

**VILLAGE OF CASTOR  
ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 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 7-21-04

Village of Castor  
Financial Report  
December 31, 2003

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# Village of Castor

P. O. Box 216  
Castor, LA 71016

## MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended December 31, 2003

The Management's Discussion and Analysis is an element of the new reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. As this is the first year the Village will be reporting under this new model, certain comparative information with the previous year, which is by design included in this model, will not be presented in the analysis, as permitted by GASB No. 34 with respect to first year reporting.

### Financial Highlights

This annual report consists of a series of new financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets	\$ 98,263	\$ 14,708	\$ 112,971
Restricted Assets	0	16,112	16,112
Capital assets, net of accumulated depreciation	<u>131,901</u>	<u>1,223,980</u>	<u>1,355,881</u>
Total Assets	<u>\$230,164</u>	<u>\$1,254,800</u>	<u>\$1,484,964</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 0	\$ 3,812	\$ 3,812
Customer Deposits Payable	0	10,296	10,296
Long Term Debt	<u>26,000</u>	<u>52,000</u>	<u>78,000</u>
Total Liabilities	<u>\$ 26,000</u>	<u>\$ 66,108</u>	<u>\$ 92,108</u>
NET ASSETS	<u>\$204,164</u>	<u>\$1,188,692</u>	<u>\$1,392,856</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	\$105,901	\$1,171,980	\$1,277,881
Restricted for Debt Service	0	16,712	16,712
Unreserved fund balance	<u>98,263</u>	<u>0</u>	<u>98,263</u>
NET ASSETS	<u>\$204,164</u>	<u>\$1,188,692</u>	<u>\$1,392,856</u>

## Summary of Statement of Activities

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>REVENUES:</b>			
General Revenues:			
Charge for Services	\$32,946	\$ 33,672	\$ 66,618
Taxes and Licenses	37,395	0	37,395
Grants	15,000	55,361	70,361
Other	2,642	208	2,850
Transfers	<u>0</u>	<u>11,200</u>	<u>11,200</u>
Total Revenues	<u>\$87,983</u>	<u>\$100,441</u>	<u>\$188,424</u>
<b>EXPENSES:</b>			
Public Safety	\$ 1,459	\$ 0	\$ 1,459
General Government	50,931	0	50,931
Transfers	11,200	0	11,200
Operating Expense	0	88,089	88,089
Interest Expense	<u>0</u>	<u>1,350</u>	<u>1,350</u>
Total Expenses	<u>\$63,590</u>	<u>\$ 89,439</u>	<u>\$153,029</u>
Change in Net Assets	<u>\$24,393</u>	<u>\$ 11,002</u>	<u>\$ 35,395</u>

- The Village's assets exceeded its liabilities by \$204,164 (net assets) for the year.
- Unreserved net assets of \$98,263 represent the portion available to maintain the Village's obligation to both citizens and creditors.

## Business Type Activities

The Proprietary Fund (the water and sewer service) experienced an operating income of \$11,002 for the year. Revenues and expenses remained fairly consistent with the prior year.

General Fund Budgetary Highlights

The Village amended its General Fund budget once during the year. At year end, actual revenues were \$435 more than budgeted and actual expenditures were \$51 more than budgeted expenditures.

Economic Factors and Next Year's Budget

The Village has prepared its 2004 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 216, Castor, LA 71016.

**Johnson, Thomas & Cunningham**  
**Certified Public Accountants**

**Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)**

**Mark D. Thomas, CPA – A Professional Corporation**  
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ACCOUNTANT'S COMPILATION REPORT ON THE FINANCIAL STATEMENTS

Mayor and Board of Aldermen  
Village of Castor  
P. O. Box 216  
Castor, LA 71016

We have compiled the accompanying financial statements of the governmental activities, the business-type activities, and major fund information of the Village of Castor as of and for the year ended December 31, 2003, which collectively comprise the Village's basic financial statements as listed in the Table of Contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and 33 through 34, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have not audited or reviewed this information, and accordingly, we do not express an opinion or any other form of assurance on it.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 25, 2004, on the results of our agreed-upon procedures.

**Johnson, Thomas & Cunningham**  
Johnson, Thomas & Cunningham, CPA's

June 25, 2004  
Natchitoches, LA 71457



## BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Village of Castor  
Statement of Net Assets  
December 31, 2003

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 98,263	\$ 12,239	\$ 110,502
Receivables	<u>0</u>	<u>2,469</u>	<u>2,469</u>
Total Current Assets	<u>\$ 98,263</u>	<u>\$ 14,708</u>	<u>\$ 112,971</u>
<b>Noncurrent Assets:</b>			
<b>Restricted Assets:</b>			
Customers Meter Deposits	\$ 0	\$ 4,000	\$ 4,000
Bond Covenant Accounts	0	12,112	12,112
Capital Assets (net)	<u>131,901</u>	<u>1,223,980</u>	<u>1,355,881</u>
Total Noncurrent Assets	<u>\$131,901</u>	<u>\$1,240,092</u>	<u>\$1,371,993</u>
Total Assets	<u>\$230,164</u>	<u>\$1,254,800</u>	<u>\$1,484,964</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 0	\$ 3,812	\$ 3,812
Current Portion - Long Term Debt	<u>1,000</u>	<u>1,000</u>	<u>2,000</u>
Total Current Liabilities	<u>\$ 1,000</u>	<u>\$ 4,812</u>	<u>\$ 5,812</u>
<b>Noncurrent Liabilities:</b>			
Customers Deposits Payable	\$ 0	\$ 10,296	\$ 10,296
Long-Term Debt	<u>25,000</u>	<u>51,000</u>	<u>76,000</u>
Total Noncurrent Liabilities	<u>\$ 25,000</u>	<u>\$ 61,296</u>	<u>\$ 86,296</u>
Total Liabilities	<u>\$ 26,000</u>	<u>\$ 66,108</u>	<u>\$ 92,108</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	\$105,901	\$1,171,980	\$1,277,881
Restricted for Debt Service	0	16,712	16,712
Unrestricted	<u>98,263</u>	<u>0</u>	<u>98,263</u>
Total Net Assets	<u>\$204,164</u>	<u>\$1,188,692</u>	<u>\$1,392,856</u>
Total Liabilities and Net Assets	<u>\$230,164</u>	<u>\$1,254,800</u>	<u>\$1,484,964</u>

See accountant's compilation report and notes to financial statements.



**FUND FINANCIAL STATEMENTS**

Village of Castor  
Balance Sheet-Governmental Funds  
December 31, 2003

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue LCDBG	
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$31,050	\$0	\$31,050
Investments	<u>67,213</u>	<u>0</u>	<u>67,213</u>
Total Assets	<u>\$98,263</u>	<u>\$0</u>	<u>\$ 98,263</u>
<b>LIABILITIES:</b>			
Total Liabilities	\$ 0	\$0	\$ 0
<b>FUND BALANCES:</b>			
Unreserved	<u>\$98,263</u>	<u>\$0</u>	<u>\$ 98,263</u>
Total Liabilities and Fund Balances	<u>\$98,263</u>	<u>\$0</u>	<u>\$ 98,263</u>

See accountant's compilation report and notes to financial statements.

Village of Castor  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Assets  
December 31, 2003

Total Fund Balance for the Governmental Fund at December 31, 2003	\$ 98,263
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 fund. Those assets consist of:	
Land, Equipment, Buildings, and Vehicles, Net of Accumulated Depreciation	131,901
Long-term liabilities, including bonds payable are not reported in the fund	<u>(26,000)</u>
Total Net Assets of Governmental Activities at December 31, 2003	<u>\$204,164</u>

See accountant's compilation report and notes to financial statements.

Village of Castor  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended December 31, 2003

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue LCDBG</u>	
<b>Revenues:</b>			
Taxes	\$ 37,395	\$ 0	\$ 37,395
Licenses and Permits	30,972	0	30,972
Intergovernmental	15,000	53,361	68,361
Fines and Forfeits	1,974	0	1,974
Miscellaneous	<u>2,642</u>	<u>0</u>	<u>2,642</u>
Total Revenues	<u>\$ 87,983</u>	<u>\$53,361</u>	<u>\$141,344</u>
<b>Expenditures:</b>			
Current-			
General Government	\$ 42,879	\$ 0	\$ 42,879
Public Safety	1,459	0	1,459
Debt Service	3,650	0	3,650
Capital Outlay-			
Administration	0	2,045	2,045
Public Works	<u>15,000</u>	<u>51,316</u>	<u>66,316</u>
Total Expenditures	<u>\$ 62,988</u>	<u>\$53,361</u>	<u>\$116,349</u>
Excess of Revenues over Expenditures	\$ 24,995	\$ 0	\$ 24,995
Other Financing Sources (Uses)			
Transfer Out	<u>(11,200)</u>	<u>0</u>	<u>(11,200)</u>
Excess of Revenues over Expenditures and Other Financing Sources (Uses)	\$ 13,795	\$ 0	\$ 13,795
Fund Balance-Beginning of Year	<u>84,468</u>	<u>0</u>	<u>84,468</u>
Fund Balance-End of Year	<u>\$ 98,263</u>	<u>\$ 0</u>	<u>\$ 98,263</u>

See accountant's compilation report and notes to financial statements.



Village of Castor  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
for the Year Ended December 31, 2003

Total Net Change in Fund Balance at December 31, 2003, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$13,795
The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because:	
ADD: Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Assets.	1,000
ADD: Capital Outlay costs which are considered expenditures on the Statement of Revenues, Expenditures and Change in Fund Balance are shown as increases in assets in the Statement of Activities	15,000
LESS: Depreciation Expense is not recorded in fund financial statements	(5,402)
The revenues and expenses of the LCDBG Fund are shown as capital grants, and increases in in net assets of the business activities fund on the Statement of Activities	<u>0</u>
Total changes in Net Assets at December 31, 2003, per Statement of Activities	<u>\$24,393</u>

See accountant's compilation report and notes to financial statements.

Village of Castor  
Statement of Net Assets  
Proprietary Fund  
Year Ended December 31, 2003

	<u>Proprietary Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 12,239
Accounts Receivable	<u>2,469</u>
Total Current Assets	<u>\$ 14,708</u>
Noncurrent Assets:	
Restricted Assets-	
Customer Deposits	\$ 4,000
Bond Covenant Accounts	12,112
Capital Assets-	
Land	11,250
Other Capital Assets, net of depreciation	<u>1,212,730</u>
Total Noncurrent Assets	<u>\$1,240,092</u>
Total Assets	<u>\$1,254,800</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	\$ 2,512
Current Portion of Long-Term Debt	1,000
Accrued Interest	<u>1,300</u>
Total Current Liabilities	<u>\$ 4,812</u>
Noncurrent Liabilities:	
Long-Term Debt	\$ 51,000
Payable from Restricted Assets-	
Customers Deposits	<u>10,296</u>
Total Noncurrent Liabilities	<u>\$ 61,296</u>
Total Liabilities	<u>\$ 66,108</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, net of related debt	\$1,171,980
Restricted for Debt Service	<u>16,712</u>
Total Net Assets	<u>\$1,188,692</u>
Total Net Assets and Liabilities	<u>\$1,254,800</u>

See accountant's compilation report and notes to financial statements.

Village of Castor  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended December 31, 2003

OPERATING REVENUES:		
Water Sales	\$	<u>33,672</u>
Total Operating Revenues	\$	<u>33,672</u>
OPERATING EXPENSES:		
Depreciation	\$	44,599
Personnel		6,863
Utilities		9,361
Repairs & Maintenance		14,604
Supplies		5,736
Dues & Licenses		981
Vehicle Expense		4,200
Testing		<u>1,745</u>
Total Operating Expenses	\$	<u>88,089</u>
Operating Income (Loss)	\$	<u>(54,417)</u>
OTHER REVENUES AND EXPENSES:		
Interest Income	\$	208
Interest Expense		(1,350)
Transfer-In		11,200
Capital Grant		53,361
Operating Grant		<u>2,000</u>
Total Other	\$	<u>65,419</u>
Net Income (Loss)	\$	11,002
Net Assets-Beginning of Year		<u>1,177,690</u>
Net Assets-End of Year		<u>\$1,188,692</u>

See accountant's compilation report and notes to financial statements.

Village of Castor  
Statement of Cash Flows  
Proprietary Fund  
December 31, 2003

	<u>Business Type Activities</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 33,407
Cash paid to suppliers	(30,840)
Cash paid to employees	<u>(11,063)</u>
Net Cash Provided by Operating Activities	\$ <u>(8,496)</u>
Cash Flows from Noncapital Financing Activities:	
Operating subsidies	\$ <u>2,000</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	\$(53,361)
Interfund transfers	11,200
Capital contributions	53,361
Principal paid on capital debt	(1,000)
Interest paid on capital debt	<u>(1,350)</u>
Net Cash Provided (used) for Capital and Related Financing Activities	\$ <u>8,850</u>
Cash Flows from Investing Activities:	
Interest and dividends	\$ <u>208</u>
Net Increase in Cash and Cash Equivalents	2,562
Cash and Cash Equivalents at Beginning of Year	<u>9,677</u>
Cash and Cash Equivalents at End of Year	\$ <u>12,239</u>
Reconciliation of Operating Income (loss) to Net cash Provided (used) by Operating Activities:	
Operating income (loss)	\$(54,417)
Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:	
Depreciation expense	44,599
Changes in Assets and Liabilities:	
Receivables	(265)
Accounts and other payables	<u>1,587</u>
Net Cash Provided by Operating Activities	\$ <u>(8,496)</u>

See accountant's compilation report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Village of Castor  
Notes to Financial Statements  
December 31, 2003

**Introduction:**

Pursuant to the provisions of Section 11, of the Act No. 136, of the Session Acts of the General Assembly of the State of Louisiana, approved July 13, 1898, and Acts amendatory thereof, the Village of Castor, Louisiana, (Village) was declared a corporation by Proclamation executed by Governor John M. Parker on June 26, 1920. The Village is located in Ward 3 of Bienville Parish, State of Louisiana, and is managed by an elected Mayor and three aldermen. The Village provides a basic range of municipal services. These include police protection, public works (streets and lights), public improvements, water and sewer services, planning and zoning, social, cultural and general administration services. Management is compensated for services rendered to the Village. The population of the Village is 230 with 150 water and sewer customers. The Village has four employees.

**1. Summary of Significant Accounting Policies:**

**A. REPORTING ENTITY-**

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Castor, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Castor's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**B. BASIS OF PRESENTATION-**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Village of Castor  
Notes to Financial Statements  
December 31, 2003

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, 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.

**C. FUND ACCOUNTING-**

The accounts of the Village are organized 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 Village maintains three funds. They are categorized as a governmental fund and a proprietary fund. 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 entity 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.

The major funds of the Village are described below:

**Governmental Fund-**

**General Fund**

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

Village of Castor  
Notes to Financial Statements  
December 31, 2003

Special Revenue Fund

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Louisiana Community Development Block Grant (LCDBG)

LCDBG fund is used to account for a capital grant from the Louisiana Division of Administration to be used for the construction of sewer system improvements.

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 appropriated for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund is the Utility Fund.

**D. 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, governmental 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 is used as appropriate.

- a. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.



Village of Castor  
Notes to Financial Statements  
December 31, 2003

- b. The government-wide financial statement 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 of recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

**Basis of Accounting-**

In the government-wide Statement of Net Assets and Statement of Activities, the governmental 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 assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

**E. CASH AND INTEREST-BEARING DEPOSITS-**

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

**F. CAPITAL ASSETS-**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Village of Castor  
Notes to Financial Statements  
December 31, 2003

Depreciation of all exhaustible capital assets is recorded as an 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 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

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.

**G. 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 utility meter deposits.

**H. COMPENSATED ABSENCES-**

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences.

**I. 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 provision 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".

Village of Castor  
Notes to Financial Statements  
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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.

**J. ESTIMATES-**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require 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 statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**K. OPERATING REVENUES AND EXPENSES-**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing noncapital financing, or investing activities.

**L. EXPENDITURES/EXPENSES-**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**M. BUDGET-**

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

**2. Change in Accounting Principles:**

For the year ended December 31, 2003, the Village has implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB No. 34 creates new basic financial statements for reporting on the Village's financial activities. The financial statements now include government-wide financial statements prepared on

Village of Castor  
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the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB No. 34 caused the opening fund balance at December 31, 2002, to be restated in terms of "net assets" as follows:

Total fund balance-Governmental Fund at December 31, 2002		\$ 84,468
Add: Cost of capital assets at December 31, 2002	\$161,536	
Less: Accumulated Depreciation at December 31, 2002	(39,233)	
Less: Long-Term debt at December 31, 2002	(27,000)	<u>95,303</u>
Net Assets at December 31, 2002		<u>\$179,771</u>

**3. Cash and Cash Equivalents:**

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At December 31, 2003, the Village had cash and cash equivalents (collected bank balances) totaling \$126,589. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the Village. The deposits at December 31, 2003, were secured as follows:

Demand Deposits	\$ 59,376
Certificate of Deposit	<u>67,213</u>
Total	<u>\$126,589</u>
FDIC	\$ 59,376
Pledged Securities	<u>67,213</u>
Total	<u>\$126,589</u>

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Even though the pledged securities are considered uncollateralized (Category #3), Louisiana Revised Statute 39:1229 imposes a statutory requirements on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

**4. Restricted Assets:**

The Enterprise Fund has restricted assets as follows:

Water and Sewer Customer Deposits- Certificate of Deposit	\$ 4,000
Bond Covenant Accounts-	
Depreciation Contingency	5,439
Bond Reserve	4,869
Sinking Fund	<u>1,804</u>
Total	<u>\$16,112</u>

Certain proceeds of the 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. The specific restrictions are as follows:

The Enterprise Fund revenue bond is secured and payable in principal and interest exclusively by a pledge of the income and revenues of the Enterprise Fund Sewer System (System), subject only to the prior payment of the reasonable and necessary expenses of operating and maintaining the system.

All of the income and revenues to be earned by the operation of the System shall be deposited into a separate and special bank account designated as the "Sewer Revenue Fund". This bank account shall be maintained for the following express purposes:

- a. The payment of all reasonable and necessary expenses of operating and maintaining the System.
- b. Monthly transfer of (1/12th) of the total principal and interest requirement falling due in the ensuing year to an account designated as the "Sewer Revenue Bond and Interest Sinking Fund". Interest earned on the Sewer Revenue Bond and Interest Sinking Fund shall be deposited in the Sewer Revenue Fund.
- c. Monthly transfer of (5%) of the amount to be paid into the aforesaid Sinking Fund provided for in paragraph (b) above, to an account designated as the "Sewer Reserve Fund". Such transfers to continue until the Sewer Reserve Fund has accumulated a balance equal to the highest combined principal and interest on the Bonds falling due in any year. Interest earned on the Sewer Reserve Fund shall be deposited in the Sewer Revenue Fund.

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- d. Monthly transfer of twenty-nine dollars (\$29.00) to an account designated as the "Depreciation and Contingency Fund" to be used for extensions, additions, improvements, replacements, and system depreciation necessary to properly operate the System. Interest earned on the Depreciation and Contingency account shall be added to the Depreciation and Contingency account.

**5. Property Taxes:**

The Village levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the Village on property values assessed by the Bienville Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

For the year ended December 31, 2003, 14 mills were levied on property for the payment of general obligation bonds.

Village property tax revenues are recognized when levied and are recorded as current receivables.

The property tax calendar is as follows:

Assessment Date	January 1, 2003
Levy Date	June 1, 2003
Tax Bills Mailed	November 15, 2003
Total Taxes are Due	December 31, 2003
Penalties and Interest are Added	January 1, 2004
Lien Date	No Set Policy
Tax Sale	No Set Policy

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the levy year. Assessed values are established by the Bienville Parish Tax Assessor each year on a uniform basis at the following percent of fair market value:

Land	10%
Residential	10%
Industrial	15%
Machinery	15%
Commercial	15%
Public Service (excluding land)	25%

A reevaluation of all property is required to be completed no less than every four years. A reevaluation was completed for the tax roll of January 1, 2000.

Tax collections for the year were \$8,051.

Village of Castor  
Notes to Financial Statements  
December 31, 2003

**6. Capital Assets:**

Capital asset activity for the year ended December 31, 2003, is as follows:

<u>Governmental Activities</u>	<u>Balance 01-01-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-03</u>
Building	\$ 119,565	\$ 0	\$0	\$ 119,565
Office Furniture, Fixtures & Equipment	14,919	0	0	14,919
Vehicles	27,052	0	0	27,052
Parking Lot	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Total Costs	<u>\$ 161,536</u>	<u>\$15,000</u>	<u>\$0</u>	<u>\$ 176,536</u>
Less, Accumulated Depreciation				
Building	\$ 7,288	\$ 3,270	\$0	\$ 10,558
Office Furniture, Fixtures & Equipment	4,893	2,132	0	7,025
Vehicles	27,052	0	0	27,052
Parking Lot	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Accumulated Depreciation	<u>\$ 39,233</u>	<u>\$ 5,402</u>	<u>\$0</u>	<u>\$ 44,635</u>
Net Capital Assets	<u>\$ 122,303</u>	<u>\$ 9,598</u>	<u>\$0</u>	<u>\$ 131,901</u>
<u>Business-Type Activities</u>	<u>Balance 01-01-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-03</u>
Capital Assets Not Depreciated				
Land	\$ 11,250	\$ 0	\$0	\$ 11,250
Capital Assets Depreciated				
Water System	759,138	0	0	759,138
Sewer System	<u>837,688</u>	<u>53,361</u>	<u>0</u>	<u>891,049</u>
Total Costs	<u>\$1,608,076</u>	<u>\$53,361</u>	<u>\$0</u>	<u>\$1,661,437</u>
Less, Accumulated Depreciation				
Water System	\$ 164,332	\$23,657	\$0	\$ 187,989
Sewer System	<u>228,527</u>	<u>20,942</u>	<u>0</u>	<u>249,469</u>
Total Accumulated Depreciation	<u>\$ 392,859</u>	<u>\$44,599</u>	<u>\$0</u>	<u>\$ 437,458</u>
Net Capital Assets	<u>\$1,215,217</u>	<u>\$ 8,762</u>	<u>\$0</u>	<u>\$1,223,979</u>

Depreciation expense of \$5,402 was charged to the general government function.

Village of Castor  
Notes to Financial Statements  
December 31, 2003

**7. Long-Term Liabilities:**

General Obligation Bonds-

General Obligation Bonds of the Village, \$22,000, 5% serial bonds on July 15, 1985. Annual principal and interest payments are due through July 15, 2023. The principal balance at December 31, 2003 is \$13,000.

General Obligation Bonds of the Sewer District No. 1, \$22,000, 5% serial bonds on July 15, 1985. Annual principal and interest payments are due through July 15, 2023. The principal balance at December 31, 2003 is \$13,000.

During 2003, interest of \$2,700 was charged on the above General Obligation Bonds. The annual principal requirements for the next five years are as follows:

July 15, 2004	\$ 1,000
July 15, 2005	1,000
July 15, 2006	1,000
July 15, 2006	1,000
July 15, 2008	<u>1,000</u>
Total	\$ 5,000
July 15, 2009-2023	<u>21,000</u>
Total	<u>\$26,000</u>

The following is a schedule of changes:

Balance at January 1, 2003	\$27,000
Less, Payments	<u>1,000</u>
Balance at December 31, 2003	<u>\$26,000</u>



Village of Castor  
Notes to Financial Statements  
December 31, 2003

Revenue Bonds-

The revenue bonds are accounted for in the Enterprise Fund and consist of the revenue bonds of the Village of Castor, LA - \$70,000.00, 5% serial bonds on July 15, 1985. Annual principal and interest payments are due through July 15, 2003. The principal balance at December 31, 2003 is \$52,000. During 2003, interest of \$1,350 was charged on the revenue bonds. The annual principal requirements for the next five years are as follows:

July 15, 2004	\$ 1,000
July 15, 2005	1,000
July 15, 2006	1,000
July 15, 2007	1,000
July 15, 2008	<u>1,000</u>
Total	\$ 5,000
July 15, 2009-2023	<u>47,000</u>
Total	<u>\$52,000</u>

The following is a summary of revenue bond transactions of the Village for the year ended December 31, 2003:

	<u>Revenue Bonds</u>
Bonds Payable at January 1, 2002	\$53,000
Less, Bonds Retired	<u>1,000</u>
Bonds Payable at December 31, 2002	<u>\$52,000</u>

**8. Fund Deficit:**

At December 31, 2003, the unreserved retained earnings deficit of the Enterprise Fund totals \$(202,047). Management plans to make necessary operating transfers over the next five years to reduce or eliminate the deficit balance in retained earnings.

Village of Castor  
Notes to Financial Statements  
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**9. Compensation Paid to the Mayor and Board of Aldermen:**

During 2003, the following amounts were paid to the Mayor and Board of Aldermen:

Lane R. Freeman - Mayor's Salary	\$3,996
Aldermen-	
Sally Gray	600
Frank Sullivan	600
Mark Plunkett	<u>600</u>
Total	<u>\$5,796</u>

**10. Receivables:**

The following is a summary of receivables at December 31, 2003:

<u>Class of Receivable</u>	<u>Proprietary Fund</u>
Water & Sewer Sales	<u>\$2,469</u>

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

**OTHER REQUIRED  
SUPPLEMENTARY INFORMATION**

Village of Castor  
Major Funds  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2003

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>GENERAL FUND</u>				
REVENUES:				
Taxes	\$ 25,000	\$ 25,000	\$29,344	\$ 4,344
Licenses & Permits	33,000	33,000	30,972	(2,028)
Fines & Forfeits	7,500	7,500	1,974	(5,526)
Grants	15,000	15,000	15,000	0
Miscellaneous	<u>2,580</u>	<u>2,580</u>	<u>10,693</u>	<u>8,113</u>
Total Revenues	\$ <u>83,080</u>	\$ <u>83,080</u>	\$87,983	\$ <u>4,903</u>
EXPENDITURES:				
General Government	\$ 40,285	\$ 40,285	\$42,879	\$ (2,594)
Public Safety	12,100	12,100	1,459	10,641
Debt Service	2,400	2,400	3,650	(1,250)
Public Works-Grant	17,000	17,000	15,000	2,000
Transfer-Out	<u>11,200</u>	<u>11,200</u>	<u>11,200</u>	<u>0</u>
Total Expenditures	\$ <u>82,985</u>	\$ <u>82,985</u>	\$74,188	\$ <u>8,797</u>
<u>LCDBG FUND</u>				
REVENUES:				
Grants	\$ <u>138,944</u>	\$ <u>138,944</u>	\$ <u>53,361</u>	\$ <u>(85,583)</u>
EXPENDITURES:				
Administration	\$ 1,370	\$ 1,370	\$ 2,045	\$ (675)
Public Works	<u>137,574</u>	<u>137,574</u>	<u>51,316</u>	<u>86,258</u>
Total Expenditures	\$ <u>138,944</u>	\$ <u>138,944</u>	\$ <u>53,361</u>	\$ <u>(85,583)</u>

**Johnson, Thomas & Cunningham**  
**Certified Public Accountants**

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Aldermen of  
the Village of Castor

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Natchitoches Parish Fire Protection Village No. 7 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Castor's compliance with certain laws and regulations during the year ended December 31, 2003, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**PUBLIC BID LAW**

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

None Found

**CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

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

Management provided us with the required list including the noted information.

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

Management provided us with the required list.

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

None Found.

### **BUDGETING**

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

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption to the minute book.

We traced the adoption of the budget to the minute book.

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

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

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

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

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

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

All payments examined were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities:

All payments examined were properly approved by the proper authorities.

### **MEETINGS**

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

The Village of Castor is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building.

**DEBT**

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

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

**ADVANCES AND BONUSES**

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

None Found.

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

This report is intended solely for the use of management of the Natchitoches Parish Fire Protection Village No. 7 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**Johnson, Thomas & Cunningham**  
Johnson, Thomas & Cunningham, CPA's

June 25, 2004  
Natchitoches, Louisiana

Village of Castor  
P. O. Box 68  
Mathaville, LA 71450

**LOUISIANA ATTESTATION QUESTIONNAIRE**

Johnson, Thomas & Cunningham, CPA's  
321 Bienville Street  
Natchitoches, LA 71457

In connection with your compilation of our financial statements as of December 31, 2003 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 31, 2003.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes X No \_\_\_

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

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

Yes X No \_\_\_

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

Yes X No \_\_\_

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14 or the budget requirements of LSA-RS 39:43.

Yes X No \_\_\_



**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes X No \_\_\_

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:453, and/or 39:92, as applicable.

Yes X No \_\_\_

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes X No \_\_\_

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes X No \_\_\_

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes X No \_\_\_

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 72-729.

Yes X No \_\_\_

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

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

Mayor     **Lane Freeman**    

Date     12-8-2003    

Secretary     **JoAnn Sutton**    

Date     12-8-2003    

Note - Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contact with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.