
Al Leger, CPA
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA
Cheryl L. Bartley, CPA, CVA
Mandy B. Self, CPA

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

* A Professional Accounting Corporation

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 Kathy Richard, Mayor
and members of the Board of Aldermen
Town of Arnaudville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arnaudville, Louisiana (the Town) as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 05-1 to be a material weakness.

183 South Beadle
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the organization, and Town Council and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
July 21, 2005

TOWN OF ARNAUDVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2005

<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>CURRENT YEAR (06/30/05) --</u>					
<u>Internal Control:</u>					
05-1 N/A	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	No	It was determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.	Mrs. Kathy M. Richard, Mayor	N/A
<u>PRIOR YEAR (06/30/04) --</u>					
<u>Compliance:</u>					
04-1 06/30/04	The Town did not follow proper bid procedures for the purchase of two pieces of machinery.	Yes	In the future, when large pieces of machinery need to be purchased, the proper bid procedures will be followed.	Mrs. Kathy M. Richard, Mayor	06/30/05
<u>Internal Control:</u>					
04-2 N/A	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	No	It was determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.	Mrs. Kathy M. Richard, Mayor	N/A