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**TOWN OF YOUNGSVILLE, LOUISIANA**  
Financial Report  
Year Ended June 30, 2002

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 12/18/02

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## INDEPENDENT AUDITORS' REPORT

\* A Professional Accounting Corporation

The Honorable Lucas Denais, Mayor,  
and Members of the Board of Aldermen  
Town of Youngsville, Louisiana

We have audited the accompanying basic financial statements of the Town of Youngsville, Louisiana, as of and for the year ended June 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Town of Youngsville, Louisiana, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the Town of Youngsville adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Statement No. 37, Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments: Omnibus, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated August 22, 2002 on our consideration of the Town of Youngsville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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The Management's Discussion and Analysis and the other required supplementary information on pages 4 through 14 and 52 through 55, respectively, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information on pages 56 through 70 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Youngsville, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
August 22, 2002

**REQUIRED SUPPLEMENTARY  
INFORMATION**

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited)

Within this section of the Town of Youngsville, Louisiana (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2002. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$5,424,722 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
  1. Capital assets, net of related debt, of \$3,800,676 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  2. Net assets of \$136,791 are restricted by constraints imposed from outside the Town such as debt covenants.
  3. Unrestricted net assets of \$1,487,255 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$1,129,563 this year. This compares to the prior year ending fund balance of \$858,396 showing a substantial increase of \$271,167 during the current year. The total fund balance is unreserved.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$518,743, or 47% of total General Fund expenditures.
- Overall, the Town continues to maintain a strong financial position, in spite of a somewhat depressed national economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2003.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

#### Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and streets. Business-type activities include the water, sewer and sanitation systems.

The government-wide financial statements are presented on pages 17 & 18 of this report.

#### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. The Town has no non-major funds required to be presented in the form of combining statements in a later section of this report.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 15-18 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The one Town proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for sanitation, water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 20 - 23 of this report.

#### Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

#### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the two major special revenue funds. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on pages 53-55 of this report.

As discussed, the Town reports major funds in the basic financial statements. A comparative schedule of the three segments of the utility fund is presented in a subsequent section of this report beginning on page 65.

#### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town implemented the new financial reporting model used in this report beginning with the current fiscal year ended June 30, 2002. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

TOWN OF YOUNGSVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

The Town's net assets at fiscal year-end are \$ 5,424,722. The following table provides a summary of the Town's net assets:

	Summary of Net Assets			
	Governmental Activities	Business-type Activities	Total	Percentage Total
<b>Assets:</b>				
Current assets and other assets	\$ 1,245,485	\$ 362,992	\$ 1,608,477	22%
Restricted assets	-	326,043	326,043	5%
Capital assets	<u>1,080,006</u>	<u>4,171,010</u>	<u>5,251,016</u>	<u>73%</u>
Total assets	<u>2,325,491</u>	<u>4,860,045</u>	<u>7,185,536</u>	<u>100%</u>
<b>Liabilities:</b>				
Current liabilities	115,922	261,688	377,610	21%
Long-term liabilities	<u>-</u>	<u>1,383,204</u>	<u>1,383,204</u>	<u>79%</u>
Total liabilities	<u>115,922</u>	<u>1,644,892</u>	<u>1,760,814</u>	<u>100%</u>
<b>Net assets:</b>				
Investment in capital assets, net of debt	1,080,006	2,848,864	3,928,870	72%
Restricted		65,603	65,603	1%
Unrestricted	<u>1,129,563</u>	<u>300,686</u>	<u>1,430,249</u>	<u>26%</u>
Total net assets	<u>\$ 2,209,569</u>	<u>\$ 3,215,153</u>	<u>\$ 5,424,722</u>	<u>100%</u>

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 10.7 to 1 and 2.63 to 1 for business type activities. For the Town overall, the current ratio is 4.25 to 1. These ratios indicate a strong current financial position.

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$367,577 for governmental activities and by \$994,503 for business-type activities. The Town's overall financial position improved during fiscal year 2002, as total net assets increased 32%.

Note that approximately 49% of the governmental activities' net assets are tied up in capital (with 50% of the cost of capital assets being infrastructure). The Town uses these capital assets to provide services to its citizens. However, with business type activities, the Town has spent approximately 85% of its net assets on capital. Capital assets in the business-type activities provide utility services, but they also generate revenues for this fund. 73% of the Town's total net assets are included in capital assets.

TOWN OF YOUNGSVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the Town's changes in net assets:

Summary of Changes in Net Assets

	Governmental Activities	Business Activities	Total	Percentage of Total
<b>Revenues:</b>				
<b>Program:</b>				
Charges for services/fines	\$ 248,008	\$ 863,414	\$1,111,422	34%
Capital grants	60,275	961,504	1,021,779	31%
<b>General:</b>				
Sales taxes	937,090	-	937,090	29%
Franchise taxes	126,405	-	126,405	4%
Unrestricted grants	47,261	-	47,261	1%
Interest	4,358	3,714	8,072	0%
Other	6,552	-	6,552	0%
<b>Total revenues</b>	<u>1,429,949</u>	<u>1,828,632</u>	<u>3,258,581</u>	<u>100%</u>
<b>Program Expenses:</b>				
General government	370,864	-	370,864	20%
<b>Public safety:</b>				
Police	413,903	-	413,903	22%
Fire	42,140	-	42,140	2%
Streets	175,465	-	175,465	9%
Water, sewer & sanitation	-	894,129	894,129	47%
<b>Total expenses</b>	<u>1,002,372</u>	<u>894,129</u>	<u>1,896,501</u>	<u>100%</u>
Excess (deficiency)	427,577	934,503	1,362,080	
Transfers	<u>(60,000)</u>	<u>60,000</u>	<u>-</u>	
Change in net assets	367,577	994,503	1,362,080	
Beginning net assets	<u>1,841,992</u>	<u>2,220,650</u>	<u>4,062,642</u>	
Ending net assets	<u>\$ 2,209,569</u>	<u>\$3,215,153</u>	<u>\$5,424,722</u>	

TOWN OF YOUNGSVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

GOVERNMENTAL REVENUES

This Town levies no property taxes. The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes provided 29% of the Town's total revenues. Sales taxes equal 66% of the revenues for governmental activities. During fiscal year 2002, we have been able to earn \$8,072 in interest earnings to help support governmental activities. Also, note that program revenues cover only 13% of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 87% of the governmental activities. As a result, the general economy and the success of local businesses have a major impact on the Town's revenue streams, particularly as they relate to sales taxes.

GOVERNMENTAL FUNCTIONAL EXPENSES

Police services comprise 22% of the Town's total expenses and 41% of the total governmental expenses. The total public safety makes up 45% of the total expenses and 24% of the total governmental expenses. The street expenses are 9% of total Town expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

Governmental Activities

	<u>Total cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 370,864	\$ 325,864
Public safety:		
Police	413,903	323,782
Fire	42,140	42,140
Streets	<u>175,465</u>	<u>175,465</u>
 Total	 <u>\$1,002,372</u>	 <u>\$ 867,251</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 5% more than 2001 and operating expenses 1% more than 2001. Within the total business type activities of the Town, these activities reported a \$54,018 operating income compared to an operating income of \$20,394 for the prior year.

The revenue for all three utility departments was reasonably consistent with the prior year. Although total expenses for the utility departments were about the same as 2001, there were some individual variances. The prior year included an EPA penalty regarding the treatment of sewage for \$27,000, which did not recur in fiscal 2002. In 2001, the sanitation department incurred a \$30,000 cost for settlement with the landfill owner regarding tipping fees, also which was not recurring in fiscal 2002.

TOWN OF YOUNGSVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

An increase in 2002 expenses over 2001 expenses, approximately \$23,000, included in increase in repairs and maintenance in the water department as various repairs were made to water lines, water well power poles and installation of new water meters.

As indicated on the government-wide statement of activities, the Town received a grant totaling over \$922,000 from the State of Louisiana for a water pipeline project. The Town also received a \$25,000 state grant for a water extension project and a state grant of \$13,651 for a sewer plant improvement project. These amounts are all reported in the capital grants and contributions column.

Since the sales taxes are dedicated to water and sewer operations, the transfers in from the two sales taxes funds were \$360,000 or \$81,140 more than the prior year.

The total 2002 operating income for all utility departments was \$54,018 or 165% more than 2001. As indicated above, this increase primarily relates to costs incurred in 2001 but not recurring in 2002. However, after recognizing nonoperating revenues and expenses, primarily interest on debt of over \$80,000, the 2002 operations reported a loss of \$27,000 for all utility departments. After transferring \$300,000 to the general fund to assist in covering operating costs, and recording the transfers in of sales tax from the sales tax funds, the total income was \$30,000. These amounts do not include the capital grants discussed above.

Before transfers in and out, the fund reported the following operating income or loss by department for the last two years:

	2002	2001
Water department	\$27,295	\$ 53,778
Sewerage department	18,484	(21,767)
Sanitation department	8,239	(11,617)

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,129,563. Of this year-end total, 99.5% is unreserved indicating availability for continuing Town service requirements.

The total ending fund balances of governmental funds show an increase of \$271,167 or 6.2% over the prior year. This increase is primarily the result of the events and programs described within the analysis of the Town's governmental activities, including the transfer from the utility fund.

Major Governmental Funds

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$80,174. In fiscal year 2001, the fund balance increased \$19,323. Key factors contributing to this change was the sales tax transfer, revenues modestly in excess of projections and continued efforts to control operating costs.

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

Total revenues in fiscal 2002 exceeded those in fiscal 2001 by \$19,439. Fine revenues were down \$17,175 or 19% from the prior year because of fewer citations being issued. License and permit revenue was up 44% over the prior year, primarily relating to:

- Increases in insurance occupational licenses, as a result annexations of property causing an increase in the town's population and number of businesses.
- and codes and permit revenue due to increases in construction throughout the Town

Intergovernmental revenue increased substantially over 2001 as the result of the FEMA federal grant and the walking trails state grant. The expenditures for 2002 were similar to those of 2001, excluding the capital costs incurred for the walking trail funded by the state grant.

The General Fund's ending fund balance is considered adequate, representing the equivalent of 48% of annual expenditures. Although the percentage may seem large, a larger percentage is necessary in a small town compared to a larger town. For example, if a street caves in and the town must spend \$50,000 to repair it, this amount would have a greater impact on our Town's budget than in a larger town.

The two sales tax funds continue to accumulate strong fund balances with revenues in 2002 being 8% more than 2001, in spite of the general downturn in the economy.

#### The Proprietary fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. For more information, review the analysis above

### BUDGETARY HIGHLIGHTS

The General Fund - Both the general fund's original and final revenue budget were less than the actual revenues reported in fiscal year 2001. Licenses and permits, as explained above, exceeded budget expectations. The intergovernmental revenue budget was amended upward to provide for the additional grants that were not anticipated when the original budget was adopted. The fines and forfeits revenue budget was reduced because of fewer citations being issued.

The expenditure side of the original budget for the general fund was revised approximately \$172,000 or 21% this year. Much of this revision was necessary to allow for the construction of the recreational walking trail at Forest Park, the Town hall office renovations and the purchase of computers and office equipment.

The other material change in the general fund's budget relates to the transfers in from the utility funds. Because of higher than originally anticipated general fund expenditures, the transfers in budget (i.e., from the utility fund) was amended upward.

The Sales Tax Funds - The actual sales taxes for the sales tax funds exceeded the original budget by \$37,254 or 7%.

TOWN OF YOUNGSVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2002, was \$7,610,617 and \$7,676,024 respectively. The total increase in this net investment was 4.7% for governmental and a 1.7% decrease for business-type activities. The overall increase was 1.4% for the Town as a whole. See Note 8 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business Activities		Total	
	2002	2001	2002	2001	2002	2001
Non-depreciable assets:						
Land	\$ 4,111	\$ 4,111	\$ 81,829	\$ 81,829	\$ 85,940	\$ 85,940
Construction in progress	58,651	-	1,226,608	224,437	1,285,259	224,437
Total non-depreciable	<u>62,762</u>	<u>4,111</u>	<u>1,308,437</u>	<u>306,266</u>	<u>1,371,199</u>	<u>310,377</u>
Depreciable assets:						
Buildings	271,285	271,285	-	-	271,285	271,285
Equipment, furniture and fixtures	452,334	410,766	249,461	246,461	701,795	657,227
Utility systems	-	-	4,513,333	4,381,302	4,513,333	4,381,302
Infrastructure	<u>788,914</u>	<u>694,138</u>	<u>-</u>	<u>-</u>	<u>788,914</u>	<u>694,138</u>
Total depreciable assets	1,512,533	1,376,189	4,762,794	4,627,763	6,275,327	6,003,952
Less accumulated depreciation	<u>495,289</u>	<u>396,704</u>	<u>1,900,221</u>	<u>1,761,767</u>	<u>2,395,510</u>	<u>2,158,471</u>
Book value-depreciable assets	<u>1,017,244</u>	<u>979,485</u>	<u>2,862,573</u>	<u>2,865,996</u>	<u>3,879,817</u>	<u>3,845,481</u>
Percentage depreciated	<u>33%</u>	<u>29%</u>	<u>40%</u>	<u>38%</u>	<u>38%</u>	<u>36%</u>
Book value-all assets	<u>\$ 1,080,006</u>	<u>\$ 983,596</u>	<u>\$ 4,171,010</u>	<u>\$ 3,172,262</u>	<u>\$ 5,251,016</u>	<u>\$ 4,155,858</u>

At June 30, 2002, the depreciable capital assets for governmental activities were 33% depreciated. This is an increase of 4% over the June 30, 2001 percentage, which is a somewhat negative indicator. However, the book value of these assets increased over the 2001 amount, indicating that the Town is replacing its assets at the same rate as they are depreciating which is a positive indicator. Note that infrastructure cost is 52% of the total asset cost. However, the percentage depreciated is only 37% of the cost. In other words, over two-thirds of the original cost is still considered an asset.

TOWN OF YOUNGSVILLE, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

The construction in progress for governmental activities includes:

Oakthorn drainage project	\$ 18,779
Bayou Parc Perdue project	39,872

With the Town's business type activities, 40% of the asset values were depreciated at June 30, 2002 compared to 38% at June 30, 2001. The two systems of those assets values are as follows:

Depreciable Capital Assets

	Water System	Sewer System
Cost	\$2,225,114	\$ 2,288,219
Less accumulated depreciation	684,304	1,036,817
Book value	\$1,540,810	\$ 1,251,402
Percentage depreciated	31%	45%

The construction in progress in the business activities is a water pipeline project at over \$1 million.

Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$1,403,803. Pledged revenues generated primarily by the business-type activities of the Town (revenue bonds) support all of these bonds.

During the year, the Town retired \$60,619 or 4% of the beginning outstanding bonded debt balance.

Outstanding Borrowings

	Business-type Activities		Percentage Change
	2002	2001	
Revenue bonds	\$ 1,403,803	\$ 1,464,422	(15.1)

## TOWN OF YOUNGSVILLE, LOUISIANA

### Management's Discussion and Analysis (Unaudited) (Continued)

On the outstanding bonds, \$681,797 in interest costs will be incurred over the next 18 years.

See Notes 11 and 12 for additional information about the Town's long-term debt.

#### ECONOMIC CONDITIONS AFFECTING THE TOWN

*Due to the recent annexations of areas into the Town's corporate limits, the Town anticipates a steady increase in sales tax revenues in the near future.*

#### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's clerk at – Town of Youngsville, Youngsville, LA.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

TOWN OF YOUNGSVILLE, LOUISIANA

Statement of Net Assets  
June 30, 2002

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 940,570	\$ 372,465	\$ 1,313,035
Receivables, net	92,775	117,483	210,258
Internal balances	162,389	(162,389)	-
Due from other governmental units	44,182	35,433	79,615
Prepaid items	5,569	-	5,569
Total current assets	<u>1,245,485</u>	<u>362,992</u>	<u>1,608,477</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	326,043	326,043
Capital assets:			
Land and construction in progress	62,762	1,308,437	1,371,199
Capital assets, net	1,017,244	2,862,573	3,879,817
Total noncurrent assets	<u>1,080,006</u>	<u>4,497,053</u>	<u>5,577,059</u>
Total assets	<u>2,325,491</u>	<u>4,860,045</u>	<u>7,185,536</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts, salaries and other payables	115,922	133,494	249,416
Bond anticipation note payable	-	55,905	55,905
Revenue bonds	-	62,645	62,645
Accrued interest	-	9,644	9,644
Total current liabilities	<u>115,922</u>	<u>261,688</u>	<u>377,610</u>
Noncurrent liabilities:			
Customers' deposits	-	61,058	61,058
Revenue bonds and notes payable	-	1,322,146	1,322,146
Total noncurrent liabilities	<u>-</u>	<u>1,383,204</u>	<u>1,383,204</u>
Total liabilities	<u>115,922</u>	<u>1,644,892</u>	<u>1,760,814</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,080,006	2,848,864	3,928,870
Restricted for debt service	-	65,603	65,603
Unrestricted	1,129,563	300,686	1,430,249
Total net assets	<u>\$2,209,569</u>	<u>\$3,215,153</u>	<u>\$5,424,722</u>

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

TOWN OF YOUNGSVILLE, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2002

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 370,864	\$ 173,162	\$ -	\$ 45,000	\$ (152,702)	\$ -	\$ (152,702)
Public safety:							
Police	413,903	74,846	-	15,275	(323,782)	-	(323,782)
Fire	42,140	-	-	-	(42,140)	-	(42,140)
Streets	175,465	-	-	-	(175,465)	-	(175,465)
Total governmental activities	<u>1,002,372</u>	<u>248,008</u>	<u>-</u>	<u>60,275</u>	<u>(694,089)</u>	<u>-</u>	<u>(694,089)</u>
<b>Business-type activities:</b>							
Water	463,980	436,179	-	947,853	-	920,052	920,052
Sewer	255,984	244,831	-	13,651	-	2,498	2,498
Sanitation	174,165	182,404	-	-	-	8,239	8,239
Total business-type activities	<u>894,129</u>	<u>863,414</u>	<u>-</u>	<u>961,504</u>	<u>-</u>	<u>930,789</u>	<u>930,789</u>
<b>Total primary government</b>	<b>\$ 1,896,501</b>	<b>\$ 1,111,422</b>	<b>\$ -</b>	<b>\$ 1,021,779</b>	<b>(694,089)</b>	<b>930,789</b>	<b>236,700</b>
<b>General revenues:</b>							
Taxes -							
Sales and use taxes, levied for general purposes					937,090	-	937,090
Franchise taxes					126,405	-	126,405
Grants and contributions not restricted to specific programs -							
State sources					3,895	-	3,895
Federal sources					43,366	-	43,366
Interest and investment earnings					4,358	3,714	8,072
Miscellaneous					6,552	-	6,552
Transfers					(60,000)	60,000	-
Total general revenues and transfers					<u>1,061,666</u>	<u>63,714</u>	<u>1,125,380</u>
Change in net assets					367,577	994,503	1,362,080
Net assets - July 1, 2001					<u>1,841,992</u>	<u>2,220,650</u>	<u>4,062,642</u>
Net assets - June 30, 2002					<u>\$ 2,209,569</u>	<u>\$ 3,215,153</u>	<u>\$ 5,424,722</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

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

### **Special Revenue Funds**

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

#### **1968 Sales Tax Fund -**

To account for the receipt and use of proceeds of the Town's 1968 1% sales and use tax. The tax is dedicated to constructing, acquiring, extending, improving and/or maintaining waterworks, sewers and sewerage disposal facilities, including the purchase of equipment therefor title to which improvements shall be in the public name. The tax is also subject to funding into bonds of the Town in the manner authorized in the Louisiana Revised Statutes.

#### **1999 Sales Tax Fund -**

To account for the receipt and use of proceeds of the Town's 1999 1/2% sales and use tax. The tax is dedicated to constructing, acquiring, improving, maintaining and operating sewers and sewerage disposal works for the Town and to be funded into bonds.

### **Enterprise Fund**

#### **Utility Fund -**

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

TOWN OF YOUNGSVILLE, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2002

	General	1968 Sales Tax Special Revenue	1999 Sales Tax Special Revenue	Total Governmental Funds
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 379,995	\$ 265,975	\$ 294,600	\$ 940,570
Receivables:				
Taxes	-	91,362	-	91,362
Accrued interest	1,040	373	-	1,413
Due from other funds	239,409	-	2,719	242,128
Due from other governmental agencies	44,182	-	-	44,182
Prepaid items	5,569	-	-	5,569
Total assets	\$ 670,195	\$ 357,710	\$ 297,319	\$ 1,325,224
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 18,094	\$ 870	\$ 835	\$ 19,799
Contracts payable	66,634	-	-	66,634
Retainage payable	7,037	-	-	7,037
Accrued liabilities	18,362	-	-	18,362
Deferred revenue	4,090	-	-	4,090
Due to other funds	37,235	42,504	-	79,739
Total liabilities	151,452	43,374	835	195,661
Fund balances -				
Reserved for prepaid items	5,569	-	-	5,569
Unreserved	513,174	314,336	296,484	1,123,994
Total fund balances	518,743	314,336	296,484	1,129,563
Total liabilities and fund balances	\$ 670,195	\$ 357,710	\$ 297,319	\$ 1,325,224

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

TOWN OF YOUNGSVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2002

Total fund balances for governmental funds at June 30, 2002		\$ 1,129,563
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and construction in progress	\$ 62,762	
Buildings, net of \$51,458 accumulated depreciation	219,827	
Infrastructure, net of \$179,197 accumulated depreciation	609,717	
Equipment net of \$271,671 accumulated depreciation	<u>187,700</u>	<u>1,080,006</u>
Total net assets of governmental activities at June 30, 2002		<u>\$ 2,209,569</u>

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

TOWN OF YOUNGSVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2002

	General	1968 Sales Tax Special Revenue	1999 Sales Tax Special Revenue	Total
<b>Revenues:</b>				
Taxes	\$ 501,241	\$ 374,836	\$ 187,418	\$ 1,063,495
Licenses and permits	173,162	-	-	173,162
Intergovernmental	107,536	-	-	107,536
Fines and forfeits	74,846	-	-	74,846
Miscellaneous	9,804	890	216	10,910
<b>Total revenues</b>	<u>866,589</u>	<u>375,726</u>	<u>187,634</u>	<u>1,429,949</u>
<b>Expenditures:</b>				
<b>Current -</b>				
General government	342,033	8,220	4,147	354,400
<b>Public safety:</b>				
Police	375,014	-	-	375,014
Fire	36,210	-	-	36,210
Streets	138,163	-	-	138,163
Capital outlay	194,995	-	-	194,995
<b>Total expenditures</b>	<u>1,086,415</u>	<u>8,220</u>	<u>4,147</u>	<u>1,098,782</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	<u>(219,826)</u>	<u>367,506</u>	<u>183,487</u>	<u>331,167</u>
<b>Other financing sources (uses):</b>				
Transfers in	300,000	-	-	300,000
Transfers out	-	(300,000)	(60,000)	(360,000)
<b>Total other financing sources (uses)</b>	<u>300,000</u>	<u>(300,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>
<b>Net changes in fund balances</b>	80,174	67,506	123,487	271,167
<b>Fund balances beginning</b>	<u>438,569</u>	<u>246,830</u>	<u>172,997</u>	<u>858,396</u>
<b>Fund balances, ending</b>	<u>\$ 518,743</u>	<u>\$ 314,336</u>	<u>\$ 296,484</u>	<u>\$ 1,129,563</u>

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

TOWN OF YOUNGSVILLE, 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, 2002

Total net changes in fund balances at June 30, 2002 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 271,167
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 194,995	
Depreciation expense for the year ended June 30, 2002	<u>(98,585)</u>	<u>96,410</u>
Total changes in net assets at June 30, 2002 per Statement of Activities		<u>\$ 367,577</u>

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

TOWN OF YOUNGSVILLE, LOUISIANA

Comparative Statement of Net Assets  
 Proprietary Fund  
 June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 288,409	\$ 130,220
Interest-bearing deposits, at cost	84,056	82,116
Receivables:		
Accounts receivable	82,828	81,673
Unbilled utility receivables	34,283	30,948
Accrued interest receivable	372	736
Due from other governmental units	35,433	-
Due from other funds	16,719	59,881
Total current assets	<u>542,100</u>	<u>385,574</u>
Noncurrent assets:		
Restricted assets -		
Cash	144,928	170,097
Interest-bearing deposits, at cost	181,115	188,625
Capital assets:		
Land and construction in progress	1,308,437	306,266
Other capital assets, net of accumulated depreciation	<u>2,862,573</u>	<u>2,866,278</u>
Total noncurrent assets	<u>4,497,053</u>	<u>3,531,266</u>
Total assets	<u>5,039,153</u>	<u>3,916,840</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	42,824	27,316
Contracts payable	14,812	-
Retainage payable	46,817	-
Other liabilities	29,041	50,067
Due to other funds	179,108	110,562
Payable from restricted assets -		
Bond anticipation note payable	55,905	-
Revenue bonds	62,645	60,806
Accrued interest	9,644	10,071
Customers' deposits	61,058	54,100
Total current liabilities	<u>501,854</u>	<u>312,922</u>
Noncurrent liabilities:		
Revenue bonds and notes payable	<u>1,322,146</u>	<u>1,383,268</u>
Total liabilities	<u>1,824,000</u>	<u>1,696,190</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	2,848,864	1,789,276
Restricted for debt service	65,603	116,987
Unrestricted	300,686	314,387
Total net assets	<u>\$3,215,153</u>	<u>\$2,220,650</u>

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

TOWN OF YOUNGSVILLE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets -  
Proprietary Fund  
For the Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services -		
Water sales	\$ 385,357	\$ 374,087
Sewer service charges	239,243	231,790
Sanitation charges	178,842	167,864
Miscellaneous	59,972	46,751
Total operating revenues	<u>863,414</u>	<u>820,492</u>
Operating expenses:		
Water department	408,884	356,904
Sewerage department	226,347	259,552
Sanitation department	174,165	183,642
Total operating expenses	<u>809,396</u>	<u>800,098</u>
Operating income (loss)	<u>54,018</u>	<u>20,394</u>
Nonoperating revenues (expenses):		
Interest income	3,714	7,824
Interest expense	(82,421)	(83,575)
Paying agent fees	(975)	(3,285)
Amortization - bond issue cost	(1,337)	(1,337)
Total nonoperating revenues (expenses)	<u>(81,019)</u>	<u>(80,373)</u>
Loss before contributions and transfers	<u>(27,001)</u>	<u>(59,979)</u>
Capital contributions	<u>961,504</u>	<u>141,358</u>
Transfers in (out):		
Tranfers in	360,000	278,860
Transfers out	(300,000)	(86,000)
Total transfers in (out)	<u>60,000</u>	<u>192,860</u>
Change in net assets	994,503	274,239
Net assets, beginning	<u>2,220,650</u>	<u>1,946,411</u>
Net assets, ending	<u>\$ 3,215,153</u>	<u>\$ 2,220,650</u>

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

TOWN OF YOUNGSVILLE, LOUISIANA

Comparative Statement of Cash Flows  
Proprietary Fund  
For the Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Receipts from customers	\$ 822,255	\$ 772,606
Payments to suppliers	(483,215)	(494,585)
Payments to employees	(123,988)	(109,672)
Other receipts	42,987	30,615
Net cash provided by operating activities	<u>258,039</u>	<u>198,964</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	111,707	71,627
Operating transfers from other funds	60,000	192,860
Net cash provided by noncapital financing activities	<u>171,707</u>	<u>264,487</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds and notes payable	(60,619)	(59,772)
Principal received on bond anticipation notes payable	55,905	-
Interest and fiscal charges paid on revenue bonds and notes payable	(83,823)	(87,276)
Increase in customer deposits payable	6,958	2,950
Acquisition of property, plant and equipment	(1,150,866)	(288,933)
Proceeds from grants	926,071	141,359
Net cash used by capital and related financing activities	<u>(306,374)</u>	<u>(291,672)</u>
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(16,956)	(16,553)
Maturities of interest-bearing deposits	16,553	15,802
Interest on investments	4,078	7,611
Net cash provided by investing activities	<u>3,675</u>	<u>6,860</u>
Net increase in cash and cash equivalents	127,047	178,639
Cash and cash equivalents, beginning of period	<u>554,505</u>	<u>375,866</u>
Cash and cash equivalents, end of period	<u>\$ 681,552</u>	<u>\$ 554,505</u>

(continued)

TOWN OF YOUNGSVILLE, LOUISIANA

Comparative Statement of Cash Flows  
 Proprietary Fund - (Continued)  
 For the Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income	\$ 54,018	\$ 20,394
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	152,400	151,965
Changes in current assets and liabilities:		
Increase in accounts receivable	(1,155)	(18,819)
Increase in unbilled utility receivable	(3,335)	(7,124)
Increase in accounts payable	15,508	3,292
Increase in contracts payable	14,812	-
Increase in retainage payable	46,817	-
Decrease in other liabilities	<u>(21,026)</u>	<u>49,256</u>
Net cash used by operating activities	<u>\$ 258,039</u>	<u>\$ 198,964</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 130,220	\$ 79,460
Interest-bearing deposits - unrestricted	82,116	78,621
Cash - restricted	170,097	53,825
Interest-bearing deposits - restricted	188,625	179,762
Less: Interest-bearing deposits with a maturity over three months	<u>(16,553)</u>	<u>(15,802)</u>
Total cash and cash equivalents	<u>554,505</u>	<u>375,866</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	288,409	130,220
Interest-bearing deposits - unrestricted	84,056	82,116
Cash - restricted	144,928	170,097
Interest-bearing deposits - restricted	181,115	188,625
Less: Interest-bearing deposits with a maturity over three months	<u>(16,956)</u>	<u>(16,553)</u>
Total cash and cash equivalents	<u>681,552</u>	<u>554,505</u>
Net increase	<u>\$ 127,047</u>	<u>\$ 178,639</u>

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

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Youngsville (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A Financial Reporting Entity

The Town of Youngsville was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

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

Based on the foregoing criteria, certain governmental organizations are not part of the Town and are thus excluded from the accompanying financial statements. These organizations include the Youngsville Volunteer Fire Department and the Youngsville Auxiliary Police Department. Although the Town does provide facilities and some of their financing, no control is exercised over their operations.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

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

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

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

*Fund Financial Statements*

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

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

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

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

Governmental Funds -

General Fund

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

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Special Revenue Funds

1968 Sales Tax Fund -

The 1968 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

1999 Sales Tax Fund -

The 1999 Sales Tax Fund is used to account for the proceeds of a half percent sales and use tax that is legally restricted to expenditures for specific purposes.

Proprietary Fund -

Enterprise Fund

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

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

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

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

#### Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at June 30, 2002. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year end.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

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

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

Restricted Assets

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

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

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

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

#### Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the accounts as of June 30, 2002.

#### Equity Classifications

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

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

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

#### E. Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

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

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Expenditures/Expenses

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

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

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

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

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 3
Water and Sewer Revenue	Debt Service and Utility Operations

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

G. Budget and Budgetary Accounting

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

1. Prior to June 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

H. Capitalization of Interest Expense

It is the policy of the Town of Youngsville to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2002, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

I. Bond Discount and Bond Issue Costs

Bond discount and bond issue costs are being amortized by the straight-line method over the life of the related bond.

J. Use of Estimates

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

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

K. Report Classification

Certain previously reported amounts for the year ended June 30, 2001 have been reclassified to conform to the June 30, 2002 classifications.

(2) Change in Accounting Principle

For the year ended June 30, 2002, the Town has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Town’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Town also implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Statement No. 37, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2001 to be restated in terms of “net assets” as follows:

Total fund balances - Governmental Funds - at June 30, 2001		\$ 858,396
Add: Cost of capital assets at June 30, 2001	\$1,380,300	
Less: Accumulated depreciation at June 30, 2001	<u>(396,704)</u>	<u>983,596</u>
Net assets at June 30, 2001		<u><u>\$1,841,992</u></u>

(3) Sales and Use Tax

Proceeds of a 1 percent sales and use tax (accounted for in the 1968 Sales Tax Fund - a special revenue fund) levied by the Town of Youngsville (2002 collections \$374,836) are dedicated to the following purposes:

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Constructing, acquiring, extending, improving and/or maintaining sewers and sewerage disposal works, and waterworks, including the purchase of equipment therefore, title to which improvements shall be in the public name, or for any one or more of said purposes. The tax is also subject to funding into bonds of the Town in the manner authorized in the Louisiana Revised Statutes. As of June 30, 2002, the net sales tax proceeds are dedicated to paying the Town's \$210,000 Sewer Utility Revenue bonds dated May 4, 1979 and \$350,000 Water Utility Bonds dated May 19, 1994.

Proceeds of a 1% sales and use tax levied by the Town of Youngsville (accounted for in the General Fund) beginning September 1, 1981 (2002 collections \$374,836) are dedicated to the following purposes:

Providing funds to maintain the Town's police force and law enforcement facilities, including the acquisition of equipment and furnishings therefore, the construction and/or acquisition of buildings to house such facilities and paying employees' and policemen's salaries.

Proceeds of a 1/2% percent sales and use tax (accounted for in the 1999 Sales Tax Fund - a special revenue fund) levied by the Town of Youngsville (2002 collections \$187,418) beginning September 1, 2000 are dedicated to the following purposes:

Constructing, acquiring, improving, maintaining and operating sewers and sewerage disposal works for the Town, and to be funded into bonds.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2002, the Town had cash and interest-bearing deposits (book balances) totaling \$1,639,078 as follows:

Demand deposits	\$ 1,193,894
Money market accounts	159,551
Time deposits	<u>285,633</u>
Total	<u>\$ 1,639,078</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

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

Deposit balances (bank balances) at June 30, 2002 were secured as follows:

Bank balances	<u>\$1,671,071</u>
Federal deposit insurance	\$ 200,000
Pledged securities (Category 3)	<u>1,471,071</u>
 Total FDIC insurance and pledged securities	 <u>\$1,671,071</u>

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

(5) Receivables

Receivables at June 30, 2002 of \$210,258 consist of the following:

	<u>General</u>	1968 <u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 82,828	\$ 82,828
Unbilled	-	-	34,283	34,283
Taxes:				
Sales tax	-	91,362	-	91,362
Interest	<u>1,040</u>	<u>373</u>	<u>372</u>	<u>1,785</u>
 Totals	 <u>\$ 1,040</u>	 <u>\$91,735</u>	 <u>\$117,483</u>	 <u>\$210,258</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2002 consisted of the following:

Amount due from the State of Louisiana for recreational trails grant for the year ending June 30, 2002.	\$ 40,200
Amount due from Louisiana Commission on Law Enforcement for an electronic equipment grant for July 1 through June 30, 2002.	2,360
Amount due from Louisiana Commission on Law Enforcement for a Street Sales Disruption grant for July 1 through June 30, 2002.	202
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2002	1,420
	<u>44,182</u>
Proprietary Fund:	
Amount due from the State of Louisiana for a waterline project.	35,433
	<u>\$ 79,615</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2002:

Revenue bond and interest sinking account	19,636
Revenue bond reserve account	127,253
Revenue bond contingency account	46,908
Customers' deposits	61,058
Revenue bond construction fund	<u>71,188</u>
Total restricted assets	<u>\$326,043</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2002 was as follows:

	Balance 07/01/01	Additions	Deletions	Balance 06/30/02
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and construction in progress	\$ 4,111	\$ 58,651	\$ -	\$ 62,762
Other capital assets:				
Buildings	271,285	-	-	271,285
Infrastructure	694,138	94,776	-	788,914
Equipment	410,766	41,568	-	452,334
<b>Totals</b>	<u>1,380,300</u>	<u>194,995</u>	<u>-</u>	<u>1,575,295</u>
Less accumulated depreciation				
Buildings	44,500	6,958	-	51,458
Infrastructure	145,175	34,022	-	179,197
Equipment	207,029	57,605	-	264,634
<b>Total accumulated depreciation</b>	<u>396,704</u>	<u>98,585</u>	<u>-</u>	<u>495,289</u>
<b>Governmental activities, capital assets, net</b>	<u>\$ 983,596</u>	<u>\$ 96,410</u>	<u>\$ -</u>	<u>\$ 1,080,006</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land - sewer system	\$ 81,829	\$ -	\$ -	\$ 81,829
Construction in progress	224,437	1,147,867	145,696	1,226,608
Other capital assets:				
Water system	2,093,083	145,696	13,665	2,225,114
Sewer system	2,288,219	-	-	2,288,219
Machinery and equipment	246,461	3,000	-	249,461
<b>Totals</b>	<u>4,934,029</u>	<u>1,296,563</u>	<u>13,665</u>	<u>6,071,231</u>
Less accumulated depreciation				
Water system	608,823	75,481	-	684,304
Sewer system	987,849	62,914	13,946	1,036,817
Machinery and equipment	165,095	14,005	-	179,100
<b>Total accumulated depreciation</b>	<u>1,761,767</u>	<u>152,400</u>	<u>13,946</u>	<u>1,900,221</u>
<b>Business-type activities, capital assets, net</b>	<u>\$ 3,172,262</u>	<u>\$ 1,144,163</u>	<u>\$ 145,415</u>	<u>\$ 4,171,010</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 16,464
Police	38,889
Fire	5,930
Streets	<u>37,302</u>
 Total depreciation expense	 <u><u>\$ 98,585</u></u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 83,948
Sewer	<u>68,452</u>
 Total depreciation expense	 <u><u>\$ 152,400</u></u>

(9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2002:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 38,161	\$ 42,824	\$ 80,985
Contracts and retainage	73,671	61,629	135,300
Other liabilities	-	29,041	29,041
Deferred revenue	<u>4,090</u>	<u>-</u>	<u>4,090</u>
 Totals	 <u><u>\$ 115,922</u></u>	 <u><u>\$133,494</u></u>	 <u><u>\$249,416</u></u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(10) Short-term Debt

The Town authorized the issuance of \$1,800,000 of bond anticipation notes on May 17, 2002. The purpose of this short-term debt is to provide interim financing for constructing, acquiring and improving sewers and sewerage disposal works. The debt will bear interest at 3.45% per annum on the outstanding principal balance. Interest is payable semi-annually, however, no payments of principal are required on the interim loan. The debt will be repaid from the proceeds of the Sales Tax Bonds, Series 2003. At June 30, 2002 the balance on the bond anticipation notes was \$55,905.

(11) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2002:

	<u>Revenue Bonds and Certificates</u>
Long-term debt payable, July 1, 2001	\$ 1,464,422
Long-term debt issued	-
Long-term debt retired	<u>(60,619)</u>
Long-term debt payable, June 30, 2002	<u>\$ 1,403,803</u>

Long-term debt payable at June 30, 2002 is comprised of the following individual issues:

Revenue bonds -

\$210,000 1979 Sewer Utility Revenue Bonds, dated May 4, 1979; due in annual installments of \$5,000 to \$12,000 through May 4, 2019; interest at 5 percent; secured by sales tax revenues	\$ 140,000
\$350,000 1994 Water Revenue Bonds, dated May 19, 1994; due in annual installments of \$13,000 to \$30,000 through May 1, 2014; interest at 6.5 percent; secured by sales tax revenues	261,000

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

\$456,000 1998 Sewer Utility Revenue Bonds, dated January 20, 1998; monthly installments of \$3,073 from February 20, 1999 through January 20, 2018; interest at 4.875 percent; secured by Utility Fund revenues	397,803
\$700,000 1997 Water Revenue Bonds, dated December 1, 1997; due in annual installments of \$25,000 to \$60,000 through May 1, 2017; interest at 5.75 percent; secured by Utility Fund revenues	<u>605,000</u>
Total long-term debt payable	1,403,803
Less: Unamortized issuance costs	<u>(19,012)</u>
Not long-term debt payable	<u>\$ 1,384,791</u>

The bonds are due as follows:

Year ending June 30,	Principal payments	Interest payments	Total
2003	62,645	77,989	140,634
2004	70,476	74,495	144,971
2005	72,450	70,456	142,906
2006	74,421	66,355	140,776
2007	82,441	62,140	144,581
2008-2012	475,311	236,605	711,916
2013-2017	525,685	91,654	617,339
2018-2020	<u>40,374</u>	<u>2,103</u>	<u>42,477</u>
Total	<u>\$ 1,403,803</u>	<u>\$ 681,797</u>	<u>\$ 2,085,600</u>

(12) Flow of Funds; Restrictions on Use - Utilities Revenues

Revenue Bonds:

- A. Under the terms of the Bond indentures on outstanding Public Utility Bonds dated May 4, 1979, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Contingency Fund" at the rate of \$52 each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

- B. Under the terms of the Bond indentures on outstanding Water Revenue Bonds dated May 1, 1994, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Waterworks System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to the highest combined principal and interest requirement for any succeeding bond year. The money in the "Bond Reserve Fund" may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

There shall also be set aside into a "Contingency Fund" the sum of \$20,000. Money in this fund may be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the water system. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

- C. Under the terms of the Bond indentures on outstanding Sewer Utility Revenue Bonds dated January 20, 1999, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" the amount of \$3,073 for principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

Each month there shall also be set aside into a "Bond Reserve Fund" the amount of \$154 to be paid until there shall have been accumulated in the Reserve Account an amount equal to \$36,881. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Contingency Fund" at the rate of \$159 each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

- D. Under the terms of the Bond indentures on outstanding Water Revenue Bonds dated December 1, 1997, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Waterworks System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

## TOWN OF YOUNGSVILLE, LOUISIANA

### Notes to Financial Statements (Continued)

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" an amount equal to the highest combined principal and interest requirement for any succeeding bond year. The money in the "Bond Reserve Fund" may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

There shall also be set aside into a "Contingency Fund" the sum of \$20,000. Money in this fund may be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the water system. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

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 corporate purpose.

The Town of Youngsville was in compliance with all significant limitations and restrictions in the bond indentures at June 30, 2002, with the exception of the requirement to provide for the receipt of adequate revenues to meet the requirements of debt service.

#### (13) Employee Retirement

All Town of Youngsville employees, with the exception of those participating in the Municipal Police Employees' Retirement System, participate in the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the years ended June 30, 2002, 2001 and 2000 amounted to \$32,335, \$37,898 and \$29,191 respectively.

Policemen of the Town of Youngsville elected to participate in the Municipal Police Retirement System of Louisiana effective April 1, 1989. This system is a cost-sharing, multiple-employer defined benefit public employee retirement plan (PERS) controlled and operated by a separate board of trustees. All full time police department employees engaged in law enforcement, empowered to make arrests, not having to pay social security and meeting the state statutory criteria are required to participate in the System. Pertinent information relative to this plan follows:

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contribution to the System for the years ended June 30, 2002, 2001 and 2000 was \$6,672, \$15,020 and \$6,326, respectively, equal to the required contributions for each year.

(14) Segment Information for the Enterprise Fund

The Town of Youngsville maintains one enterprise fund with three departments which provide water, sewerage and sanitation services. Segment information for the year ended June 30, 2002, was as follows:

	Water Department	Sewerage Department	Sanitation Department	Total Enterprise Fund
Operating revenues	<u>\$436,179</u>	<u>\$244,831</u>	<u>\$ 182,404</u>	<u>\$ 863,414</u>
Operating expenses:				
Depreciation	84,230	68,170	-	152,400
Other	324,654	158,177	174,165	656,996
Total operating expenses	<u>408,884</u>	<u>226,347</u>	<u>174,165</u>	<u>809,396</u>
Operating income (loss)	<u>\$ 27,295</u>	<u>\$ 18,484</u>	<u>\$ 8,239</u>	<u>\$ 54,018</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2002 follows:

Lucas Denais, Mayor	\$15,000
<b>Aldermen:</b>	
Paul Huval	7,963
Jesse Vallot	7,963
Yvonne King	7,963
Paul Huey Romero	7,963
Brenda Burley	7,963
	<u>\$54,815</u>

(16) Risk Management

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

(17) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2002:

Due to the General Fund from other funds representing short-term loans	239,409
Other balances	19,438
	<u>258,847</u>
Total	<u>\$ 258,847</u>

Summary of balances due from other funds reported in fund financial statements:

Due from other funds, Balance Sheet - Governmental Funds	\$242,128
Due from other funds, Statement of Net Assets - Proprietary Funds	16,719
	<u>258,847</u>
Total	<u>\$258,847</u>

TOWN OF YOUNGSVILLE, LOUISIANA

Notes to Financial Statements (Continued)

B. Transfers

Transfers consisted of the following at June 30, 2002:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 300,000	\$ -
1968 Sales Tax Special Revenue Fund	-	300,000
1999 Sales Tax Special Revenue Fund	-	60,000
Proprietary Fund:		
Enterprise Fund	360,000	300,000
Total	\$ 660,000	\$ 660,000

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(18) Subsequent Event

On March 1, 2002 the Town authorized the issuance of \$1,800,000 of Sales Tax Bonds, Series 2003. The bonds will bear interest at 3.45% per annum and are anticipated to be issued on March 1, 2003.

**OTHER REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2001

	2002			Variance with Final Budget Positive (Negative)	2001
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 481,000	\$ 496,490	\$ 501,241	\$ 4,751	\$ 473,635
Licenses and permits	97,000	134,224	173,162	38,938	120,083
Intergovernmental	42,700	109,786	107,536	(2,250)	17,622
Fines and forfeits	97,000	71,213	74,846	3,633	92,021
Miscellaneous	13,000	8,286	9,804	1,518	143,789
Total revenues	<u>730,700</u>	<u>819,999</u>	<u>866,589</u>	<u>46,590</u>	<u>847,150</u>
<b>Expenditures:</b>					
Current -					
General government	340,010	364,967	342,033	22,934	309,682
Public safety:					
Police	429,885	398,141	375,014	23,127	373,676
Fire	35,000	34,265	36,210	(1,945)	33,580
Streets	124,140	141,879	138,163	3,716	104,433
Capital outlay	55,000	168,324	194,995	(26,671)	92,456
Total expenditures	<u>984,035</u>	<u>1,107,576</u>	<u>1,086,415</u>	<u>21,161</u>	<u>913,827</u>
Deficiency of revenues over expenditure	(253,335)	(287,577)	(219,826)	67,751	(66,677)
<b>Other financing sources:</b>					
Transfers from Utility Fund	<u>240,000</u>	<u>300,000</u>	<u>300,000</u>	-	<u>86,000</u>
Net changes in fund balance	(13,335)	12,423	80,174	67,751	19,323
Fund balance, beginning	<u>429,363</u>	<u>438,569</u>	<u>438,569</u>	-	<u>419,246</u>
Fund balance, ending	<u>\$ 416,028</u>	<u>\$ 450,992</u>	<u>\$ 518,743</u>	<u>\$ 67,751</u>	<u>\$ 438,569</u>

TOWN OF YOUNGSVILLE, LOUISIANA  
1968 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2001

	2002			Variance with Final Budget Positive (Negative)	2001
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$350,000	\$364,865	\$374,836	\$ 9,971	\$346,788
Miscellaneous - interest	4,500	1,900	890	(1,010)	2,039
Total revenues	<u>354,500</u>	<u>366,765</u>	<u>375,726</u>	<u>8,961</u>	<u>348,827</u>
Expenditures:					
Current -					
General government:					
Sales tax collection fees	4,500	2,200	1,910	290	1,608
Professional fees	6,000	5,950	6,310	(360)	5,405
Total expenditures	<u>10,500</u>	<u>8,150</u>	<u>8,220</u>	<u>(70)</u>	<u>7,013</u>
Excess of revenues over expenditures	344,000	358,615	367,506	8,891	341,814
Other financing use:					
Transfer to Utility Fund	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	-	<u>(278,860)</u>
Excess of revenues over expenditures and other use	44,000	58,615	67,506	8,891	62,954
Fund balance, beginning	<u>246,830</u>	<u>246,830</u>	<u>246,830</u>	-	<u>183,876</u>
Fund balance, ending	<u>\$290,830</u>	<u>\$305,445</u>	<u>\$314,336</u>	<u>\$ 8,891</u>	<u>\$246,830</u>

TOWN OF YOUNGSVILLE, LOUISIANA  
1999 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2001

	2002			Variance with Final Budget Positive (Negative)	2001
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes	\$175,000	\$182,433	\$187,418	\$ 4,985	\$173,394
Miscellaneous - interest	-	1,314	216	(1,098)	449
<b>Total revenues</b>	<u>175,000</u>	<u>183,747</u>	<u>187,634</u>	<u>3,887</u>	<u>173,843</u>
<b>Expenditures:</b>					
<b>Current -</b>					
<b>General government:</b>					
Sales tax collection fees	-	1,020	955	65	804
Office expenses	50	570	477	93	42
Professional fees	-	1,430	2,715	(1,285)	-
<b>Total expenditures</b>	<u>50</u>	<u>3,020</u>	<u>4,147</u>	<u>(1,127)</u>	<u>846</u>
<b>Excess of revenues     over expenditures</b>	174,950	180,727	183,487	2,760	172,997
<b>Other financing use:</b>					
Transfer to Utility Fund	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	-	-
<b>Excess of revenues     over expenditures     and other use</b>	114,950	120,727	123,487	2,760	172,997
Fund balance, beginning	<u>169,896</u>	<u>172,997</u>	<u>172,997</u>	-	-
Fund balance, ending	<u>\$284,846</u>	<u>\$293,724</u>	<u>\$296,484</u>	<u>\$ 2,760</u>	<u>\$172,997</u>

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2001

	2002			Variance with Final Budget Positive (Negative)	2001
	Budget		Actual		
	Original	Final			
<b>Taxes:</b>					
Sales taxes	\$ 350,000	\$ 364,865	\$ 374,836	\$ 9,971	\$ 346,786
Franchise - electric	110,000	108,900	102,792	(6,108)	106,461
Franchise - gas	13,000	14,147	15,035	888	12,500
Franchise - cable tv	8,000	8,578	8,578	-	7,888
	<u>481,000</u>	<u>496,490</u>	<u>501,241</u>	<u>4,751</u>	<u>473,635</u>
<b>Licenses and permits:</b>					
Occupational licenses	9,000	9,826	7,926	(1,900)	5,625
Insurance occupational licenses	48,000	68,927	101,041	32,114	73,947
Codes and permits	40,000	55,471	64,195	8,724	40,511
	<u>97,000</u>	<u>134,224</u>	<u>173,162</u>	<u>38,938</u>	<u>120,083</u>
<b>Intergovernmental:</b>					
Federal grant -					
Community Development Block Grant	-	10,644	12,915	2,271	8,235
Federal Grant - FEMA	-	36,372	34,973	(1,399)	-
Federal Recreational Trails grant	-	3,200	-	(3,200)	-
State of Louisiana -					
Tobacco taxes	-	-	-	-	1,554
Beer taxes	2,700	3,711	3,895	184	3,050
Police equipment grant	16,000	6,159	2,360	(3,799)	4,783
Walking trails state grant	-	45,000	45,000	-	-
Proceeds from State grants	24,000	4,700	8,393	3,693	-
	<u>42,700</u>	<u>109,786</u>	<u>107,536</u>	<u>(2,250)</u>	<u>17,622</u>
<b>Fines and forfeits:</b>					
Fines and court costs	97,000	71,213	74,846	3,633	92,021
<b>Miscellaneous:</b>					
Interest on interest-bearing accounts	6,000	7,286	3,252	(4,034)	7,679
Proceeds from disposal of assets	-	-	-	-	130,161
Other sources	7,000	1,000	6,552	5,552	5,949
	<u>13,000</u>	<u>8,286</u>	<u>9,804</u>	<u>1,518</u>	<u>143,789</u>
<b>Total revenues</b>	<u>\$ 730,700</u>	<u>\$ 819,999</u>	<u>\$ 866,589</u>	<u>\$ 46,590</u>	<u>\$ 847,150</u>

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2001

	2002			Variance with Final Budget Positive (Negative)	2001
	Budget		Actual		
	Original	Final			
General government:					
Administrative -					
Compensation - mayor and council	\$ 53,800	\$ 55,000	\$ 54,932	\$ 68	\$ 54,814
Other salaries	91,875	92,633	90,995	1,638	87,893
Payroll taxes and retirement	21,385	23,201	18,325	4,876	18,296
Group insurance	21,000	25,265	25,869	(604)	19,258
Utilities and telephone	11,500	11,040	12,490	(1,450)	11,945
Mayor's expense	9,000	2,588	1,290	1,298	4,720
Advertising	8,500	9,781	9,830	(49)	5,848
Repairs and maintenance	9,500	16,727	15,387	1,340	12,076
Inspection fees	17,000	15,280	15,720	(440)	13,692
Dues and publications	1,000	1,200	1,186	14	800
Professional fees	19,000	15,610	14,836	774	15,151
General insurance	25,000	39,091	25,524	13,567	20,684
Office supplies	20,000	23,185	19,648	3,537	15,309
Janitorial expense	5,000	4,659	4,481	178	4,776
Uniform expense	2,500	700	662	38	2,012
Community relations	1,500	-	-	-	1,419
Sales tax collection expense	-	2,200	1,910	290	1,608
Annexation	350	8,542	14,756	(6,214)	3,619
Engineering	3,300	2,000	-	2,000	-
Donation to library	900	900	900	-	900
Radio Rent	1,400	-	-	-	1,400
Miscellaneous	4,500	6,353	4,823	1,530	7,562
Total administrative	<u>328,010</u>	<u>355,955</u>	<u>333,564</u>	<u>22,391</u>	<u>303,782</u>
Magistrate court -					
Salaries	6,000	4,710	3,563	1,147	3,375
Legal fees	4,000	3,615	4,150	(535)	2,525
Court supplies	2,000	687	756	(69)	-
Total magistrate court	<u>12,000</u>	<u>9,012</u>	<u>8,469</u>	<u>543</u>	<u>5,900</u>
Total general government	<u>340,010</u>	<u>364,967</u>	<u>342,033</u>	<u>22,934</u>	<u>309,682</u>

(continued)

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2001

	2002			Variance with Final Budget Positive (Negative)	2001
	Budget		Actual		
	Original	Final			
Public safety:					
Police -					
Salaries	252,000	223,840	217,289	6,551	216,089
Payroll taxes and retirement	21,935	29,672	24,579	5,093	32,715
Group insurance	23,000	30,420	30,869	(449)	19,495
Repairs and maintenance	12,000	13,819	13,232	587	18,869
Office supplies and expense	10,000	12,541	7,715	4,826	11,854
Dues and subscriptions	250	1,200	1,168	32	385
Telephone and utilities	12,000	9,198	7,566	1,632	9,554
Insurance	17,000	18,939	17,016	1,923	13,790
Auto expense	18,000	14,714	12,330	2,384	16,181
Uniforms and supplies	12,000	6,341	10,317	(3,976)	10,678
Equipment rental	-	-	-	-	1,960
Marshall's expense	3,500	140	338	(198)	569
Janitorial expense	-	1,222	167	1,055	1,013
Act 474, 152, 562 and 977 expense	10,000	7,070	6,530	540	7,117
Training	8,500	2,240	-	2,240	2,139
Community relations	2,500	721	721	-	400
Contract labor	500	-	154	(154)	20
Employee benefits	-	-	-	-	1,551
Rent	23,100	22,084	22,330	(246)	5,004
Professional fees	1,500	1,275	873	402	1,307
Miscellaneous	2,100	2,705	1,820	885	2,986
Total police	<u>429,885</u>	<u>398,141</u>	<u>375,014</u>	<u>23,127</u>	<u>373,676</u>
Fire -					
Donation to volunteer fire department	9,500	9,485	9,485	-	9,485
Fire truck annual payment	20,000	20,000	20,000	-	20,000
Professional fees	5,000	4,180	4,730	(550)	4,095
Miscellaneous	500	600	1,995	(1,395)	-
Total fire	<u>35,000</u>	<u>34,265</u>	<u>36,210</u>	<u>(1,945)</u>	<u>33,580</u>
Total public safety	<u>464,885</u>	<u>432,406</u>	<u>411,224</u>	<u>21,182</u>	<u>407,256</u>

(continued)

TOWN OF YOUNGSVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2002  
With Comparative Actual Amounts for the Year Ended June 30, 2001

	2002			Variance with Final Budget Positive (Negative)	2001
	Budget		Actual		
	Original	Final			
<b>Highways and streets:</b>					
Salaries	19,530	24,337	24,296	41	19,126
Payroll taxes	1,260	2,417	1,984	433	1,542
Supplies, materials and repairs	40,000	59,356	57,693	1,663	29,258
Auto and truck expense	15,000	12,793	11,821	972	14,071
Equipment rental	7,250	7,240	7,241	(1)	7,241
Street lighting	25,000	21,415	22,287	(872)	22,447
Park expense	15,000	657	-	657	50
Engineering fees	-	12,664	10,575	2,089	9,497
Miscellaneous	1,100	1,000	2,266	(1,266)	1,201
Total streets and drainage	<u>124,140</u>	<u>141,879</u>	<u>138,163</u>	<u>3,716</u>	<u>104,433</u>
<b>Capital outlay:</b>					
General government -					
Office renovations and equipment	-	31,272	31,333	(61)	5,698
Public safety -					
Police:					
Equipment	30,000	16,593	22,687	(6,094)	22,172
Automobiles	25,000	-	-	-	49,555
Culture and Recreation -					
Walking trail	-	68,000	80,391	(12,391)	-
Street & Drainage -					
Drainage projects	-	52,459	60,584	(8,125)	15,031
Total capital outlay	<u>55,000</u>	<u>168,324</u>	<u>194,995</u>	<u>(26,671)</u>	<u>92,456</u>
Total expenditures	<u>\$ 984,035</u>	<u>\$1,107,576</u>	<u>\$1,086,415</u>	<u>\$ 21,161</u>	<u>\$ 913,827</u>

TOWN OF YOUNGSVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2002 and 2001

Records maintained by the Town indicated the following number of customers were being served during the months of June 30, 2002 and 2001:

<u>Department</u>	<u>2002</u>	<u>2001</u>
Water (metered)	1,592	1,450
Sewerage	1,231	1,128
Garbage	1,483	1,354

TOWN OF YOUNGSVILLE

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2002

Description of Coverage	Policy Expiration Date	Coverage Amounts
Workmen's compensation: Employer's liability	01/01/03	\$ 100,000
Surety bonds:		
Lucas Denais, Mayor	06/27/03	170,331
Rebecca Langlinois, Town Clerk	06/27/03	170,331
Karen Romero, Secretary	06/27/03	100,000
Charles Langlinois, Town Manager	06/27/03	2,000
Cindy Broussard, Secretary	08/30/02	15,000
Dianne McClelland, Secretary	08/25/02	25,000
Vicky Lalonde, Secretary	05/18/03	15,000
Barbara Jackson, Secretary	09/24/02	15,000
Automobile liability	05/01/03	500,000
Automobile comprehensive and collision coverage	03/18/03	121,180
Blanket coverage on buildings, contents and machinery	08/20/02	771,500
Law enforcement officer's liability	05/01/03	500,000
Public official's errors and omissions	05/01/03	500,000
General liability	05/01/03	500,000

TOWN OF YOUNGSVILLE, LOUISIANA

Combined Schedule of Interest-Bearing Deposits  
June 30, 2002

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>General Fund</u>				
Whitney Bank -				
Police Department:				
Certificate of deposit	90 days	08/15/02	1.59%	\$ 7,492
Certificate of deposit	90 days	08/05/02	1.59%	13,045
Certificate of deposit	90 days	08/04/02	1.59%	12,996
Certificate of deposit	90 days	08/14/02	1.59%	12,853
Certificate of deposit	90 days	07/11/02	1.59%	12,731
Certificate of deposit	180 days	08/14/02	1.69%	51,153
Certificate of deposit	180 days	10/18/02	1.79%	18,882
Fire Department:				
Certificate of deposit	180 days	10/18/02	1.79%	6,294
Certificate of deposit	90 days	08/18/02	1.59%	6,055
Street Department:				
Certificate of deposit	60 days	08/15/02	1.39%	7,032
Certificate of deposit	60 days	08/26/02	1.39%	6,642
Total General Fund				<u>155,175</u>
<u>Sales Tax Fund</u>				
Whitney Bank-				
Certificate of deposit	180 days	7/12/02	3.22%	<u>24,838</u>
<u>Utility Fund</u>				
Whitney Bank-				
Interest-bearing deposits	N/A	N/A	various	\$159,551
Certificate of deposit	90 days	08/14/02	1.59%	38,559
Certificate of deposit	180 days	08/07/02	1.69%	16,956
Certificate of deposit	90 days	08/26/02	1.59%	28,541
Certificate of deposit	90 days	08/20/02	1.59%	7,195
Certificate of deposit	60 days	08/31/02	1.39%	6,570
Certificate of deposit	90 days	09/10/02	1.59%	7,799
Total Utility Fund				<u>265,171</u>
Total all funds				<u>\$445,184</u>

TOWN OF YOUNGSVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses  
For the Years Ended June 30, 2002 and 2001

	Totals	
	<u>2002</u>	<u>2001</u>
Operating revenues:		
Customer service charges	\$ 803,442	\$ 773,741
Miscellaneous	59,972	46,751
Total operating revenues	<u>863,414</u>	<u>820,492</u>
Operating expenses:		
Salaries	114,628	101,490
Payroll taxes	9,360	8,182
Sewer tests	2,705	5,831
Water purchases	40,502	38,330
Maintenance and repairs	90,552	76,963
Contract maintenance fees	36,480	36,480
Utilities	40,213	48,887
Professional fees	20,417	20,051
Engineer fees	6,999	4,058
Insurance	42,540	34,474
Office expense	8,837	5,125
Supplies and parts	59,851	53,936
Garbage collection fees	174,165	153,642
Garbage collection fees - prior year	-	30,000
Depreciation	152,400	151,965
EPA penalty	-	27,300
Miscellaneous	9,747	3,384
Total operating expenses	<u>809,396</u>	<u>800,098</u>
Operating income (loss)	<u>54,018</u>	<u>20,394</u>
Nonoperating revenues (expenses):		
Interest income	3,714	7,824
Interest expense	(82,421)	(83,575)
Paying agent fees	(975)	(3,285)
Amortization - bond issue cost	(1,337)	(1,337)
Total nonoperating revenues (expenses)	<u>(81,019)</u>	<u>(80,373)</u>
Loss before contributions and operating transfers	<u>(27,001)</u>	<u>(59,979)</u>
Capital contributions	<u>961,504</u>	<u>141,358</u>
Operating transfers in (out):		
Operating transfers in	360,000	278,860
Operating transfers out	(300,000)	(86,000)
Total operating transfers in (out)	<u>60,000</u>	<u>192,860</u>
Change in net assets	994,503	274,239
Net assets, beginning	<u>2,220,650</u>	<u>1,946,411</u>
Net assets, ending	<u>\$3,215,153</u>	<u>\$2,220,650</u>

Water		Sewerage		Sanitation	
2002	2001	2002	2001	2002	2001
\$ 385,357	\$ 374,087	\$ 239,243	\$ 231,790	\$ 178,842	\$ 167,864
50,822	36,595	5,588	5,995	3,562	4,161
<u>436,179</u>	<u>410,682</u>	<u>244,831</u>	<u>237,785</u>	<u>182,404</u>	<u>172,025</u>
91,511	81,205	23,117	20,285	-	-
7,472	6,547	1,888	1,635	-	-
15	3,076	2,690	2,755	-	-
40,502	38,330	-	-	-	-
59,339	36,470	31,213	40,493	-	-
-	-	36,480	36,480	-	-
15,548	17,863	24,665	31,024	-	-
14,592	16,298	5,825	3,753	-	-
4,106	1,175	2,893	2,883	-	-
25,524	20,684	17,016	13,790	-	-
6,400	3,142	2,437	1,983	-	-
49,898	44,129	9,953	9,807	-	-
-	-	-	-	174,165	153,642
-	-	-	-	-	30,000
84,230	84,601	68,170	67,364	-	-
-	-	-	27,300	-	-
9,747	3,384	-	-	-	-
<u>408,884</u>	<u>356,904</u>	<u>226,347</u>	<u>259,552</u>	<u>174,165</u>	<u>183,642</u>
<u>\$ 27,295</u>	<u>\$ 53,778</u>	<u>\$ 18,484</u>	<u>\$ (21,767)</u>	<u>\$ 8,239</u>	<u>\$ (11,617)</u>

**COMPLIANCE  
AND  
INTERNAL CONTROL**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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\* A Professional Accounting Corporation

## 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 Lucas Denais, Mayor  
and Members of the Board of Aldermen  
Town of Youngsville, Louisiana

We have audited the basic financial statements of the Town of Youngsville, Louisiana (the Town) as of and for the year ended June 30, 2002, and have issued our report thereon dated August 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 02-1(IC).

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
August 22, 2002

TOWN OF YOUNGSVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended June 30, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
	CURRENT YEAR (6/30/02) --					
	<u>Internal Control:</u>					
02-1(IC)		Due to the small number of employees, the Town of Youngsville did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Becky Langlinais, Town Clerk	N/A
	PRIOR YEAR (6/30/01) --					
	<u>Internal Control:</u>					
01-1(IC)		Same as 02-1(IC) above.				