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TOWN OF SPRINGFIELD, LOUISIANA

BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT, SUPPLEMENTAL SCHEDULES AND OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

YEAR ENDED JUNE 30, 2004

Under provisions of state law, this report is a public document. Acopy 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 /-26-05

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DEAN AND DEAN

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

December 10, 2004

Mayor and Board of Aldermen Town of Springfield, Louisiana

We have audited the accompanying basic financial statements of the Town of Springfield, Louisiana, as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Town of Springfield, 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. 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Town of Springfield, Louisiana at June 30, 2004, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As Described in Note B to the basic financial statements, the Town of Springfield, Louisiana adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 34, <u>Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments</u>, Statement No. 37, <u>Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments</u>: <u>Omnibus</u>, and Statement No. 38 <u>Certain Financial Statement Note Disclosures</u>. This results in a change in the format and content of the basic financial statements.

In Accordance with Government Auditing Standards, we have also issued a report dated December 10, 2004, on our consideration of the Town of Springfield'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.

Mayor and Board of Aldermen Town of Springfield, Louisiana Page 2

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 9 and Page 24, respectively, are not a required part of the basic financial statements but are supplementary 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town of Springfield, Louisiana taken as a whole. The accompanying supplemental information, as listed in the Table of Contents and identified as schedules 2 through 6 are presented for the purpose 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 statement taken as a whole.

Respectfully submitted,

Dean and Dean, CPA's December 10, 2004

Within this section of the Town of Springfield, Louisiana's (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2004. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Town's assets exceeded its liabilities by \$912,104 (net assets) for the fiscal year reported.
- Total revenues of \$335,951 were exceeded by total expenditures of \$380,070, which resulted in a current year deficit of \$44,119. This was primarily due to the purchase of new Street maintenance equipment during the year.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$759,721 which includes property and equipment, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$152,383.
- The Town's general fund reported total ending fund balance of \$121,005 this year.
- The Town began construction of a new sewer system scheduled to go online next year. The project is being funded by a grant in the amount of \$1,193,000 and a loan in the amount of \$1,529,000, both of which were funded by the U.S. Department of Agriculture.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2004.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference 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 Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

The government-wide financial statements present both governmental-type and business-type activities of the Town. The governmental-type activities are principally supported by sales taxes, other taxes and licenses. The governmental activities of the Town include general government, police protection, street maintenance, and solid waste. The only business-type activity of the Town is its sewer system. The Town began construction of the sewer system this year and it was still in the construction phase as of June 30, 2004. The only activity in the sewer system this year was the funding of the revenue bonds, receipt of grant proceeds, and costs associated with the construction of the system and issuance of the bonds.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town uses governmental funds and proprietary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. The basic governmental fund financial statements are presented on pages 12-13 of this report.

The Proprietary fund accounts for sewer services for the Town. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 15 to 17 of this report.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Whereas the Total column on the Enterprise Fund Financial Statements is the same as the Business-Type column in the Government-Wide Financial Statements, the Governmental Fund Financial Statements require a reconciliation to the Governmental-Type column of the Government-Wide Financial Statements. This reconciliation can be found on page 14 of this report.

Notes to the basic financial statements

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 18 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. These schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on page 28 of this report.

Financial Analysis of the Town as a Whole

The Town implemented the new financial reporting model used in this report with the current fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net assets at fiscal year-end are \$912,104. The following table provides a summary of the Town's net assets:

	Governmental <u>Activities</u>		Business-7 <u>Activitie</u>	• •	Total			
Assets:								
Current and other assets	\$ 134,972	44%	\$ 31,378	1%	\$ 166,350	7%		
Capital assets	169,681	56%	2,119,040	99%	2,288,721	93%		
Total assets	304,653	100%	2,150,418	100%	2,455,071	100%		
Liabilities:								
Current liabilities	13,967	100%	-	0%	13,967	1%		
Long-term debt	-	0%	1,529,000	100%	1,529,000	99%		
Total liabilities	13,967	100%	1,529,000	100%	1,542,967	100%		
Net assets:								
Invested in capital assets	169,681	58%	590,040	95%	759,721	83%		
Unrestricted	121,005	42%	31,378	5%	152,383	17%		
Total net assets	290,686	100%	621,418	100%	912,104	100%		

Summary of Net Assets

Overall, the Town's office reports net assets of \$912,104. This amount is \$616,846 higher than last year. The Town has \$2,288,721 invested in capital assets. Current assets exceed current liabilities by \$121,005.

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the Town's changes in net assets:

		Governmental Business-Type Activities Activities		• •	Tota	Total			
Revenues:									
Program:									
Charges for services	32,390	10%	-	0%	32,390	3%			
Operating grants &									
Contributions	23,608	7%	-	0%	23,608	2%			
Capital grants &									
Contributions	-	0%	621,418	100%	621,418	65%			
General:									
Sales taxes	212,520	63%	-	0%	212,520	22%			
Licenses & Permits	27,345	8%	-	0%	27,345	3%			
Other taxes	37,092	11%	-	0%	37,092	4%			
Other general revenue	2,996	1%	-	0%	2,996	1%			
Total Revenues	335,951	100%	621,418	100%	957,369	100%			
Program Expenses:									
General Government	156,921	46%	-	0%	156,921	46%			
Police Protection	132,329	39%	-	0%	132,329	39%			
Streets	29,661	9%	-	0%	29,661	9%			
Solid Waste	21,612	6%	-	0%	21,612	6%			
Total Expenses	340,523	100%	-	100%	340,523	100%			

Summary of Changes in Net Assets

GOVERNMENTAL REVENUES

The Town primarily relies on sales taxes to support its governmental activities. Sales taxes were almost 65% of the Town's total revenues.

GOVERNMENTAL FUNCTIONAL EXPENSES

The Town's programs include general government, police protection, streets, and solid waste. General government and police protection represent 85% of the Town's expenses.

BUSINESS-TYPE ACTIVITIES

The only revenue for business activities was the capital grant received to build the sewer system. Also, note that there were no business-type activity expenses because the sewer system is not yet complete or operational.

Financial Analysis of the Town's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending fund balance of \$121,005.

The unreserved, undesignated fund balance decreased by \$44,119 from the previous year.

Major Governmental Funds

The General Fund is the Town's only governmental fund and source of day-to-day service delivery. The General Fund's fund balance decreased by \$44,119. In fiscal year 2004, the Town spent \$39,261 on new street maintenance equipment to replace old equipment. This was the primary reason for the deficit in fiscal year 2004.

Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total expenses would exceed total revenues by \$17,000. However, because of an increase in the police retirement contribution rate and a decrease in occupational licenses, the budget was amended to reflect a deficit of \$35,000. The actual deficit was \$44,119 because of an unanticipated decrease in sales tax revenues.

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets, net of accumulated depreciation as of June 30, 2004, was \$169,681 for governmental activities and \$2,119,040 for business-type activities. There was an overall increase of approximately \$40,000 in capital assets used for governmental activities. All of the business-type capital assets are new this year from the construction of the sewer system. See Note D for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

The Town implemented GASB Statement #34 in the current fiscal year. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elects not to retroactively report infrastructure assets prior to July 1, 2003. Historically, a government's largest group of assets, infrastructure assets (e.g. roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the current fiscal year, this new statement requires these assets be valued and reported within the Governmental Activities column of the Government-Wide Financial Statements.

Long-Term Debt

The Town of Springfield has a very simple debt structure. There is no debt for governmental activities. The only debt for business-type activities is the revenue bonds that were originated in the current fiscal year to begin the construction of the sewer system. The bonds were issued to the United States Department of Agriculture – Rural Utility Services.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's office, Mrs. Karen Davis at 225-294-3150.

TOWN OF SPRINGFIELD STATEMENT OF NET ASSETS ALL FUND TYPES AND ACCOUNT GROUPS JUNE 30, 2004

	Governmental Type Activities		Business Type Activities	 Totals
ASSETS				
Cash and cash equivalents Taxes receivable Grants receivable Loan issue costs Property and equipment, net	\$	94,296 39,926 750 169,681	\$ 7,585 23,793 2,119,040	\$ 101,881 39,926 750 23,793 2,288,721
TOTAL ASSETS	\$	304,653	\$ 2,150,418	\$ 2,455,071
LIABILITIES AND NET ASSETS <u>Liabilities</u>				
Accounts payable Sewer revenue bonds payable	\$	13,967 -0-	\$ 1,529,000	\$ 13,967 1,529,000
Total Liabilities		13,967	1,529,000	 1,542,967
<u>Net Assets</u> Invested in capital assets, net of related debt Unrestricted		169,681 121,005	590,040 31,378	 759,721 152,383
Total Net Assets TOTAL LIABILITIES AND NET ASSETS	\$	290,686 304,653	621,418 \$ 2,150,418	 912,104 2,455,071

TOWN OF SPRINGFIELD STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2004

			Program Revenues								nse) Revenue s in Net Asse		i
Functions/Programs]	Expenses		harges for Services	C G	ram Revenu Dperating rants and ntributions	C	Capital irants and ntributions	overnmental Activities	B	usiness- Type Activities		Total
GOVERNMENTAL ACTIVITIES													
General Government Police Protection Streets Solid Waste	\$	156,921 132,329 29,661 21,612	\$	32,390	\$	14,359 9,249 - -	\$	-	\$ (142,562) (90,690) (29,661) (21,612)	\$	- - -	\$	(142,562) (90,690) (29,661) (21,612)
Total Governmental Activities		340,523		32,390		23,608		0	 (284,525)		0		(284,525)
BUSINESS-TYPE ACTIVITIES													
Sewer System				-	<u></u>	<u> </u>		621,418	 -		621,418		621,418
Total Business-Type Activities		0		0		0		621,418	 0		621,418		621,418
Total Primary Government	\$	340,523	\$	32,390	\$	23,608	\$	621,418	 (284,525)		621,418		336,893
GENERAL REVENUES Sales taxes Licenses and permits Other taxes Other general revenue						 212,520 27,345 37,092 2,996				212,520 27,345 37,092 2,996			
	Total General Revenues							 279,953		0		279,953	
		CHANGE IN NET ASSETS						(4,572)		621,418		616,846	
			ľ	NET ASSET	IS AT	BEGINNIN	1G OI	FYEAR	 295,258		-	_	295,258
			1	NET ASSET	rs at	END OF Y	EAR		\$ 290,686	\$	621,418	\$	912,104

Statement C

TOWN OF SPRINGFIELD BALANCE SHEET GOVERNMENTAL FUND - GENERAL FUND JUNE 30, 2004

ASSETS

Cash and cash equivalents Taxes receivable	\$ 94,296 39,926
Grants receivable	 750
TOTAL ASSETS	\$ 134,972

LIABILITIES AND FUND BALANCE

<u>Liabilities</u> Accounts payable	\$ 13,967
Total Liabilities	 13,967
<u>Fund Balance</u> Unreserved & Undesignated	 121,005
Total Fund Balance TOTAL LIABILITIES AND	 121,005
FUND BALANCE	\$ 134,972

Statement D

TOWN OF SPRINGFIELD STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -GOVERNMENTAL FUND TYPE - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2004

<u>REVENUES</u>

Sales taxes	\$ 212,520
Other taxes	37,092
Licenses and permits	27,345
Fines and forfeitures	32,390
Grants and contributions	23,608
Other	2,996
Total Revenues	335,951

EXPENDITURES

General government Public safety Streets	160,224 131,366 66,868
Solid waste Total Expenditures	<u>21,612</u> <u>380,070</u>
EXCESS OF REVENUES OVER EXPENDITURES	(44,119)
FUND BALANCE AT BEGINNING OF YEAR	165,124
FUND BALANCE AT END OF YEAR	\$ 121,005

TOWN OF SPRINGFIELD GOVERNMENTAL FUND TYPE - GENERAL FUND RECONCILIATION OF FUND BALANCES AND CHANGES IN FUND BALANCES TO NET ASSETS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2004

...

	Beginning Balance			et Change	Ending Balance		
Fund Balance - Governmental Fund	\$	165,124	\$	(44,119)	\$	121,005	
Capital assets not reported in Governmental fund							
Reported on Statement of Net Assets							
net of accumulated depreciation:							
Beginning Balance		130,134					
Current year depreciation not reported in							
Governmental fund, reported in Statement							
of activities				(19,757)			
Current year capital outlays expensed in							
Governmental fund, not in statement of activities				59,304			
Ending Balance						169,681	
Net Assets of Governmental Activities	\$	295,258	\$	(4,572)	\$	290,686	

TOWN OF SPRINGFIELD STATEMENT OF NET ASSETS PROPRIETARY FUND JUNE 30, 2004

Statement F

\$ 2,150,418

ASSETS

Cash and cash equivalents Loan issue costs Property and equipment, net	\$ 7,585 23,793 2,119,040
TOTAL ASSETS	<u>\$ 2,150,418</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ -
Sewer revenue bonds payable	1,529,000
Total Liabilities	1,529,000
Net Assets	
Invested in capital assets, net of	
related debt	590,040
Unrestricted	31,378
Total Net Assets	621,418

TOTAL LIABILITIES AND NET ASSETS

Statement G

TOWN OF SPRINGFIELD STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS -PROPRIETARY FUND TYPE FOR THE YEAR ENDED JUNE 30, 2004

OPERATING REVENUES

Sewer Service Charges	
Total Operating Revenues	0
OPERATING EXPENSES	
Depreciation	
Total Operating Expenses	0
NET OPERATING INCOME (LOSS)	0
CAPITAL CONTRIBUTIONS	621,418
CHANGE IN NET ASSETS	621,418
BEGINNING NET ASSETS	
ENDING NET ASSETS	\$ 621,418

Statement H

TOWN OF SPRINGFIELD STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPE FOR THE YEAR ENDED JUNE 30, 2004

Cash Flows from Capital and Related Financing Activities
--

Construction of capital assets Proceeds from capital debt Issuance costs paid for capital debt Capital contributions received	\$	(2,119,040) 1,529,000 (23,793) 621,418
Net Cash Provided by Capital and Related Financing Activities		7,585
CASH AT BEGINNING OF YEAR	_	
CASH AT END OF YEAR	\$	7,585

A. THE TOWN

The Town of Springfield (the Town) was incorporated in 1838, under a special charter. The Town operates under a Mayor-Board of Aldermen form of government. The Mayor and five Aldermen are elected to four year terms. The Town provides the following services as authorized by its charter: public safety (police), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Reporting Entity

For financial reporting purposes, in conformance with Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification), the Town of Springfield includes all funds, account groups, activities, et cetera, that are controlled by the Town's Mayor and Board of Aldermen. Control by the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election and appointment of governing body and other general oversight responsibility.

Fund Accounting

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

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

Funds of the Town are classified as governmental funds and enterprise funds. Governmental funds account for the Town's general activities. Enterprise funds account for the activities of the Town's sewer system.

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Town and accounts for the operation of the Town's office. The Town's principal source of revenue, sales taxes, is accounted for in this fund. General operating expenditures are paid from this fund. This is the only governmental fund of the Town.

Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in Statements C and D, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled on Statement E to a government-wide view of the Town's operations.

The amounts reflected in Statements C and D, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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 Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Sales taxes, licenses, franchise taxes, beer taxes, and tobacco taxes are recorded in the year in which they are collected or become collectable. Revenue from restricted grants is recorded as the funds from the grant are expended. Interest income on time deposits is recorded when earned and available. Other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred.

Revenues and Expenses of Proprietary Funds

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

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (Statement A) Statement of Activities (Statement B) display information about the Town as a whole. These statements include all the financial activities of the Town. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). 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 included in the Statement of Activities (Statement B) are derived directly from Town users as a fee for services; program revenues reduce the cost of the function to be financed from the Town's general revenues.

<u>Budget</u>

The Town prepares a budget at the beginning of each year based upon prior year expenditures and anticipated revenues for the budget year. The proposed budget is prepared on a modified accrual basis of accounting and is made available for public inspection no later than 15 days prior to the beginning of the budgeted year. The budget was formally adopted on June 18, 2003. All appropriations lapse at year end.

Formal budget integration (within the accounting system) is not employed as a management control device. During the fiscal year, actual revenues and expenditures are compared to budgeted revenues and expenditures by the Mayor and Board of Aldermen. If actual revenues are falling short of budgeted revenues by five per cent or more or if actual expenditures to date plus projected expenditures for the remainder of the year exceed the budgeted expenditures by five per cent or more, the original budget is amended by the Mayor and Board of Aldermen. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. The Mayor and Board of Aldermen are responsible for adopting and amending the budget.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time 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.

Capital Assets

Capital assets are capitalized at historical cost. 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 \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over useful lives ranging from five to forty years.

Vacation and Sick Leave

Employees of the Town earn from 5 to 15 days of vacation leave each year, depending on length of service. Vacation leave must be used in the year earned. There is no formal policy on sick leave. Sick leave is approved by the Town based on need. There are no accumulated and vested benefits relating to vacation or sick leave.

<u>Estimates</u>

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. CASH AND CASH EQUIVALENTS

At June 30, 2004, the Town had cash and cash equivalents (book balances) totaling \$101,881, as follows:

Demand deposits	\$	33,366
Money market accounts		68,515
Total	<u>\$</u>	<u>101,881</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2004, the Town had \$102,440, in deposits (collected bank balances). These deposits were totally secured from risk by federal deposit insurance.

D. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets (office furnishings and equipment) for the year ended June 30, 2004, is as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Governmental Activities:	*		0	
Land	\$ 10,000	-0-	-0-	10,000
Buildings	70,000	-0-	-0-	70,000
Office Equipment	11,483	4,548	-0-	16,031
Furniture & Fixtures	11,257	2,770	-0-	14,027
Police Vehicles	43,402	-0-	-0-	43,402
Police Equipment	33,325	12,725	-0-	46,050
Street Equipment	17,356	39,261	14,356	42,261
Total Capital Assets	196,823	59,304	14,356	241,771
Less Depreciation	66,689	<u> 19,757</u>	14,356	72,090
Net Capital Assets for				
Governmental Activities	<u>\$ 130,134</u>	<u>\$ 39,547</u>	<u>\$0</u>	<u>\$ 169,681</u>
Governmental Activity Depre Charged to:	eciation			
0		\$ 4.015		
General Government		, ,		
Police Protection		13,688		
Streets		2,054		
Total		<u>\$ 19,757</u>		

	Balance July 1, 2003	Additions	Deletions	Balance June 30, <u>2004</u>
Business-Type Activities:				
Land	\$ -0-	\$ 14,918	-0-	14,918
Construction in				
Progress		2,104,122	0	2,104,122
Total Capital Assets	-0-	2,119,039	-0-	2,119,040
Less Depreciation				
Net Capital Assets for				
Business-Type Activities	<u>\$0-</u>	<u>\$ 2,119,040</u>	<u>\$0-</u>	<u>\$2,119,040</u>

Because construction was not completed and the sewer system was not operational as of June 30, 2004, no depreciation has been record on the sewer system assets. Depreciation will begin when the system becomes operational.

E. LOUISIANA DEFERRED COMPENSATION PLAN

All of the employees of the Town of Springfield are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 25% of their salary (not to exceed \$7,500 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paycheck. The Town does not make any matching contributions. The contributions are fully vested immediately and are remitted to a third-party administrator each payday, where they are deposited to an account in the employee's name. The Town of Springfield does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator.

F. PENSION PLAN

All employees of the Town's police department are members of the Louisiana Municipal Police Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees.

All full-time police officers, employed in a municipality in the State of Louisiana, engaged in law enforcement, and empowered to make arrests are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of credited service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of credited service stated above and do not withdraw their employee contributions may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, LA 70809-2250, or by calling (225) 929-7411.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Springfield is required to contribute at an actuarially determined rate. The current rate is 15.25 percent of annual covered payroll. The contribution requirements of plan members and the Town of Springfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Springfield contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$11,858, \$6,416, and \$8,677, respectively, equal to the required contributions for each year.

G. LONG-TERM DEBT

On May 12, 2004, the Town sold \$1,529,000 of Sewer Revenue Bonds to the United States Department of Agriculture, Rural Utility Service (RUS). The bonds were issued for forty years with the first payment of interest only due on May 12, 2005. Monthly payments of principal and interest totaling \$6,737.02 commence on June 12, 2005 end on May 12, 2044. Interest accrues at a rate of 4.375% on \$500,000 of the bonds and at a rate of 4.25% on the remaining \$1,029,000 of bonds. Proceeds of the bonds are restricted to use for construction of the Town's sewer system. The bonds may be prepaid at any time without penalty. The balance of the bonds at June 30, 2004 was \$1,529,000. These sewer revenue bonds are the only outstanding long-term debt of the Town as of June 30, 2004.

The bonds are secured by and payable in principal and interest solely by a pledge the income and revenues of the sewerage system of the Town, after payment of all reasonable and necessary expenses of operating and maintaining the system. The Town has minimum sewer rates it must charge under the bond agreement.

Each month the Town will reserve into a bond and interest sinking fund a sum equal to one-twelfth of the interest and principal due on the next bond payment due date, and a proportionate sum as may be required as the bonds respectfully become due. Money in the sinking fund shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule whereby the Town can make such payments directly to its office, thus eliminating the need for the bond and interest sinking fund. There shall also be set aside into a sewer revenue bond reserve fund a sum equal to 5% of the monthly bond payment after the completion and acceptance of the system until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. This fund may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the bond and interest

sinking fund as to which there would otherwise be default. No deposits have yet been made to the reserve fund as the system was not completed as of June 30, 2004.

The Town must also make monthly deposits to a depreciation and contingency fund equal to 5% of the monthly bond payment after the completion and acceptance of the system. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. No deposits have yet been made to the contingency fund as the system was not completed as of June 30, 2004.

All the revenues received in any fiscal year and not required to be paid into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The following is a summary of the Town's long-term liability transactions for the year ended June 30,2004:

	Balance			Balance
	July 1,			June 30,
Business-Type Activities	2003	Additions	Deletions	2004
Sewer Revenue Bonds	\$ -0-	\$ 1,529,000	\$ -0-	\$ 1,529,000
Less Current Portion	-0-	-0-	-0-	
Total Long-Term Liabilities	<u>\$0-</u>	<u>\$ 1,529,000</u>	<u>\$0-</u>	<u>\$ 1,529,000</u>

The annual requirements to amortize the sewer revenue bonds as of June 30, 2004 including interest payments totaling \$1,689,531 are as follows:

Year ending June 30:

0		
2005	\$	72,345
2006		80,844
2007		80,844
2008		80,844
2009		80,844
2010-2014		404,221
2015-2019		404,221
2020-2024		404,221
2025-2029		404,221
2030-2034		404,221
2035-2039		404,221
2040-2044		<u>39</u> 7,486
Total	\$ 3	3,218,533

H. RISK MANAGEMENT

The Town carries commercial insurance for all major categories of risk including workers' compensation, general liability, and automobile liability. There have been no significant reductions in insurance coverage for the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

I. CAPITILIZED INTEREST

In connection with the financing and construction of the sewer system, the Town paid and capitalized interest totaling \$6,805 during the year ended June 30, 2004.

SUPPLEMENTAL SCHEDULES

TOWN OF SPRINGFIELD STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL ALL GOVERNMENTAL FUND TYPES - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2004

	1	Original Budget	 Final Budget		Actual	F	ariance- avorable favorable)
REVENUES							
Sales taxes	\$	220,000	\$ 220,000	\$	212,520	\$	(7,480)
Other taxes		35,000	39,000		37,092		(1,908)
Licenses and permits		34,200	27,200		27,345		145
Fines and forfeitures		33,500	33,500		32,390		(1,110)
Grants and contributions		31,100	23,100		23,608		508
Other		4,000	 2,000	<u> </u>	2,996		996
Total Revenues		357,800	 344,800		335,951		(8,849)
EXPENDITURES							
General government		161,200	156,700		160,224		(3,524)
Public safety		135,600	136,100		131,366		4,734
Streets		55,000	64,000		66,868		(2,868)
Solid waste	<u> </u>	23,000	 23,000		21,612	<u></u>	1,388
Total Expenditures		374,800	 379,800		380,070		(270)
EXCESS OF REVENUES OVER EXPENDITURE	S	(17,000)	(35,000)		(44,119)		(9,119)
FUND BALANCE AT BEGINNING OF YEAR		165,124	 165,124		165,124		
FUND BALANCE AT END OF YEAR	\$	148,124	\$ 130,124	\$	121,005	<u>\$</u>	(9,119)

See Accompanying Notes and Accountants' Compilation Report

Schedule 2

TOWN OF SPRINGFIELD SCHEDULE OF PER DIEM PAYMENTS FOR THE YEAR ENDED JUNE 30, 2004

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

	Total Salaries and Fees Received
Charlie Martin, Mayor	\$ 7,200
John Vicknair, Alderman	1,125
Marsha Sherburne, Alderman	975
Mary A. Bissel, Alderman	700
Mildred Cowsar, Alderman	1,225
Thomas Abels, Alderman	525
	<u>\$ 11,750</u>

TOWN OF SPRINGFIELD SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor, Pass-Through Grantor, Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Salaries and Fees Received
<u>United States Department of Justice</u> Local Law Enforcement Block Grants Program, Passed through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice: Law Enforcement Equipment Total United States Department of Justice	16.592	Z03-5-026	\$ 2,569 2,569
<u>United States Department of Transportation</u> Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons, Passed Through The Louisiana Highway Safety Commission; Safe and Sober FY 03-04 Total United States Department of Transportation	20.605	P3 04-17-42	2,250
<u>United States Department of Agriculture</u> Direct Programs: Water and Waste Disposal Loans and Grants Sewer System Grant Sewer System Loan Total United States Department of Agriculture	10.770 10.770	N/A N/A	598,915 1,529,000 2,127,915
Total Expenditures of Federal Awards			\$ 2,132,734

TOWN OF SPRINGFIELD SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2004

Schedule 4

Section I - Internal Control and Compliance Material to the Financial Statements

No Section I Findings

Section II - Internal Control and Compliance Material to Federal Awards

No Section II Findings

Section III - Management Letter

No Section III Findings

Schedule 5

TOWN OF SPRINGFIELD CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

No Section I Findings

Section II - Internal Control and Compliance Material to Federal Awards

No Section II Findings

Section III - Management Letter

No Section III Findings

Schedule 6

TOWN OF SPRINGFIELD SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2004

1. Type of Report Issued on the financial Statements An unqualified opinion was issued on the financial statements for the Town of Springfield.

II. Disclosure of Reportable Conditions in Internal Control.

No reportable conditions were disclosed.

<u>III.</u> Disclosure of Noncompliance Material to the Financial Statements. No instances of noncompliance material to the financial statements were disclosed.

IV. Disclosure of Reportable conditions in Internal Control over Major Programs. There were no Reportable Conditions for Major Programs of the Town of Springfield, which are required to be reported in accordance with Governmental Auditing Standards.

V. Type of Report Issued for Major Programs Unqualified

VI. Disclosure of Audit Findings Required to be Reproted under S___.510 Audit Findings. There were no audit findings required to be reported under S___.510 Audit Findings.

VII. Identification of Major Programs.

The Major Program identified for the Town of Springfield, for the fiscal year ended June 30, 2004 was the U.S. Department of Agriculture Water and Waste Disposal Loans and Grants (CFDA #10.770)

VIII. Dollar Threshold to Distinguish Between Type "A" and Type "B" Programs. Expenditures of \$300,000

1X. Statements as to whether the Auditee Qualified as Low-Risk Auditee under S____530. No. The Town of Springfield did not qualify as a low-risk auditee.

X. Findings which Must be Reported In Accordance with GAGAS. There were no findings disclosed which must be reported in accordance with GAGAS.

DEAN AND DEAN

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CERTIFIED PUBLIC ACCOUNTANTS

Donald A. Dean, CPA David P. Dean, CPA

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

December 10, 2004

Mayor and Board of Aldermen Town of Springfield, Louisiana

We have audited the accompanying component unit financial statements of the Town of Springfield as of and for the year ended June 30, 2004, and have issued our report thereon dated December 10, 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 <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's 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. Except as discussed in the Schedule of Findings and Questioned Costs, the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Springfield'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 over financial reporting that might be material weaknesses.

Mayor and Board of Aldermen December 10, 2004

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 Town's Mayor and Board of Aldermen, management, and the Louisiana Legislative Auditor and is not intended to be and should not be use by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Dean and Dean, CPAs

DEAN AND DEAN

CERTIFIED PUBLIC ACCOUNTANTS

11909 Bricksome Ave., ste. W-1 Baton Rouge, LA 70816 Telephone: (225) 292-7554 Fax: (225) 292-7525 Donald A. Dean, CPA David P. Dean, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 10, 2004

Mayor and Board of Aldermen Town of Springfield, Louisiana

Compliance

We have audited the compliance of the Town of Springfield, Louisiana with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The Town of Springfield, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Springfield, Louisiana's management. Our responsibility is to express an opinion on the Town of Springfield, Louisiana'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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular 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 of Springfield, Louisiana'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 on the Town of Springfield, Louisiana's compliance with those requirements.

In our opinion, the Town of Springfield, Louisiana, complied, in all material respects, with the requirements refered to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Town of Springfield, Louisiana 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

Mayor and Board of Aldermen December 10, 2004

considered the Town of Springfield, Louisiana'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 the internal control over compliance in accordance with OMB Circular A-133.

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 condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that noncompliance with applicable requirements of laws, regulations, contracts and grants 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 vompliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Town's Mayor and Board of Aldermen, management, federal awarding agencies and pass-through entities and the Louisiana Legislative Auditor and is not intended to be and should not be use by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Dean and Dean, CPAs