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Village of Grand Cane, Louisiana

FINANCIAL STATEMENTS June 30, 2004

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

Release Date 2-2-05

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VILLAGE OF GRAND CANE, LOUISIANA
Financial Statements
June 30, 2004

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Accountant's Compilation Report

MAYOR AND BOARD OF ALDERMEN
VILLAGE OF GRAND CANE, LOUISIANA

I have compiled the accompanying basic financial statements of the Village of Grand Cane, Louisiana, as of and for the year ended June 30, 2004, as required by Louisiana Revised Statute 24:513. The annual financial statements were compiled in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance on them.

As described in Note 3, the Town has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements for State and Local Governments, as of June 30, 2004. The Village of Grand Cane 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 a part of, the basic financial statements.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated September 28, 2004, on the results of our agree-upon procedures.

Deborah D. Dees, CPA

Mansfield, LA
September 28, 2004

Basic Financial Statements

Government-Wide Financial Statements

VILLAGE OF GRAND CANE, 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 | \$ 153,365 | \$ 432 | \$ 153,797 |
| Receivables | 8,473 | 3,062 | 11,535 |
| Internal balances | | 2,130 | 2,130 |
| Restricted assets | | 12,141 | 12,141 |
| Other assets | 2,944 | 3,782 | 6,726 |
| Capital assets (net) | <u>227,580</u> | <u>424,439</u> | <u>652,019</u> |
| TOTAL ASSETS | <u>\$ 392,362</u> | <u>\$ 445,986</u> | <u>\$ 838,348</u> |
| LIABILITIES | | | |
| Accounts, payroll, and other payables | \$ 1,687 | \$ 1,772 | \$ 3,459 |
| Payable from restricted assets | | 7,195 | 7,195 |
| Internal balance | 2,130 | | 2,130 |
| Bonds payable | | <u>247,307</u> | <u>247,307</u> |
| TOTAL LIABILITIES | <u>\$ 3,817</u> | <u>\$ 256,274</u> | <u>\$ 260,091</u> |
| NET ASSETS | | | |
| <i>Invested in capital assets, net of related debt</i> | \$ 227,580 | \$ 174,137 | \$ 401,717 |
| Restricted for debt service | | 4,947 | 4,947 |
| Unrestricted | <u>160,965</u> | <u>10,628</u> | <u>171,593</u> |
| TOTAL NET ASSETS | <u>\$ 388,545</u> | <u>\$ 189,712</u> | <u>\$ 578,257</u> |

The accompanying notes are an integral part of this financial statement.

VILLAGE OF GRAND CANE, LOUISIANA
STATEMENT OF ACTIVITIES
For the year ended June 30, 2004

| | Program Revenues | | | Net (Expenses) Revenue | Net (Expenses), Revenues, and Changes | | Total |
|--------------------------------------|-------------------------|--|--|------------------------------|--|-----------------------------|-------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | Governmental Activities | Business-Type Activities | |
| Governmental Activities | | | | | | | |
| General government | \$ 23,772 | \$ | \$ | \$ (23,772) | \$ | \$ | \$ (23,772) |
| Public works: | | | | | | | |
| Streets and right of ways | 45,717 | | | (45,717) | | | (45,717) |
| Culture and recreation | 7,611 | | | (2,211) | | | (2,211) |
| Total Governmental Activities | 77,100 | | | (71,700) | | | (71,700) |
| Business-Type Activities | | | | | | | |
| Sewer | 54,351 | | | (25,318) | | | (25,318) |
| Total Business-type Activities | 54,351 | | | (25,318) | | | (25,318) |
| Total Primary Government | 131,451 | 0 | 0 | (97,018) | | | (97,018) |
| General Revenues: | | | | | | | |
| Ad valorem taxes | | | | | 14,403 | 4,397 | 18,800 |
| Sales tax | | | | | 38,143 | | 38,143 |
| Franchise taxes | | | | | 5,073 | | 5,073 |
| Occupational licenses | | | | | 25,825 | | 25,825 |
| Investment earnings | | | | | 704 | 75 | 779 |
| Transfers | | | | | (8,264) | 8,264 | |
| Total general revenues and transfers | | | | | 75,884 | 12,736 | 88,620 |
| Change in Net Assets | | | | | | | |
| Net assets--beginning | | | | | 4,184 | (12,582) | (8,398) |
| Net assets--ending | | | | | 384,361 | 202,294 | 586,655 |
| | | | | | 388,545 | 189,712 | 578,257 |

The accompanying notes are an integral part of this statement.

Fund Financial Statements

VILLAGE OF GRAND CANE, LOUISIANA

BALANCE SHEET, GOVERNMENTAL FUNDS
June 30, 2004

| | <u>General Fund</u> | <u>Major Fund Special Revenue</u> | <u>Total Governmental Activities</u> |
|--|---------------------|---------------------------------------|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 127,418 | \$ 25,947 | \$ 153,365 |
| Receivables | 8,340 | 133 | 8,473 |
| Due from other funds | | 4,911 | 4,911 |
| Prepays | <u>2,944</u> | | <u>2,944</u> |
| TOTAL ASSETS | <u>\$ 138,702</u> | <u>\$ 30,991</u> | <u>\$ 169,693</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities: | | | |
| Accounts, salaries, and other payables | \$ 1,287 | \$ | \$ 1,287 |
| Due to Other Funds | 7,041 | | 7,041 |
| Deposits | <u>400</u> | | <u>400</u> |
| Total Liabilities | <u>8,728</u> | | <u>8,728</u> |
| Fund balance: | | | |
| Reserved for streets | 26,460 | | 26,460 |
| Unreserved, reported in | | | |
| General Fund | 103,514 | | 103,514 |
| Special Revenue Fund | | 30,991 | 30,991 |
| Total Fund Balance | <u>129,974</u> | <u>30,991</u> | <u>160,965</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 138,702</u> | <u>\$ 30,991</u> | <u>\$ 169,693</u> |

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAND CANE, LOUISIANA**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

June 30, 2004

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

| | | |
|--|----|----------------|
| Fund Balances, Total Governmental Funds, Statement C | \$ | 160,965 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds | | <u>227,580</u> |
| Net Assets of Governmental Activities, Statement A | \$ | <u>388,545</u> |

VILLAGE OF GRAND CANE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2004

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Activities</u> |
|--|---------------------|---------------------------------|--|
| Revenues: | | | |
| Ad valorem taxes | \$ 5,287 | \$ 9,116 | \$ 14,403 |
| Sales taxes | 38,143 | | 38,143 |
| Franchise taxes | 5,073 | | 5,073 |
| Licenses and permits | 25,825 | | 25,825 |
| Charges for services | 5,400 | | 5,400 |
| Use of Money and Property | 494 | 210 | 704 |
| Total Revenues | <u>80,222</u> | <u>9,326</u> | <u>89,548</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 21,896 | | 21,896 |
| Public works: | | | |
| Street and right of ways | 28,332 | | 28,332 |
| Culture and recreation | 4,955 | | 4,955 |
| Total Expenditures | <u>55,183</u> | | <u>55,183</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>25,040</u> | <u>9,326</u> | <u>34,366</u> |
| Other Financing Sources (Uses) | | | |
| Operating transfers out | | (8,264) | (8,264) |
| Total Other Financing Sources (Uses) | | <u>(8,264)</u> | <u>(8,264)</u> |
| Net change in Fund Balances | <u>25,040</u> | <u>1,062</u> | <u>26,102</u> |
| Fund balances, beginning of year | <u>104,936</u> | <u>29,928</u> | <u>134,864</u> |
| Fund balances, end of year | <u>\$ 129,975</u> | <u>\$ 30,990</u> | <u>\$ 160,965</u> |

VILLAGE OF GRAND CANE, 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

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

| | |
|---|-----------------|
| Net Change in Fund Balances, Total Governmental Funds, Statement E | \$ 26,102 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded the depreciation in the current period. | <u>(21,918)</u> |
| Change in Net Assets of Governmental Activities, Statement B | <u>\$ 4,184</u> |

VILLAGE OF GRAND CANE, LOUISIANA
STATEMENT OF NET ASSETS, PROPRIETARY FUND
June 30, 2004 and 2003

| ASSETS | Business-Type Activity --Enterprise Fund | |
|--|---|-------------------|
| | 2004 | 2003 |
| Current assets: | | |
| Cash and cash equivalents | \$ 432 | \$ 3,189 |
| Receivables | 3,062 | 2,452 |
| Due from other funds | 2,131 | 10,621 |
| Total current assets | 5,625 | 16,262 |
| Non-current assets: | | |
| Restricted cash | 12,141 | 10,169 |
| Unamortized bond issue costs | 3,781 | 3,887 |
| Capital assets, net of accumulated depreciation | 424,439 | 430,456 |
| Total non-current assets | 440,361 | 444,512 |
| TOTAL ASSETS | \$ 445,986 | \$ 460,774 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts, salaries, and other payables | \$ 1,772 | \$ 1,066 |
| Total current liabilities | 1,772 | 1,066 |
| Current liabilities payable from restricted assets: | | |
| Current portion of revenue bonds payable | 2,995 | 2,866 |
| Meter deposits | 4,200 | 4,250 |
| Total current liabilities payable from restricted assets | 7,195 | 7,116 |
| Noncurrent liabilities | | |
| Revenue bonds, net of unamortized discounts | 247,307 | 250,297 |
| Total noncurrent liabilities | 247,307 | 250,297 |
| TOTAL LIABILITIES | \$ 256,274 | \$ 258,479 |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | \$ 174,137 | \$ 177,293 |
| Restricted for debt service | 4,947 | 3,558 |
| Unrestricted | 10,628 | 21,444 |
| TOTAL NET ASSETS | \$ 189,712 | \$ 202,295 |

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAND CANE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND

For the Years Ended June 30, 2004 and 2003

| | <u>Sewer Fund</u> | |
|---|-------------------|-------------------|
| | <u>2004</u> | <u>2003</u> |
| Operating Revenues | | |
| Charges for services: | | |
| Sewer service fees | \$ 29,033 | \$ 24,515 |
| Total Operating Revenues | <u>29,033</u> | <u>24,515</u> |
| | | |
| Operating Expenses | | |
| Cost of sales and services | 14,450 | 21,513 |
| Administration | 2,891 | 3,459 |
| Depreciation | <u>25,850</u> | <u>26,488</u> |
| Total Operating Expenses | <u>43,191</u> | <u>51,461</u> |
| | | |
| Operating Income | <u>(14,158)</u> | <u>(26,947)</u> |
| | | |
| Nonoperating Revenues (Expenses) | | |
| Ad Valorem Taxes | 4,397 | 4,333 |
| Operating Transfers In | 8,264 | 6,000 |
| Miscellaneous Income | - | 1,773 |
| Interest earnings | 75 | 104 |
| Interest expense | <u>(11,160)</u> | <u>(11,456)</u> |
| Total Nonoperating Revenues (Expenses) | <u>1,576</u> | <u>754</u> |
| | | |
| Change in Net Assets | (12,582) | (26,194) |
| | | |
| Total net assets, beginning of year | <u>202,294</u> | <u>228,488</u> |
| Total net assets, end of year | <u>\$ 189,712</u> | <u>\$ 202,294</u> |

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAND CANE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - Sewer Fund
For the Years Ended June 30, 2004 and 2003

| | <u>2004</u> | <u>2003</u> |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 28,439 | \$ 24,903 |
| Cash payments to suppliers for goods and services | (13,349) | (15,294) |
| Cash payments to employees for services | (3,286) | (9,589) |
| Net cash provided by operating activities | <u>11,804</u> | <u>20</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Ad valorem taxes collected | 4,331 | 4,452 |
| Miscellaneous income | 0 | 1,773 |
| Operating transfers from other funds | 16,749 | 10,516 |
| Net cash provided by non capital financing activities | <u>21,080</u> | <u>16,741</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital assets purchased | (19,833) | (942) |
| Principal payments on revenue bonds | (2,861) | (2,461) |
| Interest payments | (11,050) | (11,456) |
| Net cash used by capital and related financing activities | <u>(33,744)</u> | <u>(14,859)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 75 | 104 |
| Net cash provided by investing activities | <u>75</u> | <u>104</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (785) | 2,006 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 13,358 | 11,352 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 12,573</u> | <u>\$ 13,358</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income before operating transfers | (14,158) | (26,947) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 25,850 | 26,488 |
| (Increase) decrease in accounts receivable | (544) | (159) |
| Increase (decrease) in accounts payable | 706 | 88 |
| Increase (decrease) in customer deposits | (50) | 550 |
| Total adjustments | <u>25,962</u> | <u>26,967</u> |
| Net cash (used)/provided by operating activities | <u>\$ 11,804</u> | <u>\$ 20</u> |
| Reconciliation of total cash and cash equivalents: | | |
| Current Assets - Cash and cash equivalents | \$ 432 | \$ 3,189 |
| Restricted cash and cash equivalents | 12,141 | 10,169 |
| | <u>\$ 12,573</u> | <u>\$ 13,358</u> |

Notes to the Financial Statements

VILLAGE OF GRAND CANE, LOUISIANA

Notes to the Financial Statements

As of and for the Year Ended June 30, 2004

INTRODUCTION

The Village of Grand Cane, Louisiana was incorporated under the provisions of the Lawrason Act in 1939. The Village is governed by the mayor-board of aldermen form of government. The mayor and three aldermen are elected and serve four-year terms that expire on December 31, 2006. There is also an elected village marshal. The Village has one sewer/street employee and a part time clerk. The Village has a population of 231 and is located in northwest Louisiana in DeSoto Parish.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

VILLAGE OF GRAND CANE, LOUISIANA

Notes to the Financial Statements

As of and for the Year Ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The municipality reports the following major proprietary fund:

The Enterprise Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exception to this general rule is charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

VILLAGE OF GRAND CANE, LOUISIANA

Notes to the Financial Statements

As of and for the Year Ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary fund is sewer operating fees. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the municipality are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year re referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources

All trade and property tax receivables are shown net of an allowance for uncollectives.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

| | Authorized Millage | Levied Millage | Expiration Date |
|----------------|-----------------------|-------------------|--------------------|
| Taxes due for: | | | |
| General | 6.00 | 5.77 | Indefinite |
| Sewer system | 5.00 | 4.79 | 2007 |
| Sewer/Streets | 5.00 | 4.79 | 2006 |
| Sewer/Streets | 5.40 | 5.16 | 2007 |

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Receivables and Payables (continued)

The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Louisiana Constitution Article VII, Section 18(F). This revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2003. Total assessed value was \$916,215 in 2003.

The following are the principal taxpayers for the Village and their 2003 assessed valuation:

| Taxpayer | Assessed Valuation | % of Total Assessed Valuation | Ad Valorem Tax Revenue for Municipality |
|------------------------------|-----------------------|-------------------------------------|---|
| Central LA Electric Co. | 160,480 | 17.51% | \$ 17,842.17 |
| Hibernia National Bank | 126,830 | 13.84% | 14,104.38 |
| BellSouth Telecommunications | 71,220 | 7.77% | 7,918.23 |
| Total | <u>358,530</u> | <u>39.12%</u> | <u>\$ 39,864.78</u> |

A one percent sales and use tax was levied in the Village beginning January, 1997. The tax is to be used for constructing, improving and maintaining public roads, streets and bridges in the Village.

E. Restricted Assets

Restricted assets consist of cash required to be set aside per bond covenants and sewer customer meter deposits.

Below is a reconciliation of restricted cash:

| | Sewer Fund |
|--------------------------------------|------------------|
| Meter Deposits | \$ 4,250 |
| Current Payment due for revenue bond | 1,159 |
| Contingency Fund | 2,380 |
| Reserve Fund | 2,380 |
| Total restricted cash | <u>\$ 10,169</u> |

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost. There are no assets valued at estimated cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets (continued)

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

| <u>Description</u> | <u>Estimated Lives</u> |
|-------------------------------------|----------------------------|
| Roads, bridges, and infrastructure | 15-20 years |
| Buildings and building improvements | 40 years |
| Furniture and fixtures | 7 years |
| Equipment | 7 years |

G. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

I. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

J. Estimates

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

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The primary government municipality uses the following budget practices:

A preliminary budget for the ensuring year is prepared by the clerk and the mayor in May. The proposed budget is reviewed by the mayor and the board of aldermen and made available to the public. The budget is then adopted during the regular June meeting. The proposed budget for the General Fund is prepared on the cash basis of accounting. The budget is established and controlled by the mayor and the board of aldermen at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes or amendments in the budget must be approved by the mayor and the board of aldermen. The budget was amended during the year. The Village does not use encumbrance accounting in its accounting system.

3. CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2004, the Village has implemented GASB Statement No. 34, Basic Financial Statements. GASB No. 34 creates new basic financial statements for reporting on the Village's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

4. CASH AND CASH EQUIVALENTS

At June 30, 2004, the village has cash (book balances) totaling \$167,132, with \$167,157 in demand deposits, and \$25 in cash.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

At June 30, 2004, the primary government has \$167,621 in deposits (bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance. The remaining balance is secured by pledged securities held by the custodial bank in the name of the Village (GASB Category 2) with a market value of \$144,954.

5. RECEIVABLES

The following is a summary of receivables for June 30, 2004:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Sewer Fund</u> |
|-------------------|---------------------|---------------------------------|-------------------|
| Sales and use tax | \$ 8260 | - | - |
| Ad valorem tax | 80 | \$ 133 | \$ 65 |
| Sewer fees | - | - | 2,997 |
| Total | <u>\$ 8340</u> | <u>\$ 133</u> | <u>\$ 3062</u> |

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

VILLAGE OF GRAND CANE, LOUISIANA

Notes to the Financial Statements

As of and for the Year Ended June 30, 2004

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, for the primary government is as follows:

| Governmental Activities: | Balance June 30, 2003 | Additions | Deductions | Balance June 30, 2004 |
|--|--------------------------|------------------|------------------|--------------------------|
| Capital assets, being depreciated | | | | |
| Buildings & improvements | \$ 91,897 | \$ | \$ | \$ 91,897 |
| Equipment | | | | |
| Streets, & Right of Ways | 44,700 | | | 44,700 |
| General | 4,676 | | | 4,676 |
| Streets | 172,645 | | | 172,645 |
| Total capital assets, being depreciated | <u>\$ 313,918</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 313,918</u> |
| Less accumulated depreciation for | | | | |
| Buildings & improvements | \$ 19,530 | \$ 3,995 | \$ | \$ 23,525 |
| Equipment | | | | |
| Streets & Right of Ways | 24,488 | 8,559 | | 33,047 |
| General | 3,139 | 730 | | 3,869 |
| Streets | 17,265 | 8,632 | | 25,897 |
| Total accumulated depreciation | <u>64,422</u> | <u>\$ 21,916</u> | <u>\$ 0</u> | <u>86,338</u> |
| Total Capital assets being depreciated net | <u>\$ 249,496</u> | | | <u>\$ 227,580</u> |
| | | | | |
| Business type Activity: | Balance June 30, 2003 | Increases | Decreases | Balance June 30, 2004 |
| Capital assets being depreciated | | | | |
| Sewer System | \$ 502,064 | \$ | \$ | \$ 502,064 |
| Equipment | 9,093 | | | 9,093 |
| Sewer betterments | | 19,832 | | 19,832 |
| Total capital assets being depreciated | <u>\$ 511,157</u> | <u>\$ 19,832</u> | <u>\$ 0</u> | <u>\$ 530,989</u> |
| Less accumulated depreciation for | | | | |
| Sewer System | 72,810 | | 25,103 | 97,913 |
| Equipment | 7,890 | | 637 | 8,527 |
| Sewer betterments | | | 110 | 110 |
| Total accumulated depreciation | <u>80,700</u> | <u>\$ 0</u> | <u>\$ 25,850</u> | <u>106,550</u> |
| Total Capital assets being depreciated net | <u>\$ 430,457</u> | | | <u>\$ 424,439</u> |

Depreciation expense of \$ 21,916 for the year ended June 30, 2004, was charged to the following governmental functions:

| | |
|---|--------|
| General government | 1878 |
| Public works: streets and right of ways | 17,384 |
| Cultural and recreation | 2,655 |

VILLAGE OF GRAND CANE, LOUISIANA

Notes to the Financial Statements

As of and for the Year Ended June 30, 2004

7. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composite of interfund receivable/payable as of June 30, 2004 are:

| | General Fund | Special Revenue Fund | Sewer Fund | Total |
|----------|-------------------|----------------------------|-----------------|-------------|
| Due to | \$ | \$ 4,911 | \$ 2,130 | \$ 7,041 |
| Due from | (7,041) | | | (7,041) |
| Totals | <u>\$ (7,041)</u> | <u>\$ 4,911</u> | <u>\$ 2,130</u> | <u>\$ 0</u> |

Interfund transfers totaled \$8,264 from the Special Revenue Fund to the Sewer Fund during the year ended June 30, 2004. The Special Revenue Fund transfers ad valorem tax dedicated to sewer or streets as necessary for general operational support during the year.

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The following is a summary of payables at June 30, 2004:

| | General | Sewer |
|-----------------------|-----------------|-----------------|
| Accounts | \$ 1,155 | \$ 1,216 |
| Accrued payroll taxes | <u>132</u> | <u>556</u> |
| Total | <u>\$ 1,287</u> | <u>\$ 1,772</u> |

9. RESERVE FUND BALANCE

As of June 30, 2004 the net reserve designated for streets was as follows:

| | |
|-------------------------|------------------|
| Beginning reserve | \$ 11,227 |
| Sales tax revenue | 38,143 |
| Street expenses | <u>(22,910)</u> |
| Net reserve for streets | <u>\$ 26,460</u> |

10. PER DIEM/REIMBURSEMENTS TO MAYOR AND BOARD OF ALDERMEN

Per diem and reimbursements paid to the Mayor and Board of Aldermen for the year ended June 30, 2004, are as follows:

| | |
|------------------------------|-----------------|
| Honorable Linda Brown, Mayor | \$ 1,263 |
| Rhonda Meek, Alderwoman | 155 |
| Billy Franklin, Alderman | 120 |
| Shelton Farmer, Alderman | <u>184</u> |
| Total | <u>\$ 1,722</u> |

VILLAGE OF GRAND CANE, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

11. LONG-TERM OBLIGATIONS

On December 28, 1999, the Village authorized \$260,000 of revenue bonds secured by the revenues of the sewer system. The Sewer Revenue Bonds, Series 1999 are collateralized by the revenue of the sewer system and the various special funds established by the bond ordinance. The ordinance provides that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the bond funds. The Village is in compliance with all significant financial requirements as of June 30, 2004.

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

| | Bonded Debt |
|--|----------------|
| Long-term obligations at beginning of Year | \$ 253,168 |
| Additions | |
| Deductions | (2,866) |
| Long-term obligations at end of Year | \$ 250,302 |

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2004:

| | Bonded Debt |
|-------------------|----------------|
| Current portion | \$ 2,995 |
| Long-term portion | 247,307 |
| Total | \$ 250,302 |

All municipal bonds outstanding at June 30, 2004 for \$250,301, are revenue bonds with maturities from 2005 to 2040 and an interest rate of 4.375%. Bond principal and interest payable in the next fiscal year are \$2,994.86 and \$10,920.34, respectively. The individual issues are as follows:

| Bond | Original Issue | Interest Rate | Final Payment Due | Interest to Maturity | Principal Outstanding | Funding Source |
|--------------|-------------------|------------------|-------------------------|----------------------------|--------------------------|-------------------|
| 1999 Revenue | 260,000 | 4.375% | 2040 | 243,977 | 250,302 | Sewer Revenue |

All principal and interest requirements are funded by the revenue bonds. At June 30, 2004, the municipality has accumulated \$ 12,141 in the debt service funds for future debt requirements. The bonds are due as follows:

VILLAGE OF GRAND CANE, LOUISIANA

Notes to the Financial Statements

As of and for the Year Ended June 30, 2004

11. LONG-TERM OBLIGATIONS (continued)

The annual aggregate maturities for the years subsequent to June 30, 2004, are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|------------|------------|------------|
| 2005 | \$ 2,995 | \$ 10,920 | \$ 13,915 |
| 2006 | 3,129 | 10,786 | 13,915 |
| 2007 | 3,269 | 10,646 | 13,915 |
| 2008 | 3,416 | 10,499 | 13,915 |
| 2009 | 3,569 | 10,346 | 13,915 |
| 2010-2014 | 20,391 | 49,184 | 69,576 |
| 2015-2019 | 25,389 | 44,187 | 69,576 |
| 2020-2024 | 31,611 | 37,965 | 69,576 |
| 2025-2029 | 39,358 | 30,218 | 69,576 |
| 2030-2034 | 49,003 | 20,573 | 69,576 |
| 2035-2039 | 61,013 | 8,563 | 69,576 |
| 2040 | 6,869 | 89 | 6,958 |
| Totals | \$ 250,301 | \$ 243,688 | \$ 493,989 |

12. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss the village maintains commercial insurance and surety bond coverage. No claims were paid on any of the policies during the past three years.

The Village is involved in one lawsuit due to an auto accident involving one of their employees. Subsequent to year end the lawsuit was settled with no liability to the Village.

13. LEASE AGREEMENT

The Village entered into a agreement April 1, 2003 with the Grand Cane Water System, Inc. to lease a generator to the water system for \$100 a year for ten years.

Other Required Supplementary Information

VILLAGE OF GRAND CANE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2004

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive(Negative) |
|--|------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 5,183 | \$ 5,296 | \$ 5,287 | \$ (9) |
| Sales taxes | 21,000 | 30,929 | 38,143 | 7,214 |
| Franchise taxes | 5,640 | 5,073 | 5,073 | |
| Intergovernmental revenues | | | | |
| Licenses and permits | 17,800 | 25,705 | 25,825 | 120 |
| Use of Money and Property | 745 | 324 | 494 | 170 |
| Charges for services-rent) | 5,300 | 5,400 | 5,400 | |
| Total Revenues | <u>55,668</u> | <u>72,727</u> | <u>80,222</u> | <u>7,495</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 29,938 | 31,593 | 21,895 | 9,698 |
| Public works: | | | | |
| Street and right of ways | 25,147 | 20,868 | 28,332 | (7,464) |
| Culture and recreation | 5,000 | 4,955 | 4,955 | (0) |
| Capital Outlays | 18,265 | 18,265 | - | 18,265 |
| Total Expenditures | <u>78,350</u> | <u>75,681</u> | <u>55,183</u> | <u>20,498</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(22,682)</u> | <u>(2,954)</u> | <u>25,040</u> | <u>27,994</u> |
| Net change in Fund Balances | (22,682) | (2,954) | 25,040 | 27,994 |
| Fund balances, beginning of year | <u>104,936</u> | <u>104,936</u> | <u>104,936</u> | |
| Fund balances, end of year | <u>\$ 82,254</u> | <u>\$ 101,982</u> | <u>\$ 129,975</u> | <u>\$ 27,994</u> |

The accompanying notes are an integral part of this statement.

Supplementary Information

Independent Accountant's Report on Applying Agreed-Upon Procedures

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Independent Accountant's Report On Applying Agreed-Upon Procedures

Mayor and Board of Aldermen
Village of Grand Cane
Grand Cane, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of Village of Grand Cane and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Grand Cane's compliance with certain laws and regulations during the year ended June 30, 2004, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of the disbursement journal for the year. That review did not disclose any expenditure in the above parameters.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

The Board provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure No. 3 appeared on the list provided by the Board in agreed-upon procedure No. 2.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original and amended budgets. The budget was amended once during the year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a special meeting held on July 1, 2003, which indicated that the budget had been adopted by the Board of Aldermen of the Village of Grand Cane by a vote of 3 in favor and 0 opposed. The budget was amended at a special meeting held June 28, 2004.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- a. trace payments to supporting documentation as to correct amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account;

The payments were found to be coded to the correct fund and general ledger accounts.

- c. determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the mayor and the village clerk.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42: 1-12 (the open meetings law)

Village of Grand Cane is only required to post a notice of each meeting and the accompanying agenda on the door of the district's meeting place. Management has asserted that such documents were properly posted, and I noted the posted agendas on two occasions when I visited the Village Hall.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the village for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

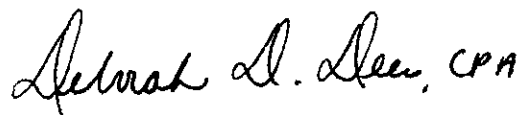
My prior year "Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*" dated October 15, 2003, included one instance of noncompliance and one matter involving internal control considered a material weakness.

Compliance 2003-1. Violation of budget law.

Internal control 2003-2. Segregation of duties. This continues to be a finding. Management concurs with the finding but, due to economic limitations, is unable to hire additional office personnel at this time.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Village of Grand Cane and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.



Mansfield, Louisiana
September 28, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE

Deborah D. Dees, CPA
122 Jefferson Street
Mansfield, LA 71052

In connection with your compilation of our financial statements as of June 30, 2004 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of July 6, 2004.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [X] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1

through 42:12.

Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410:60.

Yes [X] No []

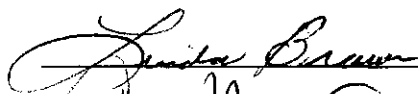
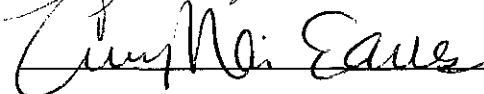
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

 _____, Mayor July 6, 2004
 _____, Clerk July 6, 2004