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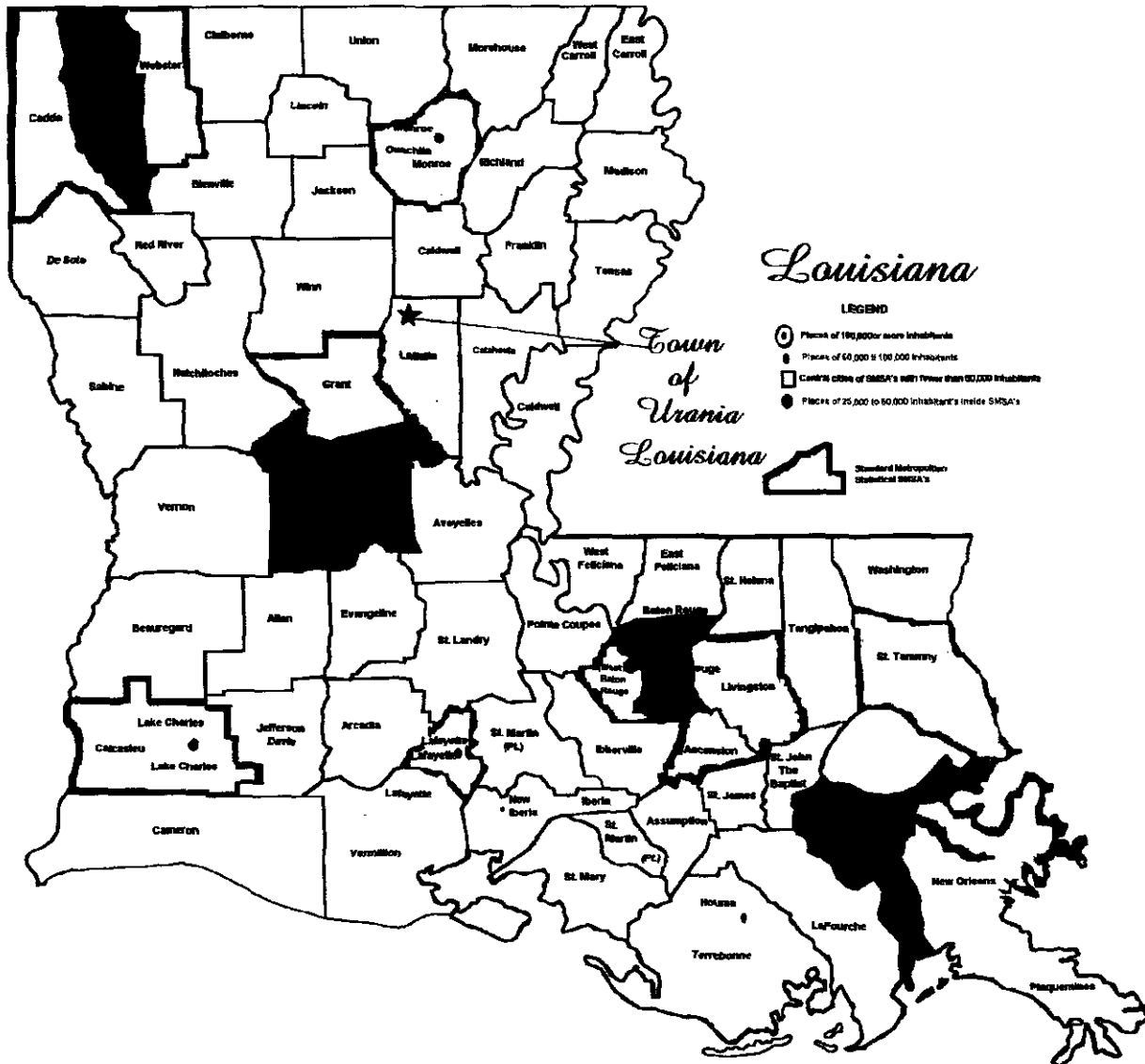
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TOWN OF URANIA, LOUISIANA
Annual Financial Statements
JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-8-04

**TOWN OF URANIA
URANIA, LOUISIANA**



✓ The Town of Urania was incorporated under the Lawrason Act, and operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

TOWN OF URANIA, LOUISIANA
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June 30, 2004

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TOWN OF URANIA

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MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

The annual report consists of series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on the next page. For governmental activities these statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operation in more detail than the government-wide statements by providing information about the Town's most significant funds.

FINANCIAL HIGHLIGHTS:

- Net assets increased in governmental activities by \$22,935 and net assets decreased by \$(74,969) in business-type activities, which include sewer and water funds. The decrease in net assets of the business-type activities was a result of depreciation taken on the fixed assets that were financed with grants.
- The Town had overall expenses from governmental activities of \$203,231 and expenses from business-type activities of \$269,389 for a total expense for the year of \$472,620.
- The general fund operated with excess expenditures over revenues of \$(18,437) and ended the year with a net change in fund balance of \$(12,870). Transfers to the enterprise funds of \$5567 reduced the operating deficit.
- In the business-type activities – enterprise funds, the water and sewer fund had an operating loss of \$37,733. The water and sewer fund had a positive cash flow of \$49,649 from operating activities.
- The Town amended its budget during the year and the final budget shows that there were excess expenditures over appropriations of \$72,720. The general fund had a favorable revenue budget variance of \$44,383 or 26%.
- The Town purchased \$46,620 of fire equipment during the year.
- A comparative analysis will be provided in future years when prior year information is available.

CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show that the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Terri Corley at the Town Hall, phone number (318) 495-3452.

JOHN R. VERCHER PC
Certified Public Accountant

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Jena, Louisiana 71342
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INDEPENDENT AUDITOR'S REPORT

The Honorable Terri Corley, Mayor
and Members of the Town Council
Urania, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Urania, Louisiana, as of and for the year ended June 30, 2004 which collectively comprise the Town's financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Urania, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Urania, Louisiana, as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 15, 2004, on my consideration of the Town of Urania, Louisiana's internal control over financial reporting and on my 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 my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

John R. Vercher

September 15, 2004
Jena, Louisiana

JOHN R. VERCHER PC
Certified Public Accountant

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

The Honorable Terri Corley, Mayor
and Members of the Town Council
Urania, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Urania, Louisiana, as of and for the year ended June 30, 2004 which collectively comprise the Town of Urania, Louisiana's basic financial statements and have issued my report thereon dated September 15, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Urania, Louisiana's, financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed the following instances of noncompliance that are required to be reported under *Government Auditing Standard*, which are described in the accompanying schedule of findings and questioned costs.

2004- C-1 Budget Variances

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Urania, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this document is public record and its distribution is not limited.

John R. Vercher

Jena, Louisiana
September 15, 2004

BASIC FINANCIAL STATEMENTS

TOWN OF URANIA, LOUISIANA
Statement of Net Assets
June 30, 2004

	PRIMARY GOVERNEMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and cash equivalents	\$ 14,117	\$ 13,366	\$ 27,483
Investments	22,637	51,601	74,238
Receivables (net of allowances for uncollectable)	5,249	14,727	19,976
Due from other funds	-0-	2,594	2,594
Restricted assets	-0-	111,182	111,182
Capital assets	142,434	2,666,371	2,808,805
	184,437	2,859,841	3,044,278
TOTAL ASSETS	\$ 184,437	\$ 2,859,841	\$ 3,044,278
LIABILITIES			
Accounts, salaries, and other payables	\$ 5,008	\$ 3,023	\$ 8,031
Other liabilities	-0-	36,919	36,919
Bonds and notes payable	38,993	575,866	614,859
	44,001	615,808	659,809
TOTAL LIABILITIES	\$ 44,001	\$ 615,808	\$ 659,809
NET ASSETS			
Invested in capital assets, net of related debt	\$ 137,441	\$ 2,090,505	\$ 2,227,946
Restricted for:			
Debt service	12,142	84,252	96,394
Unrestricted	(9,147)	69,276	60,129
	140,436	2,244,033	2,384,469
TOTAL NET ASSETS	\$ 140,436	\$ 2,244,033	\$ 2,384,469

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2004

	PROGRAM REVENUES		
Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities			
General government	\$ 200,824	\$ 112,784	\$ 50,233
Interest on long-term debt	2,407	-0-	-0-
Total Governmental Activities	\$ 203,231	\$ 112,784	\$ 50,233
Business-type Activities			
Water and Sewer	269,389	197,867	-0-
Total Primary Government	\$ 472,620	\$ 310,651	\$ 50,233

General Revenues:

Taxes and Licenses

Transfers In/(Out)

*Total general revenues and transfers***Change in Net Assets**

Net assets – beginning

Net assets - ending

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenue	Net (Expenses) Revenues and Changes of Primary Government	
	Governmental Activities	Business-type Activities
\$ (37,807)	\$ (37,807)	\$ -0-
(2,407)	(2,407)	-0-
<u>\$ (40,214)</u>	<u>\$ (40,214)</u>	<u>\$ -0-</u>
(71,522)	-0-	(71,522)
<u>\$ (111,736)</u>	<u>\$ (40,214)</u>	<u>\$ (71,522)</u>
	57,582	2,120
	5,567	(5,567)
	<u>63,149</u>	<u>(3,447)</u>
	22,935	(74,969)
	151,501	2,319,002
	<u>\$ 174,436</u>	<u>\$ 2,244,033</u>

TOWN OF URANIA, LOUISIANA
Balance Sheet, Governmental Funds

June 30, 2004

	General Fund	Debt Service Non-Major	Totals
ASSETS			
Cash and cash equivalents	\$ 1,975	\$ 12,142	\$ 14,117
Investments	22,637		22,637
Receivables (net of allowances for uncollectibles)	5,249		5,249
TOTAL ASSETS	\$ 29,861	\$ 12,142	\$ 42,003
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>			
Accounts, salaries, and other payables	\$ 5,008	\$ -0-	\$ 5,008
TOTAL LIABILITIES	\$ 5,008	\$ -0-	\$ 5,008
<i>Fund balances:</i>			
Reserved for debt service	\$ -0-	\$ 12,142	\$ 12,142
Unreserved, reported in:			
General Fund	\$ 24,853	\$ -0-	\$ 24,853
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,861	\$ 12,142	\$ 42,003

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA

**Reconciliation of The Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
June 30, 2004**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$ 36,995
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	142,434
Long-term liabilities including bonds payable are <i>not due and payable</i> in the current period and, therefore, are not reported in the governmental funds.	
Other	(38,993)
<i>Net Assets of Governmental Activities (Statement A)</i>	<u>\$ 140,436</u>

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General	Debt Service Non-Major	Totals
Revenues:			
Fees and charges	\$ 61,698	\$	\$ 61,698
Taxes	8,536	4,782	13,318
Fines	89,407		89,407
Grants	50,233		50,233
Other	5,888	55	5,943
Total Revenues	\$ 215,762	\$ 4,837	\$ 220,599
Expenditures:			
General and Administrative	\$ 123,994	\$	\$ 123,994
Police Expense	35,730		35,730
Recreational	15,250		15,250
Fire	4,382		4,382
Street and Sanitation	1,377		1,377
Debt Service	6,846	3,800	10,646
Capital Outlay	46,620		46,620
Total Expenditures	\$ 234,199	\$ 3,800	\$ 237,999
Excess (Deficiency) of Revenues Over Under Expenditures	\$ (18,437)	\$ 1,037	\$ (17,400)
Other Financing Sources (Uses):			
Transfers In/(Out)	\$ 5,567	\$ -0-	\$ 5,567
Total Other Financing Sources and Uses	\$ 5,567	\$ -0-	\$ 5,567
Net Change in Fund Balance	\$ (12,870)	\$ 1,037	\$ (11,833)
Fund balances--beginning	37,723	11,105	48,828
Fund balances--ending	\$ 24,853	\$ 12,142	\$ 36,995

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA

**Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2004**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E	\$	(11,833)
Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		46,620
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		8,453
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(20,305)</u>
Changes in Net Assets of Governmental Activities, statement B	\$	<u>22,935</u>

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA
Statement of Net Assets, Proprietary Funds
June 30, 2004

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds)
	Water and Sewer Fund
ASSETS	
Cash and cash equivalents	\$ 13,366
Investments	51,601
Receivables (net of allowances for uncollectibles)	14,727
Due from other funds	2,594
TOTAL CURRENT ASSETS	\$ 82,288
Non-Current Assets	
Restricted assets	\$ 111,182
Capital assets (net of accumulated depreciation)	2,666,371
Total Non-Current Assets	\$ 2,777,553
TOTAL ASSETS	\$ 2,859,841
LIABILITIES	
Liabilities	\$
Accounts, salaries, and other payables	3,023
Due to other funds	-0-
Matured bonds and interest payable	-0-
Total Current Liabilities	\$ 3,023
Current Liabilities Payable from Restricted Assets	\$ 36,919
Non Current Liabilities	
Revenue Bonds	\$ 575,866
Total Non Current Liabilities	\$ 575,866
NET ASSETS	
Invested in capital assets net of related debt	\$ 2,090,505
Restricted for capital outlay	-0-
Restricted for debt service	84,252
Unrestricted	69,276
TOTAL NET ASSETS	\$ 2,244,033

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
June 30, 2004

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS (Major Enterprise Funds) Total Enterprise Funds
Operating Revenues	
Charges for services:	\$ 81,664
Water sales	112,721
Sewer charges	-0-
Other	3,482

Total Operating Revenues	\$ 197,867
Operating Expenses	
Administration	\$ 144,179
Depreciation	91,421

Total Operating Expenses	\$ 235,600

Operating Income (Loss)	\$ (37,733)
Nonoperating Revenue (Expenses)	
Interest earnings	\$ 2,120
Interest expense	(33,789)

Total Nonoperating Revenue (Expenses)	\$ (31,669)

Income (Loss) Before Contributions and Transfers	\$ (69,402)

Transfers In/(Out)	\$ (5,567)

Change in Net Assets	\$ (74,969)

Total Net Assets - Beginning	\$ 2,319,002
Total Net Assets - Ending	\$ 2,244,033

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA
Statement of Cash Flows
Proprietary Funds

June 30, 2004

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS (Major Enterprise Funds) Water and Sewer Fund
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 197,699
Payments to suppliers	(72,300)
Payments to employees	(75,750)
Payments for interfund services used	-0-
Net Cash Provided by Operating Activities	\$ 49,649
Cash Flows From NonCapital Financing Activities	
Transfers to other funds	\$ (5,567)
Advances from other funds	(242)
Net Cash Provided (used) by NonCapital Financing Activities	\$ (5,809)
Cash Flows From Capital and Related Financing Activities	
Principal on capital debt	\$ (19,340)
Interest paid on capital debt	(34,158)
Other	517
Net Cash Provided (used) by Capital and Related Financing Activities	\$ (52,981)
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	\$ -0-
Purchase of investments & restricted funds	(11,939)
Interest and dividends received	2,120
Net Cash Provided (used) by Investing Activities	\$ (9,819)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (19,477)
Cash and Cash Equivalents, Beginning of Year	\$ 32,843
Cash and Cash Equivalents, End of Year	\$ 13,366
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities	
Operating income (loss)	\$ (37,733)
Depreciation expense	91,421
(Increase) decrease in accounts receivable	(180)
(Increase) decrease in prepaid items	-0-
Increase (decrease) in accounts payables	(3,871)
Increase (decrease) customer deposits	12
Total Adjustments	\$ 87,382
Net Cash Provided by Operating Activities	\$ 49,649

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA
Statement of Net Assets
Fiduciary Funds

June 30, 2004

		Payroll Agency Fund
Assets		
Cash and cash equivalents	\$	2,594
Total Assets	\$	2,594
Liabilities		
Due to Enterprise Fund	\$	2,594
Total Liabilities	\$	2,594
Net Assets		
Held in trust	\$	-0-

The accompanying notes are an integral part of this statement.

TOWN OF URANIA, LOUISIANA
Statement of Changes in
Fiduciary Net Assets

June 30, 2004

		Payroll Agency Fund
Additions		
Contributions	\$	136,508
Total Additions	\$	136,508
Deductions		
Payroll & taxes	\$	136,508
Total Deductions	\$	136,508
Change in Net Assets		
Net Assets-Beginning	\$	-0-
Net Assets-Ending	\$	-0-

The accompanying notes are an integral part of this statement.

*NOTES
To
FINANCIAL STATEMENTS*

TOWN OF URANIA, LOUISIANA
Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Urania was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Town of Urania conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF URANIA, LOUISIANA
Notes to Financial Statements
(Continued)

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

- Water and Sewer Fund

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF URANIA, LOUISIANA
Notes to Financial Statements
(Continued)

C. FIXED ASSETS AND LONG-TERM LIABILITIES

For the year ended June 30, 2004, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	40
Sewer System	40
Buildings	40
Equipment	5-10

D. BUDGETS AND BUDGETARY ACCOUNTING

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

- (1) The Town clerk prepares a proposed budget based on departmental group budget requests, and submits the same to the Mayor and Board of Aldermen for approval.
- (2) The Town does not utilize the budget in comparison form in financial statement presentation during the year.
- (3) All budgetary appropriations lapse at the end of the fiscal year.
- (4) The Town does not utilize encumbrance accounting.
- (5) The budget was amended during the year.

E. CASH AND INVESTMENTS

All cash and investments (CD's over 90 days) are reported at cost and are on deposit as following federally insured banks:

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the School or by its agent in the Town's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- *Category 3* – Uncollateralized.

TOWN OF URANIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. CASH AND INVESTMENTS (Continued)

<u>Bank</u>	<u>Bank Balance</u>
	<u>6-30-2004</u>
Southern Heritage Bank	\$ 219,067

Amounts on deposit at the bank are secured by the following:

<u>Description</u>	<u>Market Value</u>
FDIC (Category 1)	\$ 219,067

F. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

G. ACCOUNTS RECEIVABLE AND BAD DEBTS - GENERAL FUND AND ALLOWANCE FOR BAD DEBTS - ENTERPRISE FUND

At June 30, 2004 no reserve for bad debts in the general fund was required since the estimated uncollectable receivables outstanding were considered immaterial.

	<u>Enterprise Fund</u>	<u>Governmental Fund</u>
	<u>Water and Sewer Fund</u>	<u>General Fund</u>
Tax & License	\$ -0-	\$ 2,382
Customer	15,502	2,867
Allowance for Bad Debts	(775)	-0-
Total	\$ 14,727	\$ 5,249

H. COMPENSATED ABSENCES

The Town has no compensated absence policy.

I. RESERVES

The Town records reserves to indicate that a portion of its retained earnings/fund balances is legally restricted for a specific future use. The following is a list of such reserves and a description of each:

Reserved for System Maintenance

This amount represents monies reserved for repairs and replacement of the water system.

TOWN OF URANIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

J. RESERVES – (CONT.)

Reserved - Revenue Bonds

This amount represents monies reserved as required by the revenue bond indentures.

Reserved for Debt Service

Certain assets have been reserved in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

(2) AD VALOREM TAXES

The Town levies taxes on real and business personal property located within its boundaries. The Town utilizes the services of the Grant Parish Tax Assessor to assess the property values and prepare the Town's property tax roll. The Town bills and collects its own property taxes.

Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended December 31, 2004, taxes of 8.84 mills were levied against property having a valuation of some \$ 1,480,130 which produced some \$13,086 in revenue.

Ad Valorem Taxes are broken down as follows:

	Mills
Urania Debt Service - General Obligation Bonds	1.625
Urania Sewer District No. 1 - General Obligation Bonds	1.625
General Alimony	5.59
Total	8.84

TOWN OF URANIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(3) RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2004, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<u>Water</u>	<u>Sewer</u>
Bond Sinking	\$ 21,096	\$ 10,892
Meter Deposit	10,126	-0-
Bond Reserve	14,098	21,675
Depreciation & Contingencies	<u>25,722</u>	<u>7,573</u>
Total	\$ 71,042	\$ 40,140

(4) FIXED ASSETS

PROPERTY ENTERPRISE FUND: PLANT AND EQUIPMENT

A summary of enterprise fund property, plant and equipment at June 30, 2004, is as follows:

	<u>Balance 6-30-2003</u>	<u>Additions (Deletions)</u>	<u>Balance 6-30-2004</u>
<u>Water</u>			
Distribution System	\$ 2,055,784	\$ -0-	\$ 2,055,784
Accumulated Depreciation	<u>372,996</u>	<u>51,731</u>	<u>424,727</u>
Net	<u>1,682,788</u>	<u>51,731</u>	<u>1,631,057</u>
<u>Sewer</u>			
Plant	\$ 1,565,599	\$ -0-	\$ 1,565,599
Accumulated Depreciation	<u>490,594</u>	<u>39,690</u>	<u>530,285</u>
Net	<u>1,075,005</u>	<u>39,690</u>	<u>1,035,314</u>

Enterprise fund assets are depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

Governmental Fund:

A summary of governmental fund depreciable assets at June 30, 2004, is as follows:

	<u>Balance 6-30-03</u>	<u>Additions (Deletions)</u>	<u>Balance 6-30-04</u>
Equipment	\$ 202,238	\$ 46,620	\$ 248,858
Accumulated Depreciation	<u>86,119</u>	<u>20,305</u>	<u>106,424</u>
Net	<u>\$ 116,119</u>	<u>\$ 26,315</u>	<u>\$ 142,434</u>

TOWN OF URANIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(4) FIXED ASSETS (CONT)

Government fund assets are depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Buildings	40 Years

(5) CHANGES IN LONG-TERM DEBT

The following is a summary of notes payable of the Town of Urania for the year ended June 30, 2004.

	<u>Police Car</u>
Balance 06/30/2003	\$ 11,446
Principal Retirement	<u>(6,453)</u>
Balance 06/30/2004	<u>\$ 4,993</u>

The following is a summary of bond transactions of the Town of Urania for the year ended June 30, 2004:

	General Obligation		Revenue		Total
	Public Improvement (Sewer)	Public Improvement District #1 Sewer	Water Utility	Sewer	
Bonds Payable 06/30/2003	\$ 18,000	\$ 18,000	\$ 477,207	\$ 118,000	\$ 631,207
Principal Retirement	<u>(1,000)</u>	<u>(1,000)</u>	<u>(13,341)</u>	<u>(6,000)</u>	<u>(21,341)</u>
Bonds Payable 06/30/2004	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 463,866</u>	<u>\$ 112,000</u>	<u>\$ 609,866</u>

**TOWN OF URANIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)**

(5) CHANGES IN LONG-TERM DEBT (CONT)

Notes and bonds payable at June 30, 2004 are comprised of the following individual issues:

General Obligation Bonds Administer by the Debt Service Fund:

Two 1977 issues of \$42,935 each serial bonds due in annual installments of \$1,000, increasing to \$3,000 annually at maturity at September 28, 2016; interest at 5%.	\$	34,000
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Notes Payable:

Purchase a police car for \$20,481, payable in 36 equal payments of \$641.80 beginning March 02, 2002, interest at 8%		4,993
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Revenue bonds administered by the Water and Sewer Enterprise Fund:

\$185,000 water serial bonds due annually in installments of \$2,935, increasing in increments of \$1,000 to \$10,000 annually at maturity at March 1, 2012; interest at 5%.		69,000
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\$197,400 sewer serial bonds due annually in installments of \$2,935, increasing in increments of \$1,000 to \$12,935 annually at maturity at September 28, 2016; interest at 5%.		112,000
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\$454,000 water serial bonds issued November 14, 1990, 40 year maturity, \$44,000 @ 6% with annual installments of \$2,944 and \$410,000 @ 6.25% with annual installments of \$27,855.		394,866
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Total	\$	<u>614,859</u>
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Provision of Revenue Bond Indenture

Under the terms of the bond indenture on outstanding utility bonds, all income and revenues of every nature are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

- (a) On or before the 20th of each month, there will be set aside into a fund called the "Revenue Bond and Interest Sinking Fund" an amount constituting one-twelfth of the next maturing installment of principal and interest. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.
- (b) On or before the 20th of each month, there shall be set aside into a "Bond Reserve Fund" for the sewer bonds, and amount equal to 5% of the amount not be paid into the sinking fund until \$13,200 has been accumulated. For the water bonds, a sum of 5% of the monthly payment being; made into the sinking fund must be deposited monthly into the "Reserve Fund" until it equals the highest combined annual debt service in any future year on all outstanding bonds. Such amounts may be used only for the payment of maturing bonds in the "Bond and Interest Sinking Fund" and as to which there would otherwise be default.
- (c) Funds will also be set aside into a "Depreciation and Contingency Fund" at the rate of \$68 per month for the sewer bonds and \$588 per month for the water bonds. Money in this fund may be used for the making of extraordinary repairs as replacements to the systems, which are necessary to keep the systems in operating condition, and is not available for maintenance and operating expenses.

TOWN OF URANIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(5) CHANGES IN LONG-TERM DEBT (CONT)

Provisions of General Obligation Bond Indenture

These bonds constitute a general obligation of the Town and the full faith and credit of the Town is pledged for the repayment of these bonds. The bonds are secured by a special tax to be imposed and collected annually in excess of all other taxes on all the property subject to taxation within the territorial limits of the Town sufficient to pay the principal and interest.

Annual Requirements to Amortize all Debts

The annual requirements to amortize all debt outstanding as of June 30, 2004, including interest payments of \$270,068 are as follows:

<u>Year Ending June 30,</u>	<u>G.O. Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Police Car</u>	<u>Total</u>
2005	\$ 3,600	\$ 62,999	\$ 5,134	\$ 71,733
2006-2010	20,100	382,344	-0-	402,444
2011-2015	19,700	259,045	-0-	278,745
2016-2020	4,200	166,595	-0-	170,795
2021-2023	-0-	92,397	-0-	92,397
Total	\$ 47,600	\$ 963,380	\$ 5,134	\$ 1,016,114

(6) ELECTED OFFICIAL'S SALARIES

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Annualized Salary</u>	<u>Annual Expense</u>
Terri Corley	Mayor	07/01/03 - 06/30/04	\$ 7,200	\$ 1,440
S. L. Etheridge	Alderman	07/01/03 - 06/30/04	240	-0-
Jay Ivy	Alderman	07/01/03 - 06/30/04	240	-0-
Carl Vickers	Alderman	07/01/03 - 06/30/04	240	-0-
Pat McDougald	Alderman	07/01/03 - 06/30/04	240	-0-
Stacie Strain	Alderman	07/01/03 - 06/30/04	240	-0-
Mickey Lofton	Chief of Police	07/01/03 - 06/30/04	15,000	-0-

TOWN OF URANIA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

(7) DUE FROM (TO) OTHER FUNDS

	Due From Other Funds	Due To Other Funds
Enterprise Fund	\$ 2,594	\$ -0-
Agency Fund	-0-	2,594
Total	\$ 2,594	\$ 2,594

(8) USE OF ESTIMATES

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

(9) ENCUMBRANCES

The Town does not utilize encumbrance accounting.

(10) RETIREMENT PLANS

The Town does not offer its employees a retirement plan. All employees are in the social security system.

(11) EXPENDITURES IN EXCESS OF APPROPRIATIONS

The Town overspent its general fund budget by \$72,720 or 45% during the year.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF URANIA, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2004

	Budget Amounts		Actual	Budget to
	Original	Final	Amounts Budgetary Basis	GAAP Differences Over (Under)
Revenues				
Fees and charges	\$ 52,680	\$ 97,465	\$ 61,698	\$ (35,767)
Taxes	9,076	8,227	8,536	(309)
Fines	81,527	50,527	89,407	38,880
Other	1,875	160	5,888	5,728
Grants	15,000	15,000	50,233	35,233
Total Revenues	<u>\$ 160,158</u>	<u>\$ 171,379</u>	<u>\$ 215,762</u>	<u>\$ 44,383</u>
Expenditures				
General & Administrative	\$ 110,148	\$ 121,848	\$ 123,994	\$ (2,146)
Police Expense	12,809	10,717	35,730	(25,013)
Recreational	-0-	7,975	15,250	(7,275)
Fire	4,756	5,634	4,382	1,252
Street and Sanitation	7,825	8,630	1,377	7,253
Capital Outlay	2,567	6,675	46,620	(39,945)
Debt Service	-0-	-0-	6,846	(6,846)
Total Expenditures	<u>\$ 138,105</u>	<u>\$ 161,479</u>	<u>\$ 234,199</u>	<u>\$ (72,720)</u>
Excess (Deficiency) of Revenues Over Under Expenditures	22,053	9,900	(18,437)	(28,337)
Other Financing Sources (uses)				
Transfers In/(Out)	\$ (1,500)	\$ (9,900)	\$ 5,567	\$ 15,467
Net Change in Fund Balance	20,553	-0-	(12,870)	(12,870)
Fund Balance (Deficit) at Beginning of Year	37,723	37,723	37,723	-0-
Fund Balance (Deficit) at End of Year	<u>\$ 58,276</u>	<u>\$ 37,723</u>	<u>\$ 24,853</u>	<u>\$ (12,870)</u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

TOWN OF URANIA, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2004**

I was engaged to audit the general purpose financial statements of the Town of Urania, Louisiana, as of and for the year ended June 30, 2004 and have issued my report thereon dated August 25, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)

Name Of Federal Program (or Cluster)

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

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

TOWN OF URANIA, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2004**

Section II - Financial Statement Findings Required To Be Reported In Accordance With GAGAS

Reference	Description of Finding	Recommendation
2004-C-1	<u>Budget Variances</u> The Town had an unfavorable expenditure variance of \$72,720 or 45% in its general fund during the year. The Budget Act requires that budgets be amended when the variance exceeds 5%.	The budget should be amended when there is an unfavorable variance of more than 5%.

TOWN OF URANIA, LOUISIANA
June 30, 2004

MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR AUDIT FINDINGS

	DESCRIPTION OF FINDING	CORRECTIVE ACTION PLANNED	CONTACT PERSON	ANTICIPATED COMPLETION DATE
<i>2004-C-1</i>	Budget Variances	The Town will begin amending its budget when variances exceed 5%.	Mayor Terri Corley	June 30, 2005

TOWN OF URANIA, LOUISIANA

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Urania, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2003.

2003-C-1 Budgets (Unresolved)

Finding: The Town overspent its general fund budget for the fiscal year ended June 30, 2003 by \$23,198 or 10.2%. The Town's budget was amended during the year, however it did not take in account an increase in revenues and expenditures.

Town's Corrective Action: The Town will monitor its budgeted revenues and expenditures more closely and amend the budget when revenues fail to meet budgeted revenues or expenditures by more than 5%.