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VILLAGE OF TURKEY CREEK, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2004

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

Release Date 1-26-05

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1-2
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements (GWFS)	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements (FFS)	
<u>Fund Descriptions</u>	5
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Comparative Statement of Net Assets - Proprietary Fund	10
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	11
Comparative Statement of Cash Flows - Proprietary Fund	12-13
Notes to Basic Financial Statements	14-29
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
General Fund	
Budgetary Comparison Schedule	30
Budgetary Comparison Schedule - Revenues	31
Budgetary Comparison Schedule - Expenditures	32
1996 Sales Tax Special Revenue Fund - Budgetary Comparison Schedule	33
<u>RELATED REPORTS</u>	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	34-35
Schedule of Findings and Questioned Costs	36
Schedule of Prior Year Findings	37
<u>OTHER SUPPLEMENTARY SCHEDULES</u>	
Schedule of Number of Utility Customers (Unaudited)	38
Schedule of Insurance in Force (Unaudited)	39

Russell J. Stelly, CPA
Chizaf S. Fontenot, CPA
James L. Nicholson, Jr., CPA
G. Kenneth Pavy, II, CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA



JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
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1998
Joel Lanclos, Jr., CPA
2003

Dana D. Quebedeaux, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Aldermen
of the Village of Turkey Creek
Turkey Creek, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Turkey Creek, Louisiana as of and for the year ended June 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Village of Turkey Creek as of June 30, 2003, were audited by other auditors whose report dated September 25, 2003, expressed an unqualified opinion on those statements.

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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 Village of Turkey Creek, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, there of for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note (2) to the financial statements, the Village has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of June 30, 2004.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2004, on our consideration of the Village of Turkey Creek'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.

The Honorable Mayor and Aldermen
of the Village of Turkey Creek
Page 2

The Village of Turkey Creek has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Turkey Creek's basic financial statements for the year ended June 30, 2004. The other schedules for the year ended June 30, 2004 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Village of Turkey Creek, Louisiana. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements for the year ended June 30, 2004 and, accordingly, we express no opinion on them.

John S. Dowling & Company
Opelousas, Louisiana
December 22, 2004

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets			
Cash and interest-bearing deposits	\$84,196	\$33,068	\$117,264
Receivables, net	<u>7,813</u>	<u>39,719</u>	<u>47,532</u>
<u>Total current assets</u>	<u>92,009</u>	<u>72,787</u>	<u>164,796</u>
Noncurrent assets			
Restricted assets			
Interest-bearing deposits		30,315	30,315
Capital assets, net	<u>215,460</u>	<u>1,526,524</u>	<u>1,741,984</u>
<u>Total noncurrent assets</u>	<u>215,460</u>	<u>1,556,839</u>	<u>1,772,299</u>
<u>Total assets</u>	<u>307,469</u>	<u>1,629,626</u>	<u>1,937,095</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts and other payables	11,199	24,310	35,509
Certificates of indebtedness payable		80,000	80,000
Accrued interest		<u>4,589</u>	<u>4,589</u>
<u>Total current liabilities</u>	<u>11,199</u>	<u>108,899</u>	<u>120,098</u>
Noncurrent liabilities			
Certificates of indebtedness payable		<u>105,000</u>	<u>105,000</u>
<u>Total liabilities</u>	<u>11,199</u>	<u>213,899</u>	<u>225,098</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	215,460	1,367,250	1,582,710
Unrestricted	<u>80,810</u>	<u>48,477</u>	<u>129,287</u>
<u>Total net assets</u>	<u>296,270</u>	<u>1,415,727</u>	<u>1,711,997</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONSGENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

1996 Sales Tax Fund

To account for the receipt and use of proceeds of the Village's 2% sales and use tax. These taxes are dedicated for the purpose of acquiring, construction, improving, maintaining and operating a community center for the Village and improving and maintaining public streets and drainage works in the Village, with the proceeds of the tax to be subject to funding into bonds.

ENTERPRISE FUNDUtility Fund

To account for the provision of water and sewerage services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	1996 Sales Tax Special Revenue	<u>Totals</u> (Memorandum Only)	
			<u>2004</u>	<u>2003</u>
<u>ASSETS</u>				
Cash and interest-bearing deposits	\$30,832	\$53,364	\$84,196	\$71,074
Receivables				
Taxes	46	4,613	4,659	2,735
Other	<u>3,154</u>	<u> </u>	<u>3,154</u>	<u>708</u>
<u>Total assets</u>	<u>34,032</u>	<u>57,977</u>	<u>92,009</u>	<u>74,517</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$1,223	\$8,729	\$9,952	
Accrued liabilities	<u>1,247</u>	<u> </u>	<u>1,247</u>	<u>\$949</u>
<u>Total liabilities</u>	<u>2,470</u>	<u>8,729</u>	<u>11,199</u>	<u>949</u>
Fund balances				
Unreserved, undesignated	<u>31,562</u>	<u>49,248</u>	<u>80,810</u>	<u>73,568</u>
<u>Total liabilities and fund balances</u>	<u>34,032</u>	<u>57,977</u>	<u>92,009</u>	<u>74,517</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total fund balances for governmental funds at June 30, 2004	\$80,810
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Total net assets reported for governmental activities
in the Statement of Net Assets is different because:

Capital assets used in governmental activities are
not financial resources and, therefore, are not
reported in the funds. Those assets consist of:

Buildings and improvements, net of \$3,824 accumulated depreciation	\$11,731	
Infrastructure, net of \$19,683 accumulated depreciation	142,740	
Equipment and vehicles net of \$6,815 accumulated depreciation	21,752	
Improvements other than buildings, net of \$2,455 accumulated depreciation	39,237	<u>215,460</u>
 Total net assets of governmental activities at June 30, 2004		 <u>296,270</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	General	1996 Sales Tax Special Revenue	Totals (Memorandum Only)	
			2004	2003
<u>Revenues</u>				
Taxes	\$22,647	\$38,080	\$60,727	\$53,581
License and permits	9,908		9,908	7,476
Intergovernmental	12,728		12,728	14,187
Fines and forfeits	49,890		49,890	32,423
Miscellaneous	4,555		4,555	4,521
Total revenues	<u>99,728</u>	<u>38,080</u>	<u>137,808</u>	<u>112,188</u>
<u>Expenditures</u>				
Current				
General government	33,351		33,351	20,677
Public safety				
Police	48,219		48,219	24,993
Parks and recreation	7,413		7,413	11,912
Capital outlay	11,480	41,196	52,676	19,838
Total expenditures	<u>100,463</u>	<u>41,196</u>	<u>141,659</u>	<u>77,420</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER EXPENDITURES</u>	(735)	(3,116)	(3,851)	34,768
Other financing sources				
Transfers in	11,093		11,093	10,762
Net changes in fund balances	10,358	(3,116)	7,242	45,530
<u>FUND BALANCES, beginning of year</u>	<u>21,204</u>	<u>52,364</u>	<u>73,568</u>	<u>28,038</u>
<u>FUND BALANCES, end of year</u>	<u>31,562</u>	<u>49,248</u>	<u>80,810</u>	<u>73,568</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Total net changes in fund balances at June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$7,242
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The change in net assets reported for governmental activities in the Statement of Activities is different because:

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 and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$52,676
Depreciation expense for the year ended June 30, 2004	(12,926) <u>39,750</u>

Total changes in net assets at June 30, 2004 per Statement of Activities	<u>46,992</u>
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The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
COMPARATIVE STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2004 AND 2003

	<u>Utility Enterprise Fund</u>	
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Current assets		
Cash and interest-bearing deposits	\$33,068	\$31,505
Accounts receivable	39,719	38,344
Other assets		2,867
<u>Total current assets</u>	<u>72,787</u>	<u>72,716</u>
Noncurrent assets		
Restricted assets		
Interest-bearing deposits	30,315	37,792
Capital assets, net of accumulated depreciation	1,526,524	1,604,262
<u>Total noncurrent assets</u>	<u>1,556,839</u>	<u>1,642,054</u>
<u>Total assets</u>	<u>1,629,626</u>	<u>1,714,770</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	17,814	25,840
Accrued liabilities	6,496	5,343
Payable from restricted assets		
Certificates of indebtedness	80,000	75,000
Accrued interest	4,589	8,328
<u>Total current liabilities</u>	<u>108,899</u>	<u>114,511</u>
Noncurrent liabilities		
Certificates of indebtedness	105,000	185,000
<u>Total liabilities</u>	<u>213,899</u>	<u>299,511</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,367,250	1,373,726
Unrestricted	48,477	41,533
<u>Total net assets</u>	<u>1,415,727</u>	<u>1,415,259</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>Utility Enterprise Fund</u>	
	<u>2004</u>	<u>2003</u>
Operating revenues		
Charges for services		
Customer service charges	\$318,403	\$304,331
Connection fees	4,550	2,050
Installations	8,700	9,750
Penalties	4,924	8,460
Memberships	5,800	6,750
Miscellaneous	<u>15,401</u>	<u>6,667</u>
Total operating revenues	<u>357,778</u>	<u>338,008</u>
Operating expenses		
Advertising	2,089	1,690
Depreciation expense	77,122	77,954
Dues	691	505
Fees and permits	5,109	5,137
Gas and oil	2,473	5,653
Insurance	9,842	22,109
Miscellaneous	225	295
Office expense	9,633	10,227
Outside services	356	49
Payroll taxes	3,486	2,438
Professional fees	12,350	13,350
Repairs and maintenance	35,801	35,474
Retirement expense	8,484	6,096
Salaries	108,115	93,642
Supplies and parts	19,047	12,907
Telephone	4,568	5,316
Travel	304	64
Utilities	<u>35,204</u>	<u>37,302</u>
Total operating expenses	<u>334,899</u>	<u>330,208</u>
Operating income	<u>22,879</u>	<u>7,800</u>
Nonoperating revenues (expenses)		
Interest income	359	830
Interest expense	(11,060)	(19,125)
Loss on disposal of assets	(617)	
Total nonoperating revenues (expenses)	<u>(11,318)</u>	<u>(18,295)</u>
Income (loss) before transfers	11,561	(10,495)
Transfers out		
Transfer to General Fund	<u>(11,093)</u>	<u>(10,762)</u>
Change in net assets	468	(21,257)
Net assets, beginning of year	<u>1,415,259</u>	<u>1,436,516</u>
Net assets, end of year	<u>1,415,727</u>	<u>1,415,259</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>Utility Enterprise Fund</u>	
	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Receipts from customers	\$345,021	\$332,566
Payments to suppliers	(157,687)	(143,597)
Payments to employees	(108,115)	(93,642)
Other receipts	15,401	5,467
<u>Net cash provided by operating activities</u>	<u>94,620</u>	<u>100,794</u>
Cash flows from noncapital financing activities		
Operating transfers to other funds	(11,093)	(10,762)
Cash flows from capital and related financing activities		
Acquisition of property, plant and equipment		(2,100)
Principal paid on revenue bonds	(75,000)	(70,000)
Interest and fiscal charges paid on revenue bonds	(14,800)	(19,125)
<u>Net cash used by capital and related financing activities</u>	<u>(89,800)</u>	<u>(91,225)</u>
Cash flows from investing activities		
Interest on investments	<u>359</u>	<u>830</u>
Net decrease in cash and cash equivalents	(5,914)	(363)
Cash and cash equivalents, beginning of period	<u>69,297</u>	<u>69,660</u>
Cash and cash equivalents, end of period	<u>63,383</u>	<u>69,297</u>

Continued on next page.

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>Utility Enterprise Fund</u>	
	<u>2004</u>	<u>2003</u>
Reconciliation of operating income to net cash used by operating activities		
Operating income	\$22,879	\$7,800
Adjustments to reconcile operating income to net cash used by operating activities		
Depreciation	77,122	77,954
Changes in current assets and liabilities		
(Increase) decrease in accounts receivable	(1,375)	2,818
Decrease in other assets	2,867	
Increase (decrease) in accounts payable	(8,026)	12,580
Increase (decrease) in accrued liabilities	<u>1,153</u>	<u>(358)</u>
<u>Net cash provided by operating activities</u>	<u>94,620</u>	<u>100,794</u>
Reconciliation of cash and cash equivalents per Statement of Cash Flows to the Balance Sheet		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$1,567	\$9,523
Interest-bearing deposits - unrestricted	29,938	29,406
Interest-bearing deposits - restricted	<u>37,792</u>	<u>30,731</u>
<u>Total cash and cash equivalents</u>	<u>69,297</u>	<u>69,660</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	2,923	1,567
Interest-bearing deposits - unrestricted	30,145	29,938
Interest-bearing deposits - restricted	<u>30,315</u>	<u>37,792</u>
<u>Total cash and cash equivalents</u>	<u>63,383</u>	<u>69,297</u>
<u>Net decrease</u>	<u>(5,914)</u>	<u>(363)</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Village of Turkey Creek (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended June 30, 2004, the Village implemented the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments. As a result, an entirely new financial presentation format has been implemented.

A. Financial Reporting Entity

The Village of Turkey Creek was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Aldermen form of government.

This report includes all funds that are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

B. Basis of Presentation

Government-wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All funds of the Village are considered to be major funds and are described below:

Governmental Funds -

General Fund

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

Special Revenue Funds

1996 Sales Tax Fund -

The 1996 Sales Tax Fund is used to account for the proceeds of a two percent sales and use tax that is legally restricted to expenditures for specific purposes.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village of Turkey Creek's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus/Basis of Accounting - Continued

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Allocation of Indirect Expenses

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity

Cash and Interest-bearing Deposits

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" are defined as cash and highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of change in interest rates.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes, sales and use taxes, franchise taxes, and beer taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for ad valorem taxes and customer's utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at June 30, 2004. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at June 30, 2004.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity - Continued

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Equipment and vehicles	5-10 years
Utility system and improvements	10-50 years
Infrastructure	20-40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of certificates of indebtedness payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Equity - Continued

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Although sick leave accumulates and is available for employees when needed, it does not vest, nor is it payable at termination of employment. Vacation must be taken in the year accrued and cannot be carried over. The amount of compensated absences payable at June 30, 2004 is immaterial, and therefore, not included in the financial statements.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Revenues, Expenditures, and Expenses - Continued

Expenditures/Expenses

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

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

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

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

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. Transfers were made using unrestricted revenues collected in the enterprise fund to finance general fund expenditures.

F. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue source includes:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 4

The Village uses unrestricted resources only when restricted resources are fully depleted.

G. Budget and Budgetary Accounting

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

1. Prior to June 15, the Village Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the period commencing the following July 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Budget and Budgetary Accounting - Continued

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

The general fund budget for the year ended June 30, 2004 was not amended when actual expenditures exceeded budgeted expenditures by more than five percent. The special revenue budget for the year ended June 30, 2004 was not amended when budgeted revenues exceeded actual revenues by more than five percent.

H. Use of Estimates

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

2. CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2004, the Village has implemented GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Village's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Village also implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, No. 37, Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. At June 30, 2003, there was no effect on fund balance as a result of implementation of GASB Statement No. 33.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

2. CHANGES IN ACCOUNTING PRINCIPLES - Continued

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of "net assets" as follows:

Total fund balances - Governmental Funds - at June 30, 2003	\$ 73,568
Add: Cost of capital assets at June 30, 2003	\$ 195,561
Less: Accumulated depreciation at June 30, 2003	<u>(19,851)</u> <u>175,710</u>
Net assets at June 30, 2003	<u>\$ 249,278</u>

3. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the Evangeline Parish Tax Assessor. Village property tax revenues are budgeted in the year billed.

For the year ended June 30, 2004, taxes of 6.46 mills were levied on property with assessed valuations totaling \$1,053,750 and were dedicated for general corporate purposes. Total taxes levied were \$6,807. Taxes receivable at June 30, 2004, were \$46.

4. SALES AND USE TAX

Proceeds of a 2 percent sales and use tax (accounted for in the 1996 Sales Tax Fund - a special revenue fund) levied by the Village of Turkey Creek (2004 collections \$38,080; 2003 collections \$45,187) are dedicated for the purpose of acquiring, constructing, improving, maintaining and operating a community center for the Village and improving and maintaining public streets and drainage works in the Village.

5. CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the Village had cash and interest-bearing deposits (book balances) totaling \$147,579 as follows:

Demand deposits	\$ 87,119
Interest-bearing deposits	<u>60,460</u>
Total	<u>\$147,579</u>

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

5. CASH AND INTEREST-BEARING DEPOSITS - Continued

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at June 30, 2004, in the amount of \$150,370, were secured from risk in total by federal deposit insurance.

6. RECEIVABLES

Receivables at June 30, 2004 of \$47,532 consist of the following:

	<u>General</u>	<u>1996 Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$39,719	\$39,719
Taxes:				
Ad valorem	46	-	-	46
Sales tax	-	4,613	-	4,613
Franchise tax	2,964	-	-	2,964
Beer tax	190	-	-	190
Totals	<u>\$3,200</u>	<u>\$ 4,613</u>	<u>\$39,719</u>	<u>\$47,532</u>

7. RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets of \$30,315 consisted of the following at June 30, 2004:

Sinking Funds:

1995 Certificates of Indebtedness	\$16,379
1997 Certificates of Indebtedness	<u>13,936</u>
	<u>\$30,315</u>

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Balance</u> <u>07/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/04</u>
Governmental activities:				
Buildings and improvements	\$ 15,555	\$ -	\$ -	\$ 15,555
Infrastructure	129,956	32,467	-	162,423
Improvements other than buildings	30,212	11,480	-	41,692
Equipment and vehicles	19,838	8,729	-	28,567
Totals	<u>195,561</u>	<u>52,676</u>	<u>-</u>	<u>248,237</u>
Less accumulated depreciation				
Buildings and improvements	3,046	778	-	3,824
Infrastructure	15,081	6,768	-	21,849
Improvements other than buildings	1,043	1,412	-	2,455
Equipment and vehicles	681	3,968	-	4,649
Total accumulated depreciation	<u>19,851</u>	<u>12,926</u>	<u>-</u>	<u>32,777</u>
Governmental activities, capital assets, net	<u>\$ 175,710</u>	<u>\$ 39,750</u>	<u>\$ -</u>	<u>\$ 215,460</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 14,400	\$ -	\$ -	\$ 14,400
Other capital assets:				
Buildings and improvements	30,941	-	3,501	27,440
Systems and extensions	2,192,211	-	30,640	2,161,571
Furniture and fixtures	14,633	-	8,821	5,812
Equipment and vehicles	274,892	-	111,861	163,031
Totals	<u>2,527,077</u>	<u>-</u>	<u>154,823</u>	<u>2,372,254</u>
Less accumulated depreciation				
Buildings and improvements	18,103	775	3,501	15,377
Systems and extensions	676,165	56,309	30,640	701,834
Furniture and fixtures	14,175	249	8,821	5,603
Equipment and vehicles	214,372	19,789	111,245	122,916
Total accumulated depreciation	<u>922,815</u>	<u>77,122</u>	<u>154,207</u>	<u>845,730</u>
Business-type activities, capital assets, net	<u>\$ 1,604,262</u>	<u>\$ (77,122)</u>	<u>\$ 616</u>	<u>\$ 1,526,524</u>

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

8. CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental activities as follows:

General government	\$ 778
Police	3,968
Streets	6,768
Park and recreation	<u>1,412</u>
Total depreciation expense	<u>\$ 12,926</u>

9. ACCOUNTS AND OTHER PAYABLES

The accounts and other payables consisted of the following at June 30, 2004:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Accounts	\$ 9,952	\$ 17,814	\$ 27,766
Payroll withholdings	<u>1,247</u>	<u>6,496</u>	<u>7,743</u>
Totals	<u>\$ 11,199</u>	<u>\$ 24,310</u>	<u>\$ 35,509</u>

10. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2004:

	<u>Certificates</u> <u>of</u> <u>Indebtedness</u>
Long-term debt, July 1, 2003	\$ 260,000
Additions	-
Deletions	<u>(75,000)</u>
Long-term debt, June 30, 2004	<u>\$ 185,000</u>

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

10. CHANGES IN LONG-TERM DEBT - Continued

Bonds payable at June 30, 2004 are comprised of the following individual issues:

\$360,000 Certificates of Indebtedness, Series 1995 dated February 1, 1995, due in annual installments of \$50,000 through February 1, 2005; interest at 6.5%, secured from excess annual revenues.	\$ 50,000
\$290,000 Certificates of Indebtedness, Series 1997 dated August 1, 1997, due in annual installments of \$30,000 - \$35,000 through August 1, 2007; interest at 5.75%, secured from excess annual revenues.	<u>135,000</u>
	<u>\$ 185,000</u>

The bonds are due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u> <u>payments</u>	<u>Interest</u> <u>payments</u>
2005	\$ 80,000	\$ 10,150
2006	35,000	5,031
2007	35,000	3,019
2008	<u>35,000</u>	<u>1,006</u>
	<u>\$ 185,000</u>	<u>\$ 19,206</u>

11. EMPLOYEE RETIREMENT

Substantially all employees are members of Municipal Employees' Retirement System of Louisiana and the Social Security System.

Pertinent information relative to each plan follows:

A. Municipal Employees' Retirement System of Louisiana (System)

Eligible employees of the Village participate in the Municipal Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

11. EMPLOYEE RETIREMENT - Continued

A. Municipal Employees' Retirement System of Louisiana (System) - Continued

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average monthly salary for each year of creditable service. 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 creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding policy - Under Plan A, members are required by the state to contribute 9.25% of their annual covered salary and the Village is required to contribute at an actuarially determined rate. The current rate is 11.0%. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Village are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village's contributions to the System for the years ending June 30, 2004, 2003 and 2002 were \$9,344, \$6,915, and \$6,212, respectively, equal to the required contributions for the year.

B. Federal Social Security System

All employees of the Village of Turkey Creek participate in the Social Security System. For the years ended June 30, 2004 and 2003, the Village and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Village, 7.65% by the employee). The Village's contribution during the years ended June 30, 2004 and 2003 amounted to \$6,476 and \$4,438, respectively.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

12. COMPENSATION OF VILLAGE OFFICIALS

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2004 follows:

Blain J. Janet, Mayor	\$ 4,800
Aldermen:	
W.L. Chapelle	2,400
Bert Keith Campbell	2,400
Billy O'Neal King, Jr.	<u>2,400</u>
	<u>\$12,000</u>

13. RISK MANAGEMENT

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004
WITH ACTUAL BALANCES FOR THE YEAR ENDED JUNE 30, 2003

	2004			Variance With Final Budget Positive (Negative)	2003
	Budget		Actual		
	Original	Final			
Revenues					
Taxes	\$18,500	\$18,500	\$22,647	\$4,147	\$20,504
Licenses and permits	10,000	10,000	9,908	(92)	7,476
Intergovernmental	1,000	1,000	12,728	11,728	2,077
Fines and forfeits	30,400	30,400	49,890	19,490	32,422
Miscellaneous	3,300	3,300	4,555	1,255	4,522
<u>Total revenues</u>	<u>63,200</u>	<u>63,200</u>	<u>99,728</u>	<u>36,528</u>	<u>67,001</u>
Expenditures					
Current					
General government	25,475	25,475	33,351	(7,876)	20,677
Public safety					
Police	21,925	21,925	48,219	(26,294)	24,993
Parks and recreation	9,300	9,300	7,413	1,887	11,912
Capital outlay			11,480	(11,480)	19,838
<u>Total expenditures</u>	<u>56,700</u>	<u>56,700</u>	<u>100,463</u>	<u>(43,763)</u>	<u>77,420</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER EXPENDITURES</u>	6,500	6,500	(735)	(7,235)	(10,419)
Other financing sources					
Transfer from Utility Fund			11,093	11,093	10,762
Net changes in fund balance	6,500	6,500	10,358	3,858	343
Fund balance, beginning of year	21,204	21,204	21,204		20,861
Fund balance, end of year	<u>27,704</u>	<u>27,704</u>	<u>31,562</u>	<u>3,858</u>	<u>21,204</u>

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - REVENUES
FOR THE YEAR ENDED JUNE 30, 2004
WITH ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	2004			Variance With Final Budget Positive (Negative)	2003
	Budget		Actual		
	Original	Final			
Taxes					
Ad valorem	\$8,400	\$8,400	\$6,719	\$(1,681)	\$6,317
Franchise fees	10,100	10,100	15,928	5,828	14,187
<u>Total taxes</u>	<u>18,500</u>	<u>18,500</u>	<u>22,647</u>	<u>4,147</u>	<u>20,504</u>
Occupational licenses	10,000	10,000	9,908	(92)	7,476
Intergovernmental					
State of Louisiana					
State grants			11,622	11,622	
Beer taxes	1,000	1,000	1,106	106	2,077
<u>Total</u>					
<u>intergovernmental</u>	<u>1,000</u>	<u>1,000</u>	<u>12,728</u>	<u>11,728</u>	<u>2,077</u>
Fines and forfeits	30,400	30,400	49,890	19,490	32,422
Miscellaneous					
Rent income	1,500	1,500	1,590	90	1,355
Other sources	1,800	1,800	2,965	1,165	3,167
<u>Total miscellaneous</u>	<u>3,300</u>	<u>3,300</u>	<u>4,555</u>	<u>1,255</u>	<u>4,522</u>
<u>Total revenues</u>	<u>63,200</u>	<u>63,200</u>	<u>99,728</u>	<u>36,528</u>	<u>67,001</u>

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004
WITH ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	2004			Variance With Final Budget Positive (Negative)	2003
	Budget		Actual		
	Original	Final			
Current					
General government					
Salaries	\$12,750	\$12,750	\$12,642	\$108	\$12,642
Payroll taxes	950	950	1,136	(186)	480
Retirement	885	885	860	25	819
Insurance	3,750	3,750	10,712	(6,962)	
Fuel and oil					151
Repairs and maintenance	2,800	2,800	3,288	(488)	2,751
Office expenditures	1,840	1,840	2,259	(419)	1,840
Janitorial	700	700	200	500	530
Christmas parade expense	1,800	1,800	2,233	(433)	1,464
Miscellaneous			21	(21)	
<u>Total general government</u>	<u>25,475</u>	<u>25,475</u>	<u>33,351</u>	<u>(7,876)</u>	<u>20,677</u>
Public safety					
Police					
Salaries	15,600	15,600	28,017	(12,417)	17,000
Payroll taxes	1,000	1,000	1,854	(854)	1,520
Insurance			3,074	(3,074)	1,279
Fuel and supplies	3,500	3,500	12,084	(8,584)	3,395
Fees and permits	1,825	1,825	3,190	(1,365)	1,799
<u>Total police</u>	<u>21,925</u>	<u>21,925</u>	<u>48,219</u>	<u>(26,294)</u>	<u>24,993</u>
Parks and recreation					
Salaries	4,800	4,800	4,800		4,800
Repairs and supplies	4,500	4,500	2,613	1,887	7,112
<u>Total parks and recreation</u>	<u>9,300</u>	<u>9,300</u>	<u>7,413</u>	<u>1,887</u>	<u>11,912</u>
Capital outlay					
Parks and recreation					
Park improvements			11,480	(11,480)	
Public safety					
Automobile					19,838
<u>Total capital outlay</u>	<u>-0-</u>	<u>-0-</u>	<u>11,480</u>	<u>(11,480)</u>	<u>19,838</u>
<u>Total expenditures</u>	<u>56,700</u>	<u>56,700</u>	<u>100,463</u>	<u>(43,763)</u>	<u>77,420</u>

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
1996 SALES TAX SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004
WITH ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	2004			Variance With Final Budget Positive (Negative)	2003
	Budget		Actual		
	Original	Final			
Revenues					
Sales taxes	\$47,000	\$47,000	\$38,080	\$(8,920)	\$45,187
Expenditures					
Capital outlay					
Street repairs and overlay	50,055	50,055	41,196	8,859	_____
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER EXPENDITURES</u>	(3,055)	(3,055)	(3,116)	(61)	45,187
Fund balance, beginning of year	52,364	52,364	52,364	_____	7,177
Fund balance, end of year	49,309	49,309	49,248	(61)	52,364

RELATED REPORTS

Russell J. Stelly, CPA
 Chizal S. Fontenot, CPA
 James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA

Dana D. Quebedeaux, CPA



JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
 1904-1984

Retired

Harold Dupre, CPA
 1996
 John Newton Stout, CPA
 1998
 Dwight Ledoux, CPA
 1998
 Joel Lanclos, Jr., CPA
 2003

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

The Honorable Mayor and Aldermen
 of the Village of Turkey Creek
 Turkey Creek, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Turkey Creek, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Village of Turkey Creek's basic financial statements and have issued our report thereon dated December 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Turkey Creek's, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 2004-1.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village of Turkey Creek's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Turkey Creek, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 2004-2.

The Honorable Mayor and Aldermen
of the Village of Turkey Creek
Page 2

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 basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information and use of the Village of Turkey Creek, Louisiana, its Board of Aldermen, the appropriate regulatory or Legislative Body and is not intended to be and should not be used by anyone other than these specified parties.

John S. Dowling & Company

Opelousas, Louisiana
December 22, 2004

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Village of Turkey Creek, Louisiana.
2. Reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. One instance of noncompliance material to the financial statements of the Village of Turkey Creek, Louisiana was disclosed during the audit.

B. 2004 FINDINGS - FINANCIAL STATEMENT AUDIT

2004-1 Budgets Not Properly Amended

Condition: Total actual expenditures exceeded total budgeted expenditures by \$43,763 in the General Fund, which caused the percentage variance to be 78 percent. Total budgeted revenues exceed actual revenues by \$8,920 in the Special Revenue Fund, which caused the percentage variance to be 19 percent.

Criteria: Louisiana Revised Statute 39:1310 states that the budget must be properly amended when budgeted revenues exceed revenues by more than 5 percent or total expenditures exceed budgeted expenditures by more than 5 percent.

Cause: The budgets were not properly amended to account for the decrease in revenues or increase in expenditures.

Effect: Budget was not properly amended.

Recommendation: The Village of Turkey Creek should properly amend its budget to account for the decrease in revenues or increase in expenditures.

2004-2 Segregation of Duties

Condition: Due to the small number of employees, the Village did not have adequate segregation of functions within the accounting system.

Criteria: Accounting duties should be segregated among employees.

Cause: There is a small number of employees at the Village performing the daily operating activities.

Effect: Accounting functions are not segregated.

Recommendation: Due to the nature of the transactions and the size of the entity, accounting functions cannot be segregated.

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2004

SECTION 1 - Internal Control and Compliance Material to the Financial Statements

Compliance

None

Internal Control

2003-1 Segregation of Duties

Unresolved

SECTION II - Management Letter

None

OTHER SUPPLEMENTARY SCHEDULES

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
ENTERPRISE FUND
UTILITY FUND
SCHEDULE OF NUMBER OF UTILITY CUSTOMERS
(UNAUDITED)
JUNE 30, 2004 AND 2003

Records maintained by the Village indicated the following number of customers were being serviced during the month of June, 2004 and 2003:

<u>Department</u>	<u>2004</u>	<u>2003</u>
Water (metered)	1,586	1,551
Sewer	135	134

VILLAGE OF TURKEY CREEK
TURKEY CREEK, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
(UNAUDITED)
JUNE 30, 2004

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation Employer's liability	Statutory
Commercial property	\$89,500
Automobile coverage Auto liability	500,000
Physical damage coverage	24,815
General liability	500,000
Law enforcement liability	500,000
Errors and omissions liability	500,000
Fidelity bond	80,000