

**VILLAGE OF GEORGETOWN, LOUISIANA**

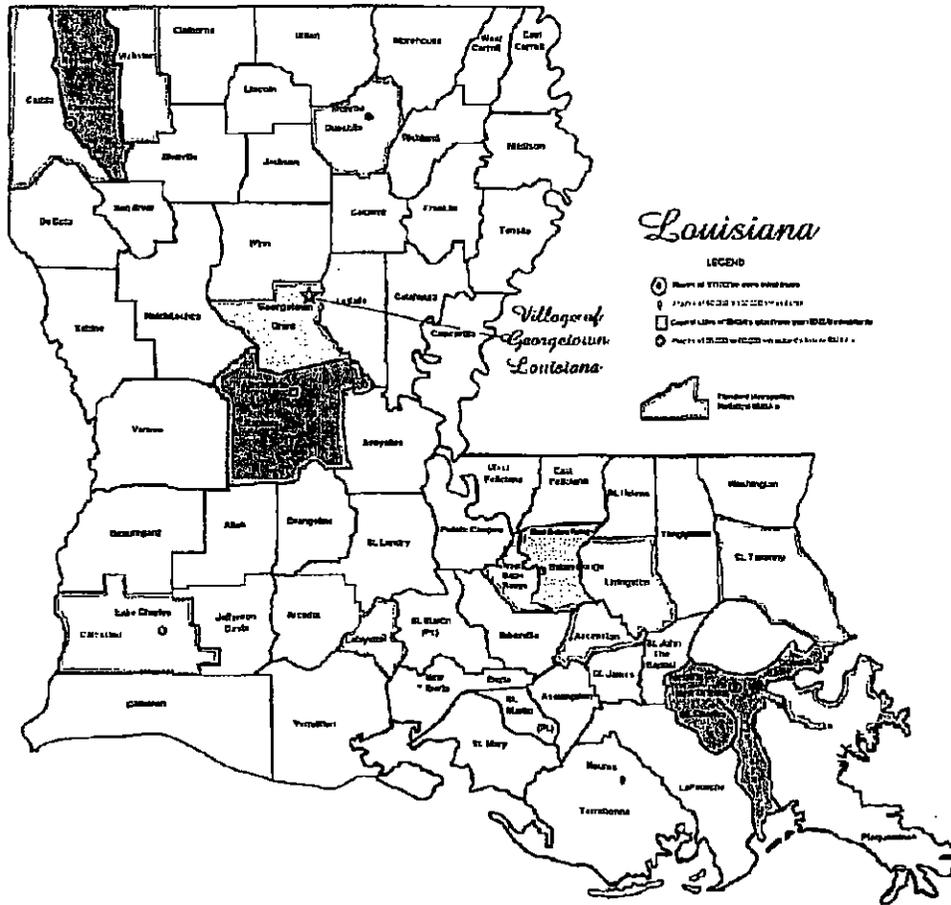
**Annual Financial Statements**

**JUNE 30, 2010**

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 2/2/11

# VILLAGE OF GEORGETOWN GEORGETOWN, LOUISIANA



✓ The Village of Georgetown was incorporated under the Lawrason Act and the Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water and sewer services) and general administrative functions, including coordination of related services with Parish, State and Federal governing bodies.

**Village of Georgetown, Louisiana  
Table of Contents  
June 30, 2010**

	<b>Statement</b>	<b>Page No.</b>
Independent Auditor’s Report.....		1-2
Management’s Discussion and Analysis.....		3-7
<b>Basic Financial Statements</b>		
Statement of Net Assets.....	A	9
Statement of Activities.....	B	10
Balance Sheet, Governmental Funds.....	C	11
Reconciliation of The Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets.....	D	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	E	13
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	14
Statement of Net Assets, Proprietary Funds.....	G	15
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds.....	H	16
Statement of Cash Flows – Proprietary Funds.....	I	17
Notes to the Basic Financial Statements.....		18-28
<b>Required Supplemental Information</b>		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	I	30
<b>Other Reports</b>		
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....		32-33
Schedule of Findings and Questioned Cost.....		34-36
Management’s Summary of Prior Year Findings.....		37

John R. Vercher C.P.A.  
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.  
jonathanvercher@centurytel.net

**JOHN R. VERCHER PC**  
***Certified Public Accountants***

P.O. Box 1608  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Danny Olden, Mayor  
& Members of the Village Council  
Georgetown, Louisiana

We have audited the accompanying basic financial statements of the governmental activities and the business-type activities of the Village of Georgetown, Louisiana, as of and for the year ended June 30, 2010 which collectively comprises the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Georgetown, 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, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Georgetown, Louisiana, as of June 30, 2010 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.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2010, on our consideration of the Village of Georgetown, 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.

*John R. Vercher PC*

Jena, Louisiana  
August 24, 2010

# Village of Georgetown

PO Box 220  
Georgetown, Louisiana 71432  
Tel: (318) 827-5527  
Fax: (318) 827-9446

---

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

---

As management of the Village, we offer readers of the Village of Georgetown's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

#### *Governmental Funds*

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$671,525 (*net assets*). This is a \$306,901 increase from last year, mainly due to an increase in capital assets, net of accumulated depreciation in the amount of \$394,582.
- The Village had total revenue of \$706,639, in which \$383,328 came from collection of fines. This is a \$349,703 increase from last year's revenues, mainly due to an increase in grants in the amount of \$290,678.
- The Village had total expenditures of \$783,514, which is a \$352,378 increase from last year, mainly due to an increase in capital outlay in the amount of \$326,821.

#### *Enterprise Funds*

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$1,696,022 (*net assets*). This is a \$17,183 increase from last year.
- The Village had total revenue of \$192,548. This is a \$72,069 increase from last year due to an increase in capital grants in the amount of \$94,246.
- The Village had total expenses of \$186,171, in which \$185,621 was operating expenses and \$550 was non-operating expenses. This is a \$2,986 decrease from last year.

---

---

## MD&A

---

---

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Village adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. Comparative analysis will be available in future years when prior information becomes available.

### FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our accountant has provided assurance in his independent accountant's report, located immediately following this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### Reporting the Village's Most Significant Funds

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

---



---

**MD&A**

---



---

**GOVERNMENTAL FUNDS**  
**Comparative Statement of Net Assets**

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2010:

	<u>2009</u>	<u>2010</u>	<u>% Change</u>
<b>Assets</b>			
Cash & Investments	\$ 162,779	\$ 62,385	-61.7%
Receivables	10,150	22,526	121.9%
Capital Assets, Net of Accumulated Depreciation	<u>202,851</u>	<u>597,433</u>	194.5%
<b>Total Assets</b>	<u>375,780</u>	<u>682,344</u>	81.6%
<b>Liabilities</b>			
Accounts, Salaries, & Other Payables	<u>11,156</u>	<u>10,819</u>	-3.0%
<b>Total Liabilities</b>	<u>11,156</u>	<u>10,819</u>	-3.0%
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	202,851	597,433	194.5%
Unrestricted	<u>161,773</u>	<u>74,092</u>	-54.2%
<b>Total Net Assets</b>	<u>\$ 364,624</u>	<u>\$ 671,525</u>	84.2%

**Comparative Changes in Fund Balances**

The following table reflects the condensed Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2010:

	<u>2009</u>	<u>2010</u>	<u>% Change</u>
<b>Beginning Fund Balances</b>	\$ 234,589	\$ 161,773	-31.0%
Total Revenues	356,936	706,639	98.0%
Total Expenditures	(431,136)	(783,514)	81.7%
Total Transfers In (Out)	<u>(900)</u>	<u>(10,806)</u>	-1,100.7%
Increase (Decrease) in Fund Balances	<u>2,284</u>	<u>(87,681)</u>	-3,938.9%
<b>Ending Fund Balances</b>	<u>\$ 161,773</u>	<u>\$ 74,092</u>	-54.2%

---



---

**MD&A**

---



---

**ENTERPRISE FUNDS**  
**Comparative Statement of Net Assets**

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2010:

	<u>2009</u>	<u>2010</u>	<u>% Change</u>
<b>Assets</b>			
Cash	\$ 8,188	\$ 11,359	38.7%
Receivables	8,019	6,473	-19.3%
Restricted Assets	15,687	16,727	6.6%
Capital Assets, Net of Accumulated Depreciation	1,684,314	1,693,788	0.6%
<b>Total Assets</b>	<u>1,716,208</u>	<u>1,728,347</u>	0.7%
<b>Liabilities and Net Assets</b>			
Accounts, Salaries, & Other Payables	10,671	8,053	-24.5%
Bonds & Interest Payable	12,300	10,250	-16.7%
Customer Deposits	14,398	14,022	-2.6%
<b>Total Liabilities</b>	<u>37,369</u>	<u>32,325</u>	-13.5%
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	1,672,014	1,683,538	0.7%
Restricted	4,157	5,129	23.4%
Unrestricted	2,668	7,355	175.7%
<b>Total Net Assets</b>	<u>\$ 1,678,839</u>	<u>\$ 1,696,022</u>	1.0%

**Comparative Changes in Net Assets**

The following table reflects the condensed Comparative Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2010:

	<u>2009</u>	<u>2010</u>	<u>% Change</u>
<b>Beginning Net Assets</b>	\$ 1,746,616	\$ 1,678,839	-3.9%
Operating Revenues	120,479	98,289	-18.4%
Non-Operating Revenues	-0-	94,259	100.0%
<b>Total Revenues</b>	<u>120,479</u>	<u>192,548</u>	59.8%
Operating Expenses	188,557	185,621	-1.6%
Non-Operating Expenses	600	550	-8.3%
<b>Total Expenses</b>	<u>189,157</u>	<u>186,171</u>	-1.6%
Transfers In (Out)	900	10,806	1,100.7%
Increase (Decrease) in Net Assets	<u>(67,778)</u>	<u>17,183</u>	125.4%
<b>Ending Net Assets</b>	<u>\$ 1,678,839</u>	<u>\$ 1,696,022</u>	1.0%

---

---

## MD&A

---

---

### CAPITAL ASSETS

#### *Capital Assets – Governmental Fund*

At June 30, 2010, the Village had \$597,433 invested in capital assets, including land, the walking track, street improvements, police cars, and equipment.

	Capital Assets At Year-End	
	2009	2010
Land *	\$ 8,000	\$ 8,000
Post Office/Walking Track/Street	67,830	331,616
Equipment	254,039	286,412
Construction in Progress *	90,698	209,015
Accumulated Depreciation	(217,716)	(237,610)
<b>Total Net Assets</b>	<b>\$ 202,851</b>	<b>\$ 597,433</b>

\* Land in the amount of \$8,000 and Construction in Progress in the amount of \$209,015 are not being depreciated.

#### *Capital Assets – Enterprise Fund*

At June 30, 2010, the Village had \$1,693,788 invested in capital assets, including the sewer system, water system, machinery, and equipment.

	Capital Assets At Year-End	
	2009	2010
Sewer System	\$ 1,198,059	\$ 1,200,559
Water System *	1,519,823	1,598,019
Accumulated Depreciation	(1,033,568)	(1,104,790)
<b>Total Net Assets</b>	<b>\$ 1,684,314</b>	<b>\$ 1,693,788</b>

\* Water –Construction in Progress in the amount of \$19,545 is not being depreciated.

### CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Danny Olden, Mayor, at the Village of Georgetown, phone (318) 827-5527.

## **Basic Financial Statements**

**Village of Georgetown, Louisiana**  
**Statement of Net Assets**  
**June 30, 2010**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash	\$ 62,385	\$ 11,359	\$ 73,744
Receivables	22,526	6,473	28,999
Restricted Assets	-0-	16,727	16,727
Capital Assets (Net of Accumulated Depreciation)	597,433	1,693,788	2,291,221
<b>TOTAL ASSETS</b>	<b>682,344</b>	<b>1,728,347</b>	<b>2,410,691</b>
<b>LIABILITIES</b>			
Accounts, Salaries, & Other Payables	10,819	8,053	18,872
Bonds & Interest Payable	-0-	10,250	10,250
Customer Deposits	-0-	14,022	14,022
<b>TOTAL LIABILITIES</b>	<b>10,819</b>	<b>32,325</b>	<b>43,144</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	597,433	1,683,538	2,280,971
Restricted	-0-	5,129	5,129
Unrestricted	74,092	7,355	81,447
<b>TOTAL NET ASSETS</b>	<b>\$ 671,525</b>	<b>\$ 1,696,022</b>	<b>\$ 2,367,547</b>

The accompanying notes are an integral part of this statement.



**Village of Georgetown, Louisiana  
Balance Sheet, Governmental Funds  
June 30, 2010**

	<u>GENERAL FUND</u>
<b>ASSETS</b>	
Cash	\$ 62,385
Receivables	<u>22,526</u>
<b>TOTAL ASSETS</b>	<u>84,911</u>
<b>LIABILITIES</b>	
Accounts, Salaries, & Other Payables	<u>10,819</u>
<b>TOTAL LIABILITIES</b>	<u>10,819</u>
<b>FUND BALANCES</b>	
Unreserved - Unassigned	<u>74,092</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>\$ 84,911</u>

The accompanying notes are an integral part of this statement.

**Village of Georgetown, Louisiana**  
**Reconciliation of The Government Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Assets**  
**June 30, 2010**

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 74,092
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	597,433
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Other	<u>-0-</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 671,525</u>

The accompanying notes are an integral part of this statement.

**Village of Georgetown, Louisiana**  
**Statement of Revenues, Expenditures &**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

	<u>GENERAL</u>
<b>REVENUES</b>	
Fines	\$ 383,328
Grants	290,678
Fees & Charges	21,442
Taxes	5,310
Road Maintenance	582
Other	5,299
<b>TOTAL REVENUES</b>	<u>706,639</u>
<b>EXPENDITURES</b>	
Personnel Expense	201,808
Police Expense	38,989
Other Administrative	128,241
Capital Outlay	414,476
<b>TOTAL EXPENDITURES</b>	<u>783,514</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(76,875)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In (Out)	<u>(10,806)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(10,806)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(87,681)
<b>FUND BALANCES--BEGINNING</b>	<u>161,773</u>
<b>FUND BALANCES--ENDING</b>	<u>\$ 74,092</u>

The accompanying notes are an integral part of this statement.

**Village of Georgetown, Louisiana**  
**Reconciliation of The Statement of Revenues, Expenditures,**  
**& Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2010**

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

Net Change in Fund Balances, Total governmental Funds, Statement E		\$	(87,681)
Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	414,476 <u>(19,894)</u>		394,582
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			-0-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			<u>-0-</u>
Changes in Net Assets of Governmental Activities, statement B		\$	<u>306,901</u>

The accompanying notes are an integral part of this statement.

**Village of Georgetown, Louisiana**  
**Statement of Net Assets, Proprietary Funds**  
**June 30, 2010**

	<b>BUSINESS TYPE ACTIVITIES</b>		
	<b>ENTERPRISE FUNDS</b>		
	<b>SEWER FUND</b>	<b>WATER FUND</b>	<b>TOTAL</b>
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	\$ 1,630	\$ 9,729	\$ 11,359
Receivables, Net	3,059	3,414	6,473
<b>TOTAL CURRENT ASSETS</b>	<u>4,689</u>	<u>13,143</u>	<u>17,832</u>
<b>NON-CURRENT ASSETS</b>			
Restricted Assets	7,379	9,348	16,727
Capital Assets (Net of Accumulated Depreciation)	681,415	1,012,373	1,693,788
<b>TOTAL NON-CURRENT ASSETS</b>	<u>688,794</u>	<u>1,021,721</u>	<u>1,710,515</u>
<b>TOTAL ASSETS</b>	<u>693,483</u>	<u>1,034,864</u>	<u>1,728,347</u>
<b>CURRENT LIABILITIES</b>			
Accounts, Salaries, & Other Payables	1,255	6,798	8,053
Current Bonds & Interest Payable	2,250	-0-	2,250
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,505</u>	<u>6,798</u>	<u>10,303</u>
<b>NON-CURRENT LIABILITIES</b>			
Revenue Bonds	8,000	-0-	8,000
Customer Deposits	-0-	14,022	14,022
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>8,000</u>	<u>14,022</u>	<u>22,022</u>
<b>TOTAL LIABILITIES</b>	<u>11,505</u>	<u>20,820</u>	<u>32,325</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	671,165	1,012,373	1,683,538
Restricted	5,129	-0-	5,129
Unrestricted	5,684	1,671	7,355
<b>TOTAL NET ASSETS</b>	<u>\$ 681,978</u>	<u>\$ 1,014,044</u>	<u>\$ 1,696,022</u>

The accompanying notes are an integral part of this statement.

**Village of Georgetown, Louisiana**  
**Statement of Revenues, Expenses & Changes in Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	<b>BUSINESS TYPE ACTIVITIES</b>		
	<b>ENTERPRISE FUNDS</b>		
	<b>SEWER FUND</b>	<b>WATER FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Water Sales	\$ -0-	\$ 24,296	\$ 24,296
Sewer Charges	23,010	-0-	23,010
Sales Tax	22,913	22,882	45,795
Other	-0-	5,188	5,188
<b>TOTAL OPERATING REVENUES</b>	<u>45,923</u>	<u>52,366</u>	<u>98,289</u>
<b>OPERATING EXPENSES</b>			
Administration	48,665	65,734	114,399
Depreciation	31,420	39,802	71,222
<b>TOTAL OPERATING EXPENSES</b>	<u>80,085</u>	<u>105,536</u>	<u>185,621</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(34,162)</u>	<u>(53,170)</u>	<u>(87,332)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Capital Grant	-0-	94,246	94,246
Interest Income	13	-0-	13
Interest Expense	(550)	-0-	(550)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>(537)</u>	<u>94,246</u>	<u>93,709</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<u>(34,699)</u>	<u>41,076</u>	<u>6,377</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In/(Out)	7,500	3,306	10,806
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>7,500</u>	<u>3,306</u>	<u>10,806</u>
<b>CHANGE IN NET ASSETS</b>	<u>(27,199)</u>	<u>44,382</u>	<u>17,183</u>
<b>TOTAL NET ASSETS – BEGINNING</b>	<u>709,177</u>	<u>969,662</u>	<u>1,678,839</u>
<b>TOTAL NET ASSETS – ENDING</b>	<u>\$ 681,978</u>	<u>\$ 1,014,044</u>	<u>\$ 1,696,022</u>

The accompanying notes are an integral part of this statement.

**Village of Georgetown, Louisiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2010**

	BUSINESS TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	SEWER FUND	WATER FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 46,780	\$ 52,679	\$ 99,459
Payments to Suppliers/Employees	(52,728)	(66,339)	(119,067)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(5,948)</u>	<u>(13,660)</u>	<u>(19,608)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances From Other Funds	7,500	3,306	10,806
Interest Income	13	-0-	13
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>7,513</u>	<u>3,306</u>	<u>10,819</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>			
Capital Grant	-0-	94,246	94,246
Purchase of Capital Assets	(2,500)	(78,196)	(80,696)
Interest Paid on Capital Debt	(550)	-0-	(550)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(3,050)</u>	<u>16,050</u>	<u>13,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Change in Restricted Assets	(922)	(118)	(1,040)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(922)</u>	<u>(118)</u>	<u>(1,040)</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(2,407)	5,578	3,171
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	4,037	4,151	8,188
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<u>1,630</u>	<u>9,729</u>	<u>11,359</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	(34,162)	(53,170)	(87,332)
Depreciation Expense	31,420	39,802	71,222
(Increase) Decrease in Accounts Receivable	857	689	1,546
Increase (Decrease) in Accounts Payables	(2,013)	(605)	(2,618)
Increase (Decrease) in Bonds & Interest Payable	(2,050)	-0-	(2,050)
Increase (Decrease) in Customer Deposits	-0-	(376)	(376)
<b>TOTAL ADJUSTMENTS</b>	<u>28,214</u>	<u>39,510</u>	<u>67,724</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (5,948)</u>	<u>\$ (13,660)</u>	<u>\$ (19,608)</u>

The accompanying notes are an integral part of this statement.

**Notes To The Basic  
Financial Statements**

## VILLAGE OF GEORGETOWN, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Georgetown was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Village of Georgetown conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 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.

The following is a summary of certain significant accounting policies:

#### **A. GOVERNMENT-WIDE & 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings 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.

## VILLAGE OF GEORGETOWN, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

#### **B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

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, franchise taxes, licenses, 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. 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 municipality reports the following major proprietary funds:

- Water Fund
- Sewer Fund

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. Exceptions to this general rule are payments-in-lieu of taxes and other 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.

## VILLAGE OF GEORGETOWN, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

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.

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 revenues are charges for services and sales taxes. Operating expenses for enterprise funds 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.

The Village has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### C. FIXED ASSETS & LONG-TERM LIABILITIES

For the year ended June 30, 2010, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	40
Sewer System	40
Walking Trail	20
Equipment	5-10

#### D. BUDGETARY PRACTICES

The District prepares a budget at the beginning of each year. The Board approves the budget and any subsequent amendments. All appropriations end at year end.

#### E. CASH, CASH EQUIVALENTS, & INVESTMENTS

All cash and investments (CD's over 90 days) are reported at cost and are on deposit at federally insured banks.

It is the Village's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village's deposits are categorized to give an indication of the level of risk assumed by the Village at fiscal year-end. All deposits were secured at the year-end. The categories are described as follows:

**VILLAGE OF GEORGETOWN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**

- *Category 1* – Insured or collateralized with securities held by the Village or by its agent in the Village’s name.
- *Category 2* – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Village’s name.
- *Category 3* – Uncollateralized.

<b>Bank</b>	<b>Bank Balance 6-30-2010</b>
Southern Heritage Bank	\$ 152,138

*Amounts on deposit at the bank are secured by the following:*

<b>Description</b>	<b>Market Value</b>
FDIC ( <i>Category 1</i> )	\$ 152,138
Securities ( <i>Category 2</i> )	-0-
<b>Total</b>	<b>\$ 152,138</b>

Deposits were fully secured as of June 30, 2010.

**F. INVENTORIES**

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

**G. ACCOUNTS RECEIVABLE & ALLOWANCE FOR BAD DEBTS**

	<b>Enterprise Fund</b>		<b>Governmental Fund</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>General Fund</b>
Tax & Franchise	\$ 1,454	\$ 1,454	\$ 1,016
Customer	1,797	1,459	21,510
Allowance for Bad Debts	163	146	-0-
<b>Total</b>	<b>\$ 3,414</b>	<b>\$ 3,059</b>	<b>\$ 22,526</b>

**H. COMPENSATED ABSENCES**

The Village has no compensated absence policy.

**VILLAGE OF GEORGETOWN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**

**I. RESERVES**

The Village records reserves to indicate that a portion of its retained earnings/fund balances are legally restricted for a specific future use. The following is a list of such reserves and a description of each:

*Reserved for System Maintenance*

This amount represents monies reserved for repairs and replacement of the water system.

*Reserved - Revenue Bonds*

This amount represents monies reserved as required by the revenue bond indentures.

*Reserved for Debt Service*

Certain assets have been reserved in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

**(2) AD VALOREM TAXES**

The Village levies taxes on real and business personal property located within its boundaries. The Village utilizes the services of the Grant Parish Tax Assessor to assess the property values and prepare the Village's property tax roll. The Village bills and collects its own property taxes.

<b>Property Tax Calendar</b>	
Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended June 30, 2010, taxes of 8.37 mills were levied against property having a valuation of some \$679,518 which produced some \$5,688 in revenue.

Ad Valorem Taxes are broken down as follows:

General Alimony	8.37
<b>Total</b>	<b>8.37</b>

**VILLAGE OF GEORGETOWN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**

**(3) SALES TAX**

Voters passed a 1% sales tax in February 1991 dedicated to the repair and maintenance of the Village's water system.

In November 2005 the voters of the Village of Georgetown passed a 1% sales and use tax for the purpose of improving, operating, maintaining, and supporting the sewerage system of the Village.

**(4) RESTRICTED ASSETS - PROPRIETARY FUND TYPES**

At June 30, 2010, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<u>Water</u>		<u>Sewer</u>
Bond Sinking	\$ -0-	\$	4,075
Meter Deposit	9,348		-0-
Bond Reserve	-0-		1,095
Depreciation & Contingencies	-0-		2,209
<b>Total</b>	<u>\$ 9,348</u>	<u>\$</u>	<u>7,379</u>

**(5) FIXED ASSETS**

**Enterprise Fund - Plant & Equipment:**

A summary of enterprise fund property, plant and equipment at June 30, 2010, is as follows:

	<u>Balance</u>		<u>Additions</u>		<u>Balance</u>
	<u>6-30-2009</u>		<u>(Deletions)</u>		<u>6-30-2010</u>
<b>Water</b>					
Distribution System *	\$ 1,519,823	\$	78,196	\$	1,598,019
Accumulated Depreciation	<u>(545,844)</u>		<u>(39,802)</u>		<u>(585,646)</u>
Net	<u>973,979</u>		<u>38,394</u>		<u>1,012,373</u>
<b>Sewer</b>					
Plant	1,198,059		2,500		1,200,559
Accumulated Depreciation	<u>(487,724)</u>		<u>(31,420)</u>		<u>(519,144)</u>
Net	<u>\$ 710,335</u>	<u>\$</u>	<u>(28,920)</u>	<u>\$</u>	<u>681,415</u>

\* Water -Construction in Progress in the amount of \$19,545 is not being depreciated.

Enterprise fund assets are depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

**VILLAGE OF GEORGETOWN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**

**Governmental Fund:**

A summary of governmental fund depreciable assets at June 30, 2010, is as follows:

	<u>Balance</u> <u>6-30-2009</u>	<u>Additions</u> <u>(Deletions)</u>	<u>Balance</u> <u>6-30-2010</u>
Land *	\$ 8,000	\$ -0-	\$ 8,000
Post Office/Walking Track/Street	67,830	263,786	331,616
Equipment	254,039	32,373	286,412
Construction in Progress *	90,698	118,317	209,015
Accumulated Depreciation	<u>(217,716)</u>	<u>(19,894)</u>	<u>(237,610)</u>
Net	<u>\$ 202,851</u>	<u>\$ 394,582</u>	<u>\$ 597,433</u>

\* Land in the amount of \$8,000 and Construction in Progress in the amount of \$209,015 are not being depreciated.

Government fund assets are depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Walking Track/Street	20 Years
Post Office	40 Years

**(6) CHANGES IN LONG-TERM DEBT**

The following is a summary of bond and installment notes payable transactions of Village of Georgetown for the year ended June 30, 2010.

	<u>Balance</u> <u>6-30-2009</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6-30-2010</u>
Revenue Bonds	\$ 12,000	\$ -0-	\$ 2,000	\$ 10,000
<b>Total</b>	<u>\$ 12,000</u>	<u>\$ -0-</u>	<u>\$ 2,000</u>	<u>\$ 10,000</u>

Bond and installment notes payable at June 30, 2010 are comprised of the following issues:

***Revenue Bonds (Enterprise Fund)***

\$ 60,000 Sewer Revenue Bonds dated 1975, due in monthly installments of \$1,000 to \$2,000 through January 1, 2015, interest at 5 percent.	\$ <u>10,000</u>
<b>Total</b>	\$ <u>10,000</u>

**VILLAGE OF GEORGETOWN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**

The annual requirements to amortize all debt outstanding as of June 30, 2010, including interest payments of \$1,500 are as follows:

<u>Year Ending June 30,</u>	<u>Sewer Revenue Bonds</u>
2011	2,500
2012	2,400
2013	2,300
2014	2,200
2015	2,100
<b>Total</b>	<u>\$ 11,500</u>

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated 1975, earnings of the sewer system are to be maintained separately and used for the following purposes:

- (a) Payment of all reasonable and necessary expenses of operating and maintaining the system.
- (b) Each month there will be set aside into a fund called the "Sewer Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next principal and interest payment.
- (c) Each month, there will be set aside into a "Sewer Reserve Fund" 5% of the amount paid into the Sinking Fund. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not available in the Sinking Fund.
- (d) There will also be set aside into a "Sewer Depreciation and Contingency Fund" 5% of the amount paid into the sinking fund. These funds will be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly, and to pay interest and principal on bonds when there is not sufficient money in the Sinking or Reserve Fund.
- (e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

**(7) LITIGATION**

The Village of Georgetown is involved in no litigation at June 30, 2010, which is not covered by the Village's applicable insurance policies or is considered to be significant to the Village's financial statements.

VILLAGE OF GEORGETOWN, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED

**(8) ELECTED OFFICIAL'S SALARIES**

<b>Name</b>	<b>Title</b>	<b>Term of Office</b>	<b>Annualized Salary</b>
Danny Olden	Mayor	Jan. 1, 2005 – Dec. 31, 2012	\$ 5,664
Robert Sanders	Alderman	Jan. 1, 2005 – Dec. 31, 2012	\$ 3,156
Jim Bradford	Alderman	Jan. 1, 2009 – Dec. 31, 2012	\$ 3,156
Ray Williamson	Alderman	Jan. 1, 2009 – Dec. 31, 2012	\$ 3,156
Billy Prince	Police Chief	Jan. 1, 2009 – Dec. 31, 2012	\$ 46,170

**(9) USE OF ESTIMATES**

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

**(10) RETIREMENT PLANS**

The Village does not offer its employees a retirement plan. All employees are in the social security system.

**(11) TRANSFERS**

Transfers were made from the general fund to the enterprise funds to cover expenses.

**VILLAGE OF GEORGETOWN, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**

**(12) WATER AND SEWER RATES**

<u>Water:</u>	<u>Minimum Charge</u>	<u>Next</u>
Residential	\$10.30 for 1 <sup>st</sup> 1,600 gals. water used	\$1.65 per 1,000 for next 2,400 gals. water used 1.35 per 1,000 for next 1,800 gals. water used 1.20 per 1,000 for next 4,200 gals. water used 1.07 per 1,000 for next 5,000 gals. water used .93 per 1,000 thereafter
Schools	\$76.67 for 1 <sup>st</sup> 71,600 gals. water used	\$ .93 per 1,000 thereafter
Housing Authority	\$214.00 for 1 <sup>st</sup> 42,000 gals. water used	\$1.75 per 1,000 for next 70,000 gals. water used 1.33 per 1,000 for next 60,000 gals. water used .90 per 1,000 for next 110,000 gals. water used .80 thereafter
<b><u>Sewer:</u></b>		
Residential -	\$ 14.00 for 1 <sup>st</sup> 5,100 gals. water used	\$ .10 per 1,000 gals. water used thereafter
School	\$ 48.33 a month for all water used	
Housing Authority	\$350.16 for 1 <sup>st</sup> 145,600 gals. water used	\$ .07 per 1,000 thereafter

**(13) CONTINGENCIES**

The Village has entered into a lease agreement with International Paper Inc. (I.P.) for the purchase of water from I.P.'s property. The lease is for \$1 annually and renewed on an annual basis.

**(14) UTILITY RELOCATION ASSISTANCE FUNDING (URAF)**

Chapter 3 § 301(c) of the Louisiana Administrative Code states that "URAF funding is neither a loan nor a grant and there is no interest charged on this money. However, the utility must repay this money eventually, or it will not be allowed to locate its facilities within highway right-of-way".

This transaction, occurring in the 2008 fiscal year, was recorded as a capital grant and capitalized as fixed assets (Utility Relocation) in the enterprise fund in 2008.

**(15) EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The Village of Georgetown had an unfavorable expenditure variance of \$241,764 or 45% in its General Fund Budget for the year ended June 30, 2010.

**Required Supplemental  
Information**

**Village of Georgetown, Louisiana**  
**Statement of Revenues, Expenditures, & Changes in Fund Balance**  
**Budget & Actual**  
**General Fund**  
**For the Year Ended June 30, 2010**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>BUDGET TO ACTUAL DIFFERENCES FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Fines	\$ 340,000	\$ 346,000	\$ 383,328	\$ 37,328
Grants	10,000	43,170	290,678	247,508
Fees & Charges	20,000	18,450	21,442	2,992
Taxes	6,000	5,500	5,310	(190)
Road Maintenance	-0-	-0-	582	582
Other	7,000	3,150	5,299	2,149
<b>TOTAL REVENUES</b>	<u>383,000</u>	<u>416,270</u>	<u>706,639</u>	<u>290,369</u>
<b>EXPENDITURES</b>				
Personnel Expense	180,000	200,000	201,808	(1,808)
Police Expense	55,000	77,000	38,989	38,011
Other Administrative	118,000	138,300	128,241	10,059
Capital Outlay	30,000	126,450	414,476	(288,026)
<b>TOTAL EXPENDITURES</b>	<u>\$ 383,000</u>	<u>\$ 541,750</u>	<u>783,514</u>	<u>\$ (241,764)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>			<u>(76,875)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)			<u>(10,806)</u>	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			<u>(10,806)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			(87,681)	
<b>FUND BALANCES--BEGINNING</b>			<u>161,773</u>	
<b>FUND BALANCES--ENDING</b>			<u>\$ 74,092</u>	

The accompanying notes are an integral part of this statement.

**OTHER REPORTS**

John R. Vercher C.P.A.  
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.  
jonathanvercher@centurytel.net

**JOHN R. VERCHER PC**  
***Certified Public Accountants***

P.O. Box 1608  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

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

The Honorable Danny Olden, Mayor  
& Members of the Village Council  
Georgetown, Louisiana

We have audited the accompanying basic financial statements of the Village of Georgetown, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 24, 2010. 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.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Village of Georgetown's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Georgetown's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Georgetown's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. **(2010-I-1 Small Size of Entity)**. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village of Georgetown's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, except as shown below and discussed in the Schedule of Findings and Questioned Cost as:

#### **2010-C-1 Budget Variances**

The Village of Georgetown's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Georgetown's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

*John R. Vercher PC*

August 24, 2010  
Jena, Louisiana

**VILLAGE OF GEORGETOWN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**For the Year Ended June 30, 2010**

We have audited the basic financial statements of the Village of Georgetown, Louisiana, as of and for the year ended June 30, 2010 and have issued our report thereon dated August 24, 2010. We conducted our audit in accordance with generally accepted auditing standards 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. Our audit of the financial statements as of June 30, 2010 resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses  Yes  No Other Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**b. Federal Awards (Not Applicable)**

Internal Control

Material Weaknesses  Yes  No Other Conditions  Yes  No

Type of Opinion On Compliance Unqualified  Qualified   
 For Major Programs Disclaimer  Adverse

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

Yes  No

**c. Identification Of Major Programs:**

CFDA Number (s)	Name Of Federal Program (or Cluster)
-----------------	--------------------------------------

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?  Yes  No

**VILLAGE OF GEORGETOWN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)**  
**For the Year Ended June 30, 2010**

**Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS**

**2010-C-1 Budget Variances**

**Condition:** The Village of Georgetown had an unfavorable expenditure variance of \$241,764 or 45% in its General Fund Budget for the year ended June 30, 2010.

**Criteria:** The Budget Act requires that budgets be amended when the variance exceeds 5%.

**Cause of Condition:** The entity did not include funds received or expended through the DOTD checking account in their amended budget.

**Effect of Condition:** The governmental fund having an unfavorable expenditure variance.

**Recommendation:** The budget should be amended when there is an unfavorable variance of more than 5%.

**Client Response and Corrective Action:** The Village's management will begin amending its budget so that there is no unfavorable expenditure variance of more than 5%.

**Contact Person:** Danny Olden

**Anticipated Completion Date:** June 30, 2011

**VILLAGE OF GEORGETOWN, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2010**

**Section III – Internal Control**

**2010-I-1 Small Size of Entity**

**Condition:** Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

**Criteria:** Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

**Cause of Condition:** *Small size of entity and lack of employees.*

**Effect of Condition:** Significant deficiency in internal controls.

**Recommendation:** We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**Client Response and Corrective Action:** Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**Contact Person:** Danny Olden

**Anticipated Completion Date:** June 30, 2011

**Section IV Federal Awards Findings and Questioned Costs**

Not applicable.

## VILLAGE OF GEORGETOWN, LOUISIANA

### MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

---

Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Village of Georgetown, Louisiana has provided the following action summaries relating to findings brought to their attention as a result of their financial audit for the year ended June 30, 2009.

#### PRIOR YEAR FINDINGS

##### **2009-I-1 Small Size of Entity (Unresolved)**

***Finding:*** Because of the small size of the Village and the lack of separation of duties, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

***Village's Corrective Action:*** Management continued to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, and depositing of funds collected.