

**Town of Lake Providence  
Lake Providence, Louisiana  
Annual Financial Report  
As of and for the Year Ended 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 1-26-05

**TOWN OF LAKE PROVIDENCE**  
**Lake Providence, Louisiana**

**Annual Financial Report**

**As of and for the Year Ended June 30, 2004**

**Honorable Isaac Fields, Jr.**  
**Mayor**

**Barbara McDaniel**  
**Clerk**

**Town of Lake Providence  
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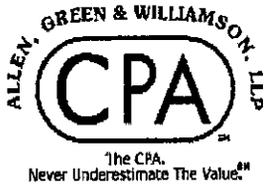
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## INDEPENDENT AUDITORS' REPORT

Honorable Isaac Fields, Jr., Mayor,  
and Members of the Board of Aldermen  
Town of Lake Providence  
Lake Providence, Louisiana

**Basic Financial Statements** We have audited the accompanying *financial statements* of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Providence as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2004, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

**Required Supplemental Information** The Management's Discussion and Analysis as listed in the table of contents, is not a required part of the *basic financial statements* but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

**Supplemental Information** Our audit was performed for the purpose of forming opinions on the *financial statements* that collectively comprise the Town's basic financial statements. The accompanying information identified in the table of contents and the Schedule of Expenditures of Federal awards, as required by OMB Circular No. A-133, are presented for purposes of additional analysis and are not a required part of the *basic financial statements*. Such information has been subjected to the auditing procedures applied in the audit of the *basic financial statements* and, in our opinion, is fairly stated, in all material respects, in relation to the *basic financial statements* taken as a whole.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the Town. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*allen, Green + Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP  
Monroe, Louisiana

December 30, 2004

**Town of Lake Providence**

**REQUIRED SUPPLEMENTAL INFORMATION:**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

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**Town of Lake Providence**  
**Management's Discussion and Analysis (MD&A)**

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Our discussion and analysis of the Town of Lake Providence's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2004.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS** Our financial statements provide these insights into the results of this year's operations:

Governmental activities reported an increase in net assets of \$276,556 whereas business-type activities reported an increase of \$1,683,251. The increase in the governmental funds was due mainly to the FEMA Fire Grant associated with the fire department and charges for services associated with the police department.

Total spending for our governmental activities was \$1,334,013. Most of the Town's property and sales taxes were used to support the net cost (after deducting restricted grants and fees charged to users) of these three areas: general and administrative of \$317,721, police department of \$113,593 and the street department of \$236,308.

Our budgeted revenues for the 2004 year includes a 5 percent decrease in revenues and a 8.2 percent decrease in budgeted expenses. These decreases are due mainly to a decrease in intergovernmental revenue for the Kellogg Foundation Grant, a decrease in rental income and a decrease in transfers from the utility fund.

**USING THIS ANNUAL REPORT**

The Town's annual report consists of a series of financial statements that show information for the Town as a whole, and its funds. 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. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Town's overall financial health. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds - the General Fund, Kellogg Foundation, Capital Project, and the Utility Enterprise Fund.

The following chart reflects the information included in this annual report.

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**Town of Lake Providence  
Management's Discussion and Analysis (MD&A)**

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***Financial Section***

**Required Supplemental Information**

Management's Discussion & Analysis (MD&A)

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**Government-wide  
Financial Statements**



**Fund  
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OMB Circular No. A-133

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Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information, the Supplemental Information and Other Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

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**Town of Lake Providence  
Management's Discussion and Analysis (MD&A)**

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**Reporting the Town as a Whole**

***The Statement of Net Assets and the Statement of Activities***

Our analysis of the Town as a whole begins with the government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the Town's financial statements, report information about the Town as a whole and its activities in a way that helps answer this question. We prepare these statements to include *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net assets* – the difference between assets and liabilities, as reported in the Statement of Net Assets – as one way to measure the Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town's net assets – as reported in the Statement of Activities – are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the Town's *operating results*. However, the Town's goal is to provide services to our citizens, not to generate profits as commercial entities do. One must consider other nonfinancial factors, such as the quality of police and fire protection, the conditions of the Town's roads, and the quality of water, sewer and sanitation systems to assess the *overall health* of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental Activities - Most of the Town's basic services are reported here, including the police, fire, street and general administration. Property taxes, franchise fees, licenses and fees, fines and forfeitures, and state and federal grants finance most of these activities.

Business-type Activities - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water, sewer and sanitation systems are reported here.

**Reporting the Town's Most Significant Funds**

***Fund Financial Statements***

The Town's fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law. However, the Town establishes other funds to help it control and manage money for particular purposes (like the capital project fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches:

Governmental funds – Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We

**Town of Lake Providence**  
**Management's Discussion and Analysis (MD&A)**

describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in the reconciliations (Statements D and F).

Proprietary funds - When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's utility enterprise fund (a component of proprietary funds) are the same as business-type activities we report in the government-wide financial statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**THE TOWN AS A WHOLE**

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

**Table 1**  
**Net Assets**  
**June 30, 2004 and 2003**

|  | <u>Governmental Activities</u> |                     | <u>Business-type Activities</u> |                     | <u>Total</u>        |                     |
|--|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
|  | <u>2004</u>                    | <u>2003</u>         | <u>2004</u>                     | <u>2003</u>         | <u>2004</u>         | <u>2003</u>         |
| Current and other assets                   | \$ 563,413                     | \$ 440,596          | \$ 857,858                      | \$ 720,210          | \$ 1,421,271        | \$ 1,160,806        |
| Restricted assets                          | 0                              | 0                   | 124,612                         | 115,774             | 124,612             | 115,774             |
| Capital assets                             | <u>1,314,851</u>               | <u>1,046,371</u>    | <u>6,607,299</u>                | <u>2,771,993</u>    | <u>7,922,150</u>    | <u>3,818,364</u>    |
| Total assets                               | <u>1,878,264</u>               | <u>1,486,967</u>    | <u>7,589,769</u>                | <u>3,607,977</u>    | <u>9,468,033</u>    | <u>5,094,944</u>    |
| Current and other liabilities              | 111,955                        | 54,275              | 312,816                         | 391,433             | 424,771             | 445,708             |
| Long-term liabilities                      | <u>97,688</u>                  | <u>40,627</u>       | <u>3,302,863</u>                | <u>925,705</u>      | <u>3,400,551</u>    | <u>966,332</u>      |
| Total liabilities                          | <u>209,643</u>                 | <u>94,902</u>       | <u>3,615,679</u>                | <u>1,317,138</u>    | <u>3,825,322</u>    | <u>1,412,040</u>    |
| Net assets                                 |                                |                     |                                 |                     |                     |                     |
| Invested in capital assets,<br>net of debt | 1,226,781                      | 1,016,786           | 3,207,507                       | 1,860,202           | 4,434,288           | 2,876,988           |
| Restricted                                 | 8,603                          | 4,549               | 0                               | 0                   | 8,603               | 4,549               |
| Unrestricted                               | <u>433,237</u>                 | <u>370,730</u>      | <u>766,583</u>                  | <u>430,637</u>      | <u>1,199,820</u>    | <u>801,367</u>      |
| Total net assets                           | <u>\$ 1,668,621</u>            | <u>\$ 1,392,065</u> | <u>\$ 3,974,090</u>             | <u>\$ 2,290,839</u> | <u>\$ 5,642,711</u> | <u>\$ 3,682,904</u> |

Net assets of the Town's governmental activities increased by 17 percent (\$1,668,621 compared to \$1,392,065). Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$433,237 at the end of this year.

The net assets of our business-type activities increased by 73 percent (\$3,974,090 compared to \$2,290,839) in 2004.

**Town of Lake Providence  
Management's Discussion and Analysis (MD&A)**

**Table 2  
Changes in Net Assets  
For the Years Ended June 30, 2004 and 2003**

|   | <u>Governmental Activities</u> |                    | <u>Business-type Activities</u> |                     | <u>Total</u>       |                    |
|---|--------------------------------|--------------------|---------------------------------|---------------------|--------------------|--------------------|
|   | <u>2004</u>                    | <u>2003</u>        | <u>2004</u>                     | <u>2003</u>         | <u>2004</u>        | <u>2003</u>        |
| <b>Revenues:</b>  |                                |                    |                                 |                     |                    |                    |
| <b>Program revenues</b>                                   |                                |                    |                                 |                     |                    |                    |
| Charges for services                                      | \$ 371,551                     | \$ 210,927         | \$1,037,552                     | \$ 915,079          | \$1,409,103        | \$1,126,006        |
| Operating grants and contributions                        | 103,230                        | 106,501            | 0                               | 31,071              | 103,220            | 137,572            |
| Capital grants and contributions                          | 0                              | 0                  | 1,714,964                       | 555,890             | 1,714,964          | 555,890            |
| <b>General revenues</b>                                   |                                |                    |                                 |                     |                    |                    |
| Property taxes  | 264,806                        | 269,152            | 0                               | 0                   | 264,806            | 269,152            |
| Sales tax   | 0                              | 0                  | 210,827                         | 226,403             | 210,827            | 226,403            |
| State revenue sharing                                     | 36,846                         | 25,200             | 0                               | 0                   | 36,846             | 25,200             |
| Federal revenue   | 358,350                        | 12,473             | 0                               | 0                   | 358,350            | 12,473             |
| Beer tax  | 3,393                          | 5,192              | 0                               | 0                   | 3,393              | 5,192              |
| Licenses and permits                                      | 88,202                         | 90,963             | 0                               | 0                   | 88,202             | 90,963             |
| Earnings on investments                                   | 2,895                          | 3,962              | 9,345                           | 12,246              | 12,240             | 16,208             |
| Miscellaneous   | 71,296                         | 170,213            | 0                               | 0                   | 71,296             | 170,213            |
| <b>Total Revenues</b>                                     | <u>1,300,569</u>               | <u>894,583</u>     | <u>2,972,688</u>                | <u>1,740,689</u>    | <u>4,273,247</u>   | <u>2,635,272</u>   |
| <b>Functions/Program Expenses:</b>                        |                                |                    |                                 |                     |                    |                    |
| <b>Governmental Activities</b>                            |                                |                    |                                 |                     |                    |                    |
| General and administrative                                | 359,447                        | 225,109            | 0                               | 0                   | 359,447            | 225,109            |
| Police Department   | 514,477                        | 444,236            | 0                               | 0                   | 514,477            | 444,236            |
| Fire Department   | 183,544                        | 175,207            | 0                               | 0                   | 183,544            | 175,207            |
| Street Department   | 236,308                        | 208,949            | 0                               | 0                   | 236,308            | 208,949            |
| Mosquito control  | 1,478                          | 19,972             | 0                               | 0                   | 1,478              | 19,972             |
| Animal control  | 18,097                         | 13,615             | 0                               | 0                   | 18,097             | 13,615             |
| Culture and recreation                                    | 19,257                         | 80,691             | 0                               | 0                   | 19,257             | 80,691             |
| Sewer maintenance   | 1,405                          | 2,871              | 0                               | 0                   | 1,405              | 2,871              |
| <b>Business-type Activities</b>                           |                                |                    |                                 |                     |                    |                    |
| Utility Enterprise  | 0                              | 0                  | 979,437                         | 887,627             | 979,437            | 887,627            |
| <b>Total Functions/Program Expenses</b>                   | <u>1,334,013</u>               | <u>1,170,650</u>   | <u>979,437</u>                  | <u>887,627</u>      | <u>2,313,450</u>   | <u>2,058,277</u>   |
| <b>Increase (decrease) in net assets before transfers</b> | (33,444)                       | ( 276,067)         | 1,993,251                       | 853,062             | 1,959,807          | 576,995            |
| <b>Transfers</b>  | <u>310,000</u>                 | <u>321,028</u>     | <u>(310,000)</u>                | <u>( 321,028)</u>   | <u>0</u>           | <u>0</u>           |
| <b>Increase (decrease) in net assets</b>                  | 276,556                        | 44,961             | 1,683,251                       | 532,034             | 1,959,807          | 576,995            |
| <b>Net assets - beginning</b>                             | <u>1,392,065</u>               | <u>1,347,104</u>   | <u>2,290,839</u>                | <u>1,758,805</u>    | <u>3,682,904</u>   | <u>3,105,909</u>   |
| <b>Net assets, ending</b>                                 | <u>\$1,668,621</u>             | <u>\$1,392,065</u> | <u>\$3,974,090</u>              | <u>\$ 2,290,839</u> | <u>\$5,642,711</u> | <u>\$3,682,904</u> |

**Town of Lake Providence  
Management's Discussion and Analysis (MD&A)**

***Governmental Activities***

The cost of all governmental activities this year was \$1,334,013. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through town taxes was only \$859,232 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Transfers from the Utility Enterprise Fund of \$310,000 accounted for a significant part of the remaining revenue.

Table 3 presents the cost of each of the Town's governmental activities as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**Table 3  
Governmental Activities  
For the Years Ended June 30, 2004 and 2003**

|   | <u>Total Cost of Services</u> |                           | <u>Net Cost of Services</u> |                          |
|---|-------------------------------|---------------------------|-----------------------------|--------------------------|
|   | <u>2004</u>                   | <u>2003</u>               | <u>2004</u>                 | <u>2003</u>              |
| <b>Governmental Activities</b>          |                               |                           |                             |                          |
| General and administrative              | \$ 359,447                    | \$ 225,109                | \$ 317,721                  | \$ 220,299               |
| Police Department                       | 514,477                       | 444,236                   | 113,593                     | 177,309                  |
| Fire Department                         | 183,544                       | 175,207                   | 151,373                     | 144,292                  |
| Street Department                       | 236,308                       | 208,949                   | 236,308                     | 208,949                  |
| Mosquito control                        | 1,478                         | 19,972                    | 1,478                       | 5,196                    |
| Animal control                          | 18,097                        | 13,615                    | 18,097                      | 13,615                   |
| Culture and recreation                  | 19,257                        | 80,691                    | 19,257                      | 80,691                   |
| Sewer maintenance                       | <u>1,405</u>                  | <u>2,871</u>              | <u>1,405</u>                | <u>2,871</u>             |
| <b>Total Functions/Program Expenses</b> | <b><u>\$1,334,013</u></b>     | <b><u>\$1,170,650</u></b> | <b><u>\$ 859,232</u></b>    | <b><u>\$ 853,222</u></b> |

***Business-type Activities***

Revenues of the Town's business-type activities (see Table 2) increased by 71 percent (\$2,972,688 in 2004 compared to \$1,740,689 in 2003) and expenses decreased by 2 percent. The factors driving these results include:

The Town water and sewer system saw its operating revenues increase 13.4 percent or \$122,473, and operating expenses decreased 2 percent, to \$19,982. The increase in operating revenue is due to an increase in rates which was a requirement of the USDA Grant/Loan Project. There was an increase of \$1,128,003 in nonoperating revenues associated with the USDA Grant/Loan. The decrease in expenses was mainly due to a decrease in repairs to the water and sewer systems which were not related to existing construction projects.

**THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported a combined fund balance of \$451,458, which is an increase of \$65,137 in fund balance from last year.

**Town of Lake Providence  
Management's Discussion and Analysis (MD&A)**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues exceeded budgeted revenues by \$262,370. This variance is due to the transfer of funds from the capital grant associated with the fire department and recognizing the capital lease for the police department vehicles for financial reporting.

Overall actual expenditures exceeded budgeted expenditures by \$83,259. The variance is due to the transfer of funds from the capital grant associated with the fire department and the capital lease for the police department vehicles for financial reporting.

**CAPITAL ASSET**

*Capital Assets* At June 30, 2004 and 2003, the Town had invested in the following capital assets:

|                          | <u>Governmental Activities</u> |                    | <u>Business-type Activities</u> |                    | <u>Total</u>        |                    |
|--------------------------|--------------------------------|--------------------|---------------------------------|--------------------|---------------------|--------------------|
|                          | <u>2004</u>                    | <u>2003</u>        | <u>2004</u>                     | <u>2003</u>        | <u>2004</u>         | <u>2003</u>        |
| Land                     | \$ 194,382                     | \$ 194,382         | \$ 61,545                       | \$ 61,545          | \$ 255,927          | \$ 255,927         |
| Buildings                | 785,581                        | 691,341            | 147,539                         | 147,539            | 933,120             | 838,880            |
| Buildings improvements   | 160,477                        | 160,477            | 23,689                          | 23,689             | 184,166             | 184,166            |
| Infrastructure           | 1,361,641                      | 1,361,641          | 3,185,137                       | 3,185,137          | 4,546,778           | 4,546,778          |
| Furniture and equipment  | 333,743                        | 286,577            | 258,794                         | 207,830            | 592,537             | 494,407            |
| Vehicles                 | 499,521                        | 275,714            | 58,568                          | 58,568             | 558,089             | 334,282            |
| Construction in progress | 0                              | 0                  | 4,945,100                       | 1,063,904          | 4,945,100           | 1,063,904          |
| Totals                   | <u>\$3,335,345</u>             | <u>\$2,970,132</u> | <u>\$ 8,680,372</u>             | <u>\$4,748,212</u> | <u>\$12,015,717</u> | <u>\$7,718,344</u> |

Construction in progress was transferred out of the governmental activities into the business-type activities because the ongoing construction project is actually to improve the water and sewer systems of the Town.

**DEBT ADMINISTRATION** At June 30, 2004, the Town had \$3,288,000 in bonds payable outstanding. This revenue bond anticipation note is a draw of permitted interim financing of \$3,288,000 of utility revenue bonds. The funds will be used to finance the cost of the construction of extensions, improvements and additions to the existing waterworks and sewer systems of the Town.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS** Our elected and appointed officials and citizens consider many factors when setting the Town's budget and tax rates. One of the most important factors affecting the budget is our franchise and ad valorem tax collections. Approximately, 25% of total revenues in the general fund is franchise and ad valorem tax. We have budgeted very little change in franchise and ad valorem tax revenues for the year ending June 30, 2004.

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**Town of Lake Providence  
Management's Discussion and Analysis (MD&A)**

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**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT** Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Barbara McDaniel, Clerk, at the Town of Lake Providence, 201 Sparrow Street, Lake Providence, Louisiana 71263, telephone number (318) 559-2288.

**Town of Lake Providence**

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

TOWN OF LAKE PROVIDENCE

STATEMENT OF NET ASSETS

June 30, 2004

Statement A

|   | <u>GOVERNMENTAL</u><br><u>ACTIVITIES</u> | <u>BUSINESS-TYPE</u><br><u>ACTIVITIES</u> | <u>TOTAL</u>        |
|---|--|---|---------------------|
| <b>ASSETS</b>                                   |  |   |                     |
| Cash and cash equivalents                       | \$ 447,649                               | \$ 687,980                                | \$ 1,135,629        |
| Receivables (net)                               | 121,084                                  | 164,558                                   | 285,642             |
| Internal balances                               | (5,320)                                  | 5,320                                     | 0                   |
| Restricted assets - deposits                    | 0  | 124,612                                   | 124,612             |
| Capital assets, net                             | <u>1,314,851</u>                         | <u>6,607,299</u>                          | <u>7,922,150</u>    |
| <b>TOTAL ASSETS</b>                             | <u>1,878,264</u>                         | <u>7,589,769</u>                          | <u>9,468,033</u>    |
| <b>LIABILITIES</b>                              |  |   |                     |
| Accounts, salaries and other payables           | 111,955                                  | 76,858                                    | 188,813             |
| Payable from restricted assets - deposits       | 0  | 124,166                                   | 124,166             |
| Interest Payable                                | 0  | 111,792                                   | 111,792             |
| Long term liabilities                           |  |   |                     |
| Due within one year                             | 88,070                                   | 35,892                                    | 123,962             |
| Due in more than one year                       | <u>9,618</u>                             | <u>3,266,971</u>                          | <u>3,276,589</u>    |
| <b>TOTAL LIABILITIES</b>                        | <u>209,643</u>                           | <u>3,615,679</u>                          | <u>3,825,322</u>    |
| <b>NET ASSETS</b>                               |  |   |                     |
| Invested in capital assets, net of related debt | 1,226,781                                | 3,207,507                                 | 4,434,288           |
| Restricted for:                                 |  |   |                     |
| Capital Projects                                | 8,603                                    | 0   | 8,603               |
| Unrestricted                                    | <u>433,237</u>                           | <u>766,583</u>                            | <u>1,199,820</u>    |
| <b>TOTAL NET ASSETS</b>                         | <u>\$ 1,668,621</u>                      | <u>\$ 3,974,090</u>                       | <u>\$ 5,642,711</u> |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF LAKE PROVIDENCE**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2004*

| FUNCTIONS/PROGRAMS                    | PROGRAM REVENUES    |                      |                                    |                                  |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
|                                       | EXPENSES            | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| <b>Governmental Activities:</b>       |                     |                      |                                    |                                  |
| General and administrative            | \$ 359,447          | \$ 0                 | \$ 41,726                          | \$ 0                             |
| Police Department                     | 514,477             | 371,551              | 29,333                             |                                  |
| Fire Department                       | 183,544             |                      | 32,171                             |                                  |
| Street Department                     | 236,308             |                      |                                    |                                  |
| Mosquito control                      | 1,478               |                      | 0                                  |                                  |
| Animal control                        | 18,097              |                      |                                    |                                  |
| Culture and recreation                | 19,257              |                      |                                    |                                  |
| Interest expense                      | 1,405               |                      |                                    |                                  |
| <b>Total Governmental Activities</b>  | <u>1,334,013</u>    | <u>371,551</u>       | <u>103,230</u>                     | <u>0</u>                         |
| <b>Business-Type Activities:</b>      |                     |                      |                                    |                                  |
| Utility Enterprise                    | <u>979,437</u>      | <u>1,037,552</u>     | <u>0</u>                           | <u>1,714,964</u>                 |
| <b>Total Business-Type Activities</b> | <u>979,437</u>      | <u>1,037,552</u>     | <u>0</u>                           | <u>1,714,964</u>                 |
| <b>Total</b>                          | <u>\$ 2,313,450</u> | <u>\$ 1,409,103</u>  | <u>\$ 103,230</u>                  | <u>\$ 1,714,964</u>              |

**General revenues:**

**Taxes:**

Property taxes, levied for utility enterprise

Sales tax revenue

State revenue sharing

Federal revenue

Beer tax

Licenses and permits

Earnings on investments

Miscellaneous

**Transfers**

Total general revenues and transfers

Changes in net assets

Net assets - beginning

Net assets - ending

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement B

PRIMARY GOVERNMENT

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

| <u>Governmental</u> | <u>Business-Type</u> | <u>TOTAL</u> |
|---------------------|----------------------|--------------|
| <u>Activities</u>   | <u>Activities</u>    |              |

|                  |          |                  |
|------------------|----------|------------------|
| \$ (317,721)     | \$ 0     | \$ (317,721)     |
| (113,593)        |          | (113,593)        |
| (151,373)        |          | (151,373)        |
| (236,308)        |          | (236,308)        |
| (1,478)          |          | (1,478)          |
| (18,097)         |          | (18,097)         |
| (19,257)         |          | (19,257)         |
| (1,405)          |          | (1,405)          |
| <u>(859,232)</u> | <u>0</u> | <u>(859,232)</u> |

|                  |                  |                  |
|------------------|------------------|------------------|
|                  | <u>1,773,079</u> | <u>1,773,079</u> |
|                  | <u>1,773,079</u> | <u>1,773,079</u> |
| <u>(859,232)</u> | <u>1,773,079</u> | <u>913,847</u>   |

|                  |                  |                  |
|------------------|------------------|------------------|
| 264,806          |                  | 264,806          |
|                  | 210,827          | 210,827          |
| 36,846           |                  | 36,846           |
| 358,350          |                  | 358,350          |
| 3,393            |                  | 3,393            |
| 88,202           |                  | 88,202           |
| 2,895            | 9,345            | 12,240           |
| 71,296           |                  | 71,296           |
| <u>310,000</u>   | <u>(310,000)</u> | <u>0</u>         |
| <u>1,135,788</u> | <u>(89,828)</u>  | <u>1,045,960</u> |

|                  |                  |                  |
|------------------|------------------|------------------|
| 276,556          | 1,683,251        | 1,959,807        |
| <u>1,392,065</u> | <u>2,290,839</u> | <u>3,682,904</u> |

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| \$ <u>1,668,621</u> | \$ <u>3,974,090</u> | \$ <u>5,642,711</u> |
|---------------------|---------------------|---------------------|

**Town of Lake Providence**

**BASIC FINANCIAL STATEMENTS:  
FUND FINANCIAL STATEMENTS (FFS)**

**TOWN OF LAKE PROVIDENCE**

**GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2004**

**Statement C**

|  | <u>GENERAL</u>    | <u>KELLOGG<br/>FOUNDATION</u> | <u>CAPITAL<br/>PROJECT</u> | <u>TOTAL</u>      |
|--|-------------------|-------------------------------|----------------------------|-------------------|
| <b>ASSETS</b>                              |                   |                               |                            |                   |
| Cash and cash equivalents                  | \$ 328,040        | \$ 110,777                    | \$ 8,832                   | \$ 447,649        |
| Receivables                                | 121,084           | 0                             | 0                          | 121,084           |
| Interfund receivables                      | <u>1,159</u>      | <u>0</u>                      | <u>0</u>                   | <u>1,159</u>      |
| <b>TOTAL ASSETS</b>                        | <u>450,283</u>    | <u>110,777</u>                | <u>8,832</u>               | <u>569,892</u>    |
| <br><b>LIABILITIES AND FUND BALANCES</b>   |                   |                               |                            |                   |
| <b>LIABILITIES</b>                         |                   |                               |                            |                   |
| Accounts, salaries and other payables      | 110,932           | 794                           | 229                        | 111,955           |
| Interfund payables                         | <u>5,320</u>      | <u>1,159</u>                  | <u>0</u>                   | <u>6,479</u>      |
| <b>TOTAL LIABILITIES</b>                   | 116,252           | 1,953                         | 229                        | 118,434           |
| <b>FUND BALANCES:</b>                      |                   |                               |                            |                   |
| Unreserved and undesignated                | <u>334,031</u>    | <u>108,824</u>                | <u>8,603</u>               | <u>451,458</u>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 450,283</u> | <u>\$ 110,777</u>             | <u>\$ 8,832</u>            | <u>\$ 569,892</u> |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF LAKE PROVIDENCE**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2004**

*Statement D*

Total fund balances - governmental funds \$ 451,458

The cost of capital assets (land, buildings, furniture and equipment and infrastructure ) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the Town as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

|                              |                    |           |
|------------------------------|--------------------|-----------|
| Costs of capital assets      | 3,335,345          |           |
| Depreciation expense to date | <u>(2,020,494)</u> |           |
|                              |                    | 1,314,851 |

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at June 30, 2004 are:

|                              |               |                 |
|------------------------------|---------------|-----------------|
| Long-term liabilities        |               |                 |
| Leases payable               | 72,909        |                 |
| Compensated absences payable | <u>24,779</u> |                 |
|                              |               | <u>(97,688)</u> |

Net Assets \$ 1,668,621

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF LAKE PROVIDENCE**  
**GOVERNMENTAL FUNDS**  
**Combined Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2004**

Statement E

|  | GENERAL           | KELLOGG<br>FOUNDATION | CAPITAL<br>PROJECT | TOTAL             |
|--|-------------------|-----------------------|--------------------|-------------------|
| <b>REVENUES</b>  |                   |                       |                    |                   |
| Local sources:   |                   |                       |                    |                   |
| Taxes  | \$ 264,806        | \$ 0                  | \$ 0               | 264,806           |
| Beer Tax   | 3,393             | 0                     | 0                  | 3,393             |
| Licenses and permits   | 88,202            | 0                     | 0                  | 88,202            |
| Intergovernmental revenues                                   | 346,213           | 152,213               | 0                  | 498,426           |
| Rental income  | 0                 | 0                     | 0                  | 0                 |
| Fines and forfeitures  | 371,551           | 0                     | 0                  | 371,551           |
| Earnings on investments                                      | 2,827             | 13                    | 55                 | 2,895             |
| Miscellaneous revenues                                       | 64,090            | 1,643                 | 5,563              | 71,296            |
| <b>Total revenues</b>  | <b>1,141,082</b>  | <b>153,869</b>        | <b>5,618</b>       | <b>1,300,569</b>  |
| <b>EXPENDITURES</b>  |                   |                       |                    |                   |
| Current:   |                   |                       |                    |                   |
| General and administrative                                   | 324,249           | 45,045                | 0                  | 369,294           |
| Police Department  | 575,648           | 0                     | 0                  | 575,648           |
| Fire Department  | 372,535           | 0                     | 0                  | 372,535           |
| Street Department  | 250,445           | 0                     | 0                  | 250,445           |
| Mosquito control   | 598               | 0                     | 0                  | 598               |
| Animal control   | 18,097            | 0                     | 0                  | 18,097            |
| Culture and recreation                                       | 12,483            | 0                     | 1,564              | 14,047            |
| Debt service:  |                   |                       |                    |                   |
| Principal retirement   | 15,807            | 0                     | 0                  | 15,807            |
| Interest and bank charges                                    | 1,405             | 0                     | 0                  | 1,405             |
| Capital outlay   | 0                 | 0                     | 0                  | 0                 |
| <b>Total expenditures</b>                                    | <b>1,571,267</b>  | <b>45,045</b>         | <b>1,564</b>       | <b>1,617,876</b>  |
| <b>EXCESS (Deficiency) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>(430,185)</b>  | <b>108,824</b>        | <b>4,054</b>       | <b>(317,307)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |                       |                    |                   |
| Transfers in   | 310,000           | 0                     | 0                  | 310,000           |
| Transfers out  | 0                 | 0                     | 0                  | 0                 |
| Proceeds from capital lease                                  | 72,444            | 0                     | 0                  | 72,444            |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <b>382,444</b>    | <b>0</b>              | <b>0</b>           | <b>382,444</b>    |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>(47,741)</b>   | <b>108,824</b>        | <b>4,054</b>       | <b>65,137</b>     |
| <b>FUND BALANCES - BEGINNING</b>                             | <b>381,772</b>    | <b>0</b>              | <b>4,549</b>       | <b>386,321</b>    |
| <b>FUND BALANCES - ENDING</b>                                | <b>\$ 334,031</b> | <b>\$ 108,824</b>     | <b>\$ 8,603</b>    | <b>\$ 451,458</b> |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF LAKE PROVIDENCE**

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

Statement F

|  |    |        |
|--|----|--------|
| Total net change in fund balances - governmental funds | \$ | 65,137 |
|--|----|--------|

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

|                 |            |         |
|-----------------|------------|---------|
| Capital outlays | \$ 365,213 |         |
| Depreciation    | ( 96,733)  | 268,480 |

|  |  |        |
|--|--|--------|
| Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. |  | 15,807 |
|--|--|--------|

|  |  |       |
|--|--|-------|
| In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$15,585) exceeded the amounts used (\$ 15,161) by \$424. |  | (424) |
|--|--|-------|

|  |  |                 |
|--|--|-----------------|
| Capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long term liabilities and does not affect the statement of activities. |  | <u>(72,444)</u> |
|--|--|-----------------|

|  |    |                |
|--|----|----------------|
| Change in net assets of governmental activities. | \$ | <u>276,556</u> |
|--|----|----------------|

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE

GENERAL FUND  
Budgetary Comparison Schedule

For the Year Ended June 30, 2004

Statement G-1

|                                      | ORIGINAL<br>BUDGET | FINAL<br>BUDGET   | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--------------------------------------|--------------------|-------------------|-------------------|--|
| BUDGETARY FUND BALANCES, Beginning   | \$ 380,543         | \$ 382,106        | \$ 380,543        | (1,563)                                |
| Resources (inflows)                  |                    |                   |                   |  |
| Local sources:                       |                    |                   |                   |  |
| Taxes                                | 259,086            | 267,310           | 264,806           | (2,504)                                |
| Beer Tax                             | 5,192              | 4,600             | 3,393             | (1,207)                                |
| Licenses and permits                 | 75,000             | 88,202            | 88,202            | 0                                      |
| Intergovernmental revenues           | 171,802            | 151,942           | 346,213           | 194,271                                |
| Rental income                        | 18,175             | 600               | 0                 | (600)                                  |
| Fines and forfeitures                | 397,762            | 372,000           | 371,551           | (449)                                  |
| Earnings on investments              | 5,000              | 2,800             | 2,827             | 27                                     |
| Miscellaneous revenues               | 39,300             | 62,139            | 64,090            | 1,951                                  |
| Proceeds from capital lease          | 0                  | 0                 | 72,444            | 72,444                                 |
| Transfers from other funds           | 310,000            | 310,000           | 310,000           | 0                                      |
| Amounts available for appropriations | <u>1,661,860</u>   | <u>1,641,699</u>  | <u>1,904,069</u>  | <u>262,370</u>                         |
| Charges to appropriations (outflows) |                    |                   |                   |  |
| Current:                             |                    |                   |                   |  |
| General and administrative           | 322,132            | 294,697           | 324,249           | (29,552)                               |
| Police Department                    | 499,144            | 522,849           | 575,648           | (52,799)                               |
| Fire Department                      | 154,165            | 389,125           | 372,535           | 16,590                                 |
| Street Department                    | 260,954            | 250,784           | 250,445           | 339                                    |
| Mosquito control                     | 12,000             | 750               | 598               | 152                                    |
| Animal control                       | 14,565             | 18,086            | 18,097            | (11)                                   |
| Culture and recreation               | 18,357             | 11,717            | 12,483            | (766)                                  |
| Debt service:                        |                    |                   |                   |  |
| Principal retirement                 | 0                  | 0                 | 15,807            | (15,807)                               |
| Interest expense                     | 0                  | 0                 | 1,405             | (1,405)                                |
| Total charges to appropriations      | <u>1,281,317</u>   | <u>1,488,008</u>  | <u>1,571,267</u>  | <u>(83,259)</u>                        |
| BUDGETARY FUND BALANCES, ENDING      | <u>\$ 380,543</u>  | <u>\$ 153,691</u> | <u>\$ 332,802</u> | <u>179,111</u>                         |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE

KELLOGG FOUNDATION  
 Budgetary Comparison Schedule

For the Year Ended June 30, 2004

Statement G-2

|                                      | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL         | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--------------------------------------|--------------------|-----------------|----------------|--|
| BUDGETARY FUND BALANCES, Beginning   | \$ 0               | \$ 0            | 48,213         | \$ 48,213                              |
| Resources (inflows)                  |                    |                 |                |  |
| Local sources:                       |                    |                 |                |  |
| Intergovernmental revenues           | 151,501            | 151,501         | 152,213        | 712                                    |
| Earnings on investments              | 0                  | 0               | 13             | 13                                     |
| Miscellaneous revenues               | 0                  | 0               | 1,643          | 1,643                                  |
| Transfers from other funds           | 0                  | 0               | 0              | 0                                      |
| Amounts available for appropriations | <u>151,501</u>     | <u>151,501</u>  | <u>202,082</u> | <u>50,581</u>                          |
| Charges to appropriations (outflows) |                    |                 |                |  |
| Current:                             |                    |                 |                |  |
| General and administrative           | <u>151,501</u>     | <u>151,501</u>  | <u>45,045</u>  | <u>106,456</u>                         |
| Total charges to appropriations      | <u>151,501</u>     | <u>151,501</u>  | <u>45,045</u>  | <u>106,456</u>                         |
| BUDGETARY FUND BALANCES, ENDING      | <u>\$ 0</u>        | <u>\$ 0</u>     | <u>157,037</u> | <u>\$ 157,037</u>                      |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE

PROPRIETARY FUND - UTILITY ENTERPRISE FUND  
Statement of Net Assets  
June 30, 2004

Statement H

ASSETS

|                              |    |                  |
|------------------------------|----|------------------|
| Cash and cash equivalents    | \$ | 687,980          |
| Receivables, net             |    | 164,558          |
| Interfund balances           |    | 5,320            |
| Restricted assets - deposits |    | 124,612          |
| Capital assets, net          |    | <u>6,607,299</u> |

TOTAL ASSETS 7,589,769

LIABILITIES

|   |  |                  |
|---|--|------------------|
| Accounts, salaries and other payables     |  | 76,858           |
| Payable from restricted assets - deposits |  | 124,166          |
| Interest payable                          |  | 111,792          |
| Long term liabilities                     |  |                  |
| Due within one year                       |  | 35,892           |
| Due in more than one year                 |  | <u>3,266,971</u> |

TOTAL LIABILITIES 3,615,679

NET ASSETS

|   |  |                |
|---|--|----------------|
| Invested in capital assets, net of related debt |  | 3,207,507      |
| Unrestricted                                    |  | <u>766,583</u> |

TOTAL NET ASSETS \$ 3,974,090

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF LAKE PROVIDENCE**  
**PROPRIETARY FUND - UTILITY ENTERPRISE FUND**  
*Statement of Revenues, Expenses,*  
*and Changes in Fund Net Assets*  
**For the Year Ended June 30, 2004**

Statement I

|                               |                      |
|-------------------------------|----------------------|
| <b>OPERATING REVENUES</b>     |                      |
| Water sales                   | \$ 488,856           |
| Sewer fees                    | 229,732              |
| Garbage fees                  | 183,597              |
| Street light fees             | 41,873               |
| Penalty charges               | 36,055               |
| Lakeside Sewer District fees  | 45,108               |
| Miscellaneous                 | <u>12,331</u>        |
| Total operating revenues      | <u>1,037,552</u>     |
| <br><b>OPERATING EXPENSES</b> |                      |
| General and administrative:   |                      |
| Salaries and related benefits | 53,809               |
| Travel                        | 0                    |
| Materials and supplies        | 4,220                |
| Operating cost                | 19,119               |
| Professional services         | 34,807               |
| Other                         | 11,222               |
| Water department:             |                      |
| Salaries and related benefits | 72,444               |
| Materials and supplies        | 22,688               |
| Operating cost                | 113,913              |
| Professional services         | 10,937               |
| Depreciation expense          | 81,162               |
| Other                         | (16,190)             |
| Sewer department:             |                      |
| Salaries and related benefits | 69,770               |
| Materials and supplies        | 16,561               |
| Operating cost                | 183,183              |
| Depreciation expense          | 38,642               |
| Other                         | 41,735               |
| Sanitation expenses:          |                      |
| Professional services         | 180,000              |
| Other                         | <u>41,415</u>        |
| Total operating expenses      | <u>979,437</u>       |
| <br><b>OPERATING INCOME</b>   | <br><u>\$ 58,115</u> |

(CONTINUED)

TOWN OF LAKE PROVIDENCE  
**PROPRIETARY FUND - UTILITY ENTERPRISE FUND**  
**Statement of Revenues, Expenses,**  
**and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2004**

Statement I

|   |                     |
|---|---------------------|
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                     |
| Interest income                         | \$ 9,345            |
| Grant income                            | 1,714,964           |
| Sales tax revenues                      | <u>210,827</u>      |
| Total nonoperating revenues (expenses)  | <u>1,935,136</u>    |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>   | <u>1,993,251</u>    |
| <b>TRANSFERS IN/OUT</b>                 |                     |
| Transfers in                            | 0                   |
| Transfers out                           | <u>(310,000)</u>    |
| Total transfers in/out                  | <u>(310,000)</u>    |
| <b>CHANGE IN NET ASSETS</b>             | 1,683,251           |
| <b>NET ASSETS - BEGINNING</b>           | <u>2,290,839</u>    |
| <b>NET ASSETS - ENDING</b>              | <u>\$ 3,974,090</u> |

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF LAKE PROVIDENCE**  
**PROPRIETARY FUND - UTILITY ENTERPRISE FUND**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2004**

Statement J

|   |                   |
|---|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                   |
| Receipts from customers   | \$ 991,210        |
| Payments to employees   | (196,023)         |
| Payments to others  | <u>(749,670)</u>  |
| Net cash provided (used) for operating activities   | <u>45,517</u>     |
| <br><b>CASH FLOW (USES) FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                   |
| Transfers in  | 0                 |
| Transfers out   | (310,000)         |
| Grant receipts  | 0                 |
| Sales tax receipts  | 210,827           |
| (Increase) decrease in restricted assets - deposits   | (8,838)           |
| Increase (decrease) in customer deposits  | <u>8,392</u>      |
| Net cash provided (used) for noncapital financing activities  | <u>(99,619)</u>   |
| <br><b>CASH FLOW (USES) FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                |                   |
| Acquisition of capital assets   | (3,955,110)       |
| Grant receipts  | 1,714,964         |
| Proceeds from notes payable   | 3,986,135         |
| Payments on notes   | (1,609,926)       |
| (Increase) decrease in interfund receivables for construction   | <u>0</u>          |
| Net cash provided (used) for capital and related financing activities                                     | <u>136,063</u>    |
| <br><b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |                   |
| Earnings on investments   | <u>9,345</u>      |
| Net increase (decrease) in cash and cash equivalents  | 91,306            |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING</b>  | <u>596,674</u>    |
| <b>CASH AND CASH EQUIVALENTS - ENDING</b>   | <u>\$ 687,980</u> |
| <br><b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                   |
| Operating income (loss)   | \$ 58,115         |
| Adjustments to reconcile operating income to net cash provided (used) for operating activities:           |                   |
| Depreciation  | 119,804           |
| (Increase) decrease in accounts receivable  | (46,342)          |
| Increase (decrease) in accounts payable   | (198,801)         |
| Increase (decrease) in compensated absences   | 949               |
| Increase (decrease) in accrued interest   | <u>111,792</u>    |
| Net cash provided (used) by operating activities  | <u>\$ 45,517</u>  |

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

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**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying financial statements of the Town of Lake Providence have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY** The Town of Lake Providence was incorporated in 1848. In 1904, the Town began operating under the provisions of the "Lawrason Act" (Louisiana Revised Statutes (R.S.) 33:321-481) of the constitution of the State of Louisiana. The Town is located in the parish of East Carroll and has a population of 5,110. The Town operates under a Board of Aldermen - Mayor form of government and, as permitted under the act, provides police protection; fire protection; roads, streets and sidewalks; sponsorship of federal and state supported programs; water and sewer utilities; and other necessary public services.

**B. FUNDS** The accounts of the Town are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

**Governmental Funds** Governmental funds are used to account for most of a government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

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

**Kellogg Foundation** – accounts for grant from the Kellogg Foundation.

**Capital project fund** – is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Proprietary Fund** The proprietary fund accounts for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The proprietary fund differs from a governmental fund in that its focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. The proprietary fund of the Town is the Utility Enterprise Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Town for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Activities accounted for in the Town's proprietary fund follow all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)** The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

**Program revenues** Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting 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.

**Allocation of indirect expenses** The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Fund Financial Statements (FFS)**

***Governmental Funds*** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in a governmental fund only if the claims are due and payable.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

**Ad valorem taxes** are recognized when all applicable eligibility requirements are met and the resources are available.

**Sales taxes** are recognized when the underlying exchange transaction occurs and the resources are available.

**Entitlements and shared revenues** (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

**Other receipts** become measurable and available when cash is received by the Town and are recognized as revenue at that time.

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

**Expenditures**

Salaries are recorded as paid.

**Other Financing Sources (Uses)** Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**Operating Revenues and Expenses** Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. BUDGET PRACTICES** The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

The Town clerk and mayor prepare a proposed budget and submit it to the Board of Aldermen.

The budget is adopted through passage of a budget and appropriation ordinance.

Total department expenditures constitute the legal level of budgetary control. Budgetary amendments involving the transfer of funds from one department, program or function to another or those involving increases in department expenditures, resulting from proposed spending of revenues that exceed amounts estimated require approval of the Board of Aldermen.

All budgetary appropriations lapse at the end of each fiscal year.

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts presented are as originally adopted, or as amended from time to time by the Board of Aldermen.

**E. CASH AND CASH EQUIVALENTS** Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, and money market or time deposit accounts with state banks organized under Louisiana laws and national banks having their principal offices in Louisiana.

Under state law, the Town may also invest in U. S. Government bonds, notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all others reported as investments.

**F. INVESTMENTS** Under state law, the Town may invest in United States bonds treasury notes or certificates. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

**Town of Lake Providence  
Notes to the Basic Financial Statements**

The Town reported at amortized cost money market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

**G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES** During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as *interfund receivables/payables*.

**H. ELIMINATION AND RECLASSIFICATIONS** In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**L. INVENTORY** Inventory is accounted for using the consumption method, where expenditures are recognized as inventory is used. All purchased inventory items are valued at cost (first-in, first-out).

**J. CAPITAL ASSETS** Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold for equipment is \$500. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

|                                  |     |
|----------------------------------|-----|
| Land                             | N/A |
| Building                         | 50  |
| Improvements other than building | 20  |
| Infrastructure                   | 40  |
| Computers and computer equipment | 5   |
| Furniture and equipment          | 10  |
| Vehicles                         | 10  |

**K. DEFERRED REVENUES** The Town reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Town has a legal claim to the resources, the liability for deferred revenue is removed and the revenue is recognized.

**L. COMPENSATED ABSENCES** Employees of the Town earn one week of vacation after completing one year of service. Upon completion of three years of service, employees earn two weeks vacation and two weeks each year thereafter. Such leave must be taken in the year accrued and cannot be carried over.

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

Sick leave is earned at the rate of one and one-fourth days per month to a maximum of fifteen days per year, and no more than 60 days may be accumulated at any one time. Also, in the event that an employee used all his/her accrued sick leave, the Town will provide \$60 per week for a period of six weeks. No employee is eligible for sick pay until he/she has been employed six months. The policy provides that unused sick leave of the current year is paid at retirement or termination.

The Town's recognition and measurement criteria for compensated absences follows:

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees when both of the following conditions are met:

- A. The employees' right to receive compensation is attributable to services already rendered, and
- B. It is probable that the employees will be compensated for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

*A liability for sick leave should be accrued using one of the following termination approaches:*

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The Town uses the alternative approach to accrue the liability for sick leave which includes salary-related payments.

**M. RESTRICTED NET ASSETS** For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

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

**N. FUND BALANCES OF FUND FINANCIAL STATEMENTS** Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**O. INTERFUND ACTIVITY** Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**P. SALES TAXES** The voters of the Town of Lake Providence authorized, at a special election held November 3, 1998, a one per cent (1%) sales and use tax. The tax is collected by Concordia Parish School Board.

**Q. USE OF ESTIMATES** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Excess of Appropriations Over Revenues in Individual Funds** The following individual fund had budgeted appropriations over actual revenues for the year ended June 30, 2004:

|              | <u>Budget</u>      | <u>Actual</u>      | <u>Unfavorable<br/>Variance</u> |
|--------------|--------------------|--------------------|---------------------------------|
| General fund | <u>\$1,488,008</u> | <u>\$1,571,267</u> | <u>\$83,259</u>                 |

**NOTE 3 - BUDGET TO GAAP RECONCILIATION**

Sources/inflows of resources:

|   |                           |
|---|---------------------------|
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule                                     | \$1,904,069               |
| The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. | (380,543)                 |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes                       | <u>(310,000)</u>          |
| <b>Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds</b>            | <b><u>\$1,213,526</u></b> |

**NOTE 4 - CASH AND CASH EQUIVALENTS** At June 30, 2004, the Town had cash and cash equivalents (book balances) as follows:

|                                  |                            |
|----------------------------------|----------------------------|
| Cash on hand                     | \$ 210                     |
| Demand deposits                  | 239,002                    |
| Interest-bearing demand deposits | 584,803                    |
| Certificates of deposit          | <u>436,226</u>             |
| Total                            | <b><u>\$ 1,260,241</u></b> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The Town has deposit balances (collected bank balances) of \$1,313,475 at June 30,

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

2004. These deposits are secured from risk by \$537,259 of federal deposit insurance (GASB Risk Category 1) and \$776,216 of pledged securities held by the custodial bank in the name of the Town (GASB Risk Category 2).

The book balances include \$124,612 in restricted assets in the Utility Enterprise Fund for its water meter deposit account.

**NOTE 5 - RECEIVABLES** The following is a summary of receivables at June 30, 2004:

|                    | <u>General</u>    | <u>Utility<br/>Enterprise</u> | <u>Total</u>      |
|--------------------|-------------------|-------------------------------|-------------------|
| Taxes:             |                   |                               |                   |
| Franchise tax      | \$ 15,519         | \$ 0                          | \$ 15,519         |
| Intergovernmental: |                   |                               |                   |
| Other              | 20,540            | 21,619                        | 42,159            |
| Utilities:         |                   |                               |                   |
| Billed utilities   | 0                 | 88,834                        | 88,834            |
| Unbilled utilities | 0                 | 54,105                        | 54,105            |
| Grants             | 85,025            | 0                             | 85,025            |
| Total              | <u>\$ 121,084</u> | <u>\$ 164,558</u>             | <u>\$ 285,642</u> |

**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES** Interfund receivables and payables include the following:

**Due from/to other funds:**

| <u>Receivable Fund</u>  | <u>Payable Fund</u> | <u>Amount</u>  |
|-------------------------|---------------------|----------------|
| Utility Enterprise Fund | General Fund        | <u>\$6,479</u> |

The purpose of the interfund receivables/payables was to pay a bill which was actually to be paid by the general fund.

**NOTE 7 - CAPITAL ASSETS** A schedule of changes in capital assets for the year ended June 30, 2004, follows:

|                            | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|----------------------------|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities:   |                              |                  |                  |                           |
| Cost                       |                              |                  |                  |                           |
| Land                       | \$ 194,382                   | \$0              | \$0              | \$194,382                 |
| Exhaustible capital assets |                              |                  |                  |                           |
| Buildings                  | 691,341                      | 94,240           | 0                | 785,581                   |
| Building Improvements      | 160,477                      | 0                | 0                | 160,477                   |
| Infrastructure             | 1,361,641                    | 0                | 0                | 1,361,641                 |
| Furniture and equipment    | 286,577                      | 47,166           | 0                | 333,743                   |
| Vehicles                   | 275,714                      | 223,807          | 0                | 499,521                   |
|                            | <u>2,970,132</u>             | <u>365,213</u>   | <u>0</u>         | <u>3,335,345</u>          |
| Accumulated Depreciation   |                              |                  |                  |                           |
| Buildings                  | 396,392                      | 14,768           | 0                | 411,160                   |
| Building Improvements      | 63,637                       | 8,289            | 0                | 71,926                    |
| Infrastructure             | 1,057,656                    | 21,442           | 0                | 1,079,098                 |

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

|                         |                    |                  |             |                    |
|-------------------------|--------------------|------------------|-------------|--------------------|
| Furniture and equipment | 186,571            | 26,148           | 0           | 212,719            |
| Vehicles                | <u>219,505</u>     | <u>26,086</u>    | <u>0</u>    | <u>245,591</u>     |
|                         | 1,923,761          | 96,733           | 0           | 2,020,494          |
| Capital assets, net     | <u>\$1,046,371</u> | <u>\$268,480</u> | <u>\$ 0</u> | <u>\$1,314,851</u> |

Depreciation expense was charged to governmental activities as follows:

|                            |                  |
|----------------------------|------------------|
| General and administrative | \$ 20,229        |
| Police department          | 16,993           |
| Fire Department            | 20,896           |
| Street department          | 32,525           |
| Mosquito control           | 880              |
| Culture and recreation     | <u>5,210</u>     |
| Total                      | <u>\$ 96,733</u> |

|                                  | <u>Beginning<br/>Balance</u> | <u>Additions</u>   | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|----------------------------------|------------------------------|--------------------|------------------|---------------------------|
| <b>Business Type Activities:</b> |                              |                    |                  |                           |
| Cost                             |                              |                    |                  |                           |
| Land                             | \$ 61,545                    | \$ 0               | \$ 0             | \$ 61,545                 |
| Exhaustible capital assets       |                              |                    |                  |                           |
| Buildings                        | 147,539                      | 0                  | 0                | 147,539                   |
| Building Improvements            | 23,689                       | 0                  | 0                | 23,689                    |
| Infrastructure                   | 3,185,137                    | 0                  | 0                | 3,185,137                 |
| Furniture and equipment          | 207,830                      | 50,964             | 0                | 258,794                   |
| Vehicles                         | 58,568                       | 0                  | 0                | 58,568                    |
| Construction in progress         | <u>1,063,904</u>             | <u>3,881,196</u>   | <u>0</u>         | <u>4,945,100</u>          |
|                                  | <u>\$4,748,212</u>           | <u>3,932,160</u>   | <u>\$ 0</u>      | <u>\$8,680,372</u>        |
| Accumulated Depreciation         |                              |                    |                  |                           |
| Buildings                        | 37,016                       | 2,938              | 0                | 39,954                    |
| Building Improvements            | 21,923                       | 383                | 0                | 22,306                    |
| Infrastructure                   | 1,793,604                    | 68,135             | 0                | 1,861,738                 |
| Furniture and equipment          | 110,978                      | 19,541             | 0                | 130,519                   |
| Vehicles                         | <u>12,698</u>                | <u>5,857</u>       | <u>0</u>         | <u>18,555</u>             |
|                                  | <u>1,968,719</u>             | <u>96,854</u>      | <u>0</u>         | <u>2,073,073</u>          |
| Capital assets, net              | <u>\$2,771,993</u>           | <u>\$3,835,306</u> | <u>\$ 0</u>      | <u>\$6,607,299</u>        |
| Total capital assets, net        | <u>\$3,818,364</u>           | <u>\$4,103,786</u> | <u>\$ 0</u>      | <u>\$7,992,150</u>        |

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

**NOTE 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES** The payables at June 30, 2004, are as follows:

|                      | <u>General</u>       | <u>Enterprise</u>    | <u>Total</u>         |
|----------------------|----------------------|----------------------|----------------------|
| Accounts payable     | \$ 88,106            | \$ 76,858            | \$164,964            |
| Wages payable        | 8,688                | 0                    | 8,688                |
| Construction payable | 0                    | 0                    | 0                    |
| Compensated absences | <u>15,161</u>        | <u>0</u>             | <u>15,161</u>        |
| <br>Total            | <br><u>\$111,955</u> | <br><u>\$ 76,858</u> | <br><u>\$188,813</u> |

**NOTE 9 - COMPENSATED ABSENCES** The following is a summary of the changes in compensated absences for the year:

|                                      |                 |
|--------------------------------------|-----------------|
| Balance at the beginning of the year | \$38,269        |
| Additions                            | 20,544          |
| Deductions                           | <u>19,298</u>   |
| Balance at the end of the year       | <u>\$39,515</u> |

**NOTE 10 - LONG-TERM LIABILITIES** The following is a summary of the long-term obligation transactions for the year ended June 30, 2004:

|                                     | <u>Beginning<br/>Balance</u> | <u>Additions</u>       | <u>Deductions</u>      | <u>Ending<br/>Balance</u> | <u>Amounts Due<br/>Within<br/>One Year</u> |
|-------------------------------------|------------------------------|------------------------|------------------------|---------------------------|--|
| <b>Governmental activities</b>      |                              |                        |                        |                           |  |
| Compensated absences                | \$ 24,355                    | \$ 15,585              | \$ 15,161              | \$ 24,779                 | \$ 15,161                                  |
| Capital leases                      | <u>16,272</u>                | <u>72,909</u>          | <u>15,807</u>          | <u>72,909</u>             | <u>15,807</u>                              |
| Total governmental activities       | <u>40,627</u>                | <u>88,494</u>          | <u>30,968</u>          | <u>97,688</u>             | <u>30,968</u>                              |
| <br><b>Business-type activities</b> |                              |                        |                        |                           |  |
| Notes payable                       | \$911,791                    | \$698,135              | \$1,609,926            | \$0                       | \$0  |
| Bonds payable                       | 0                            | 3,288,000              | 0                      | 3,288,000                 | 25,167                                     |
| Compensated absences                | <u>13,914</u>                | <u>4,959</u>           | <u>4,137</u>           | <u>14,736</u>             | <u>4,137</u>                               |
| Total business-type activities      | <u>925,705</u>               | <u>3,991,094</u>       | <u>1,614,063</u>       | <u>3,302,736</u>          | <u>29,304</u>                              |
| <br>Total long-term liabilities     | <br><u>\$966,332</u>         | <br><u>\$4,079,588</u> | <br><u>\$1,645,031</u> | <br><u>\$3,400,424</u>    | <br><u>\$ 3,323,105</u>                    |

The individual issue is as follows:

| <u>Bond Issue</u>  | <u>Issue Date</u> | <u>Original Issue</u> | <u>Interest Rate</u> | <u>Final<br/>Payment Due</u> | <u>Interest to<br/>Maturity</u> | <u>Principal<br/>Outstanding</u> |
|--|-------------------|-----------------------|----------------------|------------------------------|---------------------------------|----------------------------------|
| Town of Lake<br>Providence<br>Utility<br>Revenue<br>Bond | 09/11/2003        | \$3,288,000           | 4.25%                | 9/11/2043                    | \$3,443,599                     | \$3,288,000                      |

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases:

| <u>Type</u> | <u>Lease Date</u> | <u>Amount</u> |
|-------------|-------------------|---------------|
| Vehicles    | May 1, 2004       | \$83,800      |
| Fax machine | October 3, 2001   | 602           |

The annual requirements to amortize all bonds outstanding at June 30, 2004 are as follows:

| <u>For the year ended June 30,</u> | <u>Principal</u>   | <u>Interest</u>    | <u>Total</u>       |
|------------------------------------|--------------------|--------------------|--------------------|
| 2005                               | \$ 25,167          | \$ 104,451         | \$ 129,618         |
| 2006                               | 34,827             | 137,997            | 172,824            |
| 2007                               | 36,336             | 136,488            | 172,824            |
| 2008                               | 37,911             | 134,913            | 172,824            |
| 2009                               | 39,554             | 133,270            | 172,824            |
| 2010-2014                          | 225,015            | 639,105            | 864,120            |
| 2015-2019                          | 278,190            | 585,930            | 864,120            |
| 2020-2024                          | 343,925            | 520,195            | 864,120            |
| 2025-2029                          | 425,195            | 438,925            | 864,120            |
| 2030-2034                          | 525,670            | 338,450            | 864,120            |
| 2035-2039                          | 649,886            | 214,234            | 864,120            |
| 2040-2043                          | <u>666,324</u>     | <u>59,641</u>      | <u>725,965</u>     |
| Total                              | <u>\$3,288,000</u> | <u>\$3,443,599</u> | <u>\$6,731,599</u> |

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2004:

|   | <u>Vehicles</u> | <u>Fax Machine</u> |
|---|-----------------|--------------------|
| Fiscal year:                                |                 |                    |
| 2005  | \$20,950        | \$ 602             |
| 2006  | 20,950          | 0                  |
| 2007  | 20,950          | 0                  |
| 2008  | 20,950          | 0                  |
| Less amount representing executory costs    | 0               | 0                  |
| Net minimum lease payments                  | 83,800          | 602                |
| Less amounts representing interest          | <u>11,356</u>   | <u>170</u>         |
| Present value of net minimum lease payments | <u>\$72,444</u> | <u>\$ 432</u>      |

**NOTE 11 - RETIREMENT SYSTEMS** Substantially all employees of the Town of Lake Providence are members of the Municipal Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer-defined benefit pension plan administered by a board of trustees. Police officers are eligible to participate in the Municipal Police Retirement System; however, for the current year, no one in the police department chose to participate in the plan.

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

The Municipal Employees Retirement System of Louisiana (System) is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All eligible employees of the Town are members of Plan B.

**Plan Description** All permanent employees working at least 35 hours per week who are not covered by another pension plan are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service and at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 months consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

**Funding Policy** Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Lake Providence is required to contribute at an actuarially determined rate. The current rate is 6.5% of annual covered payroll. Contributions to the System also include one-fourth of 1%, except for Orleans Parish, of the taxes shown to be collected by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Lake Providence are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town of Lake Providence contributions to the System under Plan B for the year ending June 30, 2004, 2003, and 2002 were \$22,276, \$21,821, and \$13,984, respectively, equal to the required contributions for each year.

**NOTE 12 - ON-BEHALF PAYMENTS** Six town policemen and two town firemen received \$18,690 and \$7,200 in police and firemen supplemental pay from the state of Louisiana, Department of Public Safety and Corrections. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of the supplemental pay received. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported in the Police and Fire departments.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES CONSTRUCTION PROJECTS** The Town operates the water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Town is required to have EPA permits for wastewater. The Town relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies.

The construction in progress at June 30 is the cost of extensions, improvements, and additions to the existing waterworks and sewer systems of the Town. Three contracts totaling \$2,255,513 have been awarded for collection systems improvements and lift station improvements. A total of \$4,945,100 has been spent or obligated to date.

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

**NOTE 14 – LITIGATION** The Town of Lake Providence is involved in litigation at June 30, 2004. It is the opinion of the legal advisor of the Town that this litigation would not have a material effect on the financial statements.

**NOTE 15 - RISK MANAGEMENT** The Town is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except for general liability, law enforcement officers' liability, and public officials' liability coverages that were obtained from the Louisiana Municipal Risk Management Agency. The Louisiana Municipal Risk Management Agency is a municipal risk pool administered by the Louisiana Municipal Association. The Louisiana Municipal Risk Management Agency operates similar to a commercial insurance company. Premiums are assessed members of the Louisiana Municipal Association annually, based on past experience of claims. The Louisiana Municipal Risk Management Agency services all claims for risk of loss to which the Town is exposed and cannot assess additional amounts if losses exceed their premiums (the covered risks are transferred to the Louisiana Municipal Risk Management Agency). No claims were paid on any policies during the fiscal year that exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2004.

**NOTE 16 - LEVIED TAXES** The Town levies taxes on real and business personal property located within the Town's boundaries. Property taxes are levied by the Town on property values assessed by the East Carroll Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

Property Tax Calendar

|                                     |                         |
|-------------------------------------|-------------------------|
| Millage rates adopted               | September 19, 2002      |
| Levy date                           | September 25, 2002      |
| Tax bills mailed                    | November 7, 2002        |
| Due date                            | December 31, 2002       |
| Lien date                           | January 1, 2003         |
| Tax sale - 2002 delinquent property | On or about May 1, 2003 |

Assessed values are established by the East Carroll Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value.

|                              |   |
|------------------------------|---|
| 10% land                     | 15% machinery                                 |
| 10% residential improvements | 15% commercial improvements                   |
| 15% industrial improvements  | 25% public service properties, excluding land |

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2000. Total assessed value was \$8,733,662 in calendar year 2004. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$0 of the assessed value in calendar year 2004.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

**Town of Lake Providence**  
**Notes to the Basic Financial Statements**

The calendar-year tax roll is prepared by the tax assessor and approved by the State Tax Commission in November of each year. The amount of property taxes to be collected occurs in December, and January and February 2004. All property taxes are recorded in the general, special revenue, debt service and capital projects funds. The Town considers the date penalty and interest accrues (January 1, 2004) as the date an enforceable legal claim occurs for property taxes. Property tax revenue is recognized in the period for which the taxes are levied (budgeted). Accordingly, the property taxes are budgeted in the 2003-2004 fiscal year of the Town.

Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

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**Town of Lake Providence**

**SUPPLEMENTAL INFORMATION**

**Town of Lake Providence**

**Schedule of Compensation Paid Mayor and Aldermen  
For the Year Ended June 30, 2004**

The schedule of compensation paid to the Mayor and Aldermen was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by Town ordinance, aldermen were paid \$600 per month.

|                          |                  |
|--------------------------|------------------|
| Isaac Fields, Jr., Mayor | \$ 37,110        |
| Ray J. Frazier, Alderman | 8,331            |
| Leland Jong, Alderman    | 7,200            |
| Michael Kelly, Alderman  | 7,200            |
| Amos Wright, Alderman    | 7,200            |
| Alfred Young, Alderman   | <u>7,200</u>     |
| TOTAL                    | <u>\$ 74,241</u> |

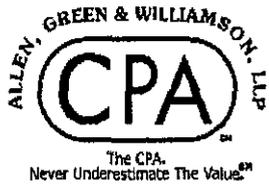
**Town of Lake Providence**

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The first report following this page is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States of America. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and presents, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.

**OTHER REPORT REQUIRED BY  
OFFICE OF MANAGEMENT AND BUDGET (OMB CIRCULAR NO. A-133)**

The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-133. The section of the report on compliance is related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs. The section of the report on internal control over compliance is, likewise, related to matters that would be significant and/or material to federal awards programs.



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Ernest L. Allen, CPA  
(Retired)  
1963 - 2000

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

Honorable Isaac Fields, Jr., Mayor  
and Members of the Board of Aldermen  
Town of Lake Providence  
Lake Providence, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Providence, (the Town) as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control over financial reporting. However, we noted a certain matter involving internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as items 04-F1.

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

### Compliance and Other Matters

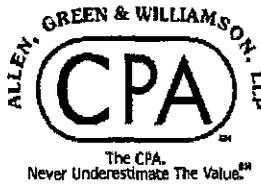
As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on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

This report is intended solely for the information and use of the Aldermen, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
December 30, 2004



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Ernest L. Allen, CPA  
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1963 - 2000

## **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular No. A-133**

Honorable Isaac Fields, Jr., Mayor  
and Members of the Board of Aldermen  
Town of Lake Providence  
Lake Providence, Louisiana

### Compliance

We have audited the compliance of the Town of Lake Providence, (the Town) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 04-F2.

### Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Town's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design of operations of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the aldermen, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Allen, Green + Williamson, LLP*  
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
December 30, 2004

**Town of Lake Providence  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2004**

| FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/PROGRAM NAME   | <u>CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor No.</u> | <u>Expenditures</u>        |
|---|------------------------|-------------------------------------|----------------------------|
| <b>CASH FEDERAL AWARDS</b>  |                        |                                     |                            |
| United States Department of Housing and Urban Development<br>Passed Through Louisiana Office of Community Development:<br>Community Development Block Grant | 14.228                 | N/A                                 | \$ <u>194,251</u>          |
| Total United States Department of Housing and Urban<br>Development  |                        |                                     | <u>194,251</u>             |
| United States Department of Justice<br>Direct Program:<br>COPS - UHP Grant  | 16.592                 | N/A                                 | <u>29,333</u>              |
| Total United States Department of Justice   |                        |                                     | <u>29,333</u>              |
| Federal Emergency Management Agency<br>Passed Through Louisiana Department of Economic Development<br>State Disaster Preparedness Grants                    | 83.505                 | N/A                                 | <u>32,171</u>              |
| Total Federal Emergency Management  |                        |                                     | <u>32,171</u>              |
| United States Department of Agriculture<br>Passed Through Rural Utilities Services<br>Water and Waste Disposal System for Rural Communities                 | 10.760                 | N/A                                 | <u>1,714,964</u>           |
| <b>TOTAL FEDERAL AWARDS</b>   |                        |                                     | <b><u>\$ 1,970,719</u></b> |

**Town of Lake Providence**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2004**

**NOTE 1 - GENERAL** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Town of Lake Providence (the Town). The Town's reporting entity is defined in Note 1 to the Town's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

**NOTE 2 - BASIS OF ACCOUNTING** The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements.

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS** Federal awards revenues are reported in the Town's fund financial statements as follows:

|              | <u>Federal Sources</u> |
|--------------|------------------------|
| Major fund:  |                        |
| General fund | \$1,776,468            |
| Utility fund | <u>194,251</u>         |
| Total        | <u>\$1,970,719</u>     |

**NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

**NOTE 5 - MATCHING REVENUES AND STATE FUNDING**

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**Town of Lake Providence  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2004**

**PART I - Summary of the Auditors' Results**

**Financial Statement Audit**

- i. The type of audit report issued was unqualified.
- ii. There was a reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States of America.

The reportable condition was not considered to be a material weakness.

- iii. There were no instances of noncompliance that were considered material, as defined by the Government Auditing Standards, to the financial statements.

**Audit of Federal Awards**

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed an audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal program is:  

|              |  |
|--------------|--|
| CFDA #10.760 | USDA Water and Waste Disposal System for Rural Communities |
|--------------|--|
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Town of Lake Providence  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2004**

**Part II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America.**

**Reference # and title:     04-F1     Controls Over Traffic Tickets and Misdemeanor Summonses in the Police Department**

**Criteria or specific requirement:** Good internal controls require records to be maintained to account for the issuance and final disposition of all traffic tickets and misdemeanor summonses. Also, tickets and summonses amounts collected should be reconciled to the amounts deposited in the bank.

**Condition found:** The Police Department has begun using an Excel Spreadsheet to try to track the outstanding tickets. The court dockets are being used to indicate the disposition of tickets and these amounts are entered into the spreadsheets for each month indicating the final disposition of the tickets issued. The spreadsheets indicate the date of issue, issuing officer, ticket number, type of offense and amount of the ticket as well as any court costs. When tickets are paid the amount of the payment is entered into the spreadsheet. There is a spreadsheet prepared for each month but there are no monthly totals nor are cumulative totals rolled forward from the previous months.

**Proper perspective for judging the prevalence and consequences:** Failure to adequately account for all tickets and summonses and reconcile amounts collected with deposits increase the risk of fraud and errors that would go undetected.

**Possible asserted effect (cause and effect):**

**Cause:** The current spreadsheet in use is not set up to total for the month.

**Effect:** Information on outstanding tickets and summonses is not readily available.

**Recommendations to prevent future occurrences:** The Police Department should continue the use of the Excel Spreadsheets, but should include cumulative totals from month to month to reflect outstanding tickets.

**Town of Lake Providence  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2004**

**Part III - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America.**

**Reference # and title:     04-F2     Invoices Not Paid Timely**

**Criteria or specific requirement:**   *Good cash management requires that invoices are paid on a timely basis.*

**Condition found:**   A test of cash disbursements from the USDA Loan and Grant revealed the following:

    Nine invoices were not paid timely.

**Proper perspective for judging the prevalence and consequences:**   The loan and grant administrator sends the Town an authorization letter that authorizes the Town to pay invoices. Invoices should be paid within three to five business days after receiving the authorization letter.

**Possible asserted effect (cause and effect):**

**Cause:**   *Inadequate monitoring of payments.*

**Effect:**   *Weak internal control over payments.*

**Recommendations to prevent future occurrences:**   Invoices should be paid within three to five business days after receiving the authorization letter.

## **Town of Lake Providence**

### **Other Information**

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings. This information has been prepared by the management of the Town of Lake Providence. Management accepts full responsibility for the accuracy of the information. This information has not been audited by the auditors and accordingly, no opinion is expressed.

**Town of Lake Providence  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2004**

**Reference # and title:**     **03-F1**     **Controls Over Traffic Tickets and Misdemeanor Summonses in the Police Department**

**Initially occurred:** June 30, 2000.

**Condition found:** Good internal controls require records to be maintained to account for the issuance and final disposition of all traffic tickets and misdemeanor summonses. Also, tickets and summonses amounts collected should be reconciled to the amounts deposited in the bank.

The Police Department has begun using an Excel Spreadsheet to try to track the outstanding tickets. The court dockets are being used to indicate the disposition of tickets and these amounts are entered into the spreadsheets for each month indicating the final disposition of the tickets issued. The spreadsheets indicate the date of issue, issuing officer, ticket number, type of offense and amount of the ticket as well as any court costs. When tickets are paid the amount of payment is entered into the spreadsheet. There is a spreadsheet prepared for each month but there is no monthly totals nor are cumulative totals rolled forward from the previous months.

**Corrective action planned:** See current year finding 04-F1.

**Reference # and title:**     **03-F2**     **Invoices Not Paid Timely or Lacking Proper Documentation**

**Initially occurred:** June 30, 2003.

**Condition found:** Good cash management requires that invoices are paid on a timely basis. In addition good internal controls require that proper documentation accompanies requests for payment and that invoices are canceled to prevent duplicate payments.

A test of forty-eight checks revealed the following:

- Four invoices were not canceled to prevent duplicate payments.
- Two payments lacked supporting documentation.
- Seven payments were not paid timely.

**Corrective action taken:** Invoices were canceled to prevent duplicate payments and payments and payments were paid timely. All required supporting documentation is attached to the invoice prior to payment.

**Reference # and title:**     **03-F3**     **5% Budget Variances**

**Initially occurred:** June 30, 2003.

**Condition found:** LSA-R.S. 39:1311 requires the chief executive or administrative officer to advise the governing authority or independently elected official in writing when total expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more and, when total revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

**Town of Lake Providence  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2004**

The Town had the following unfavorable budget variances for revenues which exceeded 5%:

| <u>Fund</u> | <u>Budget</u>      | <u>Actual</u>      | <u>Unfavorable<br/>Variance</u> |
|-------------|--------------------|--------------------|---------------------------------|
| Revenue     |                    |                    |                                 |
| General     | <u>\$1,719,930</u> | <u>\$1,532,258</u> | <u>\$187,672</u>                |

**Corrective action taken:** The Town monitored revenues and expenditures and amended budgets as needed.

**Town of Lake Providence  
Corrective Action Plan for Current-Year Findings and Questioned Costs  
For the Year Ended June 30, 2004**

**Reference # and title:**     **04-F1**     **Controls Over Traffic Tickets and Misdemeanor Summonses in the Police Department**

**Condition found:** Good internal controls require records to be maintained to account for the issuance and final disposition of all traffic tickets and misdemeanor summonses. Also, tickets and summonses amounts collected should be reconciled to the amounts deposited in the bank. The Police Department has begun using an Excel Spreadsheet to try to track the outstanding tickets. The court dockets are being used to indicate the disposition of tickets and these amounts are entered into the spreadsheets for each month indicating the final disposition of the tickets issued. The spreadsheets indicate the date of issue, issuing officer, ticket number, type of offense and amount of the ticket as well as any court costs. When tickets are paid, the amount of payment is entered into the spreadsheet. There is a spreadsheet prepared for each month but there are no monthly totals nor are cumulative totals rolled forward from the previous months.

**Corrective action planned:** We will follow the recommendation of our CPA and include a column on the spreadsheet for the payment date of each ticket, and it will be reconciled to the amounts deposited in the bank. The spreadsheet will also be modified to include monthly and cumulative totals of unpaid tickets rolled forward from the previous months.

**Person responsible for corrective action:**

Rene Jones, Police Chief                     Phone: (318) 559-2288  
Town of Lake Providence                     Fax: (318) 559-3442  
201 Sparrow Street  
Lake Providence, LA 71254

**Anticipated completion date:** Immediately

**Reference # and title:**     **04-F2**     **Invoices Not Paid Timely**

**Condition found:** The loan and grant administrator sends the Town an authorization letter that authorizes the Town to pay invoices. Invoices should be paid within three to five business days after receiving the authorization letter. A test of cash disbursements from the USDA Loan and Grant revealed the following:

Nine invoices were not paid timely.

**Corrective action planned:** Earlier this year, we switched accounts payable clerks. During this time, some of the invoices were not paid in a timely manner. This problem has been corrected. The invoices for the USDA Loan and Grant are immediately paid upon receipt of the authorization letter and verification of funds in the account.

**Person responsible for corrective action:**

Mayor Isaac Fields, Jr.                     Phone: (318) 559-2288  
Town of Lake Providence                     Fax: (318) 559-3442  
201 Sparrow Street  
Lake Providence, LA 71254

**Anticipated completion date:** Immediately