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**VILLAGE OF CHOUDRANT
CHOUDRANT, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE TWO YEARS 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 2-16-05

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VILLAGE OF CHOUDRANT
CHOUDRANT, LOUISIANA
JUNE 30, 2004**

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CHOUDRANT, LOUISIANA
JUNE 30, 2004

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Village of Choudrant

PO Box 288 ❖ Choudrant, Louisiana 71227 ❖ 318-768-4111

VILLAGE OF CHOUDRANT MANAGEMENTS DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED JUNE 30, 2004

Our discussion of and analysis of The Village of Choudrant (the “Village”) financial performance provides an overview of the Village’s financial activity for the period ended June 30, 2004. It should be read in conjunction with the financial statements.

Financial Highlights

The Village of Choudrant is extremely proud of the financial condition and the operational cost under which it operates. Currently, we are experiencing a 9% annual growth which is resulting in a more efficient operation. With the annexation of the Squire Creek Golf Course and Development and the passage of a 1.25% sales tax, the financial future of our community is bright. Current development, both commercial and residential, can be both directly and indirectly attributed to the Squire Creek Development. Planned for the upcoming year for Choudrant is a new north service road to be funded with Federal Funds with a \$1,000,000 appropriation announced in November 2004.

Using this Report

This report consists of a series of financial statements. The statement of Net Assets and the Statement of Activities provide information about the Village as a whole.

Statement of Net Assets

Table 1 shows all of the assets and liabilities of the Village and is presented on the accrual basis. The total net assets are approximately \$5,282,467 with total assets of \$5,615,272 and total liabilities of \$332,805.

Table 1
Net Assets

June 30, 2004.

Current Assets	300,804
Net Capital & Other assets	<u>5,314,469</u>
Total Assets	5,615,272
Current liabilities	<u>332,805</u>
Total Net Assets	5,282,467

Statement of Activities

Table 2 shows all of the expenses and revenues of the Village and is also presented on the accrual basis.

Table 2
Changes in Net Assets

	June 30, 2004
Program Revenues:	
Charges for Service	\$ 202,513.00
Operating Grants & Contributions	41,938.00
Capital Grants & Contributions	<u>24,090.00</u>
Total Program Revenues	268,541.00
Program Expenses	<u>636,954.00</u>
Total	(368,411.00)
General Revenues	133,725.00
Intergovernmental Transfer	
Of Assets	<u>6522.00</u>
Change in Assets	<u>\$(228,164.00)</u>

Balance Sheet

The statement shows the assets, liabilities and reserves for the Village accounts.

Statement of Revenues, Expenditures and Changes in Fund Balance

The statement shows the revenue and expenditures for the Village.

Description of Current and Expected Conditions

The Village officials anticipate continued growth and prosperity.

Contacting the Agency's Financial Management

This report is designed to provide an overview of the Village's finances. Additional information is available at the Village's administrative offices located at 2926 Highway 80, Choudrant, LA 71227.

RADIAN L. HENNIGAN

Certified Public Accountant
1503 Goodwin Road, Suite 1
Ruston, Louisiana 71270
(318) 255-9305
Fax (318) 255-7397

INDEPENDENT AUDITOR'S REPORT

Council Members
Village of Choudrant
Choudrant, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component's units, each *major fund*, and the *aggregate remaining fund information* of Village of Choudrant as of and for the two years ended June 30, 2004, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Choudrant management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2004 on our consideration of the Village of Choudrant internal control over financial reporting and on 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 management's discussion and analysis, combining balance sheet-nonmajor governmental funds, combining statement of revenues, expenses and changes in fund balances – nonmajor governmental funds, and budgetary comparison nonmajor funds, and schedule of compensation paid board members information on pages 1 through 2 and 33 through 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Choudrant basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully,



Radian L. Hennigan
Certified Public Accountant

Ruston, Louisiana
December 23, 2004

STATEMENT A

VILLAGE OF CHOUDRANT, LOUISIANA

Statement of Net Assets

June 30, 2004

June 30, 2004

June 30, 2003

	PRIMARY GOVERNMENT			PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES		ACTIVITIES	ACTIVITIES	
ASSETS						
Cash and cash equivalents	\$ 109,245	\$ -	\$ 109,245	\$ 64,171	\$ 24,159	\$ 88,330
Investments	102,341	0	102,341	119,568	-	119,568
Receivables (net of allowances for uncollectibles)	20,148	18,954	39,102	6,481	13,930	20,411
Internal balances (Net of restrictions)	17,880	31,734	49,615	-	31,734	31,734
Due from component units	0	0	0	17,880	-	17,880
Inventory	0	0	0	-	-	-
Prepaid Items	0	501	501	6,056	432	6,488
Restricted assets	0	39,681	39,681	-	-	-
Other assets	18,430	0	18,430	-	-	-
Capital assets (net)	955,713	4,300,645	5,256,358	936,964	4,603,378	5,540,342
TOTAL ASSETS	\$ 1,223,757	\$ 4,391,515	\$ 5,615,272	\$ 1,151,120	\$ 4,673,633	\$ 5,824,753
LIABILITIES						
Cash overdraft	-	\$ -	\$ -	-	-	-
Accounts, salaries, and other payables	15,079	15,938	31,017	953	6,038	6,991
Contracts payable	-	-	-	-	-	-
Payable from restricted assets	-	4,700	4,700	-	14,940	14,940
Due to component units	-	-	-	31,606	18,009	49,615
Due to other funds	36,704	18,009	54,712	-	-	-
Deferred revenues	-	-	-	-	-	-
Other liabilities	-	7,375	7,375	-	5,575	5,575
Matured bonds and interest payable	-	-	-	-	-	-
Compensated absences payable	-	-	-	-	-	-
Capital leases payable	-	-	-	-	-	-
Loans payable	-	-	-	-	-	-
Bonds payable	-	235,000	235,000	-	237,000	237,000
TOTAL LIABILITIES	\$51,783	\$281,022	\$332,805	32,559	281,562	314,121
NET ASSETS						
Invested in capital assets, net of related debt	-	-	-	-	-	-
Restricted for:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	1,171,974	4,110,493	5,282,467	1,118,561	4,392,071	5,510,632
TOTAL NET ASSETS	\$ 1,171,974	\$ 4,110,493	\$ 5,282,467	\$ 1,118,561	\$ 4,392,071	\$ 5,510,632

The accompanying notes are an integral part of this statement.

STATEMENT B

VILLAGE OF CHOUDRANT, LOUISIANA

Statement of Activities

For the Two Years Ended June 30, 2004

June 30, 2004

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental Activities							
General government	\$ 94,225		\$ 41,938	\$ 10,788	\$ (41,499)	\$	\$ (41,499)
Public safety	17,315				(17,315)		(17,315)
Public works	52,153	24,758			(27,395)		(27,395)
Cultural and recreation	626				(626)		(626)
Health and welfare					0		-
Community development					0		-
Economic development					0		-
Payments to component units					0		-
Interest on long-term debt					0		-
Total Governmental Activities	164,317	24,758	41,938	10,788	(86,834)		(86,834)
Business-type Activities							
Water	454,861	142,850		13,302	(298,708)	(298,708)	(298,708)
Sewer	17,775	16,025			(1,749)	(1,749)	(1,749)
Electric					0		-
Other	0	18,880			18,880	18,880	18,880
Total Business-type Activities	472,635	177,755	0	13,302	(281,578)	(281,578)	(281,578)
Total Primary Government	\$ 636,953	\$ 202,513	\$ 41,938	\$ 24,090	\$ (86,834)	\$ (281,578)	\$ (368,412)
General Revenues:							
Property taxes							
Sales taxes					65,198		65,198
Franchise taxes					24,940		24,940
Occupational licenses					36,644		36,644
Gaming revenues							
Grants and contributions not restricted to specific programs							
Investment earnings					1,775		1,775
Other general revenues					5,168		5,168
Transfers					6,522		6,522
Total general revenues and transfers					140,247		140,247
Change in Net Assets					53,414	(281,578)	(228,164)
Net assets-beginning					1,118,560	4,392,071	5,510,631
Net assets-ending					\$ 1,171,974	\$ 4,110,493	\$ 5,282,467

The accompanying notes are an integral part of this statement.

STATEMENT B

VILLAGE OF CHOUDRANT, LOUISIANA

Statement of Activities

For the Two Years Ended June 30, 2004

June 30, 2003

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental Activities							
General government	\$ 37,938		\$ 5,502	\$ -	\$ (32,436)	\$ -	\$ (32,436)
Public safety	27,662				(27,662)		(27,662)
Public works	24,888	24,154			(724)		(724)
Cultural and recreation	-				-		-
Health and welfare							
Community development							
Economic development							
Payments to component units							
Interest on long-term debt							
Capital Outlay	7,687				(7,687)		(7,687)
Total Governmental Activities	98,175	24,154	5,502	-	(68,509)	-	(68,509)
Business-type Activities							
Water	342,874	122,968			(219,906)	(219,906)	(219,906)
Sewer	27,102	17,767			(9,335)	(9,335)	(9,335)
Electric		17,027			17,027	17,027	17,027
Other	15,260	16			(15,244)	(15,244)	(15,244)
Total Business-type Activities	385,236	157,778	-	-	(227,458)	(227,458)	(227,458)
Total Primary Government	\$ 483,411	\$ 181,942	\$ 5,502	\$ -	\$ (68,509)	\$ (227,458)	\$ (295,967)
General Revenues:							
Property taxes							
Sales taxes							
Franchise taxes							
Occupational licenses							
Gaming revenues					65,199	65,199	65,199
Grants and contributions not restricted to specific programs							
Investment earnings					2,893	2,893	2,893
Other general revenues					1,989	1,989	1,989
Transfers					9,684	(9,684)	
Total general revenues and transfers					79,765	(9,684)	70,081
Change in Net Assets					11,256	(237,142)	(225,886)
Net assets-beginning					170,341	4,629,213	4,799,554
Changes due to GASB 34					936,963		936,963
Net assets-ending					\$ 1,118,560	\$ 4,392,071	\$ 5,510,631

The accompanying notes are an integral part of this statement.

VILLAGE OF CHOUDRANT, LOUISIANA

Balance Sheet, Governmental Funds

June 30, 2004

June 30, 2004

June 30, 2003

	June 30, 2004			June 30, 2003		
	GENERAL FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	GENERAL FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 75,663	\$ 33,582	\$ 109,245	\$ 36,585	\$ 27,586	\$ 64,171
Cash with fiscal agents	-	-	-	-	-	-
Investments	102,341	-	102,341	119,568	-	119,568
Receivables (net of allowances for uncollectibles)	19,283	866	20,148	5,340	1,141	6,481
Due from other funds	12,317	5,563	17,880	12,317	5,563	17,880
Due from component units	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-
Other assets	17,830	600	18,430	5,510	546	6,056
TOTAL ASSETS	\$ 227,433	\$ 40,611	\$ 268,044	\$ 179,320	\$ 34,836	\$ 214,156
LIABILITIES AND FUND BALANCES						
Liabilities:						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts, salaries, and other payables	14,708	371	15,079	874	79	953
Contracts payable	-	-	-	-	-	-
Payable from restricted assets	-	-	-	-	-	-
Due to other funds	6,140	30,564	36,704	1,042	30,564	31,606
Due to component units	-	-	-	-	-	-
Matured bonds and interest payable	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Matured bonds and interest payable	-	-	-	-	-	-
Total Liabilities	20,848	30,935	51,783	1,916	30,643	32,559
Fund balances:						
Reserved for:						
Capital projects	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Unreserved, reported in:						
General Fund	206,585	-	206,585	177,404	-	177,404
Special revenue funds	-	21,122	21,122	-	15,639	15,639
Capital projects funds	-	(11,446)	(11,446)	-	(11,446)	(11,446)
Permanent funds	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 227,433	\$ 40,611	\$ 268,044	\$ 179,320	\$ 34,836	\$ 214,156

The accompanying notes are an integral part of this statement.

STATEMENT D

VILLAGE OF CHOUDRANT, LOUISIANA

Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Assets

	06/30/04	06/30/03
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Fund Balances, Total Governmental Funds (Statement C)	\$ 216,261	\$ 181,597
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	955,713	936,963
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.	<u> </u>	<u> </u>
Net pension assets represent the excess cumulative contributions and are not considered as financial resources for governmental funds.	<u> </u>	<u> </u>
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	<u> </u>	<u> </u>
Compensated absences	<u> </u>	<u> </u>
Bonds, notes, and loans payable	<u> </u>	<u> </u>
Net pension obligations	<u> </u>	<u> </u>
Other	<u> </u>	<u> </u>
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.	<u> </u>	<u> </u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 1,171,974</u>	<u>\$ 1,118,560</u>

The accompanying notes are an integral part of this statement.

STATEMENT E

VILLAGE OF CHOUDRANT, LOUISIANA

**Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds**

For the Two Years Ended June 30, 2004

June 30, 2004 June 30, 2003

	GENERAL FUND	TOTAL NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales and use	63,153	-	63,153	-
Other taxes, penalties, interest, etc.	2,045	-	2,045	-
Licenses and permits	66,385	-	66,385	65,199
Intergovernmental revenues:				
Federal grants	41,938	-	41,938	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Other	10,788	24,758	35,546	29,666
Fines and forfeitures	95	-	95	-
Investment earnings	1,775	-	1,775	2,893
Other revenues	273	-	273	1,989
Total Revenues	186,451	24,758	211,209	99,747
EXPENDITURES				
General government	36,766	21,961	58,727	37,938
Public safety	17,315	-	17,315	27,662
Public works	15,129	-	15,129	24,888
Cultural and recreation	626	-	626	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Economic development	-	-	-	-
Payments to component units	-	-	-	-
Debt service	-	-	-	-
Capital outlay	-	9,910	9,910	7,687
Other	-	-	-	-
Total Expenditures	69,835	31,872	101,707	98,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	116,616	(7,114)	109,502	1,572
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(6,075)	12,597	6,522	9,684
Capital leases	-	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources and Uses	(6,075)	12,597	6,522	9,684
Net Change in Fund Balance	110,541	5,483	116,024	11,256
Fund balances -- beginning	177,404	4,193	181,597	170,341
Fund balances -- ending	\$ 287,945	\$ 9,676	\$ 297,621	\$ 181,597

The accompanying notes are an integral part of this statement.

STATEMENT F

VILLAGE OF CHOUDRANT, LOUISIANA

**Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities**

For the Two Years Ended June 30, 2004

June 30, 2004 June 30, 2003

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 116,024	\$ 11,256
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. This is the amount by which capital outlays exceeded depreciation in the current period.	9,910	
The net effect of various miscellaneous transactions involving capital assets is to increase net assets.	(72,520)	
Revenue in the statement of activities that do not provide current resources are not reported as revenues in the funds.		
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
The net revenue of certain activities of internal service funds is reported with governmental activities.		
Change in Net Assets of Governmental Activities, Statement B	\$ 53,414	\$ 11,256

The accompanying notes are an integral part of this statement.

STATEMENT G

VILLAGE OF CHOUDRANT, LOUISIANA

Statement of Net Assets, Proprietary Funds
June 30, 2004

	June 30, 2004	June 30, 2003
	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS (Major Enterprise Funds) WATER FUND	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS (Major Enterprise Funds) WATER FUND
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 24,159
Cash with fiscal agents		
Investments		
Receivables (net of allowances for uncollectibles)	18,954	13,930
Due from other funds	31,734	31,734
Due from component units		
Inventory		
Prepaid items	501	432
Restricted assets	39,681	-
Other assets		
Total Current Assets	90,870	70,255
Non-Current Assets:		
Restricted assets		
Deferred charges		
Capital assets (net of accumulated depreciation)	4,300,645	4,603,378
Total Non-Current Assets	4,300,645	4,603,378
TOTAL ASSETS	\$ 4,391,515	\$ 4,673,633
LIABILITIES		
Current Liabilities:		
Cash overdraft	\$ -	\$ -
Accounts, salaries, and other payables	15,938	6,038
Contracts payable		
Due to other funds	18,009	18,009
Due to component units		
Matured bonds and interest payable		
Deferred revenues		
Other liabilities	7,375	5,575
Total Current Liabilities	41,322	29,622
Current Liabilities Payable from Restricted Assets	4,700	14,940
Non Current Liabilities:		
General obligation bonds (net of unamortized discounts)	235,000	237,000
Revenue bonds (net of unamortized discounts (and deferred amount on refunding)		
Capital leases		
Compensated absences		
Advances from other funds		
Total Non-Current Liabilities	235,000	237,000
Total Liabilities	\$ 281,022	\$ 281,562
NET ASSETS		
Invested in capital assets, net of related debt		
Restricted for capital outlay		
Restricted for debt service		
Unrestricted	4,110,493	4,392,071
TOTAL NET ASSETS	\$ 4,110,493	\$ 4,392,071

The accompanying notes are an integral part of this statement.

VILLAGE OF CHOUDRANT, LOUISIANA

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds

For the Two Years Ended June 30, 2004

	June 30, 2004		June 30, 2003	
	BUSINESS-TYPE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUNDS		ENTERPRISE FUNDS	
	(Major Enterprise Funds)		(Major Enterprise Funds)	
	WATER		WATER	
	FUND		FUND	
Operating Revenues				
Charges for services:				
Water sales	\$	127,251	\$	108,877
Sewer charges		16,025		17,767
Garbage Revenue		18,880		17,027
Electricity/gas sales		-		-
Other services		10,502		14,107
Total Operating Revenues		172,658		157,778
Operating Expenses				
Cost of sales and services		84,540		86,936
Administration		32,310		28,823
Depreciation		329,586		254,217
Total Operating Expenses		446,435		369,976
Operating Income		(273,778)		(212,198)
Nonoperating Revenues (Expenses)				
Intergovernmental				
Grant Revenues		13,302		-
Interest earnings				
Interest expense		(14,580)		(15,260)
Bond issuance costs				
Loss on sale of fixed assets				
Total Nonoperating Revenues (Expenses)		(1,278)		(15,260)
Income Before Contributions and Transfers		(275,055)		(227,458)
Capital Contributions				
Transfers In		5,098		
Transfer Out		(11,620)		(9,684)
Change in Net Assets		(281,578)		(237,142)
Total Net Assets-Beginning		4,392,071		4,629,213
Total Net Assets-Ending	\$	4,110,493	\$	4,392,071
Reconciliation				
Changes in Net Assets Above		(281,578)		(237,142)
Adjustment to consolidate internal service activities related to enterprise activities		-		-
Changes in Net Assets of Business-type Activities, Statement B		(281,578)		(237,142)

The accompanying notes are an integral part of this statement.

STATEMENT I

VILLAGE OF CHOUDRANT, LOUISIANA

Statement of Cash Flows, Proprietary Funds

For the Year Ended June 30, 2004

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS <i>(Major Enterprise Funds)</i> WATER FUND
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 169,434
Receipts from interfund services provided	
Payments to suppliers	(87,353)
Payments to employees	(26,427)
Payments for interfund services used	
Net Cash Provided by Operating Activities	55,653
Cash Flows From NonCapital Financing Activities	
Transfer to other funds	
Advances from other funds	(5,098)
Subsidy from federal grants	13,302
Net Cash Provided (used) by Noncapital Financing Activities	8,205
Cash Flows From Capital and Related Financing Activities	
Proceeds from capital debt	-
Capital contributions	-
Purchases of capital assets	(26,853)
Acquisition and construction of capital assets	-
Principal paid on capital debt	(12,000)
Interest paid on capital debt	(14,580)
Capital lease down payment	-
Proceeds from sales of capital assets	-
Net Cash Provided (used) by Capital and Related Financing Activities	(53,433)
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	-
Purchase of investments	-
Interest and dividends received	-
Net Cash Provided (used) by Investing Activities	-
Net Increase in Cash and Cash Equivalents	10,424
Cash and Cash Equivalents, Beginning of Year	24,159
Cash and Cash Equivalents, End of Year	\$ 34,583
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income	(294,880)
Depreciation expense	329,586
(Increase) decrease in accounts receivable	(5,024)
(Increase) decrease in intergovernmental receivables	
(Increase) decrease in due from other funds	(5,098)
Increase (decrease) in allowance for uncollectible accounts	
(Increase) decrease in inventories	
(Increase) decrease in prepaid items	(69)
Increase (decrease) in customer deposits	1,800
Increase (decrease) in accounts payable	9,900
Increase (decrease) in accrued expenses	(240)
Increase (decrease) in intergovernmental payables	
Increase (decrease) in due to other funds	
Total Adjustments	35,975
Net Cash Provided by Operating Activities	35,975
Listing of Noncash Investing, Capital, and Financial Activities	
Grant Revenue	13,302
Contributions of capital assets from government	
Purchase of equipment on account	(26,853)
Increase in fair value of investments	
Capital assets traded in	
Principal paid on LT Debt	(12,000)

The accompanying notes are an integral part of this statement.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Choudrant, Louisiana was reorganized in 1949, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units, except as noted elsewhere in this report. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*" in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organizations' governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Choudrant Volunteer Fire Department has been included within the General Fund. Using these criteria, the Village has no component units.

B. Government Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets) report information on all of the nonfiduciary activities of the primary government.

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

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

Fund financial statements are provided for governmental proprietary and fiduciary funds. Major Individual government and enterprise funds are reported in separate columns with composit columns for non-major funds.

D. Measurement focus, basis of accounting, and financial statements presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures generally are recorded when liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Village receives cash.

E. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Village only uses governmental funds.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

F. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balances.

The Village reports the following major governmental funds:

a. General Fund

This fund is established to account for resources devoted to financing the general services that the Village performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

b. Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.

G. Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. Included in this category are the Enterprise Funds.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Village, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

Nonexchange transactions, in which the Village receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the resources are provided to the Village on a reimbursements basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized

H. Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

I. Budgetary Data

Formal budgetary accounting is employed as a management control for the General, Special Revenue and Enterprise Funds of the Village. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. A budget for the Capital Projects fund is not adopted and is therefore not presented in the accompanying combined and combining financial statements. Budgetary control is exercised at the departmental level or by projects.

All encumbered budget appropriations lapse at the end of each fiscal year.

J. Cash & Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments and stated at cost, which approximates market value.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

K. Restricted Assets

Restricted assets are cash, cash equivalents and due from General Fund whose use is limited by legal requirements. Restricted cash with fiscal agent represents amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds.

L. Receivables

All receivables are reported at their gross value. The Village uses the direct charge off method for uncollectible accounts rather than an allowance for such losses. This method is not in accordance with generally accepted accounting principles. However, when use of this method has little effect on the financial statements, it is not a departure from GAAP.

M. Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds. Interfund transactions are generally classified as follows:

Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as "Due to and Due from other Funds." These amounts are eliminated on the statement of net assets.

N. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

O. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Village maintains infrastructure asset records consistent with all other capital asset records. Donated assets are

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

stated at fair value on the date donated. The Village maintains a capitalization threshold of \$1,000. Improvements are capitalized: the cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life are not. Capital assets are depreciated using the straight line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations

P. Expenditure Recognition

Inventory items (materials and supplies) are considered expenditures when purchased (purchase method) due to the insignificant amounts.

Q. Compensated Absences

No accrual was made as prescribed in FASB 43 for employees' compensation for future absences (vacation pay) since these rights do not vest or accumulate.

R. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

S. Reservations of Fund Balance

The Village records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the general fund and for future debt service. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

T. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal imitations imposed on their used by Village legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

**VILLAGE OF CHOUDRANT, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE TWO YEARS ENDED JUNE 30, 2004**

U. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

V. Accrued Liability

The Village reports any accrued liabilities on the statement of net assets.

W. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *total governmental fund balances* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The other is Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.” The details of this \$ 955,713 are as follows:

Fund Balance – Governmental Activities	\$ 216,261
Net capital assets used in Governmental Activities	<u>955,713</u>
Net Assets – Governmental Activities	<u>\$ 1,171,974</u>

- X. Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE 2. CASH & INVESTMENTS

CASH

- A. At year-end, the Village's deposits of \$143,758.23 were fully insured by federal depository insurance or collateralized by pledged securities of the depository bank.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

The Village is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana or any other federally insured investment, or in guaranteed investment contracts issued by a financial institution having one of the two highest rating categories or in mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of government or its agencies.

The Village's investments are categorized below to give an indication of the level of risk assumed by the Village at year-end. Category 1 provides for investments insured or registered, or securities held by the village or its agents in the Village's name. Category 2 provides for uninsured and unregistered securities held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Village's name. (In accordance with GASB 3, this category includes certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Village's name although balances so collateralized meet the requirements of state law. Of the amount shown in Category 3, \$102,340.51 is collateralized by securities held by the pledging financial institution's agent but not in the Village's name.)

B. Investments

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Savings and Certificates of deposit			\$ 102,340.51	\$ 102,340.51	\$ 102,340.51

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

NOTE 3 - INTERFUND BALANCES

Interfund balances at June 30, 2004 consist of the following individual receivables and payables in the governmental fund balance sheet.

	6/30/04		6/30/03	
	INTERFUND	INTERFUND	INTERFUND	INTERFUND
	<u>RECEIVABLES</u>	<u>PAYABLES</u>	<u>RECEIVABLES</u>	<u>PAYABLES</u>
SOLID WASTE FUND	\$5,564	\$16,794	\$ 5,564	\$15,692
WATER	36,832	18,009	31,287	17,490
GENERAL FUND	12,317	6,140	11,143	1,042
SPECIAL PROJECTS	<u>-0-</u>	<u>13,770</u>	<u>-0-</u>	<u>13,770</u>
TOTALS	<u>\$4,713</u>	<u>\$54,713</u>	<u>\$47,994</u>	<u>\$47,994</u>

NOTE 4- OPERATING TRANSFERS

transfers in and out for all funds for the year ending June 30, 2004.

General Fund	6,075.16
Water Fund	6,522.10
Solid Waste Fund	(12,597.26)
Capital Projects Fund	<u>-0-</u>
Total	<u><u>-0-</u></u>

NOTE 5 - RESTRICTED ASSETS

Under the provisions of the 1997 Water Revenue Bonds, the Village of Choudrant, by proper ordinances and/or resolutions has pledged to fix water rates as will always provide revenues sufficient to pay reasonable and necessary expenses of operating and maintaining the system, the principle and interest falling due in each year, and all reserves sinking funds or other payments required by resolution. Revenues in each year, after paying all reasonable and necessary expenses of operating and maintaining the system, at least equal to 120% of the largest amount of principle and interest falling due on the Bonds in any future year.

Income and revenues are to be deposited daily in a separate bank account with the designated fiscal agent and designated as the Waterworks Revenue fund. The Revenue fund shall be maintained and administered in the following order of priority and for the following express purposes:

- I. Payment of all reasonable and necessary expenses of operating and maintaining the System.

**VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004**

2. The establishment and maintenance of a “Water System Revenue Bond Sinking fund.” The Revenue Fund is to transfer monthly on or before the 20th day of each month, commencing in March 1997, a sum equal to 1/6th of the interest falling due on the next interest payment date and 1/12th of the principle falling due on the next principle payment date with regards to the Bonds. The Village of Choudrant shall transfer from the Sinking Fund at least three days in advance of each interest payment date to the agent back, funds fully sufficient to pay promptly the principal and interest.

3. The establishment and maintenance of a “Reserve fund” by depositing monthly on or before the 20th day of each month, commencing March 1997, a sum equal to 10% of the amount to be paid into the Sinking fund. The payments into the Reserve fund are to continue until such time as there has been an accumulated sum equal to the Reserve fund Requirement. (The maximum principle and interest due in any future year (\$26,900 in fiscal year 2010)). The money in the Reserve fund shall be retained solely for the purpose of paying principal and interest on the Bonds, which would otherwise be in default.

4. The establishment of a “Waterworks Depreciation and Contingency Fund” to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. The Village of Choudrant shall transfer monthly from the Revenue fund on or before the 20th of the month, commencing March 1997, a sum equal to 10% of the Revenues for the preceding month. Such payments are to continue until the sum of \$15,000 has been accumulated. The money shall never be used for making improvements and extensions to the system if the use of the money will leave less the fund with less than \$2500.

As of June 30, 2004, the Village of Choudrant had not established any of the required restricted asset accounts except the Revenue fund. As of June 30, 2004, the following accounts were under funded by:

Water System Revenue Bond Sinking Fund	\$ 4,700
Reserve Fund	\$19,981
Waterworks Depreciation & Contingency Fund	\$15,000

**VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004**

NOTE 6 RECEIVABLES

Receivables at June 30, 2004 consist of the following:

	<u>Accounts</u>	<u>Grants</u>	<u>Intergovernmental</u>	<u>Total</u>
General	\$ 20,148.04	\$ 10,787.73	\$ -	\$ 30,935.77
Special Revenue	-	-	-	-
Enterprise	<u>18,954.08</u>	<u>-</u>	<u>-</u>	<u>18,954.08</u>
Totals	<u>\$ 39,102.12</u>	<u>\$ 10,787.73</u>	<u>\$ -</u>	<u>\$ 49,889.85</u>

NOTE 7 - FIXED ASSETS

The following is a summary of changes in the General Fixed Assets account group during the fiscal year in Governmental Activities:

	Balance	Additions	Additions	Balance
	<u>6/30/03</u>	<u>(Deletions)</u>	<u>(Deletions)</u>	<u>6/30/04</u>
		<u>6/30/04</u>	<u>6/30/04</u>	
Buildings	147,927	-	-	147,927
Improvements Other than Buildings	183,054	-	-	183,054
Equipment	462,442	91,370	-	553,812
Infrastructure	<u>597,960</u>	<u>-</u>	<u>-</u>	<u>597,960</u>
Total Governmental Fixed Assets	<u>1,391,383</u>	<u>91,370</u>	<u>-</u>	<u>1,482,753</u>

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

The following is a summary of proprietary fund-type assets at June 30, 2004

	Enterprise Fund
Water Wells & Tanks	\$ 1,666,599
Vehicles	9,886
Sewerage Distribution System	2,712,225
Land	10,281
Water Well Distribution System	1,315,422
Storm Water Treatment Plant	174,446
Office Equipment	19,287
Equipment	59,980
Total	5,968,126
Accumulated Depreciation	(1,667,481)
Total	<u>\$ 4,300,645</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Improvements Other Than Buildings	10-40 Years
Equipment	5-8 Years

Depreciation on the proprietary fund totaled \$329,586 for the fiscal year.

NOTE 8 - LONG-TERM DEBT

Revenue Bonds

Revenue Bonds outstanding consist of debt issued by the Water Fund. Facilities and revenues of the Water Fund are pledged for the payment of revenue bond debt service.

The following is a summary of changes in long-term for the two years ended June 30, 2004:

Description	Amount of Original Issue	Final Maturity	Interest Rate	Balance July 1	Retired	Balance June 30
Revenue Bonds	\$305,000	March 1, 2017	6%	\$258,000	\$11,000	\$247,000
				\$247,000	\$12,000	\$235,000

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30 are as follows:

2003	26,480
2004	26,820
2005	26,100
2006	26,380
2007	26,600
Thereafter	<u>265,900</u>
Total Principal and Interest	398,280
Less Interest	<u>(163,280)</u>
Liability as of June 30, 2003	<u><u>\$235,000</u></u>

NOTE 9 - CONTRIBUTED CAPITAL

Contributed Capital consists of the following:

Louisiana Community Block Grant	\$ 174,446
Federal Grant – HUD	1,390,174
Federal Grant – EPA	6,030
Contributed by General Fund	<u>198,656</u>
Total	<u><u>\$1,769,306</u></u>

NOTE 10 - WATER & SEWER REVENUE

The Village has approximately 274 customers on the Village Waterworks system. These metered customers are charged according to the following rate table:

Up to 4,000 gallons	8.00 Minimum
Next 96,000 gallons	1.00 per 1,000 gallons
All over 100,000 gallons	.75 per 1,000 gallons

The Village offers sewer service within the Village limits to its citizens. The sewer service is paid for with a flat fee of \$12 per month. There are approximately 202 customers currently on the sewer system.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004

NOTE 11 - COMPENSATION PAID TO COUNCIL MEMBERS

Per diem paid to the Council Members for the current year is as follows:

Joe R. Aswell	\$120
Wayne Brooks	120
B. W. Hogan	<u>120</u>
Total	<u>\$360</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation

The management of the Village is unaware of any pending or threatened litigation involving the Village of Choudrant.

NOTE 13- METER DEPOSITS PAYABLE, ENTERPRISE FUND

The Village maintains a customer Deposit fund. These monies are collected from new water and sewer customers, as follows:

\$20 - Water Customer
\$20 - Sewer Customer

These deposits are maintained on account until customer leaves Village water and sewer system or is disconnected for non-payment. The current balance of Meter deposits at June 30, 2004 is \$7,375.00.

**VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2004**

NOTE 14 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; damage to, and theft or destructions of assets; errors and omissions; injuries to employees and natural disaster. Coverages provided by the company are as follows;

Public Official Errors and Omissions Liability (Per occurrence)	
Business Auto Coverage Liability Combined	\$ 500,000
Commercial General Liability	
Commercial Property	
Personal and Advertising Injury	
Valuable Papers	
Law Enforcement Officers Liability	\$ 500,000
Surety Bond (David Gully, Secretary/Treasurer)	\$ 10,000

Workers' compensation coverage is maintained by paying premiums to ... The premium is calculated based upon accident history and administrative costs.

NOTE 15 - CHANGE IN ACCOUNTING PRONOUNCEMENTS

In 2004, the Village implemented the following GASB Statements

GASB Statement no. 34 "*Recipient Reporting for Certain Shared Non Exchange Revenues*" an omnibus to Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions.*"

GASB Statement no. 37 "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus.*"

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CHOUDRANT, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
General Fund (and all major governmental funds)
For the Year Ended June 30, 2004

Required Supplemental Information

	Budgeted Amounts		Actual Amounts	Budget to Actual
	Original	Final	Budgetary Basis	Differences Over(Under)
Revenues				
Federal Grant Income-FEMA	\$ -	\$ 41,938	\$ 41,938	\$ -
Franchise-Centerpoint	4,300	4,848	4,228	(620)
Franchise-Charter Comm.	805	660	623	(37)
Franchise- Entergy	15,949	21,600	19,909	(1,691)
Franchise-Squire Creek	-	30	179	149
Insurance	17,371	35,532	36,644	1,112
Interest Income	-	-	1,775	1,775
Permit Fees	19,104	5,184	4,801	(384)
Police Reports	20	324	223	(101)
Refund Payments	-	50	50	-
Rural Grant Development	-	-	10,788	10,788
Sales Tax Dedications	2,413	2,413	2,045	(368)
Sales Tax Income	-	39,300	63,153	23,853
Sheriff Fines	53	102	95	(7)
Transfer In	6,948	14,628	(6,075)	(20,703)
Total Revenues	66,963	166,609	180,376	13,767
Expenditures				
Accounting	3,100	3,000	3,356	356
Advertising	990	1,368	1,381	13
Alderman Salaries	375	360	360	-
Attorney's Fees	1,500	5,040	4,583	(457)
Bank Charges	-	72	63	(9)
Bond Payment	100	200	100	(100)
Contract Labor	3,750	400	400	-
Dues	200	238	218	(20)
Insurance Expense	-	5,832	(1,524)	(7,356)
Miscellaneous	200	-	-	-
Office Supplies	2,000	900	2,456	1,556
Other Supplies	50	-	1,665	1,665
Payroll Expenses	26,000	23,664	10,506	(13,158)
Payroll Taxes	-	-	930	930
Postage	-	75	69	(6)
Repairs	-	144	125	(19)
Sales Tax Expenditures	-	1,372	2,725	1,352
Telephone-General	1,700	2,580	2,617	37
Town Hall Repairs	100	10	6	(4)
Training	-	640	640	-
Travel Expense	3,250	3,240	3,000	(240)
Police Insurance	-	953	2,866	1,713
Police Car Insurance	-	-	656	656
Police Other Supplies	250	-	39	39
Police License	-	27	27	-
Police Vehicle Repair	300	660	441	(219)
Police Gas/Oil	750	960	998	38
Police-Repair	500	-	-	-
Police-Salary	-	1,584	1,646	62
Fire Gas/Oil	500	276	226	(50)
Fire Vehicle Repair	100	-	-	-
Fire Repair	-	283	263	(26)
Fire Supplies	2,000	972	3,119	2,147
Fire Training	-	200	200	-
Ins. Exp.-Fire	4,700	5,345	5,345	0
Fire Telephone	-	-	45	45
Recreation Supplies	-	264	234	(30)
Street Maintenance	750	-	5,590	5,590
Supplies	500	315	386	71
Other Recreation Supplies	-	-	66	66
Street Dept. Supplies	200	420	372	(48)
Utilities-Street	7,443	8,700	9,167	467
Utilities-Tennis Courts	350	372	325	(47)
Utilities-Fire Station	1,500	1,704	1,645	(59)
Utilities-Town Hall-Telephone	1,091	780	927	147
Utilities-Town Hall-Internet	-	410	513	103
Utilities-Town Hall-Other	2,700	1,380	1,265	(115)
Total Expenditures	66,949	74,744	69,835	(4,910)
Excess of Revenues Over Expenditures	\$ 14	\$ 91,865	\$ 110,541	\$ 18,676
Other Financing Sources (Uses)				
Total Other Financing Sources (uses)				
Net Change in Fund Balance	14	91,865	110,541	18,676
Fund Balance (Deficit) at Beginning of Year	177,404	177,404	177,404	
Fund Balance (Deficit) at End of Year	\$ 177,418	\$ 269,269	\$ 287,945	\$ 18,676

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF CHOUDRANT, LOUISIANA
 Combining Balance Sheet
 Nonmajor Governmental Funds

	June 30, 2004		June 30, 2003		Total Nonmajor Governmental Funds
	Special Revenue Solid Waste Fund	Capital Projects Capital Projects Fund	Special Revenue Solid Waste Fund	Capital Projects Capital Projects Fund	
ASSETS					
Cash and cash equivalents	\$ 31,258	\$ 2,324	\$ 25,262	\$ 2,324	\$ 27,586
Cash with fiscal agents					
Investments					
Receivables (net of allowances for uncollectibles)	866		1,141		1,141
Due from other funds	5,563		5,563		5,563
Due from component units					
Inventory					
Restricted assets					
Other assets	600		546		546
Total Assets	\$ 38,287	\$ 2,324	\$ 32,512	\$ 2,324	\$ 34,836
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts, salaries, and other payables	371		79		79
Contracts payable					
Payable from restricted assets					
Due to other funds	16,794	13,770	16,794	13,770	30,564
Due to component units					
Matured bonds and interest payable					
Deferred revenues					
Other liabilities					
Matured bonds and interest payable					
Total Liabilities	17,165	13,770	16,873	13,770	30,643
Fund balances:					
Reserved for:					
Encumbrances					
Capital projects					
Permanent funds					
Unreserved, undesignated	21,122	(11,446)	15,639	(11,446)	4,193
Total Fund Balances	21,122	(11,446)	15,639	(11,446)	4,193
Total Liabilities and Fund Balances	\$ 38,287	\$ 2,324	\$ 32,512	\$ 2,324	\$ 34,836

The accompanying notes are an integral part of this statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and
and Changes in Fund Balances

For the Two Years Ended June 30, 2004

	June 30, 2004			June 30, 2003		
	Special Revenue	Capital Projects	Total	Special Revenue	Capital Projects	Total
	Solid Waste Fund	Capital Projects Fund	Nonmajor Governmental Funds	Solid Waste Fund	Capital Projects Fund	Nonmajor Governmental Funds
REVENUES						
Ad valorem	\$	\$	\$	\$	\$	\$
Sales and use						
Other taxes, penalties, interest, etc						
Licenses and permits						
Intergovernmental revenues:						
Federal grants						
State funds:						
Parish transportation funds						
State revenue sharing (net)						
Fees, charges, and commissions for services						
Other	24,758	-	24,758	24,164	-	24,164
Fines and forfeitures						
Investment earnings						
Other revenues						
Total Revenues	24,758	-	24,758	24,164	-	24,164
EXPENDITURES						
General government	21,961	-	21,961	24,888	-	24,888
Public safety						
Public works						
Cultural and recreation						
Health and welfare						
Community development						
Economic development						
Payments to component units						
Debt service						
Capital outlay	9,910		9,910	2,685		2,685
Other						
Total Expenditures	31,872	-	31,872	27,573	-	27,573
Excess (Deficiency) of Revenues Over Expenditures	(7,114)	-	(7,114)	(3,409)	-	(3,409)
OTHER FINANCING SOURCES (USES)						
Transfers in	12,597	-	12,597	9,684	-	9,684
Transfers out						
Capital leases						
Sale of capital assets						
Total Other Financing Sources and Uses	12,597	-	12,597	9,684	-	9,684
Net Change in Fund Balance	5,483	-	5,483	6,275	-	6,275
Fund balances -- beginning	15,639	(11,446)	4,193	9,364	(11,446)	(2,082)
Fund balances -- ending	\$ 21,122	\$ (11,446)	\$ 9,676	\$ 15,639	\$ (11,446)	\$ 4,193

The accompanying notes are an integral part of this statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
Nonmajor Governmental Funds
For the Two Years Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to Actual Differences Over(Under)
	Original	Final		
Revenues				
Police Jury Income	\$ 18,058	\$ 26,268	\$ 24,758	\$ (1,510)
Transfer In/Out	9,937	13,200	12,597	(603)
Donations	3,000	-	-	-
Total Revenues	30,995	39,468	37,355	(2,113)
Expenditures				
Accounting	3,100	2,241	2,296	55
Contract Labor	-	-	221	221
Insurance	-	-	666	666
Miscellaneous	-	-	(39)	(39)
Office Supplies	-	420	365	(55)
Payroll Taxes	403	120	1,061	941
Payroll Expense	12,750	6,300	12,551	6,251
Repairs	1,000	600	610	10
Supplies	10,085	2,436	2,224	(212)
Vehicle Gas/Oil	1,745	1,805	2,007	202
Capital Outlay	-	-	9,910	9,910
Total Expenditures	\$ 29,082	\$ 13,922	\$ 31,872	\$ 17,950
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,913	\$ 25,546	\$ 5,483	\$ (20,063)
Other Financing Sources (Uses)				
Total Other Financing Sources (uses)				
Net Change in Fund Balance	\$ 1,913	\$ 25,546	\$ 5,483	\$ (20,063)
Fund Balance (Deficit) at Beginning of Year	\$ 4,193	\$ 4,193	\$ 4,193	
Fund Balance (Deficit) at End of Year	\$ 6,106	\$ 29,739	\$ 9,676	\$ (20,063)

The accompanying notes are an integral part of this statement.

VILLAGE OF CHOUDRANT, LOUISIANA

Schedule of Compensation Paid Board Members
For the Two Years Ended June 30, 2004

Board Member	2004 Amount	2003 Amount
Bob Hogan		\$70.00
Joe R. Aswell	<u>120.00</u>	<u>120.00</u>
Wayne Brooks		<u>70.00</u>
Eddie Ford	<u>120.00</u>	<u>60.00</u>
Jimmie McGrew	<u>120.00</u>	<u>50.00</u>
Total	<u>\$360.00</u>	<u>\$370.00</u>

The accompanying notes are an integral part of this statement.

RADIAN L. HENNIGAN

Certified Public Accountant
1503 Goodwin Road, Suite 1
Ruston, Louisiana 71270
(318) 255-9305
Fax (318) 255-7397

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

Council Members
Village of Choudrant
Choudrant, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Choudrant as of and for the periods ending June 30, 2003 and June 30, 2004, which collectively comprise the Village of Choudrant's basic financial statements and have issued our report thereon dated December 23, 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 Village of Choudrant's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 instances of noncompliance that are required to be reported under *Governmental Auditing Standards* which are described in the accompanying schedule of findings and question costs as items 02-1 and 02-2.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Village of Choudrant's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to deficiencies in the design of internal control over financial reporting. Reportable conditions are described in the accompanying schedule of findings and question costs as item 01-1.

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. 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, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Council's Board, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Radian L. Hennigan
Certified Public Accountant

Ruston, Louisiana
December 23, 2004

**VILLAGE OF CHOUDRANT
CHOUDRANT, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE TWO YEARS ENDED JUNE 30, 2004**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of Choudrant.
2. Two reportable conditions relating to the audit of the general purpose financial statements are reported in the *Report of Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the general purposes financial statements of the Village of Choudrant were disclosed during the audit.
4. There are no major programs.
5. The threshold for distinguishing Type A and B Programs was \$300,000.
6. The Village of Choudrant was determined not to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

01-1 Finding: Inadequate overall internal control design. The Village has one clerk that takes in receipts, makes deposits, writes checks, maintains accounting records, and reconciles the bank statements. Being a small village, it is not feasible for the Village to have an adequate number of employees to have the appropriate level of segregation of duties and internal controls.

02-1 Need to Comply with Local Government Budget Act

Finding: The Village did not adequately monitor budgets. Louisiana Revised Statute (LRS) 39:1309:1310 requires the Village to adopt a budget amendment when expenditures or revenues to date plus project expenditures for the remainder of the year fail to meet or exceed estimated annual budgeted expenditures by five per cent or more

Recommendation: In the future, the clerk should amend the budget when actual expenditures and/or revenues exceed estimated expenditures and/or revenues by five per cent or more. The system of monitoring the budget vs. actual needs to be modified to be reviewed on a quarterly basis.

02-2 Need to comply with Bond Covenant Restrictions on Assets.

Bond covenants required restriction of assets to cover the following amounts:

Accrued Interest Payable	\$ 4,700
Depreciation & Contingency Fund	\$15,000
Reserve & Sinking Fund	<u>\$19,981</u>
Total	<u>\$39,681</u>

The Proprietary Fund did not have enough cash & cash equivalents to cover this restriction.

Recommendation: Transfer funds from General Fund from general sales tax revenue to cover the restricted asset requirements of the bond covenant. Review of the available cash & cash equivalents for restriction should be done monthly and any transfer necessary be done at that time.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings that are required to be reported in this section of the report.

Management's Plan of Corrective Action

Finding 01-1

The Village has hired an outside accountant to assist and monitor the monthly accounting process.

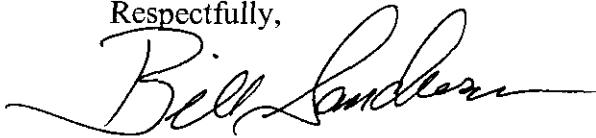
Finding 02-1

The Village has implemented a process by which the budget will be monitored and amended, if needed, on a quarterly basis.

Finding 02-2

The Village has transferred to a separate account sufficient funds that are restricted for bond covenant requirements.

Respectfully,

A handwritten signature in black ink that reads "Bill Sanderson". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Bill Sanderson
Mayor