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Town of Campti, Louisiana
General Purpose Financial Statements
For the Year Ended June 30, 2003

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 5.12.04

Town of Campti, Louisiana
 General Purpose Financial Statements
 For the Year Ended June 30, 2003

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EDWARDS & WADE

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

INDEPENDENT AUDITOR'S REPORT


Mayor and Councilmembers
Town of Campti
Campti, Louisiana

We were engaged to audit the accompanying general purpose financial statements of Town of Campti, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of Town of Campti's management.

We were unable to obtain the supporting documentation for the financial activities of the Town of Campti, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Those financial activities are included in the governmental fund type, proprietary fund type, fiduciary fund type, general fixed asset account group, and general long-term debt account group, and represent 100 percent and 100 percent of the assets and revenues, respectively, of the governmental fund type, proprietary fund type, and general fixed asset account group.

Since we did not audit the financial statements of Town of Campti referred to above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these general purpose financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2004, on our consideration of the Town of Campti's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


Ruston, Louisiana
May 10, 2004

Town of Campti
 Combined Balance Sheets - All Fund Types and Account Groups
 For the Year Ended June 30, 2003

	Governmental Fund Type		Proprietary Fund Type Enterprise Fund	Fiduciary Fund Type Agency Fund	General Fixed Asset Account Group	General Long-Term Debt Account Group	Totals (Memorandum Only)
	General Fund	Capital Projects Fund					
<u>Assets</u>							
Cash and equivalents	\$47,757	\$75,179	\$13,900	\$29,410			\$166,246
Accounts receivable, net	10,198	3,794	9,931				23,923
Other receivables	1,530						1,530
Due from other funds	16,221	3,081					19,302
Restricted assets - cash			59,443				59,443
Property, plant, and equipment, net			2,270,735		\$146,191		2,416,926
Amount available for debt service						\$1,490	1,490
TOTAL ASSETS	\$75,706	\$82,054	\$2,354,009	\$29,410	\$146,191	\$1,490	\$2,688,860
<u>Liabilities</u>							
Accounts payable	\$14,075		\$30,625				\$44,700
Payroll liabilities	19,243		14,688				33,931
Cash Bonds held for Future disposition				29,410			29,410
Payable from restricted assets - customer deposits			25,283				25,283
Due to other funds	3,081		16,221				19,302
Bonds payable:							
Revenue bonds			424,983				424,983
General obligation						\$1,490	1,490
Total liabilities	36,399	0	511,800	29,410	0	1,490	579,099
<u>Fund Equity</u>							
Investment in general fixed assets					\$146,191		146,191
Contributed capital			2,106,709				2,106,709
Retained earnings - unreserved			(264,500)				(264,500)
Fund balance:							
Reserved for debt service	1,490						1,490
Unreserved -undesignated	37,817	\$82,054					119,871
Total fund equity	39,307	82,054	1,842,209	0	146,191	0	2,109,761
TOTAL LIABILITIES AND FUND EQUITY	\$75,706	\$82,054	\$2,354,009	\$29,410	\$146,191	\$1,490	\$2,688,860

The accompanying notes are an integral part of this statement.

Town of Campti
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 GAAP Basis - Governmental Fund Type
 For the year ended June 30, 2003

	General Fund			Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	91,930	73,182	(18,748)	\$39,950	\$45,106	\$5,156
Licenses and permits	21,650	14,127	(7,523)			0
Franchise fees		43,238	43,238			0
Rent income		5,200	5,200			0
Intergovernmental			0		48,750	48,750
Fines and forfeitures	18,552		(18,552)			0
Miscellaneous	16,794	5,912	(10,882)		118	118
Total Revenues	148,926	141,659	(7,267)	39,950	93,974	54,024
EXPENDITURES						
General government	117,720	98,912	18,808			0
Public safety	54,556	46,403	8,153			0
Debt service	11,500	10,705	795			0
Capital outlay	20,000	6,360	13,640	20,528	53,967	(33,439)
Total Expenditures	203,776	162,380	41,396	20,528	53,967	(33,439)
Excess of Revenues over Expenditures	(54,850)	(20,721)	34,129	19,422	40,007	20,585
OTHER FINANCING SOURCE						
Operating transfers in	11,850		11,850			0
Operating transfers out			0		(20,000)	(20,000)
TOTAL OTHER FINANCING SOURCE AND (USE)	11,850	0	11,850	0	(20,000)	(20,000)
EXCESS OF REVENUES OVER EXPENDITURES	(43,000)	(20,721)	22,279	19,422	20,007	585
FUND BALANCE, BEGINNING	60,028	60,028	0	62,047	62,047	0
FUND BALANCE, ENDING	17,028	39,307	22,279	\$81,469	\$82,054	\$585

The accompanying notes are an integral part of this statement.

Town of Campti
 Combined Statement of Revenues, Expenses, and
 Changes in Retained Earnings - Proprietary Fund Type
 For the year ended June 30, 2003

OPERATING REVENUES	
Fees	\$114,454
Other income	1,791
Total Operating Revenues	<u>116,245</u>
OPERATING EXPENSES	
Salaries and wages	53,492
Payroll taxes	6,410
Repairs and maintenance	18,552
Insurance	1,965
Chemicals	11,755
Depreciation	66,163
Legal and professional fees	6,356
Utilities and phone	26,775
Vehicles expense	3,007
Advertising	247
Office expense	3,342
Equipment rental	35,073
Lease expense	8,230
Testing	2,580
Sales tax expense	2,369
Retirement expense	2,172
Bank charges	36
Miscellaneous expense	281
Total Operating Expenses	<u>248,805</u>
Operating income (loss)	(132,560)
Nonoperating revenue (expenses)	
Interest income	2,558
Operating transfers in	20,000
Operating transfers out	(65)
Interest expense	(21,471)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>1,022</u>
NET INCOME (LOSS)	(131,538)
RETAINED EARNINGS, BEGINNING	<u>(132,962)</u>
RETAINED EARNINGS, ENDING	<u><u>(\$264,500)</u></u>

The accompanying notes are an integral part of this statement.

Town of Campti
 Statements of Cash Flows - Proprietary Fund Type
 For the Year Ended June 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income (Loss)	(\$132,560)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	66,163
Decrease in accounts receivable	15,911
Decrease in prepaid expense	2,141
Increase in accounts payable	20,976
Increase in payroll liabilities	12,477
Increase in interfund payables	16,221
Increase in restricted cash	1,564
Increase in customer deposits	<u>2,205</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,098
CASH FLOWS FROM FINANCING ACTIVITIES	
Operating transfers, net	19,935
Increase in contributed capital	48,750
Interest paid on bonds	(21,471)
Principal paid on bonds	<u>(7,181)</u>
NET CASH (USED BY) FINANCING ACTIVITIES	40,033
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	2,558
Purchase of new assets	<u>(48,750)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(46,192)</u>
NET INCREASE IN CASH	(1,061)
CASH AT BEGINNING OF YEAR	<u>14,961</u>
CASH AT END OF YEAR	<u><u>\$13,900</u></u>
SUMMARY	
Operating account	\$13,900
Expenditures for interest - cash basis	<u><u>\$21,471</u></u>

The accompanying notes are an integral part of this statement.

See accompanying auditor's report.

Town of Campti
Notes to the Financial Statements
For the Year Ended June 30, 2003

INTRODUCTION

The Town of Campti, Louisiana is located in the northern portion of Natchitoches Parish in central Louisiana. The Town was incorporated under the provisions of Louisiana Revised Statutes 33:52. The Town operates under a form of government consisting of an elected mayor and council, which has five members. The Town, with 11 employees, provides police protection, streets and drainage maintenance, recreation, water and sewer services, and general administration services to its residents. The Town consists of approximately 1,050 citizens.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Town of Campti have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town of Campti is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Campti for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent of the municipality.

See accompanying auditor's report.

Town of Campti
Notes to the Financial Statements (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Campti (the primary government). The Town of Campti has no component units.

Considered in the determination of component units of the reporting entity were the Natchitoches Parish Police Jury, Sheriff, Clerk of Court, Assessor, School Board, and the District Attorney for Natchitoches Parish. It was determined that these governmental entities are not component units of the Town of Campti reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Campti.

C. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into three categories. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental funds Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds include:

1. General Fund—the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Capital projects funds--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary funds Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Town of Campti
Notes to the Financial Statements (Continued)

1. Enterprise Funds--account for operations (a) 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.

Fiduciary funds Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the municipality. Fiduciary funds include:

1. Agency Funds--account for assets that the municipality holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Property taxes become measurable when a property tax assessment is made. The taxes are used to finance the budget of a particular period. Therefore, the revenue produced taxes is recognized in the fiscal period for which it was levied, provided it is available. "Available" means (1) then due, or (2) past due and receivable within current period, or (3) expected to be collected within 60 days and used to pay liabilities of the current period.

Sales tax are collected by the sales tax collection agency and remitted to the Town. Therefore, amounts remitted during the current period and amounts collected by the governmental agency during the current period and remitted within 60 days to the Town of Campti, are recognized as revenue.

Town of Campti
Notes to the Financial Statements (Continued)

Licenses and permits are recognized as revenue in the period received, but not before the benefit period. However, for the year ended June 30, 2003, amounts were also recognized as revenue if they were available within 60 days (based on actual collections). Since licenses and permits were not "billed" on a timely basis, this accrual recognizes revenue to finance the budget for that period.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exception to this general rule: accumulated unpaid vacation, sick pay and other employee amounts which are not accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

E. BUDGETS

The primary government municipality uses the following budget practices:
The Town adopted a budget for the year ended June 30, 2003 for the General fund and Sales Tax fund . The town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May meeting, the town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There were no amendments to the original budget.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana state law.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

H. RESTRICTED ASSETS

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. FIXED ASSETS

Fixed assets used in governmental fund type operations (general fixed assets) are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements, are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

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

Buildings	30	years
Water system	40	years
Sewer system	40	years
Equipment	7-10	years

J. COMPENSATED ABSENCES

The Town's full time employees get sick and vacation time at the beginning of each calender year and their vacation time must be used during the course of the calender year. The employees can roll over any unused sick time to the next year. The Town's sick and vacation time at year end was not material to the financial statements and was not recorded.

K. LONG-TERM OBLIGATIONS

Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

L. FUND EQUITY

Contributed Capital

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

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers. Transfers between the primary government and discretely presented component units are disclosed separately from interfund transfers as transfers to/from component units.

N. SALES TAXES

The Town levies a 1% sales and use tax on all purchases within Town limits. This tax is dedicated one-half to water and sewer maintenance, and for road, bridges, and drainage projects and one-half to the General fund.

O. TOTAL COLUMNS ON COMBINED STATEMENTS

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

Town of Campti
Notes to the Financial Statements (Continued)

2. FUND DEFICITS

The following individual fund have deficits in retained earnings at June 30, 2003:

<u>Fund</u>	<u>Deficit amount</u>
Enterprise fund	(237,484)

For the Enterprise Fund the Town is implementing a plan to increase revenues and decrease costs. The Town is reorganizing staff to aggressively go after untapped revenues. The deficit in the Enterprise was created because of depreciation. Once the assets are fully depreciated, then the deficit will be eliminated through revenues.

3. CASH AND CASH EQUIVALENTS

At June 30, 2003, the Town has cash and cash equivalents (book balances) totaling \$225,689 as follows:

Demand deposits	\$200,035
Time deposits	<u>25,654</u>
Total	<u>\$225,689</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2003, the Town has \$235,853 in deposit (collected bank balances). These deposits are secured from risk by \$119,423 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3). The remaining balance of \$116,430 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 district that the fiscal agent has failed to pay deposited funds upon demand.

4. LEVIED TAXES

The town considers ad valorem taxes receivable at December 31 and recognizes income in the year of assessment. For the year ended June 30, 2003, total taxes originally levied were \$11,018. Assessed values are established by the Natchitoches Parish Tax Assessor each year.

Town of Campti
Notes to the Financial Statements (Continued)

Property Tax Calendar

Assessment Date	January 1
Levy Date	June 30
Due date	December 31
Lien date	January 31
Tax sale	May 15

The following is a summary of authorized and levied ad valorem taxes for the year:

<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
5.75	5.75	June 30, 2003

The following are the principal taxpayers for the municipality (amounts expressed in thousands):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Campti-Pleasant Hill Telephone	448,720	23.42%
City Bank and Trust	244,900	12.78%
CLECO	212,460	11.09%
Atmos Energy	73,390	3.83%
Tally-Ho Apartments II	43,250	2.26%
Kansas City Southern Railway	34,780	1.82%
Esposito Frey Partnership	19,680	1.03%
Mary Brossett	15,880	0.83%
M&M Grocery	11,840	0.62%
Valley Electric Membership Corp	10,890	0.57%
Total	<u>\$1,115,790</u>	<u>58.24%</u>

5. RECEIVABLES

The following is a summary of receivables for June 30, 2003:

See accompanying auditor's report.

Town of Campti
Notes to the Financial Statements (Continued)

<u>Class of Receivable:</u>	<u>General Fund</u>	<u>Sales tax Fund</u>	<u>Proprietary Fund Type</u>
Taxes:			
Sales	\$3,794	\$3,794	
Franchise	5,755		
User fees			\$9,931
Other	2,179		
Total	<u>\$11,728</u>	<u>\$3,794</u>	<u>\$9,931</u>

6. FIXED ASSETS

A summary of the changes in fixed assets for the year ended June 30, 2003, is shown below:

	<u>Balance 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/03</u>
Land	\$5,600			\$5,600
Building and Improvements	11,500			11,500
Furniture and Equipment	122,731	\$6,360		129,091
Total	<u>\$139,831</u>	<u>\$6,360</u>	<u>\$0</u>	<u>\$146,191</u>

A summary of proprietary property, plant, and equipment follows:

	<u>Balance 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/03</u>
Building-water	\$32,814			\$32,814
Land-water	2,690			2,690
Water distribution system	520,586			520,586
Equipment-water	66,563			66,563
Construction in progress-water	1,254,680	\$48,750		1,303,430
Sewer plant	977,441			977,441
Subtotal	2,854,774	48,750	0	2,903,524
Less accumulated depreciation	(566,626)	(66,163)		(632,789)
Total	<u>\$2,288,148</u>	<u>(\$17,413)</u>	<u>\$0</u>	<u>\$2,270,735</u>

7. LONG TERM DEBT - PROPRIETARY FUND

The following is a summary of long-term debt transactions for the Town for the year ended June 30, 2003:

See accompanying auditor's report.

Town of Campti
Notes to the Financial Statements (Continued)

Balance, June 30, 2002	\$432,164
Adjustments - prior year	(2,955)
Additions	
Principal payments	<u>(4,226)</u>
Balance, June 30, 2003	<u>\$424,983</u>

The June 30, 2002 balance was given while confirming the June 30, 2003 balance. Notes payable at June 30, 2003, consists of a note payable to the U.S. Department of Agriculture - Farmers Home Administration. The basic data on the notes is summarized below:

Loan 91-01 9/16/97 4.875%	<u>\$424,983</u>
---------------------------	------------------

The annual requirements to amortize all bonds outstanding at June 30, 2003, including interest of \$461,165 are as follows:

For the year ended June 30,	
2004	\$25,697
2005	25,697
2006	25,697
2007	25,697
2008	25,697
2009 - 2013	128,486
2014 - 2018	128,486
2019 - 2023	128,486
2024 - 2028	128,486
2029 - 2033	128,486
2034 - 2038	<u>115,230</u>
Total	<u>\$886,145</u>

8. Interfund Receivables and Payables

At June 30, 2003, interfund receivables and payables were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$19,301	
Enterprise Fund		\$19,301
Total	<u>\$19,301</u>	<u>\$19,301</u>

See accompanying auditor's report.

Town of Campti
Notes to the Financial Statements (Continued)

A summary of operating transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Sales tax Fund		\$20,000
Enterprise Fund	\$20,000	65
Fiduciary Fund	65	
Total	<u>\$20,065</u>	<u>\$20,065</u>

9. PENSION AND RETIREMENT PLAN

The Town's employees became members of the Municipal Employees Retirement System of Louisiana after June 30, 1996. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information for the retirement system follows:

Municipal Employees Retirement System of Louisiana (System)-

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials meeting the requirements of the system are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or 30 years of creditable service, regardless of age are entitled to a retirement benefit, payable monthly for life, equal to 2% 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 B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 6.25% of annual covered payroll. Contributions to the System also include one-fourth of one percent (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

See accompanying auditor's report.

Town of Campti
Notes to the Financial Statements (Continued)

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's contributions to the System under Plan B for the years ending June 30, 2003, 2002, and 2001, were \$4,525, \$3,990, and \$4,072, respectively, equal to the required contributions for each year.

10. CONSTRUCTION IN PROGRESS

The Town has a construction project for water improvements in progress. This project will be funded by an LCDBG grant for \$538,522. The utilization of these revenue sources is summarized below:

<u>Grant/Loan Title</u>	<u>Expended</u>		<u>Unexpended</u>	<u>Total amount awarded</u>
	<u>Balance at 6/30/02</u>	<u>Year ended 6/30/03</u>		
LCDBG #589138	<u>\$0</u>	<u>\$48,750</u>	<u>\$489,772</u>	<u>\$538,522</u>

SUPPLEMENTARY INFORMATION SCHEDULES

Town of Campti
Supplemental Information Schedules
For the Year Ended June 30, 2003

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Town of Campti
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2003

Donald Davis, Mayor	\$4,062
Travis Guin	260
Lisa Taylor	480
Mary Collins	440
Otha Bernstine	720
Rosa Calvet	500
David Jackson	360
Cynita Nash	480
Total	<u>\$7,302</u>

Town of Campti
Combining Balance Sheet - Capital Projects Funds
As of June 30, 2003

	Sales Tax Fund	LCDBG Fund	Water Improvements Fund	Totals
ASSETS				
Cash and equivalents	\$75,069		\$110	\$75,179
Accounts receivable	3,794			3,794
Due from Other funds	3,081			3,081
TOTAL ASSETS	<u>\$81,944</u>	<u>\$0</u>	<u>\$110</u>	<u>\$82,054</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable				\$0
Total liabilities	0	0	0	0
Fund balance - unreserved - undesignated	81,944	0	110	82,054
TOTAL LIABILITIES AND FUND EQUITY	<u>\$81,944</u>	<u>\$0</u>	<u>\$110</u>	<u>\$82,054</u>

Town of Campti
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Capital Projects Funds
For the year ended June 30, 2003

	Sales Tax Fund	LCDBG Fund	Water Improvements Fund	Totals
REVENUES				
Intergovernmental		\$48,750		\$48,750
Taxes	\$45,106			45,106
Miscellaneous	118			118
TOTAL REVENUES	<u>45,224</u>	<u>48,750</u>	<u>0</u>	<u>93,974</u>
EXPENDITURES				
Capital outlay	<u>5,217</u>	<u>48,750</u>		<u>53,967</u>
TOTAL EXPENDITURES	<u>5,217</u>	<u>48,750</u>	<u>0</u>	<u>53,967</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	40,007	0	0	40,007
Other financing source (use)				
Operating transfers in	0			0
Operating transfers out	<u>(20,000)</u>			<u>(20,000)</u>
Total other financing source (use)	<u>(20,000)</u>	<u>0</u>	<u>0</u>	<u>(20,000)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES AND OTHER FINANCING USE	<u>20,007</u>	<u>0</u>	<u>0</u>	<u>20,007</u>
FUND BALANCE (Deficit), BEGINNING	<u>61,937</u>	<u>0</u>	<u>110</u>	<u>62,047</u>
FUND BALANCE (Deficit), ENDING	<u>\$81,944</u>	<u>\$0</u>	<u>\$110</u>	<u>\$82,054</u>

EDWARDS & WADE

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

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

Mayor and Council Members
Town of Campti
Campti, Louisiana

We were engaged to audit the general purpose financial statements of the Town of Campti, as of and for the year ended June 30, 2003, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our report dated May 10, 2004, stated that because we were unable to examine adequate supporting documents and records, the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the financial statements.

Compliance

As part of obtaining reasonable assurance about whether Town of Campti's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 03-1, 03-2, 03-3, 03-4, 03-6, 03-7, and 03-8.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Campti's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Town of Campti's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 03-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 believe none of the reportable conditions described above is a material weakness.

Because of a limited number of available personnel, it is not possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employee duties and responsibilities.

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

Edward S. Wade
Ruston, Louisiana
May 10, 2004

Town of Campti
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2003

We have audited the financial statements of Town of Campti as of and for the year ended June 30, 2003, and have issued our report thereon dated May 10, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of May 10, 2004 resulted in a disclaimer of opinion.

A. Summary of Audit Results

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

Internal Control

Material Weaknesses Yes No Reportable Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance	Unqualified <input checked="" type="checkbox"/>	Qualified <input type="checkbox"/>
For Major Programs	Disclaimer <input type="checkbox"/>	Adverse <input type="checkbox"/>

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

- 03-1. Finding: Louisiana Statutes require that the Town's annual financial report be submitted to the Louisiana Legislative Auditor's office within six months of its year-end. For the year ended June 30, 2003, the Town's books of account were in such a condition that the report could not be completed within this time frame. Due to the disarray, the Town did not reconcile bank accounts on a timely basis and also did not prepare monthly financial statements in accordance with R.S. 33:425.

Recommendation: Management should institute procedures to ensure that the Town's records are accurate and available in a timely manner.

Response: Due to such findings, this management has consulted with the current Town Clerk who is primarily responsible for bookkeeping tasks. She has discussed her difficulty and inability to handle her job responsibilities. She has agreed to "step-down" from this position allowing us to reorganize our employment hierarchy and fill this vacancy with someone who is better capable of performing these job duties (or we will create a dual-position in which someone with experience in the field will be employed to assist her with her responsibilities).

- 03-2. Finding: The Town has prepared Town Council meetings minutes. However, the Town did not supply us with minutes from all meetings during the course of the year. The maintaining of minutes from Town Council meetings is a requirement of R.S. 42.7.1. In addition, the Town Council meeting minutes were not signed or published as required by R.S. 43:143.

Recommendation: Management should keep copies of the Town's minutes readily available according to R.S. 42.7.1. Management should also publish their minutes as required by R.S. 43:143.00

Response: Same as 03-1 above.

- 03-3. Finding: Payroll tax reports were not prepared or filed for the Town in a timely manner. Also, pension reports were not prepared or filed for the Town in a timely manner. Neither the payroll tax liability nor the pension liability was paid in a timely manner.

Recommendation: Management should oversee the preparation, filing, and payments for the payroll taxes and pension expense in a timely manner.

Response: Same as 03-1 above.

- 03-4. Finding: The Town provided a listing of assets. However, this list does not meet the criteria for a fixed asset control system and could not be tested. According to LRS 24:513(A), the Town should maintain records of all assets which were purchased or otherwise acquired, and for which the Town is accountable. The records shall include information as to the date of purchase, initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the assets disposed of.

Recommendation: I recommend that the Town conduct a physical inventory and set up subsidiary records to comply with generally accepted accounting principles.

Response: The Town of Campti will conduct a physical inventory with subsidiary records as recommended by this audit.

03-5. Finding: By trying to test several receipts and disbursements to original documents for support, I determined the overall internal control for the Town is inadequate. The following are examples of the Town's poor internal control:

A. As part of our test of revenues, I decided to select twenty traffic tickets from total traffic tickets issued during the period. We could not determine the population accurately. Of the twenty selected, the town's records did not document if the ticket was paid or a warrant was issued. Tickets issued to police officers are not reconciled with the issued citations returned by those officers.

B. The accounting system being used by the Town for its Water and Sewer Fund does not provide the information needed to produce accurate financial statements, to properly account for customer charges and payments, or to provide a useful audit trail. Errors made in posting customer account are corrected with adjusting entries which do not require management approval or supporting documentation. Some customer readings are changed or corrected by changing the balance in the computer system without the use of adjusting entry, which does not leave an audit trail. Procedures have not been established to review meter readings of individual accounts that have sizable usage variations from month to month. Daily receipts of cash are not reconciled to software printouts of collections. The accounts receivable and customer deposit accounts are not reconciled to supporting documentation on a timely basis. Finally, the general ledger for this fund is not posted and balanced monthly.

C. There were several checks tested during our test of disbursements that did not have supporting documentation or invoices. Also, time sheets paid did not have approval from a supervisor.

D. Records to document whether employees earn or take vacation leave or sick leave are not maintained.

Recommendation: I recommend the Town establish internal controls to monitor receipts and disbursements.

Response: The Town of Campti has installed a "Ticket Tracker" which provides the ability to maintain tickets accurately. We have also purchased new computer system software which will allow "point-of-sale" transactions, payments of miscellaneous charges, and accounts receivable journal reports which will provide accurate totals for daily, monthly, and yearly reports which include all data necessary for the water and sewer fund.

03-6. Finding: The Town did not have adequate collateralization of its bank accounts at year end.

Recommendation: We recommend that the Town periodically inquire of the financial institutions regarding adequate coverage.

Response: We concur we have asked our financial institution to collateralize our accounts.

03-7. Finding: In December 2003, a payment was made to an employee which was identified as a bonus in the amount of \$1,500. Also, the Town purchased Christmas decorations using public funds. These payments are in direct violation of Article VII, Section 14 of the LA Constitution of 1974. Things of value shall not be loaned, pledged, or donated to or for any person, association, or corporation.

Recommendation: I recommend that the Town not make any payments that may constitute a bonus, advance, or gift.

Response: No response was given upon completion of audit report.

03-8. Finding: The Town's actual expenditures exceeded budgeted expenditures by more than 5% in the Capital projects fund.

Recommendation: I recommend the Town monitor budget and actual figures and amend as necessary.

Response: Due to the inexperience of the current administration, it was difficult to establish a budget that was reasonable and practical because we had no idea what to expect. I think we will be better able to budget now that we know some of the things to expect.

C. Federal Award Findings and Questioned Costs

None

Town of Campti
Summary of Prior Year Findings
For the Year Ended June 30, 2003

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

- 02-1. Finding: Louisiana Statutes require that the Town's annual financial report be submitted to the Louisiana Legislative Auditor's office within six months of its year-end. For the year ended June 30, 2003, the Town's books of account were in such a condition that the report could not be completed within this time frame.

Recommendation: Management should institute procedures to ensure that the Town's records are accurate and available in a timely manner in future years.

Conclusion: Unresolved - see 03-1

- 02-2. Finding: The Town has prepared Town Council meetings minutes. However, from June of 2002 forward, these copies have not been signed by the Town Clerk and Mayor, dated, or posted in the Town's minutes book. In addition, the minutes have not been published in the official journal during this time frame.

Recommendation: The minutes of Town Council meetings should be signed and dated by the Mayor and Town Clerk monthly, posted in the Town's minute books, and published in the official journal.

Conclusion: Unresolved - see 03-2

- 02-3. Finding: The payroll tax forms (941s) required to be filed with the Internal Revenue Service on a quarterly basis have not been filed for the third and fourth quarters of 2002. Penalties and interest could be charged by the Internal Revenue Service for late filings.

Recommendation: Management should institute procedures to ensure that payroll tax returns are prepared and submitted in a timely fashion.

Conclusion: Unresolved - see 03-3

- 02-4. Finding: The accounting system being used by the Town of Campti for its Water and Sewer Fund does not provide the information needed to produce accurate financial statements, to properly account for customer charges and payments, or to provide a useful audit trail. Errors made in posting customer accounts are corrected with adjusting entries which do not require management approval or supporting documentation. Some customer readings are changed or corrected by changing the balance in the computer system without the use of an adjusting entry, which does not leave an audit trail. Procedures have not been established to review meter readings of individual accounts that have

sizable usage variations from month to month. Daily receipts of cash are not reconciled to software printouts of collections. The accounts receivable and customer deposit accounts are not reconciled to supporting documentation on a timely basis. Finally, the general ledger for this fund is not posted and balanced monthly.

Recommendation: Management should institute procedures to improve the overall accountability of the Water and Sewer Fund. A responsible official should review and approve all adjustments made to customer accounts. For each adjustment made, supporting documentation should be retained in the Town's files. When prior or ending customer readings are changed within the software system without using an adjusting entry, supporting documentation should be prepared, signed by a responsible official, and retained in the Town's files. The Town's software system has a reporting feature that analyzes what current meter readings should be expected, and reports those that are well above or below this amount. This report should be reviewed by a responsible official for each meter reading cycle. The Town's software system prepares a daily report summarizing payments and adjustments. The report should be reconciled to bank deposits daily. The subsidiary records for customer accounts and meter deposits should be reconciled to the general ledger monthly. Finally, the Water and Sewer Fund general ledger should be posted and balanced no less than monthly. Management did not provide a written corrective action plan to be included in this report, and will therefore issue the Management's Corrective Action Plan separately.

Conclusion: Unresolved - see 03-5

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

TOWN OF CAMPTI
P.O. BOX 216
CAMPTI, LA 71411

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2003

Town of Campti hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 03-1. See Schedule of Findings and Questioned Costs - Section B.
- 03-2. See Schedule of Findings and Questioned Costs - Section B.
- 03-3. See Schedule of Findings and Questioned Costs - Section B.
- 03-4. See Schedule of Findings and Questioned Costs - Section B.
- 03-5. See Schedule of Findings and Questioned Costs - Section B.
- 03-6. See Schedule of Findings and Questioned Costs - Section B.
- 03-7. See Schedule of Findings and Questioned Costs - Section B.
- 03-8. See Schedule of Findings and Questioned Costs - Section B.