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CITY OF EUNICE, LOUISIANA
Financial Report
Year Ended June 30, 2004

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Release Date 2-2-05


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VIGE  TUJAGUE
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.

DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Lynn LeJeune
and Members of the Council
City of Eunice, Louisiana

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

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


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

As described in Note 1, the City 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 a report dated November 24, 2004, on our consideration of the City of Eunice, Louisiana's 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 City of Eunice, Louisiana 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 opinions on the financial statements that collectively comprise the City of Eunice, Louisiana's basic financial statements. The other supplementary information on pages 41 through 70 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked (unaudited) on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Vige & Tujague, CPA
November 24, 2004

BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE
FINANCIAL STATEMENTS (GWFS)

CITY OF EUNICE, LOUISIANA
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 2,272,031	\$ 426,678	\$ 2,698,709
Investments, at cost	500,000	-	500,000
Receivables (net of allowance for uncollectibles):			
Accounts	435	279,942	280,377
Taxes	1,259	1,665	2,924
Other	514,180	9,133	523,313
Due from governmental units	107,023	-	107,023
Prepaid items	67,144	17,826	84,970
Restricted assets:			
Cash	-	200,000	200,000
Capital assets, net	<u>4,907,544</u>	<u>7,915,741</u>	<u>12,823,285</u>
Total assets	<u>\$ 8,369,616</u>	<u>\$ 8,850,985</u>	<u>\$17,220,601</u>
 Liabilities:			
Accounts payable	\$ 147,372	\$ 123,714	\$ 271,086
Accrued liabilities	322,102	9,876	331,978
Payable from restricted assets-	-	285	285
Customers' deposits	-	221,205	221,205
Deferred revenue	103,726	-	103,726
Non-current liabilities			
Due within one year:			
Bonds payable	85,000	-	85,000
Capital lease obligation	5,432	-	5,432
Due in more than one year:			
Bonds payable	290,000	-	290,000
Capital lease obligation	<u>3,803</u>	<u>-</u>	<u>3,803</u>
Total liabilities	<u>957,435</u>	<u>355,080</u>	<u>1,312,515</u>
 Net Assets:			
Investment in capital, net of related debt	4,898,309	7,915,741	12,814,050
Restricted for prepaid items	67,144	-	67,144
Restricted for debt service	49,724	-	49,724
Unrestricted	<u>2,397,004</u>	<u>580,164</u>	<u>2,977,168</u>
Total net assets	<u>\$ 7,412,181</u>	<u>\$ 8,495,905</u>	<u>\$15,908,086</u>

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

CITY OF EUNICE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2004

	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
	Operating	Capital	Governmental	Business-Type
Activities	Charges for Services	Contributions	Activities	Activities
Governmental activities:	Fees, Fines, and	Grants and	Total	
General government	Charges for Services	Contributions	Governmental	Business-Type
Public safety:	Expenses	Charges for Services	Activities	Activities
Police	\$ 1,516,240	\$ 626,487	\$ (876,191)	\$ (876,191)
Fire	2,036,150	102,423	(1,865,106)	(1,865,106)
Streets	917,660	-	(917,660)	(917,660)
Culture and recreation	845,264	-	(831,514)	(831,514)
Sanitation	740,726	207,833	(523,446)	(523,446)
Airport	37,195	-	(37,195)	(37,195)
Interest	37,414	-	13,743	13,743
	<u>27,732</u>	<u>-</u>	<u>(27,732)</u>	<u>(27,732)</u>
Total governmental activities	<u>6,158,381</u>	<u>936,743</u>	<u>(5,065,101)</u>	<u>(5,065,101)</u>
Business-type activities	1,657,282	-	-	183,297
Gas	<u>1,077,233</u>	<u>-</u>	<u>-</u>	<u>207,474</u>
Sewer	3,734,515	-	-	390,771
Total business-type activities	<u>2,734,515</u>	<u>-</u>	<u>-</u>	<u>390,771</u>
Total	<u>8,892,896</u>	<u>4,062,029</u>	<u>(5,065,101)</u>	<u>(4,674,330)</u>
General revenues:				
Taxes	-	-	-	-
Property taxes, levied for general purpose	-	-	475,165	475,165
Sales and use taxes, levied for general purposes	-	-	3,322,551	3,322,551
Payment in lieu of taxes	-	-	23,650	23,650
Franchise and chain store taxes	-	-	562,287	562,287
Gain (loss) on sale of capital assets	-	-	3,662	3,662
Grants and contributions not restricted to specific programs	-	-	-	-
State sources	-	-	-	-
Special items	-	-	-	-
Donations	-	-	-	-
Interest and investment earnings	-	-	484,253	484,253
Miscellaneous	-	-	17,511	22,770
Transfers	-	-	463,085	10,797
	-	-	(536,826)	(536,826)
Total general revenues and transfers	<u>5,888,990</u>	<u>90,975</u>	<u>(367,360)</u>	<u>5,521,630</u>
Change in net assets	-	-	823,889	847,300
Net assets - July 1, 2003	-	-	6,588,292	15,060,786
Net assets - June 30, 2004	<u>6,588,292</u>	<u>90,975</u>	<u>8,472,494</u>	<u>15,908,086</u>
	<u>\$ 7,412,181</u>	<u>\$ 8,495,905</u>	<u>\$ 15,908,086</u>	<u>\$ 15,908,086</u>

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

FUND FINANCIAL STATEMENTS (FFS)

CITY OF EUNICE, LOUISIANA
Balance Sheet Governmental Funds
June 30, 2004

ASSETS	General <u>Funds</u>	Sales Tax <u>Special Revenue</u>	St. Landry & Acadia Parish <u>Special Revenue</u>
Cash and cash equivalents	\$ 429,491	\$ 1,551,460	\$ 25,999
Investments, at cost	-	500,000	-
Receivables (net of allowance for uncollectibles):			
Taxes	1,259	-	-
Other	2,341	7,150	60,056
Due from governmental units	101,134	-	-
Due from other funds	79,051	156,760	-
Prepaid items	67,144	-	-
Total assets	<u>\$ 680,420</u>	<u>\$ 2,215,370</u>	<u>\$ 86,055</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 135,278	\$ 12,026	\$ -
Accrued liabilities	73,222	69,008	-
Due to other funds	171,380	-	78,766
Deferred Revenue	-	103,726	-
Total liabilities	<u>379,880</u>	<u>184,760</u>	<u>78,766</u>
Fund balance:			
Reserved for prepaid items	67,144	-	-
Reserved for debt service	-	-	-
Unreserved, undesignated	233,396	2,030,610	7,289
Total fund balances	<u>300,540</u>	<u>2,030,610</u>	<u>7,289</u>
Total liabilities and fund balances	<u>\$ 680,420</u>	<u>\$ 2,215,370</u>	<u>\$ 86,055</u>

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

<u>City of Eunice Sinking Fund</u>	<u>1978 Sinking Fund</u>	<u>Other Governmental</u>	<u>Total</u>
\$ 132,567	\$ -	\$ 48,596	\$ 2,188,113
-	-	-	500,000
-	-	435	435
-	-	-	1,259
-	-	-	69,547
-	-	-	101,134
-	-	-	235,811
-	-	-	67,144
<u>\$ 132,567</u>	<u>\$ -</u>	<u>\$ 49,031</u>	<u>\$ 3,163,443</u>
\$ -	\$ -	\$ 352	\$ 147,656
-	-	-	142,230
82,843	-	-	332,989
-	-	-	103,726
<u>82,843</u>	<u>-</u>	<u>352</u>	<u>726,601</u>
-	-	-	67,144
49,724	-	-	49,724
-	-	48,679	2,319,974
<u>49,724</u>	<u>-</u>	<u>48,679</u>	<u>2,436,842</u>
<u>\$ 132,567</u>	<u>\$ -</u>	<u>\$ 49,031</u>	<u>\$ 3,163,443</u>

CITY OF EUNICE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
For the Year Ended June 30, 2004

Total fund balances for governmental funds at June 30, 2004		\$2,436,842
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:		
Land	\$ 1,298,015	
Building, net of \$3,331,126 accumulated depreciation	2,735,832	
Infrastructure, net of \$1,950 accumulated depreciation	154,060	
Equipment, net of \$705,462 accumulated depreciation	241,568	
Auto, net of \$1,168,902 accumulated depreciation	<u>478,069</u>	4,907,544
Sales tax which were not measurable at year end and not considered available as current financial resources at year end		334,747
Net assets of the group health insurance internal service fund		34,687
Elimination of interfund assets and liabilities:		
Due from other funds	(235,811)	
Due to other funds	<u>235,811</u>	-
Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds		112,596
Long-term liabilities at June 30, 2004		
Bonds payable	(375,000)	
Litigation	(30,000)	
Capital lease obligations	<u>(9,235)</u>	<u>(414,235)</u>
Total net assets of governmental activities at June 30, 2004		<u>\$7,212,181</u>

CITY OF EUNICE, LOUISIANA
Statement of Revenues, Expenditures and Change in
Fund Balances - Governmental Funds
Year Ended June 30, 2004

	General	Sales Tax Special Revenue	St. Landry & Acadia Parish Special Revenue	City of Eunice Sinking Fund	1978 Sinking Fund	Other Governmental	Total
Revenues							
Taxes	\$1,047,749	\$3,290,040	\$ -	\$ -	\$ -	\$ -	\$4,337,789
Licenses and permits	462,008	-	-	-	-	-	462,008
Intergovernmental revenues	324,857	58,307	19,095	-	-	75,888	568,147
Fines, forfeitures and bonds	11,493	-	-	-	-	8,070	19,563
Liberty Cajun Music Show	55,938	-	-	-	-	-	55,938
Interest	-	13,507	169	1,522	2,102	211	17,511
Miscellaneous	361,911	101,174	-	-	-	-	463,085
Total revenues	<u>2,263,956</u>	<u>3,463,028</u>	<u>109,264</u>	<u>1,522</u>	<u>2,102</u>	<u>84,169</u>	<u>5,924,041</u>
Expenditures:							
Current-							
General government	1,120,649	258,008	-	-	-	5,850	1,384,507
Public safety	2,685,093	-	108,809	-	-	5,580	2,799,482
Public works	799,812	-	-	-	-	-	799,812
Health and welfare	12,190	-	-	-	-	-	12,190
Culture and recreation	578,402	137,242	-	-	-	-	715,644
Other	29,954	-	-	5	175	-	30,134
Capital outlay	-	449,440	-	-	-	44,242	493,682
Debt service:							
Principal retirement	-	66,183	-	80,000	-	-	146,183
Interest and fiscal charges	-	3,512	-	23,720	-	-	27,232
Total expenditures	<u>5,226,100</u>	<u>914,385</u>	<u>108,809</u>	<u>103,725</u>	<u>175</u>	<u>55,672</u>	<u>6,408,866</u>
Excess (deficiency) of revenues over expenditures	<u>(2,962,144)</u>	<u>2,548,643</u>	<u>455</u>	<u>(102,203)</u>	<u>1,927</u>	<u>28,497</u>	<u>(484,825)</u>
Other financing sources (uses):							
Proceeds from sale of capital assets	5,104	-	-	-	-	-	5,104
Operating transfers in	3,123,197	-	-	112,853	-	7,560	3,243,610
Operating transfers out	(7,560)	(2,065,634)	-	-	(626,778)	(6,812)	(2,706,784)
Total other financing sources (uses)	<u>3,120,741</u>	<u>(2,065,634)</u>	<u>-</u>	<u>112,853</u>	<u>(626,778)</u>	<u>748</u>	<u>541,930</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	158,597	483,009	455	10,650	(624,851)	29,245	57,105
Fund balances, beginning	141,943	1,547,601	6,834	39,074	624,851	19,434	2,379,737
Fund balances, ending	<u>\$ 300,540</u>	<u>\$2,030,610</u>	<u>\$ 7,289</u>	<u>\$ 49,724</u>	<u>\$ -</u>	<u>\$ 48,679</u>	<u>2,436,842</u>

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

CITY OF EUNICE, 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 balance at June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 57,105
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 statements 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	493,682	
Depreciation expense for the year ended June 30, 2004	<u>(386,842)</u>	106,840
Add: Donation of capital assets		484,253
Add: Payments on long term debt		146,183
Add: Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Racino revenues	5,889	
Sales tax	32,511	
Franchise revenues	<u>(4,912)</u>	33,488
Less: Net loss on group health insurance internal service fund		(2,538)
Less: In the Statement of Activities, the gain on disposition of capital assets is reported. The gain is not a use of current resources and thus is not reported in the funds.		<u>(1,442)</u>
Total changes in net assets at June 30, 2004 per Statement of Activities		<u>\$823,889</u>

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

CITY OF EUNICE, LOUISIANA
Proprietary Funds
Statement of Net Assets
June 30, 2004

	<u>Business-Type Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Assets:		
Cash and cash equivalents	\$ 426,678	\$ 34,687
Receivables (net of allowance for uncollectibles):		
Accounts	279,942	-
Taxes	1,665	-
Other	9,133	-
Prepaid items	17,826	-
Restricted assets:		
Cash	200,000	-
Investments, at cost	-	-
Utility, plant and equipment, at cost	14,333,888	-
Accumulated depreciation	(6,418,147)	-
Total assets	<u>\$ 8,850,985</u>	<u>\$ 34,687</u>
Liabilities:		
Accounts payable	\$ 120,535	\$ -
Accrued liabilities	9,876	-
Due to other funds	3,464	-
Payable from restricted assets-	-	-
Customers' deposits	<u>221,205</u>	<u>-</u>
Total liabilities	<u>355,080</u>	<u>-</u>
Net Assets:		
Investment in capital assets, net of related debt	7,915,741	-
Unrestricted	<u>580,164</u>	<u>34,687</u>
Total net assets	<u>\$ 8,495,905</u>	<u>\$ 34,687</u>

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

CITY OF EUNICE, LOUISIANA
Proprietary Funds
Statements of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended June 30, 2004

	Business - Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
Operating revenues:		
Charges for services	\$ 2,990,897	\$ 917
Other billings to customers	48,578	-
Taxes Sewer Maintenance	<u>85,811</u>	<u>-</u>
Total operating revenues	<u>3,125,286</u>	<u>917</u>
Operating expenses:		
Payroll and related benefits	544,837	3,652
Gas purchases	1,033,181	-
Supplies and materials	110,274	-
Repairs and maintenance	298,519	-
Office expenses	32,275	-
Professional fees	34,804	-
Insurance	163,661	-
Depreciation	293,844	-
Bad debts	7,502	-
Permits	11,334	-
Utilities and telephone	155,245	-
Miscellaneous	<u>49,039</u>	<u>-</u>
Total operating expenses	<u>2,734,515</u>	<u>3,652</u>
Operating income	<u>390,771</u>	<u>(2,735)</u>
Nonoperating income:		
Interest earned on investments	5,259	197
Other income	<u>10,797</u>	<u>-</u>
Total nonoperating income	<u>16,056</u>	<u>197</u>
Income before operating transfers	<u>406,827</u>	<u>(2,538)</u>
Operating transfers:		
Operating transfers in	338,174	-
Operating transfers out	(875,000)	-
Capital contributions	<u>153,410</u>	<u>-</u>
Total operating transfers	<u>(383,416)</u>	<u>-</u>
Change in net assets	23,411	(2,538)
Net assets, beginning	<u>8,472,494</u>	<u>37,225</u>
Net assets, ending	<u>\$ 8,495,905</u>	<u>\$ 34,687</u>

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

CITY OF EUNICE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Receipts from customers	\$ 3,057,112	\$ -
Payments of suppliers	(1,965,379)	(3,652)
Payments to employees	(536,689)	
Other receipts	<u>85,811</u>	<u>917</u>
Net cash provided (used) by operating activities	<u>640,855</u>	<u>(2,735)</u>
Cash flows from noncapital financing activities:		
Other receipts	10,797	-
Transfers from other funds	338,174	-
Transfers to others funds	<u>(875,000)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(526,029)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Proceeds from meter deposits	23,857	-
Proceeds from federal grant	153,410	-
Acquisition of property, plant and equipment	<u>(296,872)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(119,605)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>5,259</u>	<u>197</u>
Net cash provided by investing activities	<u>5,259</u>	<u>197</u>
Net increase (decrease) in cash and cash equivalents	480	(2,538)
Cash and cash equivalents, beginning of period	<u>626,198</u>	<u>37,225</u>
Cash and cash equivalents, end of period	<u>\$ 626,678</u>	<u>\$ 34,687</u>

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

CITY OF EUNICE, LOUISIANA
Statement of Cash Flows
Proprietary Funds (continued)
For the Years Ended June 30, 2004

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	\$ 390,771	\$ (2,735)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	293,844	-
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable(net)	(26,182)	-
(Increase) decrease in other receivables	(8,545)	-
(Increase) decrease in prepaid items	26,011	-
(Decrease) in due to other funds	(2,861)	-
Increase (decrease) in accounts payable	54,529	-
Increase (decrease) in customer deposits	-	-
Increase (decrease) in accrued liabilities	<u>(86,712)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 640,855</u>	<u>\$ 2,735</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	426,198	-
Interest - bearing deposits - unrestricted	-	37,225
Cash - restricted	200,000	-
Interest - bearing deposits - restricted	-	-
Less: Interest - bearing deposits with maturity in excess of 90 days	-	-
Total cash and cash equivalents	<u>626,198</u>	<u>37,225</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	426,678	-
Interest - bearing deposits - unrestricted	-	34,687
Cash - restricted	200,000	-
Interest- bearing deposits - restricted	-	-
Total cash and cash equivalents	<u>626,678</u>	<u>34,687</u>
Net increase (decrease)	<u>\$ 480</u>	<u>\$ (2,538)</u>

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

CITY OF EUNICE, LOUISIANA
Fiduciary Fund
Payroll Fund

Statement of Net Assets
June 30, 2004

	<u>2004</u>
ASSETS	
Cash	\$ 49,231
Due from other funds	<u>100,641</u>
Total assets	<u>\$ 149,872</u>
LIABILITIES	
Accrued liabilities	\$ 149,872
Due to other funds	<u>-</u>
Total liabilities	<u>\$ 149,872</u>

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

CITY OF EUNICE, LOUISIANA
 Fiduciary Fund
 Payroll Fund

Statement of Changes in Net Assets
 June 30, 2004

	<u>Balance</u> <u>7/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/04</u>
ASSETS				
Cash	\$137,967	\$4,123,361	\$4,215,097	\$ 49,231
Due from other funds	<u>90,906</u>	<u>4,193,048</u>	<u>4,183,313</u>	<u>100,641</u>
	<u>\$228,873</u>	<u>\$8,319,409</u>	<u>\$8,398,410</u>	<u>\$149,872</u>
LIABILITIES				
Accrued liabilities	<u>\$228,873</u>	<u>\$1,799,577</u>	<u>\$1,878,578</u>	<u>\$149,872</u>
	<u>\$228,873</u>	<u>\$1,799,577</u>	<u>\$1,878,578</u>	<u>\$149,872</u>

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

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Eunice was incorporated in 1909 under the Lawrason Act, and is administered under the Mayor and Board of Aldermen form of government. The accounting and reporting policies of the City of Eunice conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

For the fiscal year ended June 30, 2004, the City implemented the new financial reporting requirements of GASB Statements 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.

The following is a summary of the more significant accounting policies:

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion in the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based on the foregoing criteria, the following governmental organizations are not considered part of the City because they are not material in relation to the financial statement taken as a whole and are thus excluded from the accompanying financial statements for the reasons noted:

The Eunice City Court and City Marshall are operated under the directorship of the Eunice City Judge and Marshall who are elected public officials. Revenues are derived from court costs. The City cannot significantly influence operations nor does it have responsibility for fiscal management.

The Opelousas-Eunice Public Library is a joint venture between the cities of Opelousas and Eunice. The City of Eunice does not exercise significant influence over management or fiscal matters of the Library. A copy of the joint ventures separate financial statements can be obtained from the Opelousas-Eunice Public Library, P.O. Box 249, Opelousas, LA 70570.

The municipality's officials are also responsible for appointing the members of the board of the Housing Authority of Eunice, Louisiana. This agency is considered to be a related organization since the municipality appoints the governing board but is not financially accountable for the organization.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government - Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the City of Eunice, the primary 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 City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods and services offered by the programs, and (b) requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the City of Eunice are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. The various funds are grouped in the financial statements in this report, into seven generic fund types and three broad fund categories. 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 City 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/expense of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the City are described below:

Governmental Funds -

General Fund

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

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

Special revenues funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the City reports the following fund types:

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major facilities other than those financed by proprietary funds and trust funds.

Proprietary Funds -

Enterprise Fund

The Enterprise Fund is 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 to be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City of Eunice's enterprise fund is the utility fund. It accounts for the provision of gas and sewer services to residents of the City.

Internal Service Fund

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The City of Eunice's internal service fund is the group health insurance fund.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities management may elect to apply all FASB Statement and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary fund types are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The City of Eunice's fiduciary fund is the payroll fund.

Measurement Focus/Basis of Accounting

Measurement focus is 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.

Basis of Accounting

In the government-wide statement of net assets and statements 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.

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when collected by the collection agency and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which they are billed. Fees and non tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

Program Revenues

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

Allocation of indirect expenses

The City 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.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds, therefore, they are not included in this report.

Encumbrances are not recorded in the financial statements.

The budget presented is as amended by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations by more than 5% at the individual fund level.

Cash and Investments

Cash includes amounts in demand deposits. Investments include certificates of deposit and time deposits. The bank balance of cash and investments is covered by federal depository insurance or by collateral in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. The amounts of estimated costs are immaterial to these financial statements. Donated fixed assets are stated at their fair market value on the date donated. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems were not capitalized, prior to July 1, 2003.

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 assets is as follows:

Buildings	40 years
Equipment	5 years
Vehicles	7 years
Utility system and improvements	25-50 years

Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method. The estimated useful lives are as follows:

Gas system	67 years
Sewerage system	40-67 years
Meters & regulators	25 years
Vehicle & other equipment	25 years

Compensated Absences

Vested compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested compensatory time of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vacation time is allowed January 1st and lapse December 31st if not used.

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.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 primarily of the revenue bonds 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 principal 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.

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 borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consist 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."
- d. 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.

Revenues, Expenditure, 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 revenues and expense not related to capital and related financing, noncapital financing, or investing activities.

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.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Transactions that constitute reimbursements to a fund expenditures/expense initially made from it that are properly applicable to another fund, are recorded as expenditures/expense in the reimbursing fund and as reductions of expenditures/expense in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Concentration of Risks

Concentration of risks with respect the City is subject to the conditions of the limited geographical area of the City.

Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles required management to make estimates and assumptions that affect the reported amount 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 expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

NOTE 2 CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY

As a result of implementing Statement 34, the following adjustments were required to restate beginning net assets for the governmental activities:

Total fund balance/fund equity, as previously reported	\$2,392,469
Statement 34 adjustments:	
Additional governmental fund revenue accruals	415,297
Additional governmental fund expense accruals	(12,732)
Capital assets, net of depreciation	4,316,451
General long-term debt	(551,183)
Prior years capital lease	(9,235)
Internal Service Fund	37,225
	<u>\$6,588,292</u>

NOTE 3 LEGAL COMPLIANCE - BUDGETS

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

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 3 LEGAL COMPLIANCE - BUDGETS (Continued)

A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

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 an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

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 Council.

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the City 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 City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the City has cash and interest-bearing deposits totaling, \$2,814,791 as follows:

Demand deposits	<u>\$2,814,791</u>
Total	<u>\$2,814,791</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balance) 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 balance) at June 30, 2004, are secured as follows.

Bank balances	<u>\$3,009,972</u>
Federal deposit insurance	\$ 100,000
Pledged securities (Category 3)	<u>4,340,787</u>
Total	<u>4,440,787</u>
Excess	<u>\$1,430,815</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 5 RECEIVABLES

Receivables at June 30, 2004, consist of the following:

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>St. Landry & Acadia Parish Special Revenue</u>	<u>Other Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Taxes	\$ 2,518	\$ -	\$ -	\$ 435	\$ 1,715	\$ 4,668
Accounts	-	-	-	-	321,942	321,942
Other	<u>2,341</u>	<u>7,150</u>	<u>60,056</u>	<u>-</u>	<u>9,133</u>	<u>78,680</u>
Gross receivables	4,859	7,150	60,056	435	332,790	405,290
Less: allowance for uncollectibles	<u>1,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,050</u>	<u>43,309</u>
Net total receivables	<u>\$ 3,600</u>	<u>\$ 7,150</u>	<u>\$ 60,056</u>	<u>\$ 435</u>	<u>\$290,740</u>	<u>\$361,981</u>

Accounts receivables in the Enterprise Fund consists of billed and unbilled receivables relating to gas and sewerage services. Gas accounts receivable are divided into two billing cycles. Cycle 1 is billed on the 18th for meters read from the 1st through the 15th. Cycle 2 is billed on the 3rd for meters read the 16th through 24th of the previous month. Billed receivables at June 30, 2004 were \$198,090 and unbilled receivables were \$123,852.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessors of St. Landry Parish and Acadia Parish.

For the year ended June 30, 2004, taxes of 13.76 mills were levied on property with an assessed valuation totaling \$40,225,770 and were dedicated as follows:

	<u>Mileage</u>	<u>Duration</u>
General corporate tax	6.65 mills	Permanent
Street maintenance	5.00 mills	2002-2011
Sewer maintenance	2.11 mills	1996-2005

Total taxes levied were \$560,976. Taxes receivable, net of allowance for uncollectibles, at June 30, 2004, were \$3,359.

NOTE 6 CAPITAL ASSETS

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

	<u>Balance 7/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/04</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 763,065	\$ 534,948	\$ -	\$ 1,298,013
Other capital assets:				
Building	6,015,018	51,940	-	6,066,958
Infrastructure	-	156,010	-	156,010
Equipment	859,514	93,286	5,770	947,030
Auto	<u>1,564,702</u>	<u>181,595</u>	<u>99,326</u>	<u>1,646,971</u>
Totals	<u>9,202,299</u>	<u>1,017,779</u>	<u>105,096</u>	<u>10,114,982</u>
Less accumulated depreciation				
Buildings	3,182,284	148,841	-	3,331,125
Infrastructure	-	1,950	-	1,950
Equipment	641,194	68,596	4,328	705,462
Auto	<u>1,060,928</u>	<u>167,455</u>	<u>59,482</u>	<u>1,168,901</u>
Total accumulated depreciation	<u>4,884,406</u>	<u>386,842</u>	<u>63,810</u>	<u>5,207,438</u>
Governmental activities, capital assets, net	<u>\$4,317,893</u>	<u>\$ 630,937</u>	<u>\$ 41,286</u>	<u>\$ 4,907,544</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 6 CAPITAL ASSETS (Continued)

Business-type activities:

Capital assets not being depreciated:

Land	-	-	-	-
Other capital assets:				
Gas system	5,516,648	-	-	5,516,648
Sewer system	8,010,384	270,553	-	8,280,937
Auto's and trucks	135,493	26,321	33,902	127,912
Equipment	<u>408,391</u>	<u>-</u>	<u>-</u>	<u>408,391</u>
Totals	<u>14,070,916</u>	<u>296,874</u>	<u>33,902</u>	<u>14,333,888</u>

Less accumulated depreciation

Gas system	2,165,593	87,396	-	2,252,989
Sewer system	3,577,791	173,585	-	3,751,376
Auto's and trucks	80,675	18,013	33,902	64,786
Equipment	<u>334,146</u>	<u>14,850</u>	<u>-</u>	<u>348,996</u>
Total accumulated depreciation	<u>6,158,205</u>	<u>293,844</u>	<u>33,902</u>	<u>6,418,147</u>

Business type activities, capital assets, net	<u>7,912,711</u>	<u>3,030</u>	<u>-</u>	<u>7,915,741</u>
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NOTE 7 LONG-TERM DEBT

The following is a summary of debt transactions of the City of Eunice for the year ended June 30, 2004:

	June 30, <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	June 30, <u>2004</u>
General obligations bonds	\$ 455,000	\$ -	\$ 80,000	\$ 375,000
Capital leases, sales tax fund	75,419	-	66,184	9,235
Other - liability insurance claims payable	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
	<u>\$ 560,419</u>	<u>\$ -</u>	<u>\$ 146,184</u>	<u>\$ 414,235</u>

Bonds payable at June 30, 2004, is comprised of the following individual issue:

General Obligation Bonds (secured by proceeds of a .2% sales and use tax):

Public Improvements Bonds, Series ST-1997, dated 5/1/97, original issue of \$810,000, retired annually in various installment amounts, bearing interest at 4.10% to 5.40% per annum, final maturity at 7/1/08 \$ 375,000

Capital lease:

Purchase of vehicle under capital lease in the amount of \$15,852 payable in 36 monthly installments of \$504, including interest, payable from the Sales Tax Fund. \$ 9,235

The annual requirement to amortize all debt outstanding at June 30, 2004 including interest payments of \$52,221 are as follows:

Year Ending <u>June 30,</u>	<u>Principle Payments</u>		<u>Interest</u>	<u>Other</u>	<u>Total</u>
	<u>General Obligation</u>	<u>Capital Leases</u>			
2005	\$ 85,000	\$5,432	\$20,331	30,000	140,763
2006	90,000	3,803	15,515	-	109,318
2007	95,000	-	10,705	-	105,705
2008	<u>105,000</u>	<u>-</u>	<u>5,670</u>	<u>-</u>	<u>110,670</u>
	<u>\$ 375,000</u>	<u>\$9,235</u>	<u>\$52,221</u>	<u>\$ 30,000</u>	<u>\$ 466,456</u>

The Debt Service Fund has \$132,567 available of June 30, 2004 to service these debts.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES

The City of Eunice levies a 2.2% sales and use tax dedicated as follows:

Proceeds of the 1% sales and use tax levied in 1978, are dedicated as follows:

Under the terms of the sales tax ordinance, all monies collected are deposited into a separate account.

Monies remaining in the sales tax fund after payment of collection expenses, may be used for providing additional general fund revenues and for the construction, operations and maintenance of capital improvements.

This is a 25 year sales and use tax that was set to expire on December 31, 2003. It has been renewed. This tax was renewed for an additional 25 years and will expire on December 31, 2028.

Proceeds of the 1% sales and use tax levied in 1962 are dedicated as follows:

Under the terms of the sales tax ordinance, all monies collected are deposited into a separate account.

Monies remaining in the sales tax fund after payment of collection expenses may be used for:

Opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and subsurface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for public works, buildings, improvements and facilities.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, to defray costs of operating and maintaining a public library.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, for the payment of salaries of municipal employees.

The 1962 sales and use tax is a permanent sales tax.

Proceeds of the .2% sales and use tax levied in 1988 are dedicated as follows:

Under the terms of the Bond Indenture for the Public Improvement Bond, ST-1988, all monies collected are deposited into a sales tax fund account.

After payment of collection expenses, monies must be transferred to a sinking fund established for retirement of these bonds, in amounts equal to one-sixth of the interest and one-twelfth of the bonds becoming due in the next maturity.

A reserve fund is established by monthly transfers from the sales tax fund of \$1,000 until such time as the reserve fund has accumulated sufficient funds to equal the highest combined interest and bond payments due for any succeeding fiscal year.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 8 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES (Continued)

Monies remaining in the sales tax fund may be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities.

The 1988 sales and use tax is a permanent sales tax.

NOTE 9 PENSION COST

Municipal Employee's Retirement System

Membership in the retirement system is mandatory for all employees who are employed on a permanent basis working at least 35 hours per week. However, new employees over 60 years of age and employees covered by another retirement system are not eligible. Employees are eligible to retire at any age with thirty or more years of creditable service or age 55 with twenty-five years of creditable service. Creditable service means all periods of time for which credit is allowed towards any benefits. Upon retirement, members are entitled to a retirement benefit, payable monthly in an amount equal to three percent of the member's final compensation multiplied by years of creditable service, provided however, that: (1) any member who has held an elective office in a municipality which is a participating employer shall be paid an additional annuity equal to one-half of one percent for each year of such elected service, (2) for any employee who was a member only of the supplemental plan prior to the revision date, the benefit earned for service credited prior to the revision shall be determined on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation of each year of service credited after the revision date; and (3) the benefit of the Section shall not exceed one hundred percent of a member's final salary.

Final compensation means the average monthly earnings during the highest thirty-six months or joined months if service has interrupted. Final salary means the average monthly earnings of a member during the twelve month period immediately preceding his death or the establishment of Plan A. The System also provides death and disability benefits which require five years of creditable service for eligibility.

The City has several pension plans covering substantially all of its employees, as follows:

- Municipal Employees' Retirement System of Louisiana
- State of Louisiana - Municipal Police Employees' Retirement System
- State of Louisiana - Firefighters' Retirement System
- Louisiana State Employee's Retirement System

Substantially all employees are covered under the Municipal Employees' Retirement System of Louisiana except for firemen, policemen, and judges which are covered under the Firefighters' Retirement System, Municipal Police Employees' Retirement System, and Louisiana State Employees' Retirement System, respectively. Details concerning these plans follow:

Municipal Employees' Retirement System of Louisiana

Plan description:

The Municipal Employee's Retirement System of Louisiana (the System) is a cost-sharing multiple-employer public employee retirement system (PERS) as established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. Employees of the City are members of Plan A.

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 9 PENSION COST (Continued)

The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

Funding policy:

Plan members are required to contribute 9.25% of their annual salary and the City is required to contribute at an actuarially determined rate. The current rate is 11.00% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the year ended June 30, 2004 was \$147,050, equal to the required contributions for the year.

State of Louisiana - Municipal Police Employees' Retirement System

Plan description:

The Municipal Police Employees' Retirement System (the System) is a cost sharing multiple-employer retirement system (PERS).

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Police Employees Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employee's Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, LA 70809-9095.

Funding policy:

Plan members are required to contribute 7.5% of their annual covered salary and the City is required to contribute 15.25% as established by the state statute. The City's contributions to the System for the year ended June 30, 2004 was \$146,499, equal to the required contributions for the year.

State of Louisiana - Firefighters' Retirement System

Plan description:

The Firefighters' Retirement System (the System) is a cost sharing multiple-employer public employee retirement system (PERS), as established and provided for by R.S. 11:2251 through 2269 of the Louisiana Revised Statutes (LRS).

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a firefighter, not participating in another public funded retirement system and under age fifty (50) at date of employment. Employees who retire at or after age 50 with a least 20 years of credit service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 9 PENSION COST (Continued)

multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Firefighter's Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Firefighter's Retirement System, P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

Funding policy:

Plan members are required to contribute 8.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the year ended June 30, 2004 was \$86,557, equal to the required contributions for each year.

NOTE 10 INTERFUND RECEIVABLES, PAYABLES

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 79,051	\$ 171,380
Special Revenue Funds-		
Sales Tax Fund	156,760	-
St. Landry & Acadia Parish Fire District	-	78,766
Enterprise Fund-		
Utility Fund-	-	3,464
Fiduciary Fund-		
Payroll Fund-	100,642	-
Debt Service-		
Public Improvement Bonds (ST-1978) Fund	-	82,843
	<u>\$ 336,453</u>	<u>\$ 336,453</u>

NOTE 11 RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets applicable to customers' deposits at June 30, 2004 are as follows:

	<u>2004</u>
Customers' deposits:	
Cash	\$ 200,000
Investments, at cost	-
	<u>\$ 200,000</u>

NOTE 12 OPERATING LEASE

The City is committed under various two year and three year leases for vehicles and longer leases for heavy equipment. The leases are considered for accounting purposes to be operating leases. Total lease expenditures for the year ended June 30, 2004, amounted to \$9,121. Future minimum lease payments under leases are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2005	\$ 20,418
2006	<u>18,180</u>
	<u>\$ 38,598</u>

CITY OF EUNICE, LOUISIANA

Notes of Financial Statements

NOTE 13 ENTERPRISE FUND OPERATIONS

Operations of the City of Eunice Utility System consist of a gas distribution system and sewer utility system. Operating results of the individual utilities for the year ended June 30, 2004 are as follows:

	<u>Gas Department</u>	<u>Sewer Department</u>
	<u>2004</u>	<u>2004</u>
Operating Revenues	\$1,840,579	\$1,284,707
Operating Expense	<u>1,657,282</u>	<u>1,075,955</u>
Operating Income	<u>\$ 183,297</u>	<u>\$ 208,752</u>

Operating expenses above include costs which cannot be directly associated with a single department; thus these expenses have been allocated on the basis of gross utility sales. For the fiscal year ended June 30, 2004, the Gas and Sewer Utilities provided services to 3,904 and 4,452 customers, respectively.

NOTE 14 SELF INSURANCE FUND

The City had established a risk management program for its group health and life insurance coverage and accounts for it in the Group Insurance Fund, an Internal Service Fund. This program provided employees and their dependents health benefits up to \$2,500,000 in a lifetime maximum. The City purchased commercial insurance for claims in excess of \$10,000 per individual per year of coverage provided by the program.

The City adopted the provisions of GASB Statement Number 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues." Funds of the City participate in the program and make payments to the Group Insurance Fund based on premiums needed to pay prior and current year claims, administrative cost, and commercial insurance premiums. GASB Statement Number 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The net claims liability at June 30, 2004 is \$-0-.

This program was replaced on March 1, 2003 with conventional health insurance coverage thru United Healthcare.

NOTE 15 LAND DONATION

The City, on October 30, 2003, was the recipient of a parcel of land from the Eunice Youth Foundation valued at \$484,253. The donated property consist of approximately 64.567 acres and is scheduled to be used as a recreational facility which will be home to eight baseball fields, concession stands, bleachers, parking and other improvements. The City is in the process of securing a bond in the amount of 2.5 million dollars to build the facility. The projected date of completion of the facility is June 2006.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EUNICE, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 990,500	\$ 1,020,488	\$ 1,047,749	\$ 27,261
License and permits	410,000	425,834	462,008	36,174
Intergovernmental revenues	288,350	262,837	324,857	62,020
Fines and forfeitures	11,000	16,713	11,493	(5,220)
Liberty Cajun Music Show	99,300	120,148	55,938	(64,210)
Miscellaneous	<u>194,200</u>	<u>291,348</u>	<u>361,911</u>	<u>70,563</u>
Total revenues	<u>1,993,350</u>	<u>2,137,368</u>	<u>2,263,956</u>	<u>126,588</u>
Expenditures:				
Current -				
General government	1,082,984	1,133,199	1,120,649	12,550
Public safety	2,699,074	2,665,436	2,685,093	(19,657)
Public works	868,399	805,866	799,812	6,054
Health and welfare	18,400	12,200	12,190	10
Culture and recreation	457,906	471,692	578,402	(106,710)
Other	29,700	30,831	29,954	877
Capital outlay	-	-	-	-
Total expenditures	<u>5,156,463</u>	<u>5,119,224</u>	<u>5,226,100</u>	<u>(106,876)</u>
Deficiency of revenues over expenditures	<u>(3,163,113)</u>	<u>(2,981,856)</u>	<u>(2,962,144)</u>	<u>19,712</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	5,104	5,104
Operating transfers in	3,029,000	3,046,389	3,123,197	76,808
Operating transfers out	-	(7,560)	(7,560)	-
Total other financing sources	<u>3,029,000</u>	<u>3,038,829</u>	<u>3,120,741</u>	<u>81,912</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(134,113)	56,973	158,597	101,624
Fund balance, beginning	<u>218,237</u>	<u>156,175</u>	<u>141,943</u>	<u>(14,232)</u>
Fund balance, ending	<u>\$ 84,124</u>	<u>\$ 213,148</u>	<u>\$ 300,540</u>	<u>\$ 87,392</u>

CITY OF EUNICE, LOUISIANA
Sales Tax Special Revenue Funds

Budgetary Comparison Schedule
Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 3,274,000	\$ 3,300,000	\$ 3,290,040	\$ (9,960)
Intergovernmental revenues	-	37,647	58,307	20,660
Interest	14,000	14,000	13,507	(493)
Miscellaneous	5,000	203,476	101,174	(102,302)
Total revenues	<u>3,293,000</u>	<u>3,555,123</u>	<u>3,463,028</u>	<u>(92,095)</u>
Expenditures:				
Current-				
General government	77,250	87,404	258,008	(170,604)
Culture and recreation	110,000	106,571	137,242	(30,671)
Capital outlay	616,341	758,364	449,440	308,924
Debt service-				
Principal retirement	24,520	24,600	66,183	(41,583)
Interest charges	1,409	1,336	3,512	(2,176)
Total expenditures	<u>829,520</u>	<u>978,275</u>	<u>914,385</u>	<u>63,890</u>
Excess (deficiency) of revenues over expenditures	<u>2,463,480</u>	<u>2,576,848</u>	<u>2,548,643</u>	<u>(28,205)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(2,428,172)	(2,030,422)	(2,065,634)	(35,212)
Total other financing uses	<u>(2,428,172)</u>	<u>2,030,422</u>	<u>2,065,634</u>	<u>(35,212)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	35,308	546,426	483,009	(63,417)
Fund balances, beginning	<u>1,380,583</u>	<u>1,547,601</u>	<u>1,547,601</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,415,891</u>	<u>\$ 2,094,027</u>	<u>\$ 2,030,610</u>	<u>\$ (63,417)</u>

CITY OF EUNICE, LOUISIANA
St. Landry & Acadia Parish Special Revenue Fund

Budgetary Comparison Schedule
Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental revenues	\$ 103,000	\$ 104,000	\$ 109,095	\$ 5,095
Interest	250	155	169	14
Total revenues	<u>103,250</u>	<u>104,155</u>	<u>109,264</u>	<u>5,109</u>
Expenditures:				
Current-				
Public safety	<u>111,885</u>	<u>110,320</u>	<u>108,809</u>	<u>1,511</u>
Total expenditures	<u>111,885</u>	<u>110,320</u>	<u>108,809</u>	<u>1,511</u>
Excess (deficiency) of revenues over expenditures	<u>(8,635)</u>	<u>(6,165)</u>	<u>455</u>	<u>6,620</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(8,635)</u>	<u>(6,165)</u>	<u>455</u>	<u>6,620</u>
Fund balances (deficits), beginning	<u>12,271</u>	<u>6,834</u>	<u>6,834</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,636</u>	<u>\$ 669</u>	<u>\$ 7,289</u>	<u>\$ 6,620</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

CITY OF EUNICE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Taxes -				
Property taxes	\$ 454,000	\$ 465,191	\$ 475,165	\$ 9,974
Interest and penalty	4,500	4,000	5,385	1,385
Franchise fees	532,000	551,297	567,199	15,902
Licenses and permits				
Occupational licenses	370,000	379,734	421,972	42,238
Liquor licenses	20,000	24,100	23,600	(500)
Building permit fees	20,000	22,000	16,436	(5,564)
Intergovernmental revenues-				
Grant revenue	23,750	7,451	16,434	8,983
Video poker	120,000	135,500	154,828	19,328
Racino Receipts		32,000	36,969	4,969
Beer tax	37,000	23,047	30,951	7,904
Correction receipts	54,000	29,000	31,615	2,615
Housing authority payment in lieu of tax	28,600	7,600	23,650	16,050
Fire insurance tax	25,000	28,239	30,410	2,171
Fines and forfeits-				
Court fines	11,000	16,713	11,493	(5,220)
Liberty Cajun Music Show	99,300	120,148	55,938	(64,210)
Miscellaneous	194,200	291,348	361,911	70,563
Total revenues	<u>1,993,350</u>	<u>2,137,368</u>	<u>2,263,956</u>	<u>126,588</u>
Other financing sources:				
Proceeds from Sale of Capital Assets	-	-	5,104	5,104
Transfers from Operating transfer in	<u>3,029,000</u>	<u>3,046,389</u>	<u>3,123,197</u>	<u>76,808</u>
Total revenues and other sources	<u>\$5,022,350</u>	<u>\$ 5,183,757</u>	<u>\$5,392,257</u>	<u>\$ 208,500</u>

CITY OF EUNICE, LOUISIANA
 General Fund
 Budgetary Comparison Schedule - Expenditures
 Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General government:				
Advertising	\$ 18,000	\$ 17,400	\$ 16,922	\$ 478
City Court	92,200	101,224	101,231	(7)
City Hall maintenance	16,000	23,507	22,587	920
Civil Service Board	1,800	1,888	1,888	-
Coroner	5,000	8,500	8,050	450
Drug testing	500	800	630	170
Dues	8,900	9,000	7,686	1,314
General insurance	42,500	43,306	44,323	(1,017)
Group insurance	86,044	85,800	96,244	(10,444)
Industrial inducement	4,000	4,144	4,144	-
Main Street Program expense	3,000	1,925	2,487	(562)
Materials and supplies	57,000	60,640	33,422	27,218
Office expenses	16,000	13,400	11,527	1,873
Other	107,890	91,371	90,232	1,139
Payroll taxes	50,850	53,440	60,505	(7,065)
Professional fees	47,000	63,444	62,661	783
Salaries	323,000	346,946	347,462	(516)
Street lighting	113,000	116,800	117,988	(1,188)
Tax roll preparation	7,500	8,508	8,508	-
Travel and meetings	12,000	12,500	13,421	(921)
Utilities and telephone	70,000	67,900	67,975	(75)
Zoning Board	800	756	756	-
Total government	<u>1,082,984</u>	<u>1,133,199</u>	<u>1,120,649</u>	<u>12,550</u>
Public safety:				
Police -				
Drug testing	1,000	2,100	2,180	(80)
General insurance	154,500	195,050	182,949	12,101
Group insurance	190,579	151,300	146,501	4,799
Jail expense	74,889	107,500	106,553	947
Other	37,000	29,695	52,143	(22,448)
Payroll taxes	15,700	17,002	16,966	36
Retirement and pension	238,738	209,039	214,538	(5,499)
Salaries	994,914	997,104	1,004,188	(7,084)
Supplies and materials	57,000	52,444	54,979	(2,535)
Telephone and utilities	15,000	15,400	15,197	203
Training	8,000	9,000	7,308	1,692
Transportation	101,000	103,400	104,875	(1,475)
Total police	<u>\$1,888,320</u>	<u>\$ 1,889,034</u>	<u>\$1,908,377</u>	<u>\$ (19,343)</u>

(Continued)

CITY OF EUNICE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire -				
General insurance	\$ 92,275	\$ 93,740	\$ 86,047	\$ 7,693
Group insurance	53,429	58,800	56,725	2,075
Other	5,650	3,934	2,901	1,033
Payroll taxes	97,000	87,550	91,632	(4,082)
Repairs and maintenance	7,400	7,534	24,207	(16,673)
Salaries	458,000	440,650	446,080	(5,430)
Supplies and materials	18,400	22,544	22,147	397
Telephone and utilities	18,500	19,500	18,822	678
Transportation	37,500	25,500	11,622	13,878
Travel and meetings	5,600	2,500	1,666	834
Volunteer firemen	<u>17,000</u>	<u>14,150</u>	<u>14,867</u>	<u>(717)</u>
Total fire	<u>810,754</u>	<u>776,402</u>	<u>776,716</u>	<u>(314)</u>
Total public safety	<u>2,699,074</u>	<u>2,665,436</u>	<u>2,685,093</u>	<u>(19,657)</u>
Public works:				
Streets -				
Drug testing	600	600	630	(30)
General insurance	108,700	104,575	92,873	11,702
Group insurance	105,553	80,582	79,181	1,401
Other	19,284	20,475	16,832	3,643
Payroll taxes	53,962	48,000	6,597	41,403
Repairs and maintenance	63,000	76,000	35,221	40,779
Salaries	441,000	423,928	469,051	(45,123)
Signs and materials	<u>51,000</u>	<u>37,000</u>	<u>83,661</u>	<u>(46,661)</u>
Total streets	<u>843,099</u>	<u>791,160</u>	<u>784,046</u>	<u>7,114</u>
Sanitation -				
Vehicles and equipment maintenance	25,300	14,706	14,697	9
Other	<u>-</u>	<u>-</u>	<u>1,069</u>	<u>(1,069)</u>
Total sanitation	<u>25,300</u>	<u>14,706</u>	<u>15,766</u>	<u>(1,060)</u>
Total public works	<u>868,399</u>	<u>805,866</u>	<u>799,812</u>	<u>6,054</u>
Health and welfare:				
Animal control	<u>\$ 18,400</u>	<u>\$ 12,200</u>	<u>\$ 12,190</u>	<u>\$ 10</u>

(Continued)

CITY OF EUNICE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditure (Continued)
Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Culture and recreation:				
Contract labor	\$ 44,000	\$ 30,000	\$ 47,614	\$ (17,614)
Festival expenses	250	116	55	61
General and group insurance	14,919	24,568	26,578	(2,010)
July 4 th fireworks	-	-	18,938	(18,938)
Liberty Cajun Music Show and Liberty Cultural Assoc	101,650	109,085	114,976	(5,891)
Library maintenance	23,700	18,875	19,143	(268)
Maintenance	37,700	27,800	32,097	(4,297)
Museum	39,100	35,550	35,963	(413)
Neighborhood centers	117,300	121,243	132,215	(10,972)
Other	2,507	5,505	17,036	(11,531)
Salaries and payroll taxes	52,280	52,950	53,482	(532)
Supplies	9,000	28,000	54,414	(26,414)
Telephone and utilities	15,500	18,000	19,520	(1,520)
Threshold of Hope	-	-	6,371	(6,371)
Total culture and recreation	<u>457,906</u>	<u>471,692</u>	<u>578,402</u>	<u>(106,710)</u>
Other:				
Airport expenditures	<u>29,700</u>	<u>30,831</u>	<u>29,954</u>	<u>877</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,156,463</u>	<u>5,119,224</u>	<u>5,226,100</u>	<u>(106,876)</u>
Other financing uses:				
Operating transfers out	<u>-</u>	<u>7,560</u>	<u>7,560</u>	<u>-</u>
Total expenditures and other uses	<u>\$5,156,463</u>	<u>\$5,126,784</u>	<u>\$5,233,660</u>	<u>\$ (106,876)</u>

CITY OF EUNICE, LOUISIANA

City of Eunice Sinking Fund - Debt Service Fund
 Public Improvement Bonds Series ST- 1997
 Budgetary Comparison Schedule
 Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
Interest	\$ 1,522	\$ 1,522	\$ 1,522	\$ -
Miscellaneous -				
Industrial lease payments	-	-	-	-
Total revenues	<u>1,522</u>	<u>1,522</u>	<u>1,522</u>	<u>-</u>
Expenditures -				
Debt service:				
Principal retirement	80,000	80,000	80,000	-
Interest paid	23,720	23,720	23,720	-
Paying agent fees	5	5	5	-
Total expenditures	<u>103,725</u>	<u>103,725</u>	<u>103,725</u>	<u>-</u>
Deficiency of revenues Over expenditures	<u>(102,203)</u>	<u>(102,203)</u>	<u>(102,203)</u>	<u>-</u>
Other financing sources:				
Operating transfers in	112,853	112,853	112,853	-
Operating transfers out	-	-	-	-
Total other financing sources	<u>112,853</u>	<u>112,853</u>	<u>112,853</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other used	10,650	10,650	10,650	-
Fund balances, beginning	<u>39,074</u>	<u>39,074</u>	<u>39,074</u>	<u>-</u>
Fund balances, ending	<u>\$ 49,724</u>	<u>\$ 49,724</u>	<u>\$ 49,724</u>	<u>\$ -</u>

CITY OF EUNICE, LOUISIANA

City of Eunice Sinking Fund 1978 Debt Service Fund
 Public Improvement Bonds Series ST- 1992
 Budgetary Comparison Schedule
 Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
Interest	\$ 2,102	\$ 2,102	\$ 2,102	\$ -
Miscellaneous -				
Industrial lease payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>2,102</u>	<u>-</u>
Expenditures -				
Debt service:				
Principal retirement	-	-	-	-
Interest paid	-	-	-	-
Paying agent fees	<u>175</u>	<u>175</u>	<u>175</u>	<u>-</u>
Total expenditures	<u>175</u>	<u>175</u>	<u>175</u>	<u>-</u>
Deficiency of revenues				
Over expenditures	<u>1,927</u>	<u>1,927</u>	<u>1,927</u>	<u>-</u>
Other financing sources:				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(626,778)</u>	<u>(626,778)</u>	<u>(626,778)</u>	<u>-</u>
Total other financing sources	<u>(626,778)</u>	<u>(626,778)</u>	<u>(626,778)</u>	<u>-</u>
Excess of revenues and other				
sources over expenditures				
and other used	(624,851)	(624,851)	(624,851)	-
Fund balances, beginning	<u>(624,851)</u>	<u>(624,851)</u>	<u>624,851</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF EUNICE, LOUISIANA
 Nonmajor Governmental Funds
 Balance Sheet
 June 30, 2004

ASSETS	<u>Special Revenue</u>
Cash and cash equivalents	\$ 48,596
Investments, at cost	-
Receivables (net of allowance for uncollectibles):	
Accounts	<u>435</u>
Total assets	<u>\$ 49,031</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	<u>\$ 352</u>
Total liabilities	<u>352</u>
Fund balances:	
Unreserved, undesignated	<u>48,679</u>
Total fund balances	<u>48,679</u>
Total liabilities and fund balances	<u>\$ 49,031</u>

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

CITY OF EUNICE, LOUISIANA
 Nonmajor Governmental Funds
 Statement of Revenues, Expenditures and Changes in
 Fund Balances
 Year Ended June 30, 2004

	<u>Special Revenue</u>
Revenues	
Intergovernmental revenues	\$ 75,888
Fines, forfeitures and bonds	8,070
Interest	211
Miscellaneous	-
Total revenues	<u>84,169</u>
Expenditures:	
Current-	
General government	5,850
Public safety	5,580
Other	44,242
Total expenditures	<u>55,672</u>
Excess (deficiency) of revenues over expenditures	<u>28,497</u>
Other financing sources (uses):	
Operating transfers in	7,560
Operating transfers out	<u>(6,812)</u>
Total other financing sources (uses)	<u>748</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	29,245
Fund balances, beginning	<u>19,434</u>
Fund balances, ending	<u>\$ 48,679</u>

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

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purpose.

PUBLIC SAFETY TESTING FUND

To account for the receipt and expenditures associated with court fees collected in connection with drug and alcohol related driving offenses.

COURT APPEARANCE BOND FUND

To account for the receipt and expenditures associated with the receipt of appearance bonds collected on arrests and traffic citations.

WITNESS FEES FUND

To account for the receipt and expenditures associated with witness fees collected by City Court.

LAW ENFORCEMENT BLOCK GRANT

To account for the receipt and expenditures associated with funds received from the Bureau of Justice for the hiring of non-administrative law enforcement officers and support personnel.

CRIMINAL TASK FORCE

CITY OF EUNICE, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
June 30, 2004

	<u>Criminal Task Force</u>	<u>Public Safety Testing Fund</u>	<u>Court Appearance Bond Fund</u>
ASSETS			
Cash	\$ 31,484	\$ 2,790	\$ 12,233
Investments, at cost	-	-	-
Accounts Receivable	-	-	435
Ad valorem taxes receivable (net of allowance for uncollectible taxes of \$50)	-	-	-
Due from other funds	-	-	-
Grant Fund Receivable	-	-	-
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 31,484</u>	<u>\$ 2,790</u>	<u>\$ 12,668</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 352
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
Fund balances:			
Reserved for prepaid items	-	-	-
Unreserved, undesignated	<u>31,484</u>	<u>2,790</u>	<u>12,316</u>
Total fund balances	<u>31,484</u>	<u>2,790</u>	<u>12,316</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 31,484</u>	<u>\$ 2,790</u>	<u>\$ 12,668</u>

<u>Witness Fees Fund</u>	<u>Law Enforcement Block Grant</u>	<u>Total 2004</u>
\$ 2,089	\$ -	\$ 48,596
-	-	435
-	-	-
-	-	-
-	-	-
<u>2,089</u>	<u>-</u>	<u>49,031</u>

\$ -	\$ -	\$ 352
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>352</u>

-	-	-
<u>2,089</u>	<u>-</u>	<u>48,679</u>
<u>2,089</u>	<u>-</u>	<u>48,679</u>
<u>\$ 2,089</u>	<u>\$ -</u>	<u>\$ 49,031</u>

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2004

	<u>Criminal Task Force</u>	<u>Public Safety Testing Fund</u>	<u>Court Appearance Bond Fund</u>
Revenues			
Intergovernmental revenues	\$ 28,228	\$ 1,735	\$ -
Fines, forfeitures and bonds	-	-	8,070
Interest	120	24	-
Miscellaneous	-	-	-
Total revenues	<u>28,348</u>	<u>1,759</u>	<u>8,070</u>
Expenditures:			
Current-			
General government	-	475	-
Public safety	-	-	5,580
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>475</u>	<u>5,580</u>
Excess (deficiency) of revenues over expenditures	<u>28,348</u>	<u>1,284</u>	<u>2,490</u>
Other financing sources (uses):			
Operating transfers in	3,136	-	-
Operating transfers out	-	(6,754)	-
Total other financing uses	<u>3,136</u>	<u>(6,754)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	31,484	(5,470)	2,490
Fund balances, (deficits) beginning	<u>-</u>	<u>8,260</u>	<u>9,826</u>
Fund balances, ending	<u>\$ 31,484</u>	<u>\$ 2,790</u>	<u>\$ 12,316</u>

<u>Witness Fees Fund</u>	<u>Law Enforcement Block Grant</u>	<u>Total 2004</u>
\$ 6,107	\$ 39,818	\$ 75,888
-	-	8,070
9	58	211
-	-	-
<u>6,116</u>	<u>39,876</u>	<u>84,169</u>
5,375	-	5,850
-	-	5,580
-	44,242	44,242
<u>5,375</u>	<u>44,242</u>	<u>55,672</u>
<u>741</u>	<u>(4,366)</u>	<u>28,497</u>
-	4,424	7,560
-	(58)	(6,812)
-	<u>4,366</u>	<u>748</u>
741	-	29,245
<u>1,348</u>	<u>-</u>	<u>19,434</u>
<u>\$ 2,089</u>	<u>\$ -</u>	<u>\$ 48,679</u>

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Fund
 Criminal Task Force
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ 28,228	\$ 28,228	\$ -
Interest	<u>120</u>	<u>120</u>	<u>-</u>
Total revenues	<u>28,348</u>	<u>28,348</u>	<u>-</u>
Expenditures:			
Current-			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>28,348</u>	<u>28,348</u>	<u>-</u>
Other financing sources (uses):			
Operating transfers in	<u>3,136</u>	<u>3,136</u>	<u>-</u>
Total other financing uses	<u>3,136</u>	<u>3,136</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	31,484	31,484	-
Fund balances (deficits), beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 31,484</u>	<u>\$ 31,484</u>	<u>\$ -</u>

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Fund
 Public Safety Testing Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ 1,750	\$ 1,735	\$ (15)
Interest	22	24	2
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,772</u>	<u>1,759</u>	<u>(13)</u>
Expenditures:			
Current-			
General government	<u>7,229</u>	<u>475</u>	<u>6,754</u>
Total expenditures	<u>7,229</u>	<u>475</u>	<u>6,754</u>
Excess (deficiency) of revenues over expenditures	<u>(5,457)</u>	<u>1,284</u>	<u>6,741</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>(6,754)</u>	<u>(6,754)</u>
Total other financing uses	<u>-</u>	<u>(6,754)</u>	<u>(6,754)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(5,457)</u>	<u>(5,470)</u>	<u>(13)</u>
Fund balances (deficits), beginning	<u>8,260</u>	<u>8,260</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,803</u>	<u>\$ 2,790</u>	<u>\$ (13)</u>

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Fund
 Court Appearance Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Fines, forfeitures and bonds	\$ 7,350	\$ 8,070	\$ 720
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,350</u>	<u>8,070</u>	<u>720</u>
Expenditures:			
Current-			
Public Safety	<u>6,850</u>	<u>5,580</u>	<u>1,270</u>
Total expenditures	<u>6,850</u>	<u>5,580</u>	<u>1,270</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>2,490</u>	<u>1,990</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	500	2,490	1,990
Fund balances (deficits), beginning	<u>9,826</u>	<u>9,826</u>	<u>-</u>
Fund balances, ending	<u>\$ 10,326</u>	<u>\$ 12,316</u>	<u>\$ 1,990</u>

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Fund
 Witness Fees Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ 5,100	\$ 6,107	\$ 1,007
Interest	10	9	(1)
Miscellaneous	-	-	-
Total revenues	<u>5,110</u>	<u>6,116</u>	<u>1,006</u>
Expenditures:			
Current-			
General government	5,200	5,375	(175)
Total expenditures	<u>5,200</u>	<u>5,375</u>	<u>(175)</u>
Excess (deficiency) of revenues over expenditures	<u>(90)</u>	<u>741</u>	<u>831</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(90)</u>	<u>741</u>	<u>831</u>
Fund balances (deficits), beginning	<u>1,348</u>	<u>1,348</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,258</u>	<u>\$ 2,089</u>	<u>\$ 831</u>

CITY OF EUNICE, LOUISIANA
 Nonmajor Special Revenue Fund
 Law Enforcement Block Grant
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Revenues:			
Intergovernmental revenues	\$ 575	\$ 39,818	\$ 39,243
Interest	-	58	58
Miscellaneous	-	-	-
Total revenues	<u>575</u>	<u>39,876</u>	<u>39,301</u>
Expenditures:			
Current-			
Public Safety	-	44,242	(44,242)
Total expenditures	<u>-</u>	<u>44,242</u>	<u>(44,242)</u>
Excess (deficiency) of revenues over expenditures	<u>575</u>	<u>(4,366)</u>	<u>3,791</u>
Other financing sources (uses):			
Operating transfers in	-	4,424	4,424
Operating transfers out	-	(58)	(58)
Total other financing uses	<u>-</u>	<u>4,366</u>	<u>4,366</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	575	-	(575)
Fund balances (deficits), beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 575</u>	<u>\$ -</u>	<u>\$ (575)</u>

CITY OF EUNICE, LOUISIANA
Enterprise Fund
Utility Fund

Statement of Revenues, Expenses and
Changes in Retained Earnings
Years Ended June 30, 2004

	<u>Total</u>	<u>Gas Department</u>	<u>Sewer Department</u>
Operating revenues:			
Charges for services	\$ 2,990,897	\$ 1,811,936	\$ 1,178,961
Other billings to customers	48,578	28,643	19,935
Taxes - Sewer Maintenance	<u>85,811</u>	<u>-</u>	<u>85,811</u>
Total operating revenues	<u>3,125,286</u>	<u>1,840,579</u>	<u>1,284,707</u>
Operating expense:			
Payroll and related benefits	544,837	276,179	268,658
Gas purchases	1,033,181	1,033,181	-
Supplies and materials	110,274	37,782	72,492
Repairs and maintenance	298,519	74,870	223,649
Office expenses	32,275	25,713	6,562
Professional fees	34,804	11,500	23,304
Insurance - general	82,421	29,086	53,335
Depreciation	292,566	91,574	200,992
Group insurance	81,240	45,385	35,855
Bad debts	7,502	7,502	-
Permits	11,334	-	11,334
Utilities and telephone	155,245	1,451	153,794
Miscellaneous	<u>49,039</u>	<u>23,059</u>	<u>25,980</u>
Total operating expenses	<u>2,733,237</u>	<u>1,657,282</u>	<u>1,075,955</u>
Operating income	<u>392,049</u>	<u>\$ 183,297</u>	<u>\$ 208,752</u>
Nonoperating income:			
Interest earned on investments	5,259		
Other revenue	<u>10,797</u>		
Total nonoperating income	<u>16,056</u>		
Income before operating transfers	<u>408,105</u>		
Operating transfers:			
Operating transfers in	338,174		
Operating Transfers out	<u>(875,000)</u>		
Total operating transfers	<u>(536,826)</u>		
Change in net assets	(128,721)		
Net assets, beginning	<u>8,472,494</u>		
Net assets, ending	<u>\$ 8,343,773</u>		

VIGE TUJAGUE

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.

DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Mayor Lynn LeJeune
and Members of the Council
City of Eunice, Louisiana

We have audited the general purpose financial statements of the City of Eunice, Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 2, 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 City of Eunice, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance and is described in the accompanying schedule of findings and questioned cost as item 04-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Eunice, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 reportable conditions. 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 judgement, could adversely affect the City of Eunice, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 04-1.

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 general purpose 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. We believe item 04-1 described in the schedule of findings and questioned cost is a material weakness.

This report is intended solely for the information and use of the City Council, management and Legislative Auditor and is not intended to be and should not be used by anyone other than specified parties. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Vige & Tujague

Vige & Tujague, CPA's
November 2, 2004

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unqualified opinion has been issued the City of Eunice, Louisiana's financial statements as of and for the year ended June 30, 2004.

Reportable Condition - Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 04-1 in Part 2 and is considered a material weakness.

Material Noncompliance - Financial Reporting

There were no material instances of noncompliance noted during the audit.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2003.

Part 2: Findings Relating to an Audit in Accordance with Government Auditing Standards

Individual Segregation of Accounting Functions

04-1 Finding:

Due to the small number of accounting personnel, the City did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

A complete segregation of duties is not feasible due to the cost-benefit of hiring additional personnel and the size of the City.

Payroll Records and Informational Reporting

04-2 Finding:

There is a lack of controls in connection with the payroll record function. It was noted that there were several employee payroll files without proper documentation to verify rates of pay.

Recommendation:

All payroll files should have proper authorization for wage rates.

Response:

The city payroll clerk will review all employee payroll files and update "Change of Status" forms and have these forms approved by the mayor.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

04-3 Finding:

Several employees were issued city vehicles that were used for personal use as well as city business. The portion that was for personal use was not reported as additional compensation on the employees W-2. In addition, several employees were given auto reimbursement allowances for use of their personal vehicles for city business under a non-accountable plan and were not added to compensation on the W-2's.

Clothing allowances for police personnel were not reported as additional compensation on the employees W-2's.

Recommendation:

All personal use of vehicles and taxable fringe benefits should be accounted for following the Internal Revenue Service guidelines and reported as additional compensation as required.

Response:

The city payroll clerk has corrected the errors and has implemented the Internal Revenue Service guidelines as to personal use of vehicles and other taxable fringe benefits.

Contracts & Agreements

04-4 Finding:

The City of Eunice has entered into an intergovernmental agreement with the Fire Protection District No. 4 of Acadia Parish and the Fire Protection District No.6 of St Landry Parish, to aid in the provision of fire protection. That agreement calls for the collection of property taxes by the Fire Districts and the remittance of the tax to the City of Eunice, less necessary expenses.

The contract states that the City of Eunice and the Fire Districts are to reach an agreement as to the amount of necessary administrative expenses that the Districts are entitled to withhold from the taxes collected. We were unable to obtain from the City or the Fire Districts, a written agreement that details the procedures and amounts to be remitted. During the audit for the year ended, June 30, 2004, it was discovered that an error was made by the St. Landry Fire Protection District No. 6 in the amount of \$6,912 based on the verbal agreement between the District and the City.

Recommendation:

The City of Eunice and Fire District's representatives should meet to reduce to writing, an agreement as to the amount of necessary administrative expenses allowed and a procedure for the Fire Districts to report total amounts collected and remitted to the City.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Response:

A meeting will be called to have all interested parties to gather and to reduce to writing, an agreement that is agreeable to all parties, as to the amount of necessary administrative expenses allowed and a procedure to account to the City of Eunice for the collection and remittance of the taxes.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2004, the City of Eunice, Louisiana did not meet the requirements to have single audit in accordance with OMB Circular A-133; therefore this section is not applicable.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs
Year Ended June 30, 2004

Individual Segregation of Accounting Functions

03-1 Finding:

Due to the small number of accounting personnel, the City did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

A complete segregation of duties is not feasible due to the cost-benefit of hiring additional personnel and the size of the City.

Status:

This finding was repeated in fiscal year end, June 30, 2004.

Debt Incurred Without Approval

03-2 Finding:

The City of Eunice purchased a 2001 Chevrolet truck, VIN 26CEC19W611107781 on February 24, 2003 using GMAC'S Flexible Finance Plan. The terms of this plan consist of 36 monthly payments of \$303 beginning March 26, 2003. The State Bond Commission must give its consent and approval when any public body borrows money, incurs debt or issues bonds or other evidences of debt or levying taxes or pledging uncollected taxes or revenues for the payment thereof, EXCEPT for purchases made in the ordinary course of administration on terms of credit not to exceed 90 days. The City of Eunice did not obtain approval from the State Bond Commission to incur debt greater than 90 days.

Recommendation:

We recommend all purchases involving debt be monitored by city personnel in order to obtain prior approval from the State Bond Commission.

Response:

The City is in the process of obtaining approval from the State Bond Commission.

Status:

This finding was cleared fiscal year end, June 30, 2004.

Use of Dedicated Sales Tax Funds

03-3 Finding:

The City of Eunice collects a 1% dedicated sales tax which is to be used for a specific purpose. The proceeds of any special tax constitutes a trust fund to be used exclusively for the objects and purposes for which the tax was levied. The records of the taxing authority should clearly reflect the objects and purposes for which the proceeds of the tax are used.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs
Year Ended June 30, 2004

Proceeds of this 1% sales and use tax levied in 1962 are dedicated as follows:

Opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and subsurface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for public works, buildings, improvements and facilities.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, to defray costs of operating and maintaining a public library.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, for the payment of salaries of municipal employees.

The 1962 Sales Tax Fund has an Interfund Loan due from the General Fund in the amount of \$400,000, which was in addition to the 20% dedicated amounts, resulting from the following transactions:

Check # 3967 Dated 9/12/02	150,000
Check # 4009 Dated 11/13/02	150,000
Check # 4010 Dated 11/14/02	<u>100,000</u>
	<u>\$400,000</u>

These transfers were used to pay for General Fund Expenditures, mainly payroll, in violation of the Sales Tax Ordinance.

Recommendation:

The City should cease transferring dedicated sales tax monies for non dedicated purposes. Also, the city should develop a plan to repay the funds borrowed.

Response:

The City of Eunice has ceased transferring monies out of the restricted Sales Tax Fund and has developed a plan to repay the amounts advanced in the past.

Status:

This finding was cleared fiscal year end, June 30, 2004.

Contracts & Agreements

03-4 Finding:

The City of Eunice has entered into an intergovernmental agreement with the Fire Protection District No. 4 of Acadia Parish and the Fire Protection District No.6 of St Landry Parish, to aid in the provision of fire protection. That agreement calls for the collection of property taxes by the Fire Districts and the remittance of the tax to the City of Eunice, less necessary expenses.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs
Year Ended June 30, 2004

The contract states that the City of Eunice and the Fire Districts are to reach an agreement as to the amount of necessary administrative expenses that the Districts are entitled to withhold from the taxes collected. We were unable to obtain from the City or the Fire Districts as to the content of the agreement.

Recommendation:

The City of Eunice and Fire District's representatives should meet to reduce to writing, an agreement as to the amount of necessary administrative expenses allowed and a procedure for the Fire Districts to report total amounts collected and remitted to the City.

Response:

A meeting will be called to have all interested parties to gather and to reduce to writing, an agreement that is agreeable to all parties, as to the amount of necessary administrative expenses allowed and a procedure to account to the City of Eunice for the collection and remittance of the taxes.

Status:

This finding was repeated fiscal year end, June 30, 2004.

Payroll Records

03-5 Finding:

There is a lack of controls in connection with the payroll record function. It was noted that there were several payroll periods where payroll deductions were changed for employees without the filing of the necessary amended forms W-4.

Recommendation:

All payroll deduction changes should only be allowed after the necessary documentation is processed and placed in the employee files.

Response:

The City payroll clerk will have all employees seeking changes to their payroll deductions file the necessary documentation before changes are made.

Status:

This finding was cleared at fiscal year end, June 30, 2004.

Retirement Withholding

03-06 Finding:

We found that the payroll clerk failed to withhold retirement contributions out of her own payroll check on five occasions. The total amount not withheld out of the payroll for the period amounted to \$ 362.95. This is in violation of the State Municipal Retirement regulations.

Recommendation:

All payroll deductions should be withheld each payroll period as mandated by the regulations. The City Clerk should set up controls to check the payroll records to monitor the compliance with the regulations.

CITY OF EUNICE, LOUISIANA

Status of Prior Years Findings and Questioned Costs
Year Ended June 30, 2004

Response:

Procedures will be set up by the City Clerk to monitor the compliance with the regulations.

Status:

This finding was cleared fiscal year end, June 30, 2004.

CITY OF EUNICE, LOUISIANA

Schedule of Per Diem Paid to Members of the Council
Year Ended June 30, 2004

Mayor, E. Lynn LeJeune	\$ 28,410
I. Jackson Burson	13,700
Nolton Anderson	7,120
Louis Pavur	7,120
Chawana Fontenot	7,120
Charles Atchison	7,120
	<u>\$ 70,590</u>



CITY OF EUNICE
EUNICE, LOUISIANA

E. LYNN LEJEUNE
MAYOR
POST OFFICE DRAWER 1106
EUNICE, LOUISIANA 70535-1106
www.eunice-la.com
e-mail eunicela@hotmail.com
PHONE (337) 457-7389
FAX (337) 457-6506

I. JACKSON BURSON, JR.
ALDERMAN AT LARGE
LOUIS A. FAVUR
WARD 1
NOLTON ANDERSON
WARD 2
CHAWANA V. FONTENOT
WARD 3
CHARLES E. ATCHISON
WARD 4
DOUGLAS L. CART
CLERK AND TAX COLLECTOR
GARY FONTENOT
CHIEF OF POLICE

VIGE AND TUJAGUE, CPA'S
P.O. BOX 1006
EUNICE, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the City's Audited Financial Statement as of June 30, 2004.

04-1 Individual Segregation of Accounting Functions

We are aware of and have evaluated this inadequacy and concluded that the related costs vs benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation of accounting functions. However, we will try to segregate duties as much as possible with the existing staff.

04-2 Payroll Records

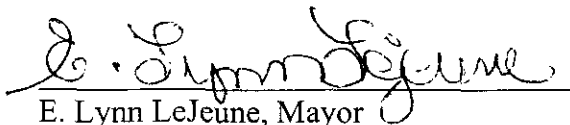
The city payroll clerk will review all payroll files and update the "Change of Status" forms and have these forms approved by the mayor.

04-3 Informational Reporting

The city payroll clerk has corrected the errors and has implemented the Internal Revenue Service guidelines as to personal use of vehicles and other taxable fringe benefits.

04-4 Contracts and Agreements

A meeting will be called to have all interested parties to gather and to reduce to writing, an agreement that is agreeable to all parties, as to the amount of necessary administrative expenses allowed and a procedure to account to the City of Eunice for the collection and remittance of the taxes.


E. Lynn LeJeune, Mayor