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TOWN OF MADISONVILLE, LOUISIANA

JUNE 30, 2004

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Release Date 1-26-05

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

FISCAL YEARS ENDED JUNE 30, 2004 AND 2003

**TOWN OF MADISONVILLE, LOUISIANA
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FISCAL YEARS ENDED JUNE 30, 2004 AND 2003**

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**TOWN OF MADISONVILLE, LOUISIANA
FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FISCAL YEARS ENDED JUNE 30, 2004 AND 2003**

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The Honorable Peter Gitz, Mayor
and Members of the Board of Aldermen
Town of Madisonville, Louisiana

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **TOWN OF MADISONVILLE, LOUISIANA**, as of and for the two years ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the **TOWN OF MADISONVILLE, LOUISIANA's** management. Our responsibility is to express an opinion 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. 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 opinion.

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, and each major fund of the **TOWN OF MADISONVILLE, LOUISIANA**, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the two years then ended in conformity with auditing standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2004, on our consideration of **TOWN OF MADISONVILLE, LOUISIANA's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As mentioned in Note P, the **TOWN OF MADISONVILLE, LOUISIANA** adopted, as of July 1, 2002, the provisions of Governmental Accounting Standards Board Statement No. 34, *Financial Statements – and Management’s Discussion and Analysis - For State and Local Governments*; Statement No. 37, *Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Management’s Discussion and Analysis, beginning on page 4, and the budgetary comparison schedules identified as Schedule 1 and 2, are not required parts of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Town’s financial statements. The accompanying Schedule of Compensation Paid to the Mayor and Members of the Board of Aldermen is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all materials respects, in relation to the financial statements taken as a whole.



A Professional Accounting Corporation

October 28, 2004

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF MADISONVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2004 and 2003

As management of the **TOWN OF MADISONVILLE, LOUISIANA**, (the Town) we offer readers of the Town this narrative overview and financial analysis of the financial activities of the Town as of June 30, 2004 and for the two years then ended.

Overview of Financial Statements

The Town adopted GASB Statement No. 34 on July 1, 2002. Under this new pronouncement, the Town's basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and the results of its operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using an accounting method similar to that used by private-sector companies. The basis of accounting used is accrual accounting. The government-wide statements reflect all of the Town's assets (including capital assets) and all of the Town's liabilities. The two government-wide financial statements are as follows:

- **Statement of Net Assets:** (page 9) This statement presents information on all of the Town's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff is improving or deteriorating.
- **Statement of Activities:** (pages 10 and 11) This statement presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The Town has two types of funds:

1. *Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The Town's major governmental funds are the General Fund and the Special Revenue Fund.

TOWN OF MADISONVILLE, LOUISIANA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2004 and 2003**

2. *Proprietary Funds* - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements. The Town's major proprietary funds are Gas, Water, Sewer and Garbage.

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

Financial Highlights

At June 30, 2004, the Town's assets exceeded its liabilities by \$4,232,362 (*net assets*). Of this amount, \$1,723,883 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to its citizen's and creditors. The Town's total net assets increased by \$360,578 and \$375,220 for the years ended June 30, 2004 and 2003, respectively.

At June 30, 2004, the Town's governmental funds reported combined ending fund balances of \$1,527,316. Combined governmental fund balance increased by \$85,939 and \$64,493 for the years ended June 30, 2004 and 2003, respectively.

Financial Analysis of the Town as a Whole

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets	\$ 1,609,173	\$ 388,164	\$ 1,997,337
Capital Assets	987,518	1,607,861	2,595,379
Total Assets	2,596,691	1,996,025	4,592,716
Liabilities			
Current and Other Liabilities	81,857	215,297	297,154
Long-term Liabilities	-	63,200	63,200
Total Liabilities	81,857	278,497	360,354
Net Assets			
Invested in Capital Assets, Net of Related Debt	987,518	1,520,961	2,508,479
Unrestricted	1,527,316	196,567	1,723,883
Total Net Assets	\$ 2,514,834	\$ 1,717,528	\$ 4,232,362

TOWN OF MADISONVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2004 and 2003

The amount invested in capital assets, net of related debt, represents 59% of total net assets. Net assets invested in capital assets consists of land, buildings, and equipment less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting GASB 34.

A condensed version of the government-wide Statement of Activities is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues::						
Charges for Services	\$ 16,224	\$ 15,258	\$ 1,375,127	\$ 1,141,488	\$ 1,391,351	\$ 1,156,746
Capital Grants and Contributions	2,379	59,755	6,321	10,000	8,700	69,755
General Revenues:						
Taxes	685,531	608,668	-	-	685,531	608,668
License and Permits	110,120	92,047	-	-	110,120	92,047
Fines and Forfeitures	15,532	16,382	-	-	15,532	16,382
Investment Earnings	10,421	11,077	1,608	2,389	12,029	13,466
Other	3,334	6,251	-	-	3,334	6,251
Total Revenues	843,541	809,438	1,383,056	1,153,877	2,226,597	1,963,315
Expenses						
General Government	188,726	138,667	-	-	188,726	138,667
Public Safety	201,128	197,077	-	-	201,128	197,077
Public Works	145,519	150,072	-	-	145,519	150,072
Recreation	5,525	12,879	-	-	5,525	12,879
Gas	-	-	1,109,525	874,895	1,109,525	874,895
Water	-	-	37,034	47,792	37,034	47,792
Sewer	-	-	120,944	108,503	120,944	108,503
Garbage	-	-	57,618	58,210	57,618	58,210
Total Expenses	540,898	498,695	1,325,121	1,089,400	1,866,019	1,588,095
Change in Net Assets Before Transfers	302,643	310,743	57,935	64,477	360,578	375,220
Transfers	(150,000)	(250,000)	150,000	250,000	-	-
Change in Net Assets	152,643	60,743	207,935	314,477	360,578	375,220
Net Assets - Beginning	2,362,191	2,301,448	1,509,593	1,195,116	3,871,784	3,496,564
Net Assets - Ending	\$ 2,514,834	\$ 2,362,191	\$ 1,717,528	\$ 1,509,593	\$ 4,232,362	\$ 3,871,784

TOWN OF MADISONVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2004 and 2003

Financial Analysis of the Funds

The Town's General Fund had a decrease in net assets of \$54,857 and \$104,088 for the years ended June 30, 2004 and 2003, respectively. These decreases were the result of operating transfers to the Sewer Proprietary Fund to help fund improvements to the sewer system. The Town's Special Revenue Fund had increases in net assets of \$140,796 and \$168,581 for the years ended June 30, 2004 and 2003, respectively. Total governmental fund amounts are different from governmental activities due to capital assets and depreciation of capital assets.

Amounts reported for business-type activities in the Town's individual funds are identical to business-type activities reported in the government-wide presentation.

Budget Highlights

As required by law, the Town adopts a budget for its General Fund and Special Revenue Fund. During the year ended June 30, 2004, the Town amended its General Fund budget to account for an increase in salaries and insurance expenditures.

Capital Asset Administration

Capital Assets, net of accumulated depreciation, increased by \$225,761 and \$265,925 for the years ended June 30, 2004 and 2003, respectively. Major increases were due to sewer system improvements in the year ended June 30, 2003, and the purchase of the gas distribution system of a local subdivision in the year ended June 30, 2004.

Debt Administration

The Town's only debt is a note payable associated with the purchase of the gas distribution system mentioned above.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning this report or the need of additional information should be directed to Cindy Phelps, Municipal Clerk, P.O. Box 160, Madisonville, Louisiana 70447.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement A

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF NET ASSETS
June 30, 2004

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 488,061	\$ 100	\$ 488,161
Equity in Pooled Cash	26,622	115,071	141,693
Investments	1,026,683	187,111	1,213,794
Receivables, Net	67,807	85,882	153,689
Capital Assets, Net	<u>987,518</u>	<u>1,607,861</u>	<u>2,595,379</u>
 Total Assets	 <u>2,596,691</u>	 <u>1,996,025</u>	 <u>4,592,716</u>
LIABILITIES			
Accounts Payable	8,526	66,587	75,113
Accrued Liabilities	9,451	-	9,451
Pooled Cash in Other Funds	62,080	-	62,080
Deficit in Pooled Cash	-	79,613	79,613
Deposits	1,800	45,397	47,197
Note Payable			
Due in One Year	-	23,700	23,700
Due in More than One Year	<u>-</u>	<u>63,200</u>	<u>63,200</u>
 Total Liabilities	 <u>81,857</u>	 <u>278,497</u>	 <u>360,354</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	987,518	1,520,961	2,508,479
Unrestricted	<u>1,527,316</u>	<u>196,567</u>	<u>1,723,883</u>
 Total Net Assets	 <u>\$ 2,514,834</u>	 <u>\$ 1,717,528</u>	 <u>\$ 4,232,362</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2004

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 188,726	\$ 16,224	\$ 2,379	\$ (170,123)	\$ -	\$ (170,123)
Public Safety	201,128	-	-	(201,128)	-	(201,128)
Public Works	145,519	-	-	(145,519)	-	(145,519)
Recreation	5,525	-	-	(5,525)	-	(5,525)
Total Governmental Activities	<u>540,898</u>	<u>16,224</u>	<u>2,379</u>	<u>(522,295)</u>	<u>-</u>	<u>(522,295)</u>
BUSINESS-TYPE ACTIVITIES						
Gas	\$ 1,109,525	\$ 1,139,191	\$ -	\$ -	\$ 29,666	\$ 29,666
Water	37,034	59,987	-	-	22,953	22,953
Sewer	120,944	118,956	6,321	-	4,333	4,333
Garbage	57,618	56,993	-	-	(625)	(625)
Total Business-Type Activities	<u>1,325,121</u>	<u>1,375,127</u>	<u>6,321</u>	<u>-</u>	<u>56,327</u>	<u>56,327</u>
Total	<u>\$ 1,866,019</u>	<u>\$ 1,391,351</u>	<u>\$ 8,700</u>	<u>(522,295)</u>	<u>56,327</u>	<u>(465,968)</u>
General Revenues						
Property Taxes				67,054	-	67,054
Franchise Taxes				49,119	-	49,119
Sales Taxes				563,294	-	563,294
Other Taxes				6,064	-	6,064
Licenses and Permits				110,120	-	110,120
Fines and Forfeitures				15,532	-	15,532
Investment Earnings				10,421	1,608	12,029
Other General Revenues				3,334	-	3,334
Transfers				(150,000)	150,000	-
Total General Revenues and Transfers				<u>674,938</u>	<u>151,608</u>	<u>826,546</u>
CHANGE IN NET ASSETS				152,643	207,935	360,578
NET ASSETS - BEGINNING OF YEAR				<u>2,362,191</u>	<u>1,509,593</u>	<u>3,871,784</u>
NET ASSETS - END OF YEAR				<u>\$ 2,514,834</u>	<u>\$ 1,717,528</u>	<u>\$ 4,232,362</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2003

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 138,667	\$ 15,258	\$ 59,755	\$ (63,654)	\$ -	\$ (63,654)
Public Safety	197,077	-	-	(197,077)	-	(197,077)
Public Works	150,072	-	-	(150,072)	-	(150,072)
Recreation	12,879	-	-	(12,879)	-	(12,879)
Total Governmental Activities	498,695	15,258	59,755	(423,682)	-	(423,682)
BUSINESS-TYPE ACTIVITIES						
Gas	\$ 874,895	\$ 918,463	\$ -	\$ -	\$ 43,568	\$ 43,568
Water	47,792	59,944	-	-	12,152	12,152
Sewer	108,503	106,706	10,000	-	8,203	8,203
Garbage	58,210	56,375	-	-	(1,835)	(1,835)
Total Business-Type Activities	1,089,400	1,141,488	10,000	-	62,088	62,088
Total	\$ 1,588,095	\$ 1,156,746	\$ 69,755	(423,682)	62,088	(361,594)
General Revenues						
Property Taxes				65,002	-	65,002
Franchise Taxes				46,898	-	46,898
Sales Taxes				490,058	-	490,058
Other Taxes				6,710	-	6,710
Licenses and Permits				92,047	-	92,047
Fines and Forfeitures				16,382	-	16,382
Investment Earnings				11,077	2,389	13,466
Other General Revenues				6,251	-	6,251
Transfers				(250,000)	250,000	-
Total General Revenues and Transfers				484,425	252,389	736,814
CHANGE IN NET ASSETS				60,743	314,477	375,220
NET ASSETS - BEGINNING OF YEAR				2,301,448	1,195,116	3,496,564
NET ASSETS - END OF YEAR				\$ 2,362,191	\$ 1,509,593	\$ 3,871,784

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

TOWN OF MADISONVILLE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 398,256	\$ 89,805	\$ 488,061
Equity in Pooled Cash	-	26,622	26,622
Investments	134,257	892,426	1,026,683
Receivables, Net	<u>41,600</u>	<u>26,207</u>	<u>67,807</u>
 Total Assets	 <u>\$ 574,113</u>	 <u>\$ 1,035,060</u>	 <u>\$ 1,609,173</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 8,526	\$ -	\$ 8,526
Accrued Liabilities	9,451	-	9,451
Pooled Cash in Other Funds	62,080	-	62,080
Deposits	<u>1,800</u>	<u>-</u>	<u>1,800</u>
 Total Liabilities	 <u>81,857</u>	 <u>-</u>	 <u>81,857</u>
 FUND BALANCES			
Unreserved, Reported in:			
General Fund	492,256	-	492,256
Special Revenue Fund	<u>-</u>	<u>1,035,060</u>	<u>1,035,060</u>
 Total Fund Balances	 <u>492,256</u>	 <u>1,035,060</u>	 <u>1,527,316</u>
 Total Liabilities and Fund Balances	 <u>\$ 574,113</u>	 <u>\$ 1,035,060</u>	 <u>\$ 1,609,173</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2004

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

Fund Balances - Total Governmental Funds	\$ 1,527,316
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Governmental Capital Assets	1,471,636
Less: Accumulated Depreciation	<u>(484,118)</u>
Net Assets of Governmental Activities	<u>\$ 2,514,834</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2004

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes:			
Property Taxes	\$ 67,054	\$ -	\$ 67,054
Franchise Taxes	49,119	-	49,119
Sales Taxes	281,647	281,647	563,294
Other	6,064	-	6,064
Licenses and Permits	110,120	-	110,120
Intergovernmental Grants	2,379	-	2,379
Community Center Rentals	6,600	-	6,600
Boat Trailer Permits	9,624	-	9,624
Fines and Forfeitures	15,532	-	15,532
Interest Income	2,365	8,056	10,421
Other Revenues	3,334	-	3,334
Total Revenues	<u>553,838</u>	<u>289,703</u>	<u>843,541</u>
EXPENDITURES			
Current:			
Salaries	204,837	-	204,837
Payroll Taxes	14,145	-	14,145
Accounting and Auditing	777	652	1,429
Advertising	1,515	-	1,515
Aldermen Fees	30,000	-	30,000
Auto and Truck	17,243	-	17,243
Insurance	67,328	-	67,328
Legal Fees	4,800	6,771	11,571
Pension Expense	13,270	-	13,270
Police Expenses	36,833	-	36,833
Repairs and Maintenance	5,964	43,803	49,767
Utilities	21,042	-	21,042
Recreation	-	3,026	3,026
Other	38,946	-	38,946
Capital Outlays	1,995	94,655	96,650
Total Expenditures	<u>458,695</u>	<u>148,907</u>	<u>607,602</u>
Excess of Revenues Over Expenditures	<u>95,143</u>	<u>140,796</u>	<u>235,939</u>
OTHER FINANCING USES			
Operating Transfers Out	<u>(150,000)</u>	<u>-</u>	<u>(150,000)</u>
Total Other Financing Uses	<u>(150,000)</u>	<u>-</u>	<u>(150,000)</u>
CHANGE IN FUND BALANCES	(54,857)	140,796	85,939
FUND BALANCES - BEGINNING	<u>547,113</u>	<u>894,264</u>	<u>1,441,377</u>
FUND BALANCES - ENDING	<u>\$ 492,256</u>	<u>\$ 1,035,060</u>	<u>\$ 1,527,316</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2003

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Property Taxes	\$ 65,002	\$ -	\$ 65,002
Franchise Taxes	46,898	-	46,898
Sales Taxes	245,029	245,029	490,058
Other	6,710	-	6,710
Licenses and Permits	92,047	-	92,047
Intergovernmental Grants	59,755	-	59,755
Community Center Rentals	4,800	-	4,800
Boat Trailer Permits	10,458	-	10,458
Fines and Forfeitures	16,382	-	16,382
Interest Income	2,765	8,312	11,077
Other Revenues	<u>6,251</u>	<u>-</u>	<u>6,251</u>
Total Revenues	<u>556,097</u>	<u>253,341</u>	<u>809,438</u>
EXPENDITURES			
Current:			
Salaries	167,218	-	167,218
Payroll Taxes	15,720	-	15,720
Accounting and Auditing	5,080	3,869	8,949
Advertising	839	-	839
Aldermen Fees	30,000	-	30,000
Auto and Truck	15,205	-	15,205
Insurance	71,630	-	71,630
Legal Fees	4,800	10,375	15,175
Pension Expense	5,397	-	5,397
Police Expenses	26,395	-	26,395
Repairs and Maintenance	8,386	30,661	39,047
Utilities	17,868	-	17,868
Recreation	-	10,380	10,380
Other	41,647	-	41,647
Capital Outlays	<u>-</u>	<u>29,475</u>	<u>29,475</u>
Total Expenditures	<u>410,185</u>	<u>84,760</u>	<u>494,945</u>
Excess of Revenues Over Expenditures	<u>145,912</u>	<u>168,581</u>	<u>314,493</u>
OTHER FINANCING USES			
Operating Transfers Out	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Total Other Financing Uses	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
CHANGE IN FUND BALANCES	(104,088)	168,581	64,493
FUND BALANCES - BEGINNING	<u>651,201</u>	<u>725,683</u>	<u>1,376,884</u>
FUND BALANCES - ENDING	<u>\$ 547,113</u>	<u>\$ 894,264</u>	<u>\$ 1,441,377</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2004

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

Change in Fund Balances - Total Governmental Funds	\$ 85,939
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>66,704</u>
Change in Net Assets of Governmental Activities	<u>\$ 152,643</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2003

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

Change in Fund Balances - Total Governmental Funds	\$ 64,493
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(3,750)</u>
Change in Net Assets of Governmental Activities	<u>\$ 60,743</u>

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS**

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2004

ASSETS	Gas Fund	Water Fund	Sewerage Fund	Garbage Fund	Total
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 50	\$ 50	\$ -	\$ -	\$ 100
Equity in Pooled Cash	-	91,123	-	23,948	115,071
Investments	93,880	-	75,109	18,122	187,111
Accounts Receivable, Net	<u>63,248</u>	<u>6,612</u>	<u>9,644</u>	<u>6,378</u>	<u>85,882</u>
Total Current Assets	<u>157,178</u>	<u>97,785</u>	<u>84,753</u>	<u>48,448</u>	<u>388,164</u>
LONG-TERM ASSETS					
Capital Assets, Net	<u>850,073</u>	<u>99,658</u>	<u>658,130</u>	<u>-</u>	<u>1,607,861</u>
Total Long-Term Assets	<u>850,073</u>	<u>99,658</u>	<u>658,130</u>	<u>-</u>	<u>1,607,861</u>
Total Assets	<u>1,007,251</u>	<u>197,443</u>	<u>742,883</u>	<u>48,448</u>	<u>1,996,025</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	55,706	300	5,716	4,865	66,587
Deficit in Pooled Cash	43,545	-	36,068	-	79,613
Notes Payable, Current	<u>23,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,700</u>
Total Current Liabilities	<u>122,951</u>	<u>300</u>	<u>41,784</u>	<u>4,865</u>	<u>169,900</u>
LONG-TERM LIABILITIES					
Customer Deposits	36,222	9,175	-	-	45,397
Notes Payable	<u>63,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,200</u>
Total Long-Term Liabilities	<u>99,422</u>	<u>9,175</u>	<u>-</u>	<u>-</u>	<u>108,597</u>
Total Liabilities	<u>222,373</u>	<u>9,475</u>	<u>41,784</u>	<u>4,865</u>	<u>278,497</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	763,173	99,658	658,130	-	1,520,961
Unrestricted Net Assets	<u>21,705</u>	<u>88,310</u>	<u>42,969</u>	<u>43,583</u>	<u>196,567</u>
Total Net Assets	<u>\$ 784,878</u>	<u>\$ 187,968</u>	<u>\$ 701,099</u>	<u>\$ 43,583</u>	<u>\$ 1,717,528</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For The Year Ended June 30, 2004

	Gas Fund	Water Fund	Sewerage Fund	Garbage Fund	Total
OPERATING REVENUES					
Charges for Services:					
Gas Sales	\$ 1,109,997	\$ -	\$ -	\$ -	\$ 1,109,997
Water Sales	-	59,587	-	-	59,587
Sewer Service Charges	-	-	80,788	-	80,788
Garbage Collection Fees	-	-	-	56,993	56,993
Cell Tower Lease	-	-	15,468	-	15,468
Connect Fees	2,794	400	3,200	-	6,394
Miscellaneous	26,400	-	19,500	-	45,900
Total Operating Revenues	<u>1,139,191</u>	<u>59,987</u>	<u>118,956</u>	<u>56,993</u>	<u>1,375,127</u>
OPERATING EXPENSES					
Gas Purchased	783,903	-	-	-	783,903
Salaries and Related Benefits	170,483	16,711	11,898	-	199,092
Administrative and General	25,366	6,735	5,072	1,090	38,263
Authority Fees	8,767	-	-	-	8,767
Auto and Truck	9,484	-	-	-	9,484
Depreciation	27,190	6,414	34,805	-	68,409
Garbage Collection	-	-	-	56,528	56,528
Insurance	18,566	1,757	2,540	-	22,863
Repairs and Maintenance	61,121	1,954	56,458	-	119,533
Utilities	4,645	3,463	10,171	-	18,279
Total Operating Expenses	<u>1,109,525</u>	<u>37,034</u>	<u>120,944</u>	<u>57,618</u>	<u>1,325,121</u>
Operating Income (Loss)	<u>29,666</u>	<u>22,953</u>	<u>(1,988)</u>	<u>(625)</u>	<u>50,006</u>
NON-OPERATING REVENUES					
Interest Income	899	-	536	173	1,608
Total Non-Operating Revenues	<u>899</u>	<u>-</u>	<u>536</u>	<u>173</u>	<u>1,608</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND GRANTS	30,565	22,953	(1,452)	(452)	51,614
TRANSFERS AND GRANTS					
Capital Grants	-	-	6,321	-	6,321
Operating Transfers	-	-	150,000	-	150,000
Total Transfers and Grants	<u>-</u>	<u>-</u>	<u>156,321</u>	<u>-</u>	<u>156,321</u>
CHANGE IN NET ASSETS	30,565	22,953	154,869	(452)	207,935
NET ASSETS - BEGINNING OF YEAR	<u>754,313</u>	<u>165,015</u>	<u>546,230</u>	<u>44,035</u>	<u>1,509,593</u>
NET ASSETS - END OF YEAR	<u>\$ 784,878</u>	<u>\$ 187,968</u>	<u>\$ 701,099</u>	<u>\$ 43,583</u>	<u>\$ 1,717,528</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For The Year Ended June 30, 2003

	Gas Fund	Water Fund	Sewerage Fund	Garbage Fund	Total
OPERATING REVENUES					
Charges for Services:					
Gas Sales	\$ 863,110	\$ -	\$ -	\$ -	\$ 863,110
Water Sales	-	59,694	-	-	59,694
Sewer Service Charges	-	-	85,140	-	85,140
Garbage Collection Fees	-	-	-	56,375	56,375
Cell Tower Lease	-	-	21,137	-	21,137
Connect Fees	33,778	250	429	-	34,457
Miscellaneous	21,575	-	-	-	21,575
Total Operating Revenues	<u>918,463</u>	<u>59,944</u>	<u>106,706</u>	<u>56,375</u>	<u>1,141,488</u>
OPERATING EXPENSES					
Gas Purchased	609,255	-	-	-	609,255
Salaries and Related Benefits	151,248	17,865	20,348	-	189,461
Administrative and General	41,314	9,674	5,958	3,196	60,142
Authority Fees	8,483	-	-	-	8,483
Auto and Truck	6,841	-	-	-	6,841
Depreciation	24,107	6,599	26,894	-	57,600
Garbage Collection	-	-	-	55,014	55,014
Insurance	21,495	-	-	-	21,495
Repairs and Maintenance	7,828	10,222	43,492	-	61,542
Utilities	4,324	3,432	11,811	-	19,567
Total Operating Expenses	<u>874,895</u>	<u>47,792</u>	<u>108,503</u>	<u>58,210</u>	<u>1,089,400</u>
Operating Income (Loss)	<u>43,568</u>	<u>12,152</u>	<u>(1,797)</u>	<u>(1,835)</u>	<u>52,088</u>
NON-OPERATING REVENUES					
Interest Income	1,350	-	778	261	2,389
Total Non-Operating Revenues	<u>1,350</u>	<u>-</u>	<u>778</u>	<u>261</u>	<u>2,389</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND GRANTS	44,918	12,152	(1,019)	(1,574)	54,477
TRANSFERS AND GRANTS					
Capital Grant	-	-	10,000	-	10,000
Operating Transfers	-	-	250,000	-	250,000
Total Transfers and Grants	<u>-</u>	<u>-</u>	<u>260,000</u>	<u>-</u>	<u>260,000</u>
CHANGE IN NET ASSETS	44,918	12,152	258,981	(1,574)	314,477
NET ASSETS - BEGINNING OF YEAR	<u>709,395</u>	<u>152,863</u>	<u>287,249</u>	<u>45,609</u>	<u>1,195,116</u>
NET ASSETS - END OF YEAR	<u>\$ 754,313</u>	<u>\$ 165,015</u>	<u>\$ 546,230</u>	<u>\$ 44,035</u>	<u>\$ 1,509,593</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2004

Statement I

	Gas Fund	Water Fund	Sewerage Fund	Garbage Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 1,135,720	\$ 60,803	\$ 103,380	\$ 56,850	\$ 1,356,753
Receipts from Tower Lease	-	-	15,468	-	15,468
Payments to Suppliers	(887,083)	(14,328)	(89,562)	(57,618)	(1,048,591)
Payments to Employees	(170,483)	(16,711)	(11,898)	-	(199,092)
Net Cash Provided by (Used in) Operating Activities	<u>78,154</u>	<u>29,764</u>	<u>17,388</u>	<u>(768)</u>	<u>124,538</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	150,000	-	150,000
Interfund Borrowings (Repayments)	53,665	(29,764)	(144,389)	768	(119,720)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>53,665</u>	<u>(29,764)</u>	<u>5,611</u>	<u>768</u>	<u>30,280</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Capital Assets	(213,649)	-	(8,321)	-	(221,970)
Grants	-	-	6,321	-	6,321
Proceeds of Notes Payable	94,800	-	-	-	94,800
Purchase of Right of Ways	(5,070)	-	-	-	(5,070)
Principal Paid on Capital Debt	(7,900)	-	-	-	(7,900)
Net Cash Used in Capital and Related Financing Activities	<u>(131,819)</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(133,819)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	899	-	536	173	1,608
Net Proceeds of Sale (Purchase) of Investments	(899)	-	(21,535)	(173)	(22,607)
Net Cash Used by Investing Activities	<u>-</u>	<u>-</u>	<u>(20,999)</u>	<u>-</u>	<u>(20,999)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS					
	-	-	-	-	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR					
	<u>50</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>100</u>
CASH AND CASH EQUIVALENTS - END OF YEAR					
	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 29,666	\$ 22,953	\$ (1,988)	\$ (625)	\$ 50,006
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	27,190	6,414	34,805	-	68,409
Changes in Assets and Liabilities:					
Decrease (Increase) in Accounts Receivable	(6,464)	846	(109)	(143)	(5,870)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	24,768	(419)	(15,320)	-	9,029
Increase (Decrease) in Customer Deposits	2,994	(30)	-	-	2,964
Net Cash Provided by (Used in) Operating Activities	<u>\$ 78,154</u>	<u>\$ 29,764</u>	<u>\$ 17,388</u>	<u>\$ (768)</u>	<u>\$ 124,538</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2003

	Gas Fund	Water Fund	Sewerage Fund	Garbage Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 907,381	\$ 60,249	\$ 85,039	\$ 56,173	\$ 1,108,842
Receipts from Tower Lease	-	-	21,137	-	21,137
Payments to Suppliers	(693,970)	(23,917)	(45,236)	(57,654)	(820,777)
Payments to Employees	(151,248)	(17,865)	(20,348)	-	(189,461)
Net Cash Provided by (Used in) Operating Activities	<u>62,163</u>	<u>18,467</u>	<u>40,592</u>	<u>(1,481)</u>	<u>119,741</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers In	-	-	250,000	-	250,000
Interfund Borrowings (Repayments)	(24,392)	(18,467)	(48,008)	1,481	(89,386)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(24,392)</u>	<u>(18,467)</u>	<u>201,992</u>	<u>1,481</u>	<u>160,614</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Capital Assets	(31,907)	-	(252,584)	-	(284,491)
Grants	-	-	10,000	-	10,000
Purchase of Right of Ways	(5,864)	-	-	-	(5,864)
Net Cash Used by Capital and Related Financing Activities	<u>(37,771)</u>	<u>-</u>	<u>(242,584)</u>	<u>-</u>	<u>(280,355)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	1,350	-	778	261	2,389
Net Proceeds of Sale (Purchase) of Investments	(1,350)	-	(778)	(261)	(2,389)
Net Cash Used by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>50</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>100</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 43,568	\$ 12,152	\$ (1,797)	\$ (1,835)	\$ 52,088
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	24,107	6,599	26,894	-	57,600
Changes in Assets and Liabilities:					
Decrease (Increase) in Accounts Receivable	(12,892)	(220)	(529)	(201)	(13,842)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	5,570	(589)	16,024	555	21,560
Increase in Customer Deposits	1,810	525	-	-	2,335
Net Cash Provided by (Used in) Operating Activities	<u>\$ 62,163</u>	<u>\$ 18,467</u>	<u>\$ 40,592</u>	<u>\$ (1,481)</u>	<u>\$ 119,741</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

INTRODUCTION

The **TOWN OF MADISONVILLE, LOUISIANA** (the Town) was incorporated in 1817, under the provisions of a special charter. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety, highways and streets, sanitation and utilities, recreation, public improvements, and general administrative services.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*. For the fiscal years ended June 30, 2004 and 2003, the Town implemented the new financial reporting requirements of GASB Statements No. 33 and 34. As a result, an entirely new financial presentation format has been implemented.

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the Town has determined that there are no component units that are part of the reporting entity.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to 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.

Separate fund financial statements are provided for the Town's governmental funds and proprietary funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Town reports the following major governmental funds:

GENERAL FUND – The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

SPECIAL REVENUE FUND – Special revenue funds are used to account for the proceeds of a 1% sales tax dedicated to constructing and maintaining streets, sidewalks and bridges, operating a garbage disposal center, and purchasing equipment.

The Town has four proprietary funds to account for the natural gas, water, sewer, and garbage collection services it provides to the residents and businesses of the Town.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, license and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the Town's proprietary fund consist of charges to customers and users of its natural gas, water, sewer and garbage collection services. Operating expenses for the Town's proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS AND BUDGETARY ACCOUNTING

At the beginning of each fiscal year, an annual budget is prepared. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse. The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a.) The Mayor, Board of Aldermen, Town Clerk, and other advisory personnel assemble the necessary financial information.
- b.) The proposed budget is made available for public inspection.
- c.) A public hearing is held for any recommendations or changes to the budget. The budget is legally adopted through passage of an ordinance by the Board of Aldermen.

INVESTMENTS

State Statutes authorize the Town to invest in the following types of securities:

- (1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. Government.
- (2) Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.
- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, or by U.S. government instrumentalities that are federally sponsored, provided such obligations are backed by the full faith and credit of the U.S. government.
- (4) Direct repurchase agreements of any federal bank should include only securities enumerated in paragraphs (1) and (3) above. "Direct security repurchase agreement" means an agreement under which the political subdivision buys, holds for a specified time, and then sells back those securities and obligations enumerated in paragraphs (1) and (3) above.
- (5) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933, and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS (Continued)

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by Government Auditing Standards Board Statement No. 31, are reported at fair value, which is determined using published market prices.

PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable on or before January 1 of the following year. All unpaid taxes become delinquent on March 31 of the following year. The Town bills and collects its own property taxes. The Town recognizes property tax revenues when levied to the extent that they are determined to be collectible.

For the years ended June 30, 2004 and June 30, 2003, the Town levied taxes of 11.63 mills that were dedicated to the General Fund.

SALES TAXES

The Town imposes a two-percent sales and use tax. One-percent of this tax is dedicated for particular purposes and is accounted for in a special revenue fund. The other one-percent is unrestricted and is included in the General Fund.

ACCUMULATED UNPAID VACATION LEAVE AND SICK PAY

Town employees earn one week of vacation leave after one year of service and two weeks of vacation leave after four years of service. Any vacation not taken at the end of the year is forfeited. Upon termination of service, employees are paid for unused vacation leave. The Town employees earn one day per month of sick leave, which can be accumulated up to thirty days. Sick leave is forfeited upon termination. There was no material accumulated vacation leave as of June 30, 2004, for which the Town would be held liable.

ACCOUNTS RECEIVABLE

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the particular receivable. The allowance is \$5,000 at June 30, 2004.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing assets.

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

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements, to the extent the Town's capitalization threshold is met. In accordance with GASB Statement No. 34, the Town has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	20 – 40 Years
Utility Systems	40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	3 – 15 Years

FUND EQUITY

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND EQUITY (Continued)

Fund Statements

Governmental fund equity is classified as unreserved fund balance.

INTERFUND TRANSACTIONS

Permanent re-allocation of resources between funds of the reporting entity are classified as inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

USE OF ESTIMATES

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

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The Town was in compliance with the Local Budget Act. See Note A for the procedures the Town follows regarding budgets and budgetary accounting.

The Town does not utilize encumbrance accounting.

NOTE B

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

DEPOSIT AND INVESTMENT LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The Town is in compliance with the deposit and investment laws and regulations.

DEFICIT FUND BALANCE

As of June 30, 2004, no Funds had a deficit fund balance.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE C

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At year-end, the carrying amount of the Town's bank deposits was \$488,161 and the bank balance was \$519,554. The difference was primarily due to outstanding checks. Of the bank balances, \$100,000 was covered by federal depository insurance. In compliance with State laws, the remaining balance of \$419,554 was secured by bank-owned securities specifically pledged to the Town and held by an independent custodian bank jointly in the name of the Town and the bank. Louisiana Revised Statutes 39:1229 imposes a statutory requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

NOTE D

INVESTMENTS

Investments held at June 30, 2004, consist of \$1,213,794 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at June 30, 2004, is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001, Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSR-R.S. 33:2955(A)(1)(h), which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE D
INVESTMENTS (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE E
RECEIVABLES

The net receivables at June 30, 2004, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Taxes:				
Sales and Use	\$ 26,207	\$ 26,207	\$ -	\$ 52,414
Franchise	14,974	-	-	14,974
Accounts	<u>419</u>	<u>-</u>	<u>85,882</u>	<u>86,301</u>
	<u>\$ 41,600</u>	<u>\$ 26,207</u>	<u>\$ 85,882</u>	<u>\$ 153,689</u>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$5,000 for the Business-Type Activities.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE F

CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2004:

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Capital Assets Not Depreciated:				
Land	\$ 788,624	\$ 5,071	\$ -	\$ 793,695
Capital Assets Being Depreciated:				
Gas Distribution System	953,236	213,649	-	1,166,885
Water Distribution System	239,952	-	-	239,952
Sewer Plant and Lines	1,284,252	8,746	-	1,292,998
Automobiles	231,157	30,867	-	262,024
Recreation Equipment	190,414	-	-	190,414
Equipment	26,572	9,999	-	36,571
Office Equipment and Furniture	29,759	2,395	(1,194)	30,960
Buildings and Improvements	201,423	63,715	-	265,138
Other	3,072	-	-	3,072
Total Capital Assets Being Depreciated	3,159,837	329,371	(1,194)	3,488,014
Accumulated Depreciation for:				
Gas Distribution System	(337,979)	(27,190)	-	(365,169)
Water Distribution System	(149,392)	(6,414)	-	(155,806)
Sewer Plant and Lines	(646,434)	(34,805)	-	(681,239)
Automobiles	(163,230)	(22,708)	-	(185,938)
Recreation Equipment	(141,569)	(2,499)	-	(144,068)
Equipment	(17,434)	(2,739)	-	(20,173)
Office Equipment and Furniture	(22,663)	(3,738)	1,194	(25,207)
Buildings and Improvements	(97,070)	(8,588)	-	(105,658)
Other	(3,072)	-	-	(3,072)
Total Accumulated Depreciation	(1,578,843)	(108,681)	1,194	(1,686,330)
Total Capital Assets Being Depreciated, Net	1,580,994	220,690	-	1,801,684
Totals	\$ 2,369,618	\$ 225,761	\$ -	\$ 2,595,379

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE F

CAPITAL ASSETS (Continued)

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2003:

	Restated Balance July 1, 2002	Increases	Decreases	Balance June 30, 2003
Capital Assets Not Depreciated:				
Land	\$ 782,760	\$ 5,864	\$ -	\$ 788,624
Capital Assets Being Depreciated:				
Gas Distribution System	917,584	35,652	-	953,236
Water Distribution System	239,952	-	-	239,952
Sewer Plant and Lines	995,508	288,744	-	1,284,252
Automobiles	204,682	26,475	-	231,157
Recreation Equipment	190,414	-	-	190,414
Equipment	26,572	-	-	26,572
Office Equipment and Furniture	29,759	-	-	29,759
Buildings and Improvements	196,031	5,392	-	201,423
Other	3,072	-	-	3,072
Total Capital Assets Being Depreciated	<u>2,803,574</u>	<u>356,263</u>	<u>-</u>	<u>3,159,837</u>
Accumulated Depreciation for:				
Gas Distribution System	(313,872)	(24,107)	-	(337,979)
Water Distribution System	(142,793)	(6,599)	-	(149,392)
Sewer Plant and Lines	(619,540)	(26,894)	-	(646,434)
Automobiles	(139,623)	(23,607)	-	(163,230)
Recreation Equipment	(139,070)	(2,499)	-	(141,569)
Equipment	(14,933)	(2,501)	-	(17,434)
Office Equipment and Furniture	(19,187)	(3,476)	-	(22,663)
Buildings and Improvements	(90,551)	(6,519)	-	(97,070)
Other	(3,072)	-	-	(3,072)
Total Accumulated Depreciation	<u>(1,482,641)</u>	<u>(96,202)</u>	<u>-</u>	<u>(1,578,843)</u>
Total Capital Assets Being Depreciated, Net	<u>1,320,933</u>	<u>260,061</u>	<u>-</u>	<u>1,580,994</u>
Totals	<u>\$ 2,103,693</u>	<u>\$ 265,925</u>	<u>\$ -</u>	<u>\$ 2,369,618</u>

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE F
CAPITAL ASSETS (Continued)

Depreciation was charged to governmental functions as follows:

	2004	2003
Recreation	\$ 2,499	\$ 2,499
Public Safety – Police	9,828	7,239
Public Works – Street Maintenance	18,650	21,915
General Government – Town Hall	9,295	6,966
Total	\$ 40,272	\$ 38,619

NOTE G
EMPLOYEE PENSION PLAN

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (MERS)

Plan Description and Provisions:

All of the Town's full-time employees, other than police employees, participate in the MERS, a multiple-employer, cost sharing pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate asset and benefit provision. All participant employees of the Town are members of Plan B.

Employees can retire providing they meet one of the following criteria:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to 3% of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

If a member's employment is terminated before the member is eligible for any benefits under MERS, the member shall receive a refund of his member contributions.

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE G
EMPLOYEE PENSION PLAN (Continued)

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (MPERS)

Description of Funding Policy:

The System's contribution requirements are not actuarially determined. Instead, the contribution requirements are currently established by statute. As of June 30, 2004, the statutory rates were 5.00% member contribution and 4.50% employer contribution of the total covered payroll. The Town's contribution requirement for the years ended June 30, 2004, 2003 and 2002, was \$23,006, \$16,496 and \$11,757, respectively, equal to the required contributions for each year.

NOTE H
INTERFUND TRANSFERS

Operating transfers between funds for the years ended June 30, 2004 and 2003 are as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
For the Year Ended June 30, 2004:		
General Fund	\$ -	\$ 150,000
Proprietary Fund		
Sewer Fund	<u>150,000</u>	<u>-</u>
	<u>\$ 150,000</u>	<u>\$ 150,000</u>
For the Year Ended June 30, 2003:		
General Fund	\$ -	\$ 250,000
Proprietary Fund		
Sewer Fund	<u>250,000</u>	<u>-</u>
	<u>\$ 250,000</u>	<u>\$ 250,000</u>

TOWN OF MADISONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

NOTE I

LAKE PONCHARTRAIN BASIN MARITIME MUSEUM

On May 31, 1996, the Town entered into a management agreement with the Lake Pontchartrain Basin Maritime Museum, Inc., a non-profit corporation, whereby the Town allows the Museum to use a portion of land for the construction and operation of a museum. The term of the agreement is for ninety-nine years. The Town retains title of the land along with any improvements constructed by the Museum. The Town also retains any liabilities related to defects at the time of the agreement. The Museum agrees to incur all necessary expenditures related to operation of the Museum. An addendum to this agreement was signed on March 9, 2001, whereby the Town also allows the Museum usage of a portion of land for a parking lot. During the year ended June 30, 2002, the United States Coast Guard donated the Madisonville Lighthouse to the Town. On May 24, 2002, the Town entered into another agreement with the Museum, whereby the Town allows the Museum the use of the Lighthouse and the Museum agrees to preserve and restore the Lighthouse.

NOTE J

PLEGGED ASSETS AND CONTINGENT LIABILITIES

The Town has a letter of credit agreement totaling \$10,000 in favor of St. Tammany Parish. The letter of credit guarantees the correction of damages that may occur while work is being performed on the gas system outside the Town of Madisonville city limits. As of June 30, 2004, the line of credit has not been drawn upon.

NOTE K

NOTE PAYABLE

On February 18, 2004, the Town purchased the gas distribution lines in a local subdivision. The cost of the system totaled \$94,800 and this amount was financed by the subdivision at no interest for a period of four years. The Town makes monthly payments of \$1,975. Future principal payments are as follows:

Year Ended <u>June 30,</u>	
2005	\$ 23,700
2006	23,700
2007	23,700
2008	<u>15,800</u>
	<u>\$ 86,900</u>

NOTE L

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2003, the General Fund's actual expenditures of \$410,185 exceeded its budgeted appropriations of \$390,600 resulting in an unfavorable variance of \$19,585

REQUIRED SUPPLEMENTAL INFORMATION (PART II)
BUDGETARY COMPARISON SCHEDULES

TOWN OF MADISONVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
REVENUES				
Taxes:				
Property Taxes	\$ 58,000	\$ 69,000	\$ 67,054	\$ (1,946)
Franchise Taxes	42,000	50,000	49,119	(881)
Sales Taxes	240,000	264,000	281,647	17,647
Other	-	-	6,064	6,064
Licenses and Permits	70,000	70,000	110,120	40,120
Intergovernmental Grants	-	-	2,379	2,379
Community Center Rentals	4,500	6,500	6,600	100
Boat Trailer Permits	11,000	11,000	9,624	(1,376)
Fines and Forfeitures	17,000	15,000	15,532	532
Interest Income	-	-	2,365	2,365
Other Revenues	15,000	15,000	3,334	(11,666)
Total Revenues	<u>457,500</u>	<u>500,500</u>	<u>553,838</u>	<u>53,338</u>
EXPENDITURES				
Current:				
Salaries	159,000	195,000	204,837	(9,837)
Payroll Taxes	12,700	12,700	14,145	(1,445)
Accounting and Auditing	2,500	2,500	777	1,723
Advertising	-	-	1,515	(1,515)
Aldermen Fees	30,000	30,000	30,000	-
Auto and Truck	12,000	12,000	17,243	(5,243)
Insurance	30,000	66,000	67,328	(1,328)
Legal Fees	6,000	6,000	4,800	1,200
Pension Expense	19,500	19,500	13,270	6,230
Police Expenses	30,000	30,000	36,833	(6,833)
Repairs and Maintenance	9,000	6,000	5,964	36
Utilities	20,000	20,000	21,042	(1,042)
Other	45,000	45,000	38,946	6,054
Capital Outlays	20,000	20,000	1,995	18,005
Total Expenditures	<u>395,700</u>	<u>464,700</u>	<u>458,695</u>	<u>6,005</u>
Excess of Revenues Over Expenditures	<u>61,800</u>	<u>35,800</u>	<u>95,143</u>	<u>59,343</u>
OTHER FINANCING USES				
Operating Transfers Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ (88,200)</u>	<u>\$ (114,200)</u>	<u>(54,857)</u>	<u>\$ 59,343</u>
FUND BALANCE - BEGINNING OF YEAR			<u>547,113</u>	
FUND BALANCE - END OF YEAR			<u>\$ 492,256</u>	

TOWN OF MADISONVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
REVENUES				
Taxes:				
Property Taxes	\$ 58,000	\$ 58,000	\$ 65,002	\$ 7,002
Franchise Taxes	42,000	42,000	46,898	4,898
Sales Taxes	210,000	210,000	245,029	35,029
Other			6,710	6,710
Licenses and Permits	70,000	70,000	92,047	22,047
Intergovernmental Grants			59,755	59,755
Community Center Rentals	5,500	5,500	4,800	(700)
Boat Trailer Permits	11,000	11,000	10,458	(542)
Fines and Forfeitures	17,000	17,000	16,382	(618)
Interest Income	-	-	2,765	2,765
Other Revenues	<u>13,000</u>	<u>13,000</u>	<u>6,251</u>	<u>(6,749)</u>
Total Revenues	<u>426,500</u>	<u>426,500</u>	<u>556,097</u>	<u>129,597</u>
EXPENDITURES				
Current:				
Salaries	148,000	148,000	167,218	(19,218)
Payroll Taxes	12,000	12,000	15,720	(3,720)
Accounting and Auditing	10,000	10,000	5,080	4,920
Advertising	-	-	839	(839)
Aldermen Fees	30,000	30,000	30,000	-
Auto and Truck	8,000	8,000	15,205	(7,205)
Insurance	30,000	30,000	71,630	(41,630)
Legal Fees	20,000	20,000	4,800	15,200
Pension Expense	8,600	8,600	5,397	3,203
Police Expenses	30,000	30,000	26,395	3,605
Repairs and Maintenance	9,000	9,000	8,386	614
Utilities	20,000	20,000	17,868	2,132
Other	45,000	45,000	41,647	3,353
Capital Outlays	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	<u>390,600</u>	<u>390,600</u>	<u>410,185</u>	<u>(19,585)</u>
Excess of Revenues Over Expenditures	<u>35,900</u>	<u>35,900</u>	<u>145,912</u>	<u>110,012</u>
OTHER FINANCING USES				
Operating Transfers Out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ (214,100)</u>	<u>\$ (214,100)</u>	<u>(104,088)</u>	<u>\$ 110,012</u>
FUND BALANCE - BEGINNING OF YEAR			<u>651,201</u>	
FUND BALANCE - END OF YEAR			<u>\$ 547,113</u>	

**TOWN OF MADISONVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
For The Year Ended June 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
REVENUES				
Taxes:				
Sales and Use	\$ 240,000	\$ 240,000	\$ 281,647	\$ 41,647
Interest Income	<u>10,000</u>	<u>10,000</u>	<u>8,056</u>	<u>(1,944)</u>
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>289,703</u>	<u>39,703</u>
EXPENDITURES				
Current;				
Accounting and Auditing	1,500	1,500	652	848
Legal Fees	-	-	6,771	(6,771)
Repairs and Maintenance	80,000	80,000	43,803	36,197
Recreation	20,000	20,000	3,026	16,974
Capital Outlays	<u>60,000</u>	<u>60,000</u>	<u>94,655</u>	<u>(34,655)</u>
Total Expenditures	<u>161,500</u>	<u>161,500</u>	<u>148,907</u>	<u>12,593</u>
CHANGE IN FUND BALANCE	<u>\$ 88,500</u>	<u>\$ 88,500</u>	140,796	<u>\$ 52,296</u>
FUND BALANCE - BEGINNING OF YEAR			<u>894,264</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,035,060</u>	

TOWN OF MADISONVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
For The Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable/ (Unfavorable)</u>
REVENUES				
Taxes:				
Sales and Use	\$ 210,000	\$ 210,000	\$ 245,029	\$ 35,029
Interest Income	<u>10,000</u>	<u>10,000</u>	<u>8,312</u>	<u>(1,688)</u>
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>253,341</u>	<u>33,341</u>
EXPENDITURES				
Current:				
Accounting and Auditing	1,500	1,500	3,869	(2,369)
Legal Fees	-	-	10,375	(10,375)
Repairs and Maintenance	80,000	80,000	30,661	49,339
Recreation	10,000	10,000	10,380	(380)
Capital Outlays	<u>60,000</u>	<u>60,000</u>	<u>29,475</u>	<u>30,525</u>
Total Expenditures	<u>151,500</u>	<u>151,500</u>	<u>84,760</u>	<u>66,740</u>
CHANGE IN FUND BALANCE	<u>\$ 68,500</u>	<u>\$ 68,500</u>	168,581	<u>\$ 100,081</u>
FUND BALANCE - BEGINNING OF YEAR			<u>725,683</u>	
FUND BALANCE - END OF YEAR			<u>\$ 894,264</u>	

OTHER SUPPLEMENTAL INFORMATION

TOWN OF MADISONVILLE, LOUISIANA

**SCHEDULE OF COMPENSATION PAID TO THE MAYOR AND MEMBERS OF
THE BOARD OF ALDERMEN
For the Years Ended June 30, 2004 and 2003**

	<u>Term Expires</u>	<u>Compensation</u>	
		<u>2004</u>	<u>2003</u>
MAYOR:			
Peter L. Gitz P.O. Box 122 Madisonville, LA 70447	June 30, 2004	\$ 12,000	\$ 12,000
ALDERMEN:			
Lawrence P. Ostendorf P.O. Box 37 Madisonville, LA 70447	June 30, 2004	\$ 3,600	\$ 3,600
Danny Tyrney P. O. Box 143 Madisonville, LA 70447	June 30, 2004	\$ 3,600	\$ 3,600
Mark D. Badeaux P. O. Box 156 Madisonville, LA 70447	June 30, 2004	\$ 3,600	\$ 3,600
Jerry Lange P.O. Box 393 Madisonville, LA 70447	June 30, 2004	\$ 3,600	\$ 3,600
Bonnie D. Fruge P.O. Box 1046 Madisonville, LA 70447	June 30, 2004	\$ 3,600	\$ 3,600

OTHER REPORTS



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

To the Honorable Peter Gitz, Mayor
and Members of the Board of Aldermen
Town of Madisonville, Louisiana

We have audited the financial statements of **TOWN OF MADISONVILLE, LOUISIANA** as of and for the year ended June 30, 2004, and have issued our report thereon dated October 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **TOWN OF MADISONVILLE, LOUISIANA's** 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 statements 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the following paragraph.

On February 19, 2004, the Town purchased the gas distribution lines of a local subdivision. The subdivision financed the purchase with a note payable of \$94,800 payable in monthly installments of \$1,975 with no interest. The Town did not obtain approval from the Louisiana State Bond Commission as required by Louisiana Revised Statute 39:1410.60.

Internal Control Over Financial Reporting

In planning and performing our audit we considered **TOWN OF MADISONVILLE, LOUISIANA's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters

involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the **TOWN OF MADISONVILLE, LOUISIANA**, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

October 28, 2004

Peter L. Gitz
Mayor
Office: 845-3636

Town of Madisonville

Cynthia C. Phelps
Town Clerk and Tax Collector
Secretary - Treasurer

St. Tammany Parish, Louisiana

Aldermen

P.O. Box 160

Mark Budeaux

Jerry Lange

Madisonville, Louisiana 70447

Bonnie Fruge

Lawrence P. Cstendorf

(504) 845-7311 (Clerk)

(504) 845-7931 (Tax)

Geo. J. Tyrney, Jr.

December 28, 2004

Legislative Audit Advisory Committee
P. O. Box 94397
Baton Rouge, LA 70804-9397

To Whom it May Concern:

I am writing in response to a finding included in the audit of the Town of Madisonville as of June 30, 2004 and the two years then ended. The finding related to the purchase of gas distribution lines from a local subdivision. The subdivision financed the purchase of \$94,800 with no interest. The note was to paid in monthly installments of \$1,975 for a period of four years.

The Town did not obtain State Bond Commission approval prior to entering into the obligation. The Town plans to contact the State Bond Commission and seek approval of this obligation.

Please contact me at (985) 845-7311 should you need any further information.

Sincerely,



Peter Gitz
Mayor