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**CITY OF CROWLEY, LOUISIANA  
FINANCIAL REPORT  
AUGUST 31, 2006**

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 3-7-07

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To the Honorable Isabella delaHoussaye, Mayor  
and the Board of Aldermen  
City of Crowley, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Crowley, Louisiana, as of and for the year ended August 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Crowley's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements referred to above do not include financial data of various governmental agencies (component units), which should be included in order to conform with accounting principles generally accepted in the United States of America. The effects of the omission of these governmental agencies on assets, liabilities, and net assets as of August 31, 2006, and the change in net assets for the year then ended on the aggregate discretely presented component units cannot be determined. As a result, the financial statements do not present fairly the financial position of the reporting entity of the City of Crowley, as of August 31, 2006, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles

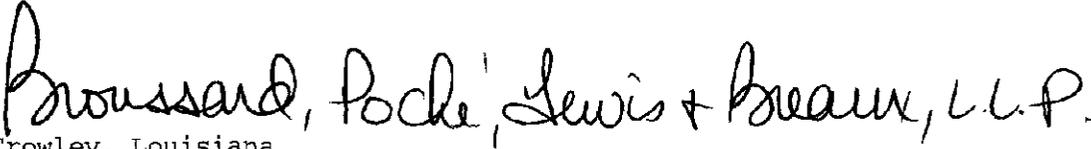
generally accepted in the United States of America. In addition, because the omission of the financial statements of component units results in an incomplete presentation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units, as of August 31, 2006, and the changes in financial position thereof for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crowley, Louisiana, as of August 31, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2006, on our consideration of the City of Crowley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as other supplementary information in the table of contents and the budgetary comparison schedules listed as required supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
Crowley, Louisiana  
December 5, 2006

REQUIRED SUPPLEMENTARY INFORMATION  
Management's Discussion and Analysis (MD&A)

CITY OF CROWLEY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Crowley's (the "City") financial performance provides an overview of the City's financial activities for the year ended August 31, 2006 in an easily readable analysis. Please read it in conjunction with the City's financial statements that follow.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," issued June 1999.

**FINANCIAL HIGHLIGHTS**

The City's total assets exceeded its liabilities at the close of the fiscal year by \$21,252,515. Of this amount, \$8,395,398 was invested in capital assets, net of related debt, \$724,047 was restricted for debt service, \$6,618,353 was restricted for sales tax dedications, and \$5,514,717 was unrestricted. The unrestricted portion of net assets may be used to meet the government's ongoing obligations and operational needs.

Total expenses of governmental activities for all programs were \$11,354,063 for the year. Of this amount, \$594,324 was provided by program revenues from charges for services, fines and fees, \$251,449 from operating grants and contributions, and \$915,485 from capital grants and contributions. Based on the governmental activities of 2006, net assets decreased \$645,834.

Total expenses of business-type activities for all programs were \$1,954,151 for the year. Of this amount, \$1,288,520 was provided by program revenues from charges for services, fines and fees and \$2,395 from capital grants and contributions. Based on the business-type activities of 2006, net assets increased \$917,285.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,852,351. The General Fund accounted for \$3,672,938 of the total with \$2,493,064 being unreserved and undesignated. The governmental funds reported a change in fund balances of \$1,457,413. The General Fund accounted for \$262,966 of the change in total fund balances.

As of the close of the current fiscal year, the City's proprietary funds reported combined ending net assets of \$11,547,903. The Utility Fund accounted for \$11,521,948 of the total with \$241,456 being unrestricted. The proprietary funds reported a change in net assets of \$910,597. The Utility Fund accounted for \$914,161 of the change in total net assets.

## **USING THE BASIC FINANCIAL STATEMENTS**

This annual report consists of three parts: (1) Management's Discussion and Analysis, (2) basic financial statements, and (3) required supplementary information. The basic financial statements are made up of three components: (1) government-wide financial statements, which provide both short-term and long-term information about the City's overall financial status, (2) fund financial statements, which focus on individual parts of the government, reporting individual City operations in more detail than the government-wide financial statements, and (3) notes to the financial statements, which explain some of the information in the financial statements and provide additional data. The basic financial statements are followed by the required supplementary information section, which further explains and supports the information in the financial statements. This report also contains an other supplementary information section.

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

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a commercial enterprise. These statements combine governmental fund's current financial resources with capital assets and long-term liabilities. The government-wide financial statements are divided into three kinds of activities: governmental activities, business-type activities, and component units.

The City's government-wide financial statements include a statement of net assets (Exhibit A) and statement of activities (Exhibit B), which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net assets is to report all of the assets held and liabilities owed by the City using the accrual basis of accounting. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. For example, the City reports buildings as assets even though they are not available to pay the obligations incurred by the City. On the other hand, the City reports liabilities, such revenue bonds payable, even though these liabilities might not be paid until several years into the future.

The difference between the City's total assets and total liabilities is reported as net assets and this difference is similar to the total owners' equity presented by a commercial enterprise. Over time increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. However, the City's goal is to provide services to the citizens of Crowley, Louisiana, not to generate profits as commercial enterprises do. Therefore, other non-financial factors, such as changes in the City's property tax base and the quality of health and welfare services provided to residents must be considered to assess the overall health of the City.

The purpose of the statement of activities is to present the revenues and expenses of the City. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the City. Thus, revenues are reported even when they may not be collected for several months after the end of the current period and expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, economic development, culture and recreation, and cemetery. The business-type activities of the City include sewer services provided to the residents of the City.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate entity, the Crowley City Marshal, for which the City has financial accountability. Financial information for this component unit is reported separately from the financial information presented for the primary government.

### **Fund Financial Statements (FFS)**

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements are located in Exhibits C through F of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds in the fund financial statements with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following both the balance sheet - governmental funds (Exhibit C) and the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit E) is a reconciliation to facilitate this comparison between governmental funds and governmental activities (Exhibits D and F).

The City maintains 14 individual governmental funds. Information is presented separately in the balance sheet - governmental funds and in the statement of revenues, expenditures, and changes in fund balances - governmental funds for the General, Sales Tax, One-Half Cent Sales Tax - Salary, and One-Half Cent Sales Tax - Street Improvement Funds, which are considered to be major funds. Data of the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplementary information section which follows the basic financial statements of the City.

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining nonmajor fund statements and schedules can be found in Exhibit O-1 and O-2.

The City adopts an annual appropriated budget for all of its governmental funds. During the course of the year, this budget is amended to take into consideration changes that have occurred affecting revenues and expenditures. A schedule showing the originally adopted budget and the final amended budget compared with actual operating results is provided in the required supplementary information section of this report for the General, Sales Tax, One-Half Cent Sales Tax - Salary, and One-Half Cent Sales Tax - Street Improvement Funds (Exhibits L-1 through L-4) to demonstrate compliance with this budget.

**Proprietary Funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer and other operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management functions. Because these services predominately benefit governmental rather than business-type functions, they have been reported with the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Utility Fund, which has been determined to be a major fund of the City. The internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data is provided in the form of combining statements in Exhibits P-1 through P-3. The basic proprietary funds financial statements are located in Exhibits G through K of this report.

Following both the statement of net assets - proprietary funds (Exhibit G) and the statement of revenues, expenses, and changes in fund net assets - proprietary funds (Exhibit I) is a reconciliation to facilitate the comparison between proprietary funds and business-type activities (Exhibits H and J).

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and can be found on pages 40 through 67.

**REPORTING THE CITY AS A WHOLE**

The following table reflects the condensed statement of net assets for 2006, with comparative figures from 2005:

**TABLE 1**  
**CITY OF CROWLEY, LOUISIANA**  
**CONDENSED STATEMENT OF NET ASSETS**  
 August 31, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets:</b>						
Current and other assets	\$13,549,619	\$11,788,748	\$ 1,396,168	\$ 1,325,745	\$14,945,787	\$13,114,493
Capital assets	8,571,107	7,632,884	15,335,914	14,505,558	23,907,021	22,138,442
Total assets	\$22,120,726	\$19,421,632	\$16,732,082	\$15,831,303	\$38,852,808	\$35,252,935
<b>Liabilities:</b>						
Current liabilities	\$ 925,525	\$ 797,719	\$ 329,344	\$ 5,850	\$ 1,254,869	\$ 803,569
Long-term liabilities	11,489,805	8,272,683	4,855,619	5,195,619	16,345,424	13,468,302
Total liabilities	\$12,415,330	\$ 9,070,402	\$ 5,184,963	\$ 5,201,469	\$17,600,293	\$14,271,871
<b>Net assets:</b>						
Invested in capital assets, net of related debt	\$(2,186,998)	\$ (639,799)	\$10,582,396	\$ 9,309,939	\$ 8,395,398	\$ 8,670,140
Restricted	6,618,353	5,346,723	724,047	896,818	7,342,400	6,243,541
Unrestricted	5,274,041	5,644,306	240,676	423,077	5,514,717	6,067,383
Total net assets	\$ 9,705,396	\$10,351,230	\$11,547,119	\$10,629,834	\$21,252,515	\$20,981,064

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City, assets exceed liabilities by \$21,252,515 at the close of the fiscal year. Of this amount, \$8,395,398 or 39.5% of the total net assets represents the investment of the City in capital assets, net of related debt. Net assets of \$5,514,717, which are technically unrestricted, need to be viewed in light of information in the fund financial statements. Some of this unrestricted amount represents funds for expenditures that the City has approved or budgeted but has not been legally obligated to pay. Actions by the City do not qualify as restrictions of net assets in the basic financial statements.

Capital assets account for \$23,907,021 or 61.5% of the total assets. This is reflective of the investment in new and improved facilities funded by a series of bond issues in recent years. This is further highlighted by the fact that \$16,345,424 or 92.9% of the City's liabilities represents long-term liabilities.

The following table reflects the condensed statement of activities for 2006, with comparative figures from 2005:

**TABLE 2**  
**CITY OF CROWLEY, LOUISIANA**  
**CONDENSED STATEMENT OF ACTIVITIES**  
**Years Ended August 31, 2006 and 2005**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Program revenues -						
Charges for services, fees and fines	\$ 594,324	\$ 582,344	\$ 1,288,520	\$ 1,243,587	\$ 1,882,844	\$ 1,825,931
Operating grants and contributions	251,449	64,202	-	-	251,449	64,202
Capital grants and contributions	915,485	1,167,795	2,395	1,552	917,880	1,169,347
General revenues -						
Property taxes	1,370,910	1,356,560	178,817	176,858	1,549,727	1,533,418
Sales taxes	6,859,197	4,796,210	-	-	6,859,197	4,796,210
Other taxes	1,397,976	815,520	-	-	1,397,976	815,520
Other	680,388	1,262,970	40,204	24,974	720,592	1,287,944
Transfers	(1,361,500)	125,076	1,361,500	(125,076)	-	-
Total revenues	<u>\$10,708,229</u>	<u>\$10,170,677</u>	<u>\$ 2,871,436</u>	<u>\$ 1,321,895</u>	<u>\$13,579,665</u>	<u>\$11,492,572</u>
<b>Expenses:</b>						
General government	\$ 1,611,477	\$ 1,374,312	-	-	\$ 1,611,477	\$ 1,374,312
Public safety	3,739,400	3,797,274	-	-	3,739,400	3,797,274
Public works	4,034,581	3,022,980	-	-	4,034,581	3,022,980
Economic development	287,784	903,486	-	-	287,784	903,486
Culture and recreation	1,199,936	1,092,446	-	-	1,199,936	1,092,446
Cemetery	36,702	29,613	-	-	36,702	29,613
Sewer	-	-	1,954,151	1,924,034	1,954,151	1,924,034
Interest on long-term debt	444,183	414,068	-	-	444,183	414,068
Total expenses	<u>\$11,354,063</u>	<u>\$10,634,179</u>	<u>\$ 1,954,151</u>	<u>\$ 1,924,034</u>	<u>\$13,308,214</u>	<u>\$12,558,213</u>
Change in net assets	\$ (645,834)	\$ (463,502)	\$ 917,285	\$ (602,139)	\$ 271,451	\$(1,065,641)
Net assets, beginning	<u>10,351,230</u>	<u>10,814,732</u>	<u>10,629,834</u>	<u>11,231,973</u>	<u>20,981,064</u>	<u>22,046,705</u>
Net assets, ending	<u>\$ 9,705,396</u>	<u>\$10,351,230</u>	<u>\$11,547,119</u>	<u>\$10,629,834</u>	<u>\$21,252,515</u>	<u>\$20,981,064</u>

As reported in the statement of activities, the cost of all of our activities this year was \$13,308,214. The amount that our taxpayers ultimately financed for these activities through taxes was \$9,796,900 because some of the cost was paid by those who benefited from the programs (\$1,882,844) or by other governments and organizations who subsidized certain programs with grants and contributions (\$1,169,329). The remainder was paid with other revenues, such as investment income and unrestricted grants and contributions. For more detailed information see Exhibit B.

#### **FINANCIAL ANALYSIS OF THE CITY OF CROWLEY'S FUNDS**

The City uses funds to control and permit measurement in the short-term of revenues and expenditures of a particular activity or purpose (e.g., dedicated taxes and grant programs). The fund financial statements allow the City to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial management of the City and further assess the City's overall financial stability.

**Governmental Activities.** As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,852,351. The General Fund accounted for \$3,672,938 of the total with \$2,493,064 being unreserved and undesignated. The governmental funds reported a change in fund balances of \$1,457,413. The General Fund accounted for \$262,966 of the change in total fund balances.

**Business-Type Activities.** As of the close of the current fiscal year, the City's proprietary funds reported combined ending net assets of \$11,547,903. The Utility Fund accounted for \$11,521,948 of the total with \$241,456 being unrestricted. The proprietary funds reported a change in net assets of \$910,597. The Utility Fund accounted for \$914,161 of the change in total net assets.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's budget is prepared according to Louisiana law. During the course of the year, the City revised its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less than or anticipated expenditures are more than the budgetary goals by five percent (5%) or more.

A budgetary comparison schedule showing the City's originally adopted budget and final amended budget compared with actual operating results is provided in the report that follows. The City's year-end actual results were better than budgeted, as conservative budgetary practices are customary. Revenues are forecasted conservatively and expenditures are budgeted in anticipation of all possible costs and projects.

The General Fund's actual revenues exceeded the final amended budget projection by \$509,326, while the actual expenditures exceeded the final budget by \$241,984.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:** At August 31, 2006, the City had \$23,907,021 (net of accumulated depreciation of \$10,006,950) invested in a broad range of capital assets including land, buildings and improvements, machinery and equipment, and autos and trucks. This amount represents a net increase (including additions, deductions, and depreciation) of \$1,768,579 or 8.0% over last year.

**TABLE 3**  
CITY OF CROWLEY, LOUISIANA  
CAPITAL ASSETS, NET OF  
ACCUMULATED DEPRECIATION  
August 31, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 509,671	\$ 509,671	\$ 835,382	\$ 835,382	\$ 1,345,053	\$ 1,345,053
Construction in progress	455,826	319,746	1,809,972	226,679	2,265,798	546,425
Land improve- ments	97,338	-	-	-	97,338	-
Buildings and improvements	6,484,935	5,834,507	180,848	176,577	6,665,783	6,011,084
Sewer plant	-	-	18,844,814	18,814,338	18,844,814	18,814,338
Machinery and equipment	1,594,414	1,413,931	400,945	449,540	1,995,359	1,863,471
Autos and trucks	2,542,660	2,241,080	157,166	143,371	2,699,826	2,384,451
Total capital assets	\$ 11,684,844	\$ 10,318,935	\$ 22,229,127	\$ 20,645,887	\$ 33,913,971	\$ 30,964,822
Less: accumulated depreciation	(3,113,737)	(2,686,051)	(6,893,213)	(6,140,329)	(10,006,950)	(8,826,380)
Net capital assets	\$ 8,571,107	\$ 7,632,884	\$ 15,335,914	\$ 14,505,558	\$ 23,907,021	\$ 22,138,442

During the year, \$3,198,345 of capital assets were added. Depreciation for the year ended August 31, 2006 was \$1,380,886. Additional information on the City's capital assets can be found in Note 6 of this report.

**Long-Term Liabilities:** At the end of this year, the City had total long-term liabilities outstanding of \$16,345,424.

**TABLE 4**  
**CITY OF CROWLEY, LOUISIANA**  
**OUTSTANDING LONG-TERM LIABILITIES**  
**August 31, 2006 and 2005**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Sales Tax Street Improvement Bonds, Series ST-1997A	\$ 2,480,000	\$ 2,820,000	\$ -	\$ -	\$ 2,480,000	\$ 2,820,000
General Obligation Street Improvement Bonds, Series ST-1997B	2,070,000	2,355,000	-	-	2,070,000	2,355,000
Revenues Bonds, Series 2000A	6,279,325	2,399,500	-	-	6,279,325	2,399,500
Municipal Police Employees' Retirement System Liability	660,480	698,183	-	-	660,480	698,183
DEQ loans	-	-	4,855,619	5,195,619	4,855,619	5,195,619
Total long-term liabilities	<u>\$11,489,805</u>	<u>\$ 8,272,683</u>	<u>\$ 4,855,619</u>	<u>\$ 5,195,619</u>	<u>\$16,345,424</u>	<u>\$13,468,302</u>

The City's total long-term liabilities increased during the year by \$2,877,122.

The State limits the amount of general obligation debt that a municipality can issue to 10% of the assessed value of all taxable property within the municipality. The City's net outstanding general obligation debt is below this statutorily-imposed limit. Additional information on the City's long-term liabilities can be found in Note 8 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Local and national factors influence the City's revenues. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, and assessed valuation of taxable property. All of these factors were considered in preparing the City's budget for the 2006-2007 fiscal year.

Expenditures of the governmental funds are expected to remain fairly consistent with the prior year. As for the proprietary funds, revenues and expenses are projected to remain basically the same for 2006-2007 fiscal year.

The tax rates that will be in effect for the 2006-2007 fiscal year are as follows:

Property tax rates:

Corporation tax	7.00 Mills
Street maintenance	5.00 Mills
Public buildings and drainage	5.00 Mills
Public recreation and parks	3.00 Mills
Disposal plant maintenance	3.50 Mills
Cemetery tax	.75 Mills
Youth recreation tax	1.00 Mills
Fireman and policeman	<u>5.00 Mills</u>
	<u>30.25 Mills</u>

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of City's finances for all those with an interest in the finances of the government. Additional information about the City can be found by accessing our web-site at [www.crowley.la.org](http://www.crowley.la.org). Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mayor, City of Crowley, Post Office Box 200, Crowley, Louisiana 70527-0200, (337)788-4100.

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BASIC FINANCIAL STATEMENTS  
Government-Wide Financial Statements (GWFS)

CITY OF CROWLEY, LOUISIANA

STATEMENT OF NET ASSETS  
August 31, 2006

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Cash and cash equivalents	\$ 3,575,150	\$ 25,353	\$ 3,600,503	\$ 138,072
Investments	8,518,327	408,947	8,927,274	-
Accounts receivable	-	98,971	98,971	-
Franchise taxes receivable	124,064	-	124,064	-
Accrued interest receivable	56,192	20,394	76,586	-
Due from other governmental agencies	1,205,454	-	1,205,454	-
Other receivables	15,567	-	15,567	-
Interfund balances	(16,355)	16,355	-	-
Restricted assets:				
Investments	-	724,047	724,047	-
Bond issue costs, net	71,220	102,101	173,321	-
Capital assets:				
Non-depreciable	965,497	2,645,354	3,610,851	-
Depreciable, net	7,605,610	12,690,560	20,296,170	-
Total assets	<u>\$ 22,120,726</u>	<u>\$ 16,732,082</u>	<u>\$ 38,852,808</u>	<u>\$ 138,072</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable	\$ 273,086	\$ 245,335	\$ 518,421	\$ -
Accrued expenses	37,812	-	37,812	-
Retainage payable	44,487	84,009	128,496	-
Accrued interest payable	68,077	-	68,077	-
Deferred revenue	465,000	-	465,000	-
Claims payables	37,063	-	37,063	-
Long-term liabilities:				
Portion due or payable within one year -				
Bonds, notes, and loans payable	841,542	350,000	1,191,542	-
Portion due or payable after one year -				
Bonds, notes, and loans payable	<u>10,648,263</u>	<u>4,505,619</u>	<u>15,153,882</u>	-
Total liabilities	<u>\$ 12,415,330</u>	<u>\$ 5,184,963</u>	<u>\$ 17,600,293</u>	<u>\$ -0-</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ (2,186,998)	\$ 10,582,396	\$ 8,395,398	\$ -
Restricted for:				
Debt service	-	724,047	724,047	-
Sales tax dedications	6,618,353	-	6,618,353	-
Unrestricted	<u>5,274,041</u>	<u>240,676</u>	<u>5,514,717</u>	<u>138,072</u>
Total net assets	<u>\$ 9,705,396</u>	<u>\$ 11,547,119</u>	<u>\$ 21,252,515</u>	<u>\$ 138,072</u>
Total liabilities and net assets	<u>\$ 22,120,726</u>	<u>\$ 16,732,082</u>	<u>\$ 38,852,808</u>	<u>\$ 138,072</u>

CITY OF CROWLEY, LOUISIANA

STATEMENT OF ACTIVITIES  
Year Ended August 31, 2006

Function/Program	Expenses	Program Revenues		
		Charges for Services, Fines and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities -				
General government	\$ 1,611,477	\$ 164,564	\$ -	\$ 12,000
Public safety	3,739,400	69,286	240,347	82,018
Public works	4,034,581	51,106	-	821,467
Economic development	287,784	101,341	-	-
Culture and recreation	1,199,936	202,252	11,102	-
Cemetery	36,702	5,775	-	-
Interest on long-term debt	444,183	-	-	-
Total governmental activities	\$11,354,063	\$ 594,324	\$ 251,449	\$ 915,485
Business-type activities -				
Sewer	1,954,151	1,288,520	-	2,395
Total primary government	\$13,308,214	\$ 1,882,844	\$ 251,449	\$ 917,880
Component unit:				
Crowley City Marshal	\$ 153,298	\$ 165,980	\$ -0-	\$ -0-

General revenues:

Taxes -  
   Property  
   Sales  
   Franchise  
   Fire insurance premium  
   Occupational  
   Other  
 Grants and contributions not restricted  
   to specific programs  
 Investment income  
 Miscellaneous  
 Loss on sale of fixed assets  
 Transfers  
   Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

See Notes to Financial Statements.

<u>Net (Expense) Revenue and Change in Net Assets</u>			
<u>Primary Government</u>			
<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Component</u>
<u>Activities</u>	<u>Activities</u>		<u>Unit</u>
\$ (1,434,913)	\$ -	\$ (1,434,913)	\$ -
(3,347,749)	-	(3,347,749)	-
(3,162,008)	-	(3,162,008)	-
(186,443)	-	(186,443)	-
(986,582)	-	(986,582)	-
(30,927)	-	(30,927)	-
<u>(444,183)</u>	<u>-</u>	<u>(444,183)</u>	<u>-</u>
\$ (9,592,805)	\$ -0-	\$ (9,592,805)	\$ -0-
<u>-</u>	<u>(663,236)</u>	<u>(663,236)</u>	<u>-</u>
\$ (9,592,805)	\$ (663,236)	\$ (10,256,041)	\$ -0-
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12,682</u>
\$ 1,370,910	\$ 178,817	\$ 1,549,727	\$ -
6,859,197	-	6,859,197	-
911,400	-	911,400	-
53,513	-	53,513	-
423,063	-	423,063	-
10,000	-	10,000	-
388,634	-	388,634	-
249,916	38,137	288,053	-
83,130	4,430	87,560	-
(41,292)	(2,363)	(43,655)	-
<u>(1,361,500)</u>	<u>1,361,500</u>	<u>-</u>	<u>-</u>
\$ 8,946,971	\$ 1,580,521	\$ 10,527,492	\$ -0-
\$ (645,834)	\$ 917,285	\$ 271,451	\$ 12,682
<u>10,351,230</u>	<u>10,629,834</u>	<u>20,981,064</u>	<u>125,390</u>
<u>\$ 9,705,396</u>	<u>\$ 11,547,119</u>	<u>\$ 21,252,515</u>	<u>\$ 138,072</u>

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BASIC FINANCIAL STATEMENTS  
Fund Financial Statements (FFS)

CITY OF CROWLEY, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
August 31, 2006

ASSETS	General Fund	Sales Tax Fund	One-Half Cent Sales Tax - Salary Fund
Cash and cash equivalents	\$ 844,024	\$ 713,751	\$ 349,009
Investments	2,593,305	1,861,899	100,309
Franchise taxes receivable	124,064	-	-
Accrued interest receivable	-	18,012	-
Other receivables	15,567	-	-
Due from other governmental agencies	584,547	53,158	17,719
Due from other funds	<u>100</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,161,607</u>	<u>\$ 2,646,820</u>	<u>\$ 467,037</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 247,315	\$ -	\$ -
Retainage payable	44,487	-	-
Accrued expenses	37,812	-	-
Deferred revenue	140,000	-	-
Due to other funds	<u>19,055</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 488,669</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
FUND BALANCES			
Reserved for incomplete contracts	\$ 447,979	\$ -	\$ -
Unreserved, designated for:			
Collision losses	213,377	-	-
Debt service	-	-	-
Industrial inducement and development	32,655	-	-
Police retirement	73,240	-	-
Public street improvements	412,623	601,043	-
Unreserved, undesignated	2,493,064	2,045,777	467,037
Unreserved, undesignated, reported in:			
Special Revenue Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 3,672,938</u>	<u>\$ 2,646,820</u>	<u>\$ 467,037</u>
Total liabilities and fund balances	<u>\$ 4,161,607</u>	<u>\$ 2,646,820</u>	<u>\$ 467,037</u>

See Notes to Financial Statements.

One-Half Cent Sales Tax - Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 429,170	\$ 848,150	\$ 3,184,104
2,519,991	1,236,301	8,311,805
-	-	124,064
20,416	17,764	56,192
-	-	15,567
17,719	-	673,143
-	8,923	9,023
<u>\$ 2,987,296</u>	<u>\$ 2,111,138</u>	<u>\$ 12,373,898</u>
\$ 15,111	\$ 10,660	\$ 273,086
-	-	44,487
-	-	37,812
-	-	140,000
-	7,107	26,162
<u>\$ 15,111</u>	<u>\$ 17,767</u>	<u>\$ 521,547</u>
\$ -	\$ -	\$ 447,979
-	-	213,377
-	726,446	726,446
-	-	32,655
-	-	73,240
-	-	1,013,666
2,972,185	-	7,978,063
-	1,366,925	1,366,925
<u>\$ 2,972,185</u>	<u>\$ 2,093,371</u>	<u>\$ 11,852,351</u>
<u>\$ 2,987,296</u>	<u>\$ 2,111,138</u>	<u>\$ 12,373,898</u>

## CITY OF CROWLEY, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
August 31, 2006

Total fund balances - governmental funds		\$11,852,351
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 are therefore not reported in the governmental funds.		
Capital assets, net		8,571,107
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the governmental funds.		
Bonds payable	\$(11,489,805)	
Accrued interest payable	<u>(68,077)</u>	(11,557,882)
Bond issue costs which are reported as expenditures in the year incurred in the governmental funds are deferred and amortized in the statement of net assets.		
Bond issue costs, net		71,220
Some revenues are not considered measurable at year end and therefore not available soon enough to pay for current year expenditures.		
Sales taxes		532,311
Some revenues are received before the City has earned them; therefore, under the accrual basis of accounting they are deferred in the statement of net assets.		
		(325,000)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		<u>561,289</u>
Net assets of governmental activities		<u>\$ 9,705,396</u>

See Notes to Financial Statements.

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CITY OF CROWLEY, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended August 31, 2006

	General Fund	Sales Tax Fund	One-Half Cent Sales Tax - Salary Fund
Revenues:			
Taxes	\$ 2,049,434	\$ 3,881,773	\$ 1,295,662
Intergovernmental	1,529,293	-	-
Charges for services	27,026	-	-
Licenses and permits	497,987	-	-
Fines and fees	66,946	-	-
Investment income	72,638	64,470	6,393
Miscellaneous	601,947	-	-
Total revenues	<u>\$ 4,845,271</u>	<u>\$ 3,946,243</u>	<u>\$ 1,302,055</u>
Expenditures:			
Current -			
General government	\$ 1,366,469	\$ 56,822	\$ 24,884
Public safety	3,474,119	-	-
Public works	1,600,755	-	-
Economic development	143,594	-	-
Culture and recreation	-	-	-
Cemetery	-	-	-
Debt service -			
Principal	364,133	-	-
Interest and other charges	270,290	-	-
Capital outlay	3,799,695	-	-
Total expenditures	<u>\$11,019,055</u>	<u>\$ 56,822</u>	<u>\$ 24,884</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (6,173,784)</u>	<u>\$ 3,889,421</u>	<u>\$ 1,277,171</u>
Other financing sources (uses):			
Loan proceeds	\$ 3,461,500	\$ -	\$ -
Proceeds from the sale of fixed assets	-	-	-
Transfers in	4,236,750	-	-
Transfers out	(1,261,500)	(3,598,600)	(1,185,775)
Total other financing sources (uses)	<u>\$ 6,436,750</u>	<u>\$ (3,598,600)</u>	<u>\$ (1,185,775)</u>
Net change in fund balances	\$ 262,966	\$ 290,821	\$ 91,396
Fund balances, beginning	<u>3,409,972</u>	<u>2,355,999</u>	<u>375,641</u>
Fund balances, ending	<u>\$ 3,672,938</u>	<u>\$ 2,646,820</u>	<u>\$ 467,037</u>

See Notes to Financial Statements.

One-Half Cent Sales Tax - Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,295,662	\$ 242,878	\$ 8,765,409
-	25,004	1,554,297
-	275,978	303,004
-	-	497,987
-	-	66,946
58,532	41,568	243,601
-	10,417	612,364
<u>\$ 1,354,194</u>	<u>\$ 595,845</u>	<u>\$ 12,043,608</u>
\$ 21,280	\$ 64,589	\$ 1,534,044
-	-	3,474,119
-	-	1,600,755
-	53,152	196,746
-	982,797	982,797
-	32,228	32,228
-	349,319	713,452
-	172,085	442,375
-	191,434	3,991,129
<u>\$ 21,280</u>	<u>\$ 1,845,604</u>	<u>\$ 12,967,645</u>
<u>\$ 1,332,914</u>	<u>\$ (1,249,759)</u>	<u>\$ (924,037)</u>
\$ -	\$ 476,225	\$ 3,937,725
-	5,225	5,225
-	1,089,975	5,326,725
<u>(829,600)</u>	<u>(12,750)</u>	<u>(6,888,225)</u>
<u>\$ (829,600)</u>	<u>\$ 1,558,675</u>	<u>\$ 2,381,450</u>
\$ 503,314	\$ 308,916	\$ 1,457,413
<u>2,468,871</u>	<u>1,784,455</u>	<u>10,394,938</u>
<u>\$ 2,972,185</u>	<u>\$ 2,093,371</u>	<u>\$ 11,852,351</u>

CITY OF CROWLEY, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF ACTIVITIES  
 Year Ended August 31, 2006

Net change in fund balances - total governmental funds \$ 1,457,413

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 these assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay expenditures	\$1,504,316	
Depreciation expense	<u>(519,576)</u>	984,740

Because some revenues are not measurable at year end, they are not considered "available" revenues in the governmental funds.

Sales taxes		386,099
-------------	--	---------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

	123,512
--	---------

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of bond issue costs		(12,386)
----------------------------------	--	----------

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal are expenditures in the governmental funds but reduce the liability in the statement of net assets.

Principal payments	\$ 720,603	
Bond proceeds	<u>(3,937,725)</u>	<u>(3,217,122)</u>

(continued)

CITY OF CROWLEY, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES (CONTINUED)  
Year Ended August 31, 2006

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Decrease in accrued interest payable 3,427

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins, and donations, is to decrease net assets.

(46,517)

Certain amounts recognized as revenue in the governmental funds are deferred in the statement of activities.

(325,000)

Change in net assets of governmental activities

\$ (645,834)

See Notes to Financial Statements.

CITY OF CROWLEY, LOUISIANA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 August 31, 2006

ASSETS	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Other Enterprise Fund	Total Enterprise Funds	Internal Service Funds
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 25,349	\$ 4	\$ 25,353	\$ 391,046
Investments	408,947	-	408,947	206,522
Accounts receivable	98,971	-	98,971	-
Accrued interest receivable	20,394	-	20,394	-
Due from other funds	17,139	-	17,139	-
Total current assets	<u>\$ 570,800</u>	<u>\$ 4</u>	<u>\$ 570,804</u>	<u>\$ 597,568</u>
<b>NONCURRENT ASSETS</b>				
Restricted assets:				
Investments	\$ 724,047	\$ -0-	\$ 724,047	\$ -0-
<b>CAPITAL ASSETS</b>				
Non-depreciable	\$ 2,625,354	\$ 20,000	\$ 2,645,354	\$ -
Depreciable, net	12,684,609	5,951	12,690,560	-
	<u>\$15,309,963</u>	<u>\$ 25,951</u>	<u>\$15,335,914</u>	<u>\$ -0-</u>
<b>DEFERRED DEBITS</b>				
Debt issuance costs, net	\$ 102,101	\$ -0-	\$ 102,101	\$ -0-
Total assets	<u>\$16,706,911</u>	<u>\$ 25,955</u>	<u>\$16,732,866</u>	<u>\$ 597,568</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Other Enterprise Fund	Total Enterprise Funds	Internal Service Funds
CURRENT LIABILITIES (payable from current assets)				
Accounts payable	\$ 245,335	\$ -	\$ 245,335	\$ -
Retainage payable	84,009	-	84,009	-
Claims payable	-	-	-	37,063
Total current liabilities (payable from current assets)	\$ 329,344	\$ -0-	\$ 329,344	\$ 37,063
CURRENT LIABILITIES (payable from restricted assets)				
Loans payable	350,000	-	350,000	-
Total current liabilities	\$ 679,344	\$ -0-	\$ 679,344	\$ 37,063
NONCURRENT LIABILITIES				
Loans payable	\$ 4,505,619	\$ -0-	\$ 4,505,619	\$ -0-
Total liabilities	\$ 5,184,963	\$ -0-	\$ 5,184,963	\$ 37,063
NET ASSETS				
Invested in capital assets, net of related debt	\$10,556,445	\$ 25,951	\$10,582,396	\$ -
Restricted for debt service	724,047	-	724,047	-
Unrestricted	241,456	4	241,460	560,505
Total net assets	\$11,521,948	\$ 25,955	\$11,547,903	\$ 560,505
Total liabilities and net assets	\$16,706,911	\$ 25,955	\$16,732,866	\$ 597,568

CITY OF CROWLEY, LOUISIANA

RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF  
NET ASSETS TO THE STATEMENT OF NET ASSETS  
August 31, 2006

Total net assets - enterprise funds	\$11,547,903
Total net assets reported for business-type activities in the statement of net assets is different because:	
The net revenue (expense) of certain internal service funds are reported with business-type activities.	<u>(784)</u>
Net assets of business-type activities	<u>\$11,547,119</u>

See Notes to Financial Statements.

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## CITY OF CROWLEY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
Year Ended August 31, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility	Other	Total	Internal
	Fund	Enterprise Fund	Enterprise Funds	Service Funds
Operating revenues:				
Charges for services	\$ 1,288,520	\$ -	\$ 1,288,520	\$ 730,722
Miscellaneous	-	-	-	431,475
Total operating revenues	\$ 1,288,520	\$ -0-	\$ 1,288,520	\$ 1,162,197
Operating expenses:				
Salaries and wages	\$ 244,114	\$ -	\$ 244,114	\$ -
Retirement and payroll taxes	36,574	-	36,574	-
Group insurance	33,800	-	33,800	-
General insurance	33,344	-	33,344	273,034
Claims	-	-	-	942,581
Telephone and utilities	77,999	-	77,999	-
Professional services	64,180	-	64,180	22,637
Collection fees	35,701	-	35,701	-
Bad debts	5,394	-	5,394	-
Depreciation	857,746	3,564	861,310	-
Gas and oil	22,379	-	22,379	-
Repairs and supplies	255,876	-	255,876	-
Pretreatment and inspections	62,848	-	62,848	-
Miscellaneous	12,728	-	12,728	60
Total operating expenses	\$ 1,742,683	\$ 3,564	\$ 1,746,247	\$ 1,238,312
Operating loss	\$ (454,163)	\$ (3,564)	\$ (457,727)	\$ (76,115)
Nonoperating revenues (expenses):				
Tax revenue	\$ 178,817	\$ -	\$ 178,817	\$ -
Investment income	38,137	-	38,137	6,315
Other, net	2,067	-	2,067	-
Administrative fee - DEQ	(25,978)	-	(25,978)	-
Interest and amortization	(188,614)	-	(188,614)	-
Total nonoperating revenues (expenses)	\$ 4,429	\$ -0-	\$ 4,429	\$ 6,315

(continued)

CITY OF CROWLEY, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS (CONTINUED)  
PROPRIETARY FUNDS  
Year Ended August 31, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Other Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Loss before contributions and transfers	\$ (449,734)	\$ (3,564)	\$ (453,298)	\$ (69,800)
Capital contributions	2,395	-	2,395	-
Transfers in	<u>1,361,500</u>	<u>-</u>	<u>1,361,500</u>	<u>200,000</u>
Change in net assets	\$ 914,161	\$ (3,564)	\$ 910,597	\$ 130,200
Net assets, beginning	<u>10,607,787</u>	<u>29,519</u>	<u>10,637,306</u>	<u>430,305</u>
Net assets, ending	<u>\$11,521,948</u>	<u>\$ 25,955</u>	<u>\$11,547,903</u>	<u>\$ 560,505</u>

See Notes to Financial Statements.

CITY OF CROWLEY, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS TO  
 THE STATEMENT OF ACTIVITIES  
 Year Ended August 31, 2006

Change in net assets - total enterprise funds \$ 910,597

The change in net assets reported for business-type activities in the statement of activities is different because:

The net revenue (expense) of certain internal service funds are reported with business-type activities.

6,688

Change in net assets of business-type activities

\$ 917,285

See Notes to Financial Statements.

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## CITY OF CROWLEY, LOUISIANA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended August 31, 2006

	Business-Type Activities -			Governmental
	Enterprise Funds			Activities
	Utility Fund	Other Enterprise Fund	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING</b>				
<b>FINANCING ACTIVITIES</b>				
Receipts from customers	\$ 1,251,220	\$ -	\$ 1,251,220	\$ -
Receipts from insured Internal activity -	-	-	-	81,284
receipts from other funds	-	-	-	649,438
Payments to suppliers for goods and services	(498,995)	-	(498,995)	(295,730)
Payments for claims and loss time	-	-	-	(1,155,421)
Payments to employees and for employee related costs	(314,488)	-	(314,488)	-
Other receipts	-	-	-	639,366
Net cash provided by (used in) operating activities	\$ 437,737	\$ -0-	\$ 437,737	\$ (81,063)
<b>CASH FLOWS FROM NONCAPITAL</b>				
<b>FINANCING ACTIVITIES</b>				
Transfers in	\$ 1,346,500	\$ -	\$ 1,346,500	\$ 200,000
Proceeds from taxes levied	178,817	-	178,817	-
Other	4,430	-	4,430	-
Net cash provided by noncapital financing activities	\$ 1,529,747	\$ -0-	\$ 1,529,747	\$ 200,000
<b>CASH FLOWS FROM CAPITAL AND</b>				
<b>RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	\$(1,434,201)	\$ -	\$(1,434,201)	\$ -
Principal payments	(340,000)	-	(340,000)	-
Interest and administrative fees paid	(205,310)	-	(205,310)	-
Net cash used in capital and related financing activities	\$(1,979,511)	\$ -0-	\$(1,979,511)	\$ -0-

(continued)

CITY OF CROWLEY, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 Year Ended August 31, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Utility Fund	Other Enterprise Fund	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	\$ 32,149	\$ -	\$ 32,149	\$ 7,832
Purchases of investments	(1,132,994)	-	(1,132,994)	(206,522)
Proceeds from sales and maturities of investments	<u>1,113,581</u>	<u>-</u>	<u>1,113,581</u>	<u>200,952</u>
Net cash provided by investing activities	<u>\$ 12,736</u>	<u>\$ -0-</u>	<u>\$ 12,736</u>	<u>\$ 2,262</u>
Net increase in cash and cash equivalents	\$ 709	\$ -0-	\$ 709	\$ 121,199
Cash and cash equivalents, beginning	<u>24,640</u>	<u>4</u>	<u>24,644</u>	<u>269,847</u>
Cash and cash equivalents, ending	<u>\$ 25,349</u>	<u>\$ 4</u>	<u>\$ 25,353</u>	<u>\$ 391,046</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating loss	\$ (454,163)	\$ (3,564)	\$ (457,727)	\$ (76,115)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	857,746	3,564	861,310	-
Increase in accounts receivable	(31,906)	-	(31,906)	-
Decrease in claims receivable	-	-	-	207,891
Increase in accounts payable	66,060	-	66,060	-
Increase in claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>(212,839)</u>
Net cash provided by (used in) operating activities	<u>\$ 437,737</u>	<u>\$ -0-</u>	<u>\$ 437,737</u>	<u>\$ (81,063)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>				
Capital assets contributed from other funds	<u>\$ 2,395</u>	<u>\$ -0-</u>	<u>\$ 2,395</u>	<u>\$ -0-</u>

See Notes to Financial Statements.

CITY OF CROWLEY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the City of Crowley, Louisiana, (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

Financial reporting entity:

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government -

The City was incorporated in 1886 under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Aldermen form of government. The Board of Aldermen is comprised of nine members (one member is elected at large and two members are elected from each of the four Wards of the City for terms of four years). The City provides the following services to the residents of the City as authorized by its charter: police and fire protection, street and drainage systems, sewer services, parks and recreation, planning and zoning, and economic development programs.

Component units -

GASB Statement No. 14, "The Financial Reporting Entity," establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a state or local government, and the right to buy, sell, lease, and mortgage property in its own name.

## NOTES TO FINANCIAL STATEMENTS

2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body, their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit, or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

In some instances, the potential component unit should be included in the reporting entity (even when the criteria above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on the above criteria, the City includes the component unit detailed below in the financial reporting entity. Other component units, which should be included in order to conform with generally accepted accounting principles, are omitted.

Discretely presented component unit:

Crowley City Marshal - The day-to-day operations of the Crowley City Marshal are funded through the City's General Fund as well as the Acadia Parish Police Jury.

Basis of presentation:

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The minimum number of funds maintained is consistent with legal and managerial requirements.

A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

The City's basic financial statements include both government-wide (reporting on the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general administrative services, public safety, public works, economic development, culture and recreation, and cemetery are classified as governmental activities. The City's sewer operations is classified as a business-type activity.

## NOTES TO FINANCIAL STATEMENTS

### Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government and component unit are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities generally supported by taxes and City general revenues from business-type activities generally financed in whole or in part with fees charged to external users. In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds are eliminated or reclassified. Interfund receivables and payables are eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

In the government-wide statement of net assets, the governmental type activities column (1) is presented on a consolidated basis by column, and (2) is reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets as well as long-term liabilities. The City's net assets are reported in three parts: (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

The government-wide statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A "function" is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, fines, and fees, which report fees, fines, forfeitures, and other charges to users of the City's services, (2) operating grants and contributions, which finance annual operating activities, and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers.

These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

## NOTES TO FINANCIAL STATEMENTS

The City reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term liabilities of the business-type activities relates to the City's sewer operations and is therefore reported as a direct expense of that activity on the statement of activities. The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

### Fund financial statements -

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds in a single column.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund - used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Fund - used to account for the collection and disbursement of the City's 1% parishwide sales tax levied in 1963 and the ½% levied in 1978. These taxes are dedicated as described in Note 15.

One-Half Cent Sales Tax - Salary Fund - used to account for the collection and disbursement of the City's ½% sales tax levied in 1982, which is dedicated as described in Note 15.

One-Half Cent Sales Tax - Street Improvement Fund - used to account for the collection and disbursement of the City's ½% sales tax levied in 1997, which is dedicated as described in Note 15.

## NOTES TO FINANCIAL STATEMENTS

The City reports the following major proprietary fund:

Utility Fund - used to account for the provision of sewer services to the residents of the City.

The City also reports the following fund type:

Internal Service Funds - used to account for self-insurance including medical insurance coverages provided to other departments on a cost-reimbursement basis.

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal services funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

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

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

Basis of accounting - measurement focus:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements; measurement focus refers to what is being measured. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

## NOTES TO FINANCIAL STATEMENTS

### Government-wide and proprietary fund financial statements -

The government-wide and proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Operating income (loss) reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services. Principal operating expenses for proprietary funds are the costs of providing services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the proprietary fund financial statements.

### Governmental fund financial statements -

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spending resources." Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Taxpayer-assessed income, gross receipts, and sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. The City considers all other revenues reported in the governmental funds to be available if the revenues were collected within sixty days after year-end. Expenditure-driven grant revenues are recorded when the qualifying expenditures have been incurred and all other grant requirements

## NOTES TO FINANCIAL STATEMENTS

have been met. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts, which are not accrued because they do not vest or accumulate, and (2) principal and interest on general long-term liabilities, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources in governmental funds.

Major revenue sources susceptible to accrual include sales taxes, ad valorem taxes, franchise taxes, intergovernmental revenues, and investment income. In general, other revenues are not susceptible to accrual because they are not generally measurable until received in cash.

### Use of estimates:

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

### Cash and cash equivalents:

For purposes of reporting cash flows, the City considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### Investments:

Under State law, the City may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The City may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost. These investments include amounts invested in the Louisiana Asset Management Pool (LAMP). The reported value of the pool is the same as the fair value of the pool shares.

NOTES TO FINANCIAL STATEMENTS

Custodial credit risk:

Deposits -

The City is exposed to custodial credit risk as it relates to their deposits with financial institutions. The City's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the City's name. Accordingly, the City had no custodial credit risk related to its deposits at August 31, 2006.

Investments -

The City's policy is to require all investments to be held in the City's name. Accordingly, the City had no custodial credit risk related to its investments at August 31, 2006.

Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These amounts are reported as "due from other funds" or "due to other funds" in the fund financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported as internal balances in the government-wide financial statements.

Restricted assets:

Certain resources of the Utility Fund are classified as restricted assets on the statement of net assets because their use is limited by debt restrictions.

Capital assets and depreciation:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements. General infrastructure assets acquired prior to September 1, 2003 are not reported in the basic financial statements.

Government-wide financial statements -

The City's property, plant, and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value at the date of donation. The costs of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. Depreciation is recorded as an

NOTES TO FINANCIAL STATEMENTS

allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives for depreciable assets are as follows:

	<u>Years</u>
Buildings and improvements	5 - 40
Sewer plant	20 - 40
Machinery and equipment	5 - 15
Autos and trucks	5

Fund financial statements -

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

Deferred revenue:

Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

Long-term liabilities:

Government-wide financial statements -

In the government-wide financial statements, outstanding debt is reported as liabilities and bond issuance costs are capitalized. Bond issue costs are amortized using the straight-line method over the life of the related bond issue, which is not materially different from the effective interest method.

Fund financial statements -

The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period. Issuance costs are reported as expenditures. Issuance costs, even if withheld from

## NOTES TO FINANCIAL STATEMENTS

the actual net bond proceeds received, are reported as debt service expenditures. Long-term liabilities of proprietary funds are accounted for in the same manner as in the government-wide financial statements.

### Equity classifications:

#### Government-wide and proprietary fund financial statements -

The City's net assets are reported in three parts: (1) invested in capital assets, net of related debt - consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net assets - consisting of net assets with constraints place on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net assets - all other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide statement of net assets reports \$7,342,400 of restricted net assets of which \$6,618,353 is restricted by enabling legislation.

#### Fund financial statements -

Governmental fund equity is classified as fund balance. In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Proprietary fund equity is classified the same as in the government-wide financial statements.

### Interfund transactions:

Quasi-external transactions are accounted for as revenues and expenditures, or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Legally authorized transfers are treated as operating transfers and are included in the results of operations in the fund financial statements. For purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

## NOTES TO FINANCIAL STATEMENTS

### Compensated absences:

After one year of employment with the City, each full-time employee is entitled to one week paid vacation, which is to be taken within the next year of employment. After two consecutive years of employment with the City, each full-time employee is entitled to two weeks paid vacation and for each year of employment thereafter. Annual vacation is not accumulated and compensation in lieu of vacation is not paid. Upon termination, any accumulated vacation time is paid together with any wages due as of the effective date of the employee's termination. No accrual is recorded for this as the amount at August 31, 2006 is determined immaterial.

All persons employed full-time by the City shall be entitled to a 15 day sick leave during each calendar year, which leave may be accumulated for a two-year period for a term of 30 full days if not used during the year which same accrues. Sick leave may not accumulate for more than two calendar years, and if not used during the year in which same accrues, may be used in subsequent years. Sick leave is not paid at termination.

Compensatory leave shall be earned at time and one-half rate for overtime work and work required on an observed holiday. However, any employee who accrues 240 hours of compensatory leave shall, for any additional overtime hours or work, be paid overtime compensation at time and one-half rate. Upon separation, each employee shall be paid the value of his/her accrued compensatory leave in a lump sum at a rate not less than the average regular rate received during the last three years of employment or the final rate received, whichever is higher. No accrual is recorded for this as the amount at August 31, 2006 is determined immaterial.

### Impairments:

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The City is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The City recorded no impairment losses during the year ended August 31, 2006.

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments

As of August 31, 2006, the City had the following investments and maturities:

	<u>Fair Value</u>
U.S. Instrumentalities:	
Maturities (in years) -	
Less than one	\$ -
One - five	-
Six - ten	-
More than ten	979,636
State investment pool (LAMP):	
Maturities (in years) -	
Less than one	<u>4,694</u>
	<u>\$ 984,330</u>

Interest Rate Risk: The primary investment objective of the City is to ensure that current and future obligations are adequately funded in a cost effective manner. The goals of the policy are safety of principal, liquidity and yield. As a result, the City may invest as provided in R.S. 33:2955(A)(1). This statute allows the investments identified in the Summary of Significant Accounting Policies (Note 1) and is a means of limiting the City's exposure to fair value losses arising from rising interest rates.

Credit Risk/Concentration of Credit Risk: Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies. The City's investment in U.S. Instrumentalities securities were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service at August 31, 2006. More than 5% of the investments above are in U.S. Instrumentalities which are invested in Federal National Mortgage Association securities, GNMA Guaranteed Pass-Through securities, Government National Mortgage Association securities and Federal Home Loan Mortgage Corporation securities. These investments represent 99.52% of the City's total investments at August 31, 2006. LAMP is rated AAA by Standard & Poor's at August 31, 2006.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires all investments to be in the City's name. Accordingly, the City had no custodial credit risk related to its investments at August 31, 2006.

NOTES TO FINANCIAL STATEMENTS

The City participates in the Louisiana Asset Management Pool (LAMP). The LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment; the LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. The LAMP is operated by a non-profit corporation, Louisiana Asset Management Pool, Inc., whose officers include the President, normally the Treasurer of the State of Louisiana, and a Secretary/Treasurer who is charged with the day-to-day operations of the program. LAMP, Inc. is governed by a Board of Directors consisting of nine to fourteen members elected each year by the participating entities.

The LAMP is intended to improve administrative efficiency and increase investment yield of participating public entities. The LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds, although the LAMP is not a money market fund and has no obligation to conform to this rule. The investment objectives of the LAMP are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, and maximize the return on the pool. The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective.

The dollar weighted average portfolio maturity of the LAMP assets is restricted to no more than 90 days and consists of no securities with a maturity in excess of 397 days. The LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in the LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by the LAMP and the fair value of the position of the pool is the same as the value of the pool shares.

Note 3. Restricted Assets - Enterprise Funds

Restricted assets of the Utility Fund were applicable to the following at August 31, 2006:

Revenue Bonds Debt Service Reserve Fund	\$ 499,047
Sewer System Renewal and Replacement Fund	<u>225,000</u>
	<u>\$ 724,047</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Due from Other Governmental Agencies

Amounts due from other governmental agencies consist of the following at August 31, 2006:

Fund financial statement:

Governmental Funds -

Acadia Parish School Board:

Sales taxes collected but not remitted \$ 88,596

State of Louisiana:

State grant funds 412,803

Federal pass-through grant funds 154,526

Video poker fees 7,218

Housing Authority 10,000

\$ 673,143

Government-wide financial statements:

Total amount reported in -

Governmental Funds, from above \$ 673,143

Additional sales and use taxes

due from Acadia Parish School Board 532,311

\$1,205,454

Note 5. Property Taxes

Government-wide financial statements -

Property taxes are recognized in the year for which they are levied.

Fund financial statements -

Property taxes attach as an enforceable lien on property at January 1. Taxes are levied in October and are due by December 31. The City bills and collects its own property taxes using the assessed values determined by the Acadia Parish Tax Assessor.

City property tax revenues are recognized when levied to the extent that they result in current receivables. The City levies taxes at 30.25 mills per dollar of assessed valuation of taxable property. For the year ended August 31, 2006, the assessed valuation of taxable property totaled \$51,648,030. Total taxes levied were \$1,562,353. Taxes receivable at August 31, 2006 totaled \$8,712, all of which is considered uncollectible.

NOTES TO FINANCIAL STATEMENTS

A summary of tax millage dedication is as follows:

Corporation tax	7.00 Mills
Street maintenance	5.00 Mills
Public buildings and drainage	5.00 Mills
Public recreation and parks	3.00 Mills
Disposal plant maintenance	3.50 Mills
Cemetery tax	0.75 Mills
Youth recreation tax	1.00 Mills
Fireman and policeman	<u>5.00 Mills</u>
 Total tax mills	 <u>30.25 Mills</u>

Note 6. Capital Assets

Capital assets activity for the year ended August 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 509,671	\$ -	\$ -	\$ 509,671
Construction in progress	<u>319,746</u>	<u>865,699</u>	<u>(729,619)</u>	<u>455,826</u>
Total capital assets not being depreciated	<u>\$ 829,417</u>	<u>\$ 865,699</u>	<u>\$ (729,619)</u>	<u>\$ 965,497</u>
Capital assets being depreciated -				
Land improvements	\$ -	\$ 97,338	\$ -	\$ 97,338
Buildings and improvements	5,834,507	651,388	(960)	6,484,935
Machinery and equipment	1,413,931	303,530	(123,047)	1,594,414
Autos and trucks	<u>2,241,080</u>	<u>315,980</u>	<u>(14,400)</u>	<u>2,542,660</u>
Total capital assets being depreciated	<u>\$ 9,489,518</u>	<u>\$ 1,368,236</u>	<u>\$ (138,407)</u>	<u>\$ 10,719,347</u>
Less accumulated depreciation for -				
Buildings and improvements	\$ (553,105)	\$ (192,909)	\$ 477	\$ (745,537)
Machinery and equipment	(754,517)	(147,573)	88,203	(813,887)
Autos and trucks	<u>(1,378,429)</u>	<u>(179,094)</u>	<u>3,210</u>	<u>(1,554,313)</u>
Total accumulated depreciation	<u>\$ (2,686,051)</u>	<u>\$ (519,576)</u>	<u>\$ 91,890</u>	<u>\$ (3,113,737)</u>
Total capital assets being depreciated, net	<u>\$ 6,803,467</u>	<u>\$ 848,660</u>	<u>\$ (46,517)</u>	<u>\$ 7,605,610</u>
Governmental activities capital assets, net	<u>\$ 7,632,884</u>	<u>\$ 1,714,359</u>	<u>\$ (776,136)</u>	<u>\$ 8,571,107</u>

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 835,382	\$ -	\$ -	\$ 835,382
Construction in progress	226,679	1,583,293	-	1,809,972
Total capital assets not being depreciated	<u>\$ 1,062,061</u>	<u>\$ 1,583,293</u>	<u>\$ -0-</u>	<u>\$ 2,645,354</u>
Capital assets being depreciated -				
Buildings and improvements	\$ 176,577	\$ 4,271	\$ -	\$ 180,848
Sewer plant	18,814,338	30,476	-	18,844,814
Machinery and equipment	449,540	61,894	(110,489)	400,945
Autos and trucks	143,371	14,095	(300)	157,166
Total capital assets being depreciated	<u>\$ 19,583,826</u>	<u>\$ 110,736</u>	<u>\$ (110,789)</u>	<u>\$ 19,583,773</u>
Less accumulated depreciation for -				
Buildings and improvements	\$ (157,072)	\$ (3,937)	\$ -	\$ (161,009)
Sewer plant	(5,501,317)	(820,853)	-	(6,322,170)
Machinery and equipment	(356,542)	(23,894)	108,151	(272,285)
Autos and trucks	(125,398)	(12,626)	275	(137,749)
Total accumulated depreciation	<u>\$ (6,140,329)</u>	<u>\$ (861,310)</u>	<u>\$ 108,426</u>	<u>\$ (6,893,213)</u>
Total capital assets being depreciated, net	<u>\$ 13,443,497</u>	<u>\$ (750,574)</u>	<u>\$ (2,363)</u>	<u>\$ 12,690,560</u>
Business-type activities capital assets, net	<u>\$ 14,505,558</u>	<u>\$ 832,719</u>	<u>\$ (2,363)</u>	<u>\$ 15,335,914</u>

Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 73,003
Public safety	223,231
Public works	63,102
Economic development	8,780
Culture and recreation	147,457
Cemetery	4,003
Total governmental activities depreciation expense	<u>\$ 519,576</u>
Business-type activities:	
Sewer	<u>\$ 861,310</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Interfund Balances

Interfund balances at August 31, 2006 consist of the following:

	Due From:		Total
	General Fund	Other Governmental Funds	
Due to:			
General Fund	\$ -	\$ 100	\$ 100
Other Governmental Funds	1,916	7,007	8,923
Utility Fund	17,139	-	17,139
Total	<u>\$ 19,055</u>	<u>\$ 7,107</u>	<u>\$ 26,162</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 8. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended August 31, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due In One Year
Governmental activities:					
Bonds payable -					
Sales Tax Street Improvement Bonds, Series ST-1997A	\$2,820,000	\$ -	\$ (340,000)	\$ 2,480,000	\$ 360,000
General Obligation Street Improvement Bonds, Series ST-1997B	2,355,000	-	(285,000)	2,070,000	300,000
Revenue Bonds, Series 2000A	2,399,500	3,937,725	(57,900)	6,279,325	141,200
Total bonds payable	<u>\$7,574,500</u>	<u>\$3,937,725</u>	<u>\$ (682,900)</u>	<u>\$10,829,325</u>	<u>\$ 801,200</u>
Other liabilities -					
MPERS liability	\$ 698,183	\$ -0-	\$ (37,703)	\$ 660,480	\$ 40,342
Total governmental activities long-term liabilities	<u>\$8,272,683</u>	<u>\$3,937,725</u>	<u>\$ (720,603)</u>	<u>\$11,489,805</u>	<u>\$ 841,542</u>
Business-type activities:					
DEQ loans	<u>\$5,195,619</u>	<u>\$ -0-</u>	<u>\$ (340,000)</u>	<u>\$ 4,855,619</u>	<u>\$ 350,000</u>

NOTES TO FINANCIAL STATEMENTS

The annual debt service requirements to maturity for all long-term liabilities outstanding at August 31, 2006 follows:

Governmental activities:

<u>Years Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 841,542	\$ 606,229	\$ 1,447,771
2008	885,766	562,368	1,448,134
2009	939,288	515,715	1,455,003
2010	996,721	465,738	1,462,459
2011	1,048,081	412,545	1,460,626
2012-2016	2,212,290	1,456,352	3,668,642
2017-2021	1,437,290	1,007,908	2,445,198
2022-2026	1,732,800	602,740	2,335,540
2027-2030	1,396,027	124,514	1,520,541
	<u>\$11,489,805</u>	<u>\$5,754,109</u>	<u>\$17,243,914</u>

Business-type activities:

<u>Years Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 350,000	\$ 142,295	\$ 492,295
2008	355,000	132,470	487,470
2009	370,000	122,522	492,522
2010	380,000	112,157	492,157
2011	395,000	101,497	496,497
2012-2016	2,102,430	334,688	2,437,118
2017-2021	900,000	95,425	995,425
2022	3,189	110	3,299
	<u>\$ 4,855,619</u>	<u>\$1,041,164</u>	<u>\$ 5,896,783</u>

Interest costs incurred and charged to expense for the year ended August 31, 2006 totaled \$618,280. Of this amount, \$179,332 is related to sewer activities and is therefore reported as a direct expense of that activity on the statement of activities.

NOTES TO FINANCIAL STATEMENTS

Long-term liabilities at August 31, 2006 consist of the following:

Governmental activities:

Bonds payable -

Series ST-1997A Sales Tax Street Improvement Bonds due in annual installments through June 1, 2012, at interest rates of 5.00% - 7.00%. The debt will be retired from proceeds of a special  $\frac{1}{2}$ % sales tax. \$ 2,480,000

Series ST-1997B General Obligation Street Improvement Bonds due in annual installments through June 1, 2012, at interest rates of 4.80% - 7.00%. The debt will be retired from proceeds of property taxes. 2,070,000

Series 2000A Revenue Bonds due in monthly installments through November 25, 2029, at a variable interest rate determined and reset weekly. The debt will be retired from excess annual revenues. 6,279,325

Total bonds payable \$10,829,325

Other liabilities:

The Municipal Police Employees' Retirement System (MPERS) liability was incurred on July 1, 1984. This liability resulted from the merger of the City's pension obligations for retired members and beneficiaries into the MPERS of the State of Louisiana. The MPERS liability is due in quarterly installments of \$21,644, including interest at 7.00% over a thirty-year period, which commenced July 1, 1984. This debt will be retired from future revenues of the City. \$ 660,480

Total governmental activities long-term liabilities \$11,489,805

Business-type activities:

Revolving demand loans at interest rates of 2.45% - 3.45% from the Department of Environmental Quality. The debt will be retired from excess annual sewer revenues. \$ 4,855,619

NOTES TO FINANCIAL STATEMENTS

Note 9. Flow of Funds; Restrictions on Use

Sewer Revenues:

Under the terms of the loan and pledge agreements with the Louisiana Department of Environmental Quality, all revenues derived from the operation of the utilities system are to be deposited into an account designated as the Sewer Revenue Fund and said account is to be maintained and administered in the following order of priority and for the following express purposes:

- (a) The payment of all reasonable and necessary expenses of operating and maintaining the utilities system.
- (b) Each month there shall be set aside into the Sewer Revenue Bond Sinking Fund on or before the 20th day of each month an amount equal to the principal, interest, and administrative fee accruing with respect to the bonds for such calendar month together with such additional proportionate sum as may be required to pay such principal, interest, and administrative fee as they become due.
- (c) Each month, there shall be set aside into the Revenue Bonds Debt Service Reserve Fund on or before the 20th day of each month a sum at least equal to 25% of the amount required to be paid into the Sewer Revenue Bond Sinking Fund until such time as there has been accumulated the lesser of (1) 10% of the proceeds of the bonds, or (2) the maximum scheduled principal and interest requirements for any succeeding year.
- (d) Funds shall be set aside into the Sewer System Renewal and Replacement Fund to provide for extensions, additions, improvements, renewals, and replacements necessary to properly operate the utilities system. Transfers shall be made on or before the 20th day of each month until the Fund equals \$225,000.

All required transfers were made for the year ended August 31, 2006.

Note 10. Department of Environmental Quality Revolving Loans

During the 1996 fiscal year, the Board of Aldermen approved a resolution to issue a maximum of \$12,000,000 of Sewer Revenue Bonds, Series 1995 to the Louisiana Department of Environmental Quality, to be issued in two or more series with the initial principal amount for the bonds being \$4,500,000. The City entered into a loan and pledge agreement with the Department of Environmental Quality that allows the City to make draws of the \$4,500,000 commitment as construction funds are expended for the construction and modification of wastewater treatment facilities. At August 31, 2006, amounts drawn to date totaled \$4,457,430.

## NOTES TO FINANCIAL STATEMENTS

During the 2000 fiscal year, the Board of Aldermen approved a resolution to issue an additional \$3,000,000 of Sewer Revenue Bonds to the Louisiana Department of Environmental Quality, issued as a parity obligation amount to the Series 1995 Bonds of \$4,500,000. The City entered into a loan and pledge agreement with the Department of Environmental Quality that allows the City to make draws of the \$3,000,000 commitment as construction funds are expended for the construction and modification of wastewater treatment facilities. At August 31, 2006, amounts drawn to date totaled \$2,783,189.

### Note 11. Pension Plans

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

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

Substantially, all employees are covered under the Municipal Employees' Retirement System of Louisiana except for police officers, firefighters, and judges, which are covered under the Municipal Police Employees' Retirement System, Firefighters' Retirement System, and Louisiana State Employees' Retirement System, respectively. Details concerning these plans are as follows:

#### Municipal Employees' Retirement System of Louisiana

##### Plan description:

The Municipal Employees' Retirement System of Louisiana (the "System") is a cost-sharing multiple-employer public employee retirement system (PERS) established and provided for by Louisiana Revised Statutes 11:1731 through 11:1866. The System is controlled and administered by a separate Board of Trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A.

Employees who retire at or after age 60 with at least 10 years of creditable service or at any age with at least 25 years of creditable service are entitled to a retirement benefit payable monthly for life, equal to 3% of their average final compensation multiplied by the employee's years of creditable service. Average final compensation is the employee's monthly earnings during the 36 consecutive or joined months of service that produce the highest average. The System also provides death and disability benefits. Benefits are established by State statute.

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

## NOTES TO FINANCIAL STATEMENTS

### Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 16.25% of annual covered payroll. The contribution requirements of Plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended August 31, 2006, 2005, and 2004 were \$284,012, \$275,406, and \$199,333, respectively, equal to the required contributions for each year.

### State of Louisiana - Municipal Police Employees' Retirement System

#### Plan description:

The Municipal Police Employees' Retirement System (the "System") is a cost-sharing multiple-employer public employee retirement system (PERS) established and provided for by Louisiana Revised Statutes 11:2211 through 11:2234. The System is controlled and administered by a separate Board of Trustees.

Membership is mandatory as a condition of employment for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, provided they do not have to pay social security and meet the statutory criteria.

Employees who retire at or after age 55 with at least 12 years of creditable service, at or after age 50 with at least 20 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3% of their average final compensation multiplied by the employee's years of creditable service. Average final compensation is the employee's monthly earnings during the 36 consecutive or joined months of service that produce the highest average. The System also provides death and disability benefits. Benefits are established by State statute.

The Municipal Police Employees' Retirement System issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601.

#### Funding policy:

Plan members are required to contribute 7.50% of their annual covered salary and the City is required to contribute 15.50% as established by State statute. The City's contributions to the System for the years ended August 31, 2006, 2005, and 2004 were \$149,764, \$163,004, and, \$131,209, respectively, equal to the required contributions for each year.

## NOTES TO FINANCIAL STATEMENTS

### State of Louisiana - Firefighters' Retirement System

#### Plan description:

The Firefighters' Retirement System (the "System") is a cost-sharing multiple-employer public employee retirement system (PERS) established and provided for by Louisiana Revised Statutes 11:2251 through 11:2268. The System is controlled and administered by a separate Board of Trustees.

Membership is mandatory as a condition of employment beginning on the date of employment provided the employee is on a permanent basis as a firefighter not participating in another public funded retirement system, and under fifty (50) years of age at the date of employment. Employees who retire at or after age 55 with at least 12 years of creditable service, at or after age 50 with at least 20 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3% of their average final compensation multiplied by the employee's years of creditable service. Average final compensation is the employee's monthly earnings during any 36 successive or joined months of service that produce the highest average. The System also provides death and disability benefits. Benefits are established by State statute.

The Firefighters' Retirement System issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to Firefighters' Retirement System, Post Office Box 94095 Capitol Station, Baton Rouge, Louisiana 70804-9095.

#### Funding policy:

Plan members are required to contribute 8.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.50% of annual covered payroll. The contribution requirements of Plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended August 31, 2006, 2005, and 2004 were \$142,819, \$250,055, and \$174,260, respectively, equal to the required contributions for each year.

### Louisiana State Employees' Retirement System

#### Plan description:

The City Judge is a member of the Louisiana State Employees' Retirement System. The Louisiana State Employees' Retirement System (the "System") is a cost-sharing multiple-employer public employee retirement system (PERS) established and provided for by Louisiana Revised Statutes 11:401 through 11:591. The System is controlled and administered by a separate Board of Trustees.

## NOTES TO FINANCIAL STATEMENTS

All State permanent employees are mandated by State law to participate in the System and all elected or appointed officials are eligible to participate in the System. Employees who retire at or after age 65 with at least 10 years of creditable service as a Judge or Court Officer, at or after age 55 with at least 12 years of creditable service as a Judge or Court Officer, at or after age 50 with a least 20 years of creditable service with at least 12 years of creditable service as a Judge or Court Officer, at any age with at least 18 years of creditable service as a Judge or Court Officer, or at age 70 with any number of years of creditable service as a Judge are entitled to a retirement benefit payable monthly for life, equal to 3.5% of their average compensation for every year of creditable service plus \$300. Average compensation is the employee's monthly earnings during the 36 successive months that produce the highest average. Employees who terminate with at least the amount of creditable service stated previously and who do not withdraw their employee contributions, may retire at the ages specified previously 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 Louisiana State Employees' Retirement System issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213.

### Funding policy:

Plan members are required to contribute 11.50% of their annual covered salary and the City is required to contribute 19.10% as established by State statute. The City's contributions to the System for the years ended August 31, 2006, 2005, and 2004 were \$5,293, \$4,783, and \$4,234, respectively, equal to the required contributions for each year.

### Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Effective February 1, 1994, the City established a risk management program for its workmen's compensation coverage and accounts for it in the Workmen's Compensation Fund. Interfund premiums are paid into this fund and are available to pay claims and administrative costs.

All funds of the City participate in the program and make payments to the Workmen's Compensation Fund based on premiums needed to pay prior and current year claims, administrative costs, and commercial insurance premiums and to establish a reserve for losses relating to catastrophes.

NOTES TO FINANCIAL STATEMENTS

The claims liability balance of \$5,181 reported in the Workmen's Compensation Fund at August 31, 2006, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the balances of claims liabilities during the last two years ended August 31, are as follows:

	<u>2006</u>	<u>2005</u>
Unpaid claims liability, beginning	\$ 2,968	\$ 19,689
Current year claims and changes in estimates	65,563	57,563
Claims paid	<u>(63,350)</u>	<u>(74,284)</u>
Unpaid claims liability, ending	<u>\$ 5,181</u>	<u>\$ 2,968</u>

Effective May 1, 1990, the City established a risk management program for its group health and life insurance coverage and accounts for it in the Employee Benefit Plan Fund. Both the employer and employees' share of premiums are paid into this fund and are available to pay claims and administrative costs. Interfund premiums are based primarily upon the insured fund's number of participants.

The claims liability balance of \$31,882 reported in the Employee Benefit Plan Fund at August 31, 2006, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the balances of claims liabilities during the last two years ended August 31, are as follows:

	<u>2006</u>	<u>2005</u>
Unpaid claims liability, beginning	\$ 246,935	\$ 17,607
Current year claims and changes in estimates	877,018	842,642
Claims paid	<u>(1,092,071)</u>	<u>(613,314)</u>
Unpaid claims liability, ending	<u>\$ 31,882</u>	<u>\$ 246,935</u>

NOTES TO FINANCIAL STATEMENTS

Note 13. Interfund Transfers

Interfund transfers for the year ended August 31, 2006 consist of the following:

	Transfers From:					Total
	General Fund	Sales Tax Fund	One-Half Cent Sales Tax - Salary Fund	One-Half Cent Sales Tax - Street Improvement Fund	Other Governmental Funds	
Transfers to:						
General Fund	\$ -	\$2,805,100	\$1,118,900	\$ 300,000	\$ 12,750	\$4,236,750
Other						
Governmental Funds	-	493,500	66,875	529,600	-	1,089,975
Utility Fund	1,261,500	100,000	-	-	-	1,361,500
Internal						
Service Funds	-	200,000	-	-	-	200,000
<b>Total</b>	<u>\$1,261,500</u>	<u>\$3,598,600</u>	<u>\$1,185,775</u>	<u>\$ 829,600</u>	<u>\$ 12,750</u>	<u>\$5,888,225</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 14. Contingent Liabilities

The City is party to various legal proceedings that normally occur in governmental operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorneys, any judgments rendered in the favor of the plaintiff or payments resulting from compromise settlements, if any, will be within the limits of the various insurance coverage carried by the City or funded through its self-insurance program.

The Louisiana Constitution prohibits seizures of a political subdivision's property and provides that no judgment against such a body can be paid until funds are appropriated for that purpose. The City's legal counsel expects the Courts to limit the scope of the plaintiff's inquiry into the City's finances.

## NOTES TO FINANCIAL STATEMENTS

The City participates in a number of federal and state grant programs that are fully or partially funded by grants received from other governmental entities. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material to the financial position of the City.

### Note 15. Dedication of Sales Tax Proceeds

The proceeds of the 1% City sales tax that became effective on May 1, 1963, are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

1. Public safety, public health, public works, sanitation, general government,
2. Maintaining and repairing streets, roads, highways, avenues, drain ditches and canals, and
3. Providing for operating expenses of said departments including salaries of personnel and capital outlay.

The proceeds of the 1/2% City sales tax that became effective on February 1, 1978, are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

1. Increasing the compensation of all employees of the City, and
2. For any other lawful corporate or public purpose.

The proceeds of the 1/2% City sales tax that became effective on April 1, 1982, are accounted for in the One-Half Cent Sales Tax - Salary Fund and are dedicated to the following purpose:

To be used for the purpose of City employee salary increases to be equally divided:

1. 33-1/3% to all employees not otherwise covered herein,
2. 33-1/3% to all fire personnel, and
3. 33-1/3% to all police personnel (increase to be paid across the board equally).

The proceeds of the 1/2% City sales tax that became effective on April 1, 1997, are accounted for in the One-Half Cent Sales Tax - Street Improvement Fund and are dedicated to the purposes of constructing, improving, and resurfacing City streets and to fund the proceeds of the tax into bonds to be issued in series from time to time for such purposes.

NOTES TO FINANCIAL STATEMENTS

Note 16. Compensation Paid to the Mayor and Board of Aldermen

Detail of the compensation paid to the Mayor and individual Aldermen for the year ended August 31, 2006 is as follows:

Isabella delaHoussaye, Mayor	\$ 59,303
James M. Buatt, Mayor Pro Tempore	7,200
Steven C. Premeaux, Member at Large	7,200
Nelson Arceneaux, Alderman	2,338
Anthony Jude "Tiger" Istre, Alderman	6,600
Woodrow M. Marceaux, Alderman	6,600
Vernon Martin, Alderman	4,125
Mary T. Melancon, Alderwoman	6,600
Laurita D. Pete, Alderwoman	6,600
Ira Thomas, Alderman	6,600
Kathleen M. Valdetero, Alderwoman	<u>6,600</u>
	<u>\$119,766</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CROWLEY, LOUISIANA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended August 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,964,200	\$ 1,964,200	\$ 2,049,434	\$ 85,234
Intergovernmental	4,604,770	936,520	1,529,293	592,773
Charges for services	43,900	33,900	27,026	(6,874)
Licenses and permits	472,960	492,960	497,987	5,027
Fines and fees	56,000	66,800	66,946	146
Investment income	136,350	94,850	72,638	(22,212)
Miscellaneous	<u>217,680</u>	<u>746,715</u>	<u>601,947</u>	<u>(144,768)</u>
Total revenues	<u>\$ 7,495,860</u>	<u>\$ 4,335,945</u>	<u>\$ 4,845,271</u>	<u>\$ 509,326</u>
<b>Expenditures:</b>				
Current -				
General government	\$ 1,089,505	\$ 1,346,680	\$ 1,366,469	\$ (19,789)
Public safety	3,521,845	3,479,470	3,474,119	5,351
Public works	1,634,860	1,584,485	1,600,755	(16,270)
Economic development	181,350	181,350	143,594	37,756
Debt service	609,980	609,980	634,423	(24,443)
Capital outlay	<u>4,637,070</u>	<u>3,575,106</u>	<u>3,799,695</u>	<u>(224,589)</u>
Total expenditures	<u>\$11,674,610</u>	<u>\$10,777,071</u>	<u>\$11,019,055</u>	<u>\$ (241,984)</u>
Deficiency of revenues over expenditures	<u>\$(4,178,750)</u>	<u>\$(6,441,126)</u>	<u>\$(6,173,784)</u>	<u>\$ 267,342</u>
<b>Other financing sources (uses):</b>				
Loan proceeds	\$ -	\$ 3,937,725	\$ 3,461,500	\$ (476,225)
Transfers in	4,181,750	4,239,750	4,236,750	(3,000)
Transfers out	<u>(3,000)</u>	<u>(1,740,725)</u>	<u>(1,261,500)</u>	<u>479,225</u>
Total other financing sources (uses)	<u>\$ 4,178,750</u>	<u>\$ 6,436,750</u>	<u>\$ 6,436,750</u>	<u>\$ -0-</u>
Net change in fund balance	\$ -0-	\$ (4,376)	\$ 262,966	\$ 267,342
Fund balance, beginning	<u>4,284,659</u>	<u>4,284,659</u>	<u>3,409,972</u>	<u>(874,687)</u>
Fund balance, ending	<u>\$ 4,284,659</u>	<u>\$ 4,280,283</u>	<u>\$ 3,672,938</u>	<u>\$(607,345)</u>

See Notes to Budgetary Comparison Schedules.

CITY OF CROWLEY, LOUISIANA  
 BUDGETARY COMPARISON SCHEDULE  
 SALES TAX FUND  
 Year Ended August 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,225,000	\$ 3,827,750	\$ 3,881,773	\$ 54,023
Investment income	<u>70,000</u>	<u>6,500</u>	<u>64,470</u>	<u>57,970</u>
Total revenues	<u>\$ 3,295,000</u>	<u>\$ 3,834,250</u>	<u>\$ 3,946,243</u>	<u>\$ 111,993</u>
Expenditures:				
Current -				
General government:				
Tax collection	\$ 48,375	\$ 48,375	\$ 55,574	\$ (7,199)
Professional services	6,000	6,000	1,245	4,755
Miscellaneous	<u>25</u>	<u>25</u>	<u>3</u>	<u>22</u>
Total expenditures	<u>\$ 54,400</u>	<u>\$ 54,400</u>	<u>\$ 56,822</u>	<u>\$ (2,422)</u>
Excess of revenues over expenditures	\$ 3,240,600	\$ 3,779,850	\$ 3,889,421	\$ 109,571
Other financing uses:				
Transfers out	<u>(3,240,600)</u>	<u>(3,598,600)</u>	<u>(3,598,600)</u>	<u>-</u>
Net change in fund balance	\$ -0-	\$ 181,250	\$ 290,821	\$ 109,571
Fund balance, beginning	<u>2,539,937</u>	<u>2,539,937</u>	<u>2,355,999</u>	<u>(183,938)</u>
Fund balance, ending	<u>\$ 2,539,937</u>	<u>\$ 2,721,187</u>	<u>\$ 2,646,820</u>	<u>\$ (74,367)</u>

See Notes to Budgetary Comparison Schedules.

CITY OF CROWLEY, LOUISIANA  
 BUDGETARY COMPARISON SCHEDULE  
 ONE-HALF CENT SALES TAX - SALARY FUND  
 Year Ended August 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,075,000	\$ 1,275,915	\$ 1,295,662	\$ 19,747
Investment income	<u>8,000</u>	<u>8,000</u>	<u>6,393</u>	<u>(1,607)</u>
Total revenues	<u>\$ 1,083,000</u>	<u>\$ 1,283,915</u>	<u>\$ 1,302,055</u>	<u>\$ 18,140</u>
<b>Expenditures:</b>				
Current -				
General government:				
Tax collection	\$ 16,125	\$ 19,990	\$ 20,263	\$ (273)
Professional services	<u>2,000</u>	<u>4,620</u>	<u>4,621</u>	<u>(1)</u>
Total expenditures	<u>\$ 18,125</u>	<u>\$ 24,610</u>	<u>\$ 24,884</u>	<u>\$ (274)</u>
Excess of revenues over expenditures	\$ 1,064,875	\$ 1,259,305	\$ 1,277,171	\$ 17,866
<b>Other financing uses:</b>				
Transfers out	<u>(1,185,775)</u>	<u>(1,185,775)</u>	<u>(1,185,775)</u>	<u>-</u>
Net change in fund balance	\$ (120,900)	\$ 73,530	\$ 91,396	\$ 17,866
Fund balance, beginning	<u>370,309</u>	<u>370,309</u>	<u>375,641</u>	<u>5,332</u>
Fund balance, ending	<u>\$ 249,409</u>	<u>\$ 443,839</u>	<u>\$ 467,037</u>	<u>\$ 23,198</u>

See Notes to Budgetary Comparison Schedules.

CITY OF CROWLEY, LOUISIANA  
 BUDGETARY COMPARISON SCHEDULE  
 ONE-HALF CENT SALES TAX - STREET IMPROVEMENT FUND  
 Year Ended August 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,075,000	\$ 1,277,500	\$ 1,295,662	\$ 18,162
Investment income	<u>50,000</u>	<u>32,000</u>	<u>58,532</u>	<u>26,532</u>
Total revenues	<u>\$ 1,125,000</u>	<u>\$ 1,309,500</u>	<u>\$ 1,354,194</u>	<u>\$ 44,694</u>
Expenditures:				
Current -				
General government:				
Tax collection	\$ 16,125	\$ 19,990	\$ 20,263	\$ (273)
Professional services	2,000	2,000	1,017	983
Miscellaneous	<u>15</u>	<u>15</u>	<u>-</u>	<u>15</u>
Total expenditures	<u>\$ 18,140</u>	<u>\$ 22,005</u>	<u>\$ 21,280</u>	<u>\$ 725</u>
Excess of revenues over expenditures	\$ 1,106,860	\$ 1,287,495	\$ 1,332,914	\$ 45,419
Other financing uses:				
Transfers out	<u>(774,900)</u>	<u>(829,600)</u>	<u>(829,600)</u>	<u>-</u>
Net change in fund balance	\$ 331,960	\$ 457,895	\$ 503,314	\$ 45,419
Fund balance, beginning	<u>2,478,895</u>	<u>2,478,895</u>	<u>2,468,871</u>	<u>(10,024)</u>
Fund balance, ending	<u>\$ 2,810,855</u>	<u>\$ 2,936,790</u>	<u>\$ 2,972,185</u>	<u>\$ 35,395</u>

See Notes to Budgetary Comparison Schedules.

## CITY OF CROWLEY, LOUISIANA

## NOTES TO BUDGETARY COMPARISON SCHEDULES

## Note 1. Budgets and Budgetary Accounting:

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the department heads submit to the City a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of a resolution.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Board of Aldermen.
5. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year-end. The budgets presented are the originally adopted and final amended budgets.

## Note 2. Excess of Expenditures Over Appropriations

The following individual funds had actual expenditures in excess of budgeted expenditures for the year ended August 31, 2006:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund	<u>\$11,674,610</u>	<u>\$10,777,071</u>	<u>\$11,019,055</u>	<u>\$(241,984)</u>
Sales Tax Fund	<u>\$ 54,400</u>	<u>\$ 54,400</u>	<u>\$ 56,822</u>	<u>\$ (2,422)</u>
One-Half Cent Sales Tax - Salary Fund	<u>\$ 18,125</u>	<u>\$ 24,610</u>	<u>\$ 24,884</u>	<u>\$ (274)</u>

OTHER SUPPLEMENTARY INFORMATION

## CITY OF CROWLEY, LOUISIANA

STATEMENT OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended August 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Taxes:</b>				
Ad valorem	\$ 1,144,000	\$ 1,144,000	\$ 1,124,231	\$ (19,769)
Electric franchise	445,000	445,000	588,304	143,304
Gas franchise	110,000	110,000	125,671	15,671
Telephone franchise	100,000	100,000	48,563	(51,437)
Cable TV franchise	98,000	98,000	95,011	(2,989)
Water franchise	54,000	54,000	53,852	(148)
In lieu of tax payments	10,000	10,000	10,000	-
Interest and penalties on taxes	3,200	3,200	3,802	602
<b>Total taxes</b>	<b>\$ 1,964,200</b>	<b>\$ 1,964,200</b>	<b>\$ 2,049,434</b>	<b>\$ 85,234</b>
<b>Intergovernmental:</b>				
Beer tax revenue	\$ 35,000	\$ 35,000	\$ 29,407	\$ (5,593)
Video poker tax revenue	180,000	361,500	359,227	(2,273)
2% fire insurance proceeds	43,000	53,500	53,513	13
Federal grants	161,770	77,070	230,790	153,720
One Stop Shop - training reimbursements	15,000	-	-	-
State grants	4,170,000	409,450	856,356	446,906
<b>Total intergovernmental</b>	<b>\$ 4,604,770</b>	<b>\$ 936,520</b>	<b>\$ 1,529,293</b>	<b>\$ 592,773</b>
<b>Charges for services:</b>				
Lot cutting fees	\$ 13,000	\$ 3,000	\$ 2,745	\$ (255)
Animal control fees	7,000	7,000	2,330	(4,670)
Frame and grate income	2,500	2,500	360	(2,140)
State highway clean-up fees	18,400	18,400	18,401	1
Miscellaneous fees	3,000	3,000	3,190	190
<b>Total charges for services</b>	<b>\$ 43,900</b>	<b>\$ 33,900</b>	<b>\$ 27,026</b>	<b>\$ (6,874)</b>

(continued)

CITY OF CROWLEY, LOUISIANA

STATEMENT OF REVENUES - BUDGET AND ACTUAL (CONTINUED)  
GENERAL FUND  
Year Ended August 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Licenses and permits:				
Occupational licenses	\$ 200,000	\$ 200,000	\$ 202,695	\$ 2,695
Insurance licenses	196,000	216,000	220,368	4,368
Liquor licenses	35,750	35,750	29,471	(6,279)
Building permits	25,710	25,710	27,650	1,940
Chain store licenses	14,000	14,000	12,062	(1,938)
Other licenses and permits	1,500	1,500	5,741	4,241
Total licenses and permits	<u>\$ 472,960</u>	<u>\$ 492,960</u>	<u>\$ 497,987</u>	<u>\$ 5,027</u>
Fines and fees:				
Court fines and fees	\$ 56,000	\$ 66,800	\$ 66,946	\$ 146
Investment income	<u>\$ 136,350</u>	<u>\$ 94,850</u>	<u>\$ 72,638</u>	<u>\$ (22,212)</u>
Miscellaneous:				
Rental of property	\$ 151,770	\$ 151,770	\$ 145,611	\$ (6,159)
Allstate grant	-	45,350	45,350	-
July-Fete fundraiser	11,000	11,000	5,461	(5,539)
Mardi Gras fundraiser	11,000	11,000	15,385	4,385
Gas and oil royalties	-	-	5,500	5,500
Miscellaneous police revenues	17,800	17,800	8,435	(9,365)
Retirees insurance reimbursements	16,500	16,500	9,467	(7,033)
Other	9,610	493,295	366,738	(126,557)
Total miscellaneous	<u>\$ 217,680</u>	<u>\$ 746,715</u>	<u>\$ 601,947</u>	<u>\$ (144,768)</u>
Total revenues	<u>\$ 7,495,860</u>	<u>\$ 4,335,945</u>	<u>\$ 4,845,271</u>	<u>\$ 509,326</u>

## CITY OF CROWLEY, LOUISIANA

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

Year Ended August 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Current:				
General government -				
General and				
administrative:				
Salaries and wages	\$ 439,250	\$ 439,250	\$ 414,626	\$ 24,624
Retirement and				
payroll taxes	66,000	66,000	64,581	1,419
Group insurance	71,750	71,750	60,396	11,354
General insurance	30,925	30,925	30,573	352
Office expenses and				
postage	27,500	27,500	25,691	1,809
Telephone and				
utilities	15,000	15,000	12,076	2,924
Professional services	70,000	200,000	232,709	(32,709)
Computer expense	27,000	32,500	31,059	1,441
Conventions and				
schools	16,500	16,500	7,438	9,062
Dues	4,000	4,000	3,419	581
Publication expense	25,100	25,100	29,267	(4,167)
Tax roll expense	9,300	9,300	10,561	(1,261)
Collision loss	48,350	93,350	104,685	(11,335)
Disaster expense	-	70,675	82,251	(11,576)
Miscellaneous	48,880	48,880	63,114	(14,234)
Total general and				
administrative	<u>\$ 899,555</u>	<u>\$ 1,150,730</u>	<u>\$ 1,172,446</u>	<u>\$ (21,716)</u>
Courts:				
Salaries and wages	\$ 108,430	\$ 108,430	\$ 107,936	\$ 494
Retirement and payroll				
taxes	25,675	25,675	25,816	(141)
Group insurance	18,325	18,325	17,310	1,015
General insurance	7,970	7,970	8,758	(788)
City Court				
appropriation	20,000	20,000	20,000	-
Witness fees	6,000	12,000	11,550	450
Miscellaneous	3,550	3,550	2,653	897
Total courts	<u>\$ 189,950</u>	<u>\$ 195,950</u>	<u>\$ 194,023</u>	<u>\$ 1,927</u>
Total general				
government	<u>\$ 1,089,505</u>	<u>\$ 1,346,680</u>	<u>\$ 1,366,469</u>	<u>\$ (19,789)</u>

(continued)

CITY OF CROWLEY, LOUISIANA

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)

GENERAL FUND

Year Ended August 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Current (continued):				
Public safety -				
Fire department:				
Salaries and wages	\$ 932,750	\$ 902,750	\$ 905,704	\$ (2,954)
Retirement and payroll taxes	220,725	160,725	158,810	1,915
Group insurance	106,325	106,325	101,131	5,194
General insurance	103,000	107,500	107,435	65
Telephone and utilities	29,500	29,500	39,341	(9,841)
Gas and oil	7,800	7,800	14,938	(7,138)
Repairs and supplies	56,500	63,000	62,030	970
Uniforms	11,000	11,000	12,458	(1,458)
External appropriation	12,000	12,000	12,000	-
Fire prevention	4,000	4,000	6,193	(2,193)
Miscellaneous	<u>17,775</u>	<u>27,275</u>	<u>21,030</u>	<u>6,245</u>
Total fire department	<u>\$ 1,501,375</u>	<u>\$ 1,431,875</u>	<u>\$ 1,441,070</u>	<u>\$ (9,195)</u>
Police department:				
Salaries and wages	\$ 979,850	\$ 1,021,850	\$ 1,021,667	\$ 183
Retirement and payroll taxes	238,350	238,350	189,960	48,390
Group insurance	103,275	103,275	109,991	(6,716)
General insurance	147,100	157,225	157,221	4
Office expenses and postage	12,350	12,350	10,131	2,219
Telephone and utilities	30,000	30,000	31,343	(1,343)
Computer expense	13,500	13,500	11,774	1,726
Gas and oil	56,000	56,000	89,233	(33,233)
Repairs and maintenance	65,350	65,350	57,804	7,546
Conventions and schools	17,000	17,000	11,190	5,810
Building rental	10,800	10,800	10,800	-
Uniforms	12,600	12,600	9,144	3,456
Miscellaneous	<u>18,510</u>	<u>18,510</u>	<u>31,654</u>	<u>(13,144)</u>
Total police department	<u>\$ 1,704,685</u>	<u>\$ 1,756,810</u>	<u>\$ 1,741,912</u>	<u>\$ 14,898</u>

(continued)

CITY OF CROWLEY, LOUISIANA

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)

GENERAL FUND

Year Ended August 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Current (continued):				
Public safety -				
Code enforcement:				
Salaries and wages	\$ 180,450	\$ 155,450	\$ 154,612	\$ 838
Retirement and payroll taxes	29,310	29,310	27,013	2,297
Group insurance	24,350	24,350	20,933	3,417
General insurance	15,325	15,325	16,621	(1,296)
Office expenses and postage	4,250	4,250	3,679	571
Telephone and utilities	6,000	6,000	7,617	(1,617)
Gas and oil	7,800	7,800	10,885	(3,085)
Repairs and supplies	10,000	10,000	11,285	(1,285)
Trash clean-up	10,000	10,000	17,675	(7,675)
Animal control	5,000	5,000	4,327	673
Miscellaneous	23,300	23,300	16,490	6,810
Total code enforcement	<u>\$ 315,785</u>	<u>\$ 290,785</u>	<u>\$ 291,137</u>	<u>\$ (352)</u>
Total public safety	<u>\$ 3,521,845</u>	<u>\$ 3,479,470</u>	<u>\$ 3,474,119</u>	<u>\$ 5,351</u>
Public works -				
Drainage and public buildings:				
Salaries and wages	\$ 208,000	\$ 158,000	\$ 141,676	\$ 16,324
Retirement and payroll taxes	35,700	25,700	24,540	1,160
Group insurance	27,300	17,300	18,313	(1,013)
General insurance	34,700	36,400	36,407	(7)
Telephone and utilities	71,650	87,650	92,534	(4,884)
Professional services	20,000	20,000	45,092	(25,092)
Gas and oil	17,000	17,000	22,368	(5,368)
Repairs and supplies	61,000	61,000	63,271	(2,271)
Miscellaneous	11,945	11,945	13,280	(1,335)
Total drainage and public buildings	<u>\$ 487,295</u>	<u>\$ 434,995</u>	<u>\$ 457,481</u>	<u>\$ (22,486)</u>

(continued)

CITY OF CROWLEY, LOUISIANA

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
GENERAL FUND  
Year Ended August 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Current (continued):				
Public works -				
Street department:				
Salaries and wages	\$ 483,775	\$ 448,775	\$ 445,426	\$ 3,349
Retirement and payroll taxes	73,410	73,410	74,054	(644)
Group insurance	72,750	52,750	58,072	(5,322)
General insurance	81,500	86,925	86,923	2
Professional services	25,000	-	-	-
Gas and oil	25,000	40,000	49,230	(9,230)
Repairs and supplies	84,000	84,000	66,147	17,853
Asphalt, gravel, shell, and sand	24,500	24,500	15,735	8,765
Street signs and signals	10,000	10,000	9,056	944
Street and traffic lights	150,000	173,000	197,016	(24,016)
Rice Festival expense	13,000	13,000	13,153	(153)
Tree expense	24,000	24,000	9,757	14,243
Mosquito control	30,000	30,000	29,665	335
Contract labor	36,000	71,000	71,847	(847)
Miscellaneous	14,630	18,130	17,193	937
Total street department	<u>\$ 1,147,565</u>	<u>\$ 1,149,490</u>	<u>\$ 1,143,274</u>	<u>\$ 6,216</u>
Total public works	<u>\$ 1,634,860</u>	<u>\$ 1,584,485</u>	<u>\$ 1,600,755</u>	<u>\$ (16,270)</u>
Economic development -				
I-Acadia	\$ 21,350	\$ 21,350	\$ -	\$ 21,350
July-Fete fundraiser	27,500	27,500	27,748	(248)
Mardi Gras fundraiser	27,500	27,500	26,406	1,094
Tourism and promotion	105,000	105,000	89,440	15,560
Total economic development	<u>\$ 181,350</u>	<u>\$ 181,350</u>	<u>\$ 143,594</u>	<u>\$ 37,756</u>
Debt service:				
Principal	\$ 409,575	\$ 409,575	\$ 364,133	\$ 45,442
Interest and other charges	200,405	200,405	270,290	(69,885)
Total debt service	<u>\$ 609,980</u>	<u>\$ 609,980</u>	<u>\$ 634,423</u>	<u>\$ (24,443)</u>
Capital outlay	<u>\$ 4,637,070</u>	<u>\$ 3,575,106</u>	<u>\$ 3,799,695</u>	<u>\$ (224,589)</u>
Total expenditures	<u>\$11,674,610</u>	<u>\$10,777,071</u>	<u>\$11,019,055</u>	<u>\$ (241,984)</u>

CITY OF CROWLEY, LOUISIANA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
August 31, 2006

ASSETS	Industrial Inducement Fund	Rice City Civic Center Fund	Youth Recreation Operation Fund	Youth Recreation Building Maintenance Fund
Cash and cash equivalents	\$ 26,091	\$ 17,254	\$ 302,592	\$ 331,125
Investments	447,319	-	416	351
Accrued interest receivable	-	-	-	-
Due from other funds	-	-	1,072	7,246
<b>Total assets</b>	<b><u>\$ 473,410</u></b>	<b><u>\$ 17,254</u></b>	<b><u>\$ 304,080</u></b>	<b><u>\$ 338,722</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 2,242	\$ 7,639	\$ -
Due to other funds	-	-	7,007	-
<b>Total liabilities</b>	<b><u>\$ -0-</u></b>	<b><u>\$ 2,242</u></b>	<b><u>\$ 14,646</u></b>	<b><u>\$ -0-</u></b>
 <b>FUND BALANCES</b>				
Unreserved - designated for debt service	\$ -	\$ -	\$ -	\$ -
Unreserved - undesignated	473,410	15,012	289,434	338,722
<b>Total fund balances</b>	<b><u>\$ 473,410</u></b>	<b><u>\$ 15,012</u></b>	<b><u>\$ 289,434</u></b>	<b><u>\$ 338,722</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 473,410</u></b>	<b><u>\$ 17,254</u></b>	<b><u>\$ 304,080</u></b>	<b><u>\$ 338,722</u></b>

Cemetery Maintenance Fund	Cemetery Development Fund	Motor Vehicle Facility Fund	Main Street Fund	Debt Service Fund	Capital Projects Fund	Total
\$ 45,035	\$ 35,560	\$ 35,429	\$ 14,459	\$ 40,505	\$ 100	\$ 848,150
119,730	-	308	-	668,177	-	1,236,301
-	-	-	-	17,764	-	17,764
<u>155</u>	<u>-</u>	<u>307</u>	<u>143</u>	<u>-</u>	<u>-</u>	<u>8,923</u>
<u>\$ 164,920</u>	<u>\$ 35,560</u>	<u>\$ 36,044</u>	<u>\$ 14,602</u>	<u>\$ 726,446</u>	<u>\$ 100</u>	<u>\$ 2,111,138</u>
\$ -	\$ 182	\$ 597	\$ -	\$ -	\$ -	\$ 10,660
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>7,107</u>
<u>\$ -0-</u>	<u>\$ 182</u>	<u>\$ 597</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 100</u>	<u>\$ 17,767</u>
\$ -	\$ -	\$ -	\$ -	\$ 726,446	\$ -	\$ 726,446
<u>164,920</u>	<u>35,378</u>	<u>35,447</u>	<u>14,602</u>	<u>-</u>	<u>-</u>	<u>1,366,925</u>
<u>\$ 164,920</u>	<u>\$ 35,378</u>	<u>\$ 35,447</u>	<u>\$ 14,602</u>	<u>\$ 726,446</u>	<u>\$ -0-</u>	<u>\$ 2,093,371</u>
<u>\$ 164,920</u>	<u>\$ 35,560</u>	<u>\$ 36,044</u>	<u>\$ 14,602</u>	<u>\$ 726,446</u>	<u>\$ 100</u>	<u>\$ 2,111,138</u>

CITY OF CROWLEY, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended August 31, 2006

	Industrial Inducement Fund	Rice City Civic Center Fund	Youth Recreation Operation Fund	Youth Recreation Building Maintenance Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 153,325	\$ 51,199
Intergovernmental	-	-	10,102	-
Charges for services	-	15,760	180,751	-
Investment income	12,808	-	827	3,189
Miscellaneous	-	-	5,482	-
<b>Total revenues</b>	<b>\$ 12,808</b>	<b>\$ 15,760</b>	<b>\$ 350,487</b>	<b>\$ 54,388</b>
<b>Expenditures:</b>				
Current -				
General government	\$ -	\$ -	\$ -	\$ -
Economic development	431	-	-	-
Culture and recreation	-	50,685	771,126	160,986
Cemetery	-	-	-	-
Debt service -				
Principal	-	2,322	4,641	2,356
Interest and other charges	-	5,268	11,744	5,523
Capital outlay	-	2,700	139,759	34,073
<b>Total expenditures</b>	<b>\$ 431</b>	<b>\$ 60,975</b>	<b>\$ 927,270</b>	<b>\$ 202,938</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 12,377</b>	<b>\$ (45,215)</b>	<b>\$ (576,783)</b>	<b>\$ (148,550)</b>
<b>Other financing sources (uses):</b>				
Loan proceeds	\$ -	\$ -	\$ 397,225	\$ 79,000
Proceeds from sale of fixed assets	-	-	5,225	-
Transfers in	-	34,500	358,000	112,100
Transfers out	(12,750)	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ (12,750)</b>	<b>\$ 34,500</b>	<b>\$ 760,450</b>	<b>\$ 191,100</b>
<b>Net change in fund balances</b>	<b>\$ (373)</b>	<b>\$ (10,715)</b>	<b>\$ 183,667</b>	<b>\$ 42,550</b>
<b>Fund balances, beginning</b>	<b>473,783</b>	<b>25,727</b>	<b>105,767</b>	<b>296,172</b>
<b>Fund balances, ending</b>	<b>\$ 473,410</b>	<b>\$ 15,012</b>	<b>\$ 289,434</b>	<b>\$ 338,722</b>

Cemetery Maintenance Fund	Cemetery Development Fund	Motor Vehicle Facility Fund	Main Street Fund	Debt Service Fund	Capital Projects Fund	Total
\$ 38,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,878
-	-	-	-	-	14,902	25,004
-	5,775	73,692	-	-	-	275,978
2,138	-	487	-	22,119	-	41,568
-	-	-	4,935	-	-	10,417
<u>\$ 40,492</u>	<u>\$ 5,775</u>	<u>\$ 74,179</u>	<u>\$ 4,935</u>	<u>\$ 22,119</u>	<u>\$ 14,902</u>	<u>\$ 595,845</u>
\$ -	\$ -	\$ 64,333	\$ -	\$ 256	\$ -	\$ 64,589
-	-	-	52,721	-	-	53,152
-	-	-	-	-	-	982,797
30,857	1,371	-	-	-	-	32,228
-	-	-	-	340,000	-	349,319
-	-	-	-	149,550	-	172,085
-	-	-	-	-	14,902	191,434
<u>\$ 30,857</u>	<u>\$ 1,371</u>	<u>\$ 64,333</u>	<u>\$ 52,721</u>	<u>\$ 489,806</u>	<u>\$ 14,902</u>	<u>\$ 1,845,604</u>
<u>\$ 9,635</u>	<u>\$ 4,404</u>	<u>\$ 9,846</u>	<u>\$ (47,786)</u>	<u>\$ (467,687)</u>	<u>\$ -0-</u>	<u>\$ (1,249,759)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 476,225
-	-	-	-	-	-	5,225
-	-	-	55,775	529,600	-	1,089,975
-	-	-	-	-	-	(12,750)
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 55,775</u>	<u>\$ 529,600</u>	<u>\$ -0-</u>	<u>\$ 1,558,675</u>
\$ 9,635	\$ 4,404	\$ 9,846	\$ 7,989	\$ 61,913	\$ -0-	\$ 308,916
155,285	30,974	25,601	6,613	664,533	-	1,784,455
<u>\$ 164,920</u>	<u>\$ 35,378</u>	<u>\$ 35,447</u>	<u>\$ 14,602</u>	<u>\$ 726,446</u>	<u>\$ -0-</u>	<u>\$ 2,093,371</u>

CITY OF CROWLEY, LOUISIANA  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 August 31, 2006

ASSETS	Workmen's Compensation Fund	Employee Benefit Plan Fund	Total
Cash and cash equivalents	\$ 252,348	\$ 138,698	\$ 391,046
Investments	<u>206,522</u>	<u>-</u>	<u>206,522</u>
Total assets	<u>\$ 458,870</u>	<u>\$ 138,698</u>	<u>\$ 597,568</u>
 LIABILITIES AND NET ASSETS			
LIABILITIES			
Claims payable	\$ 5,181	\$ 31,882	\$ 37,063
NET ASSETS			
Unrestricted	<u>453,689</u>	<u>106,816</u>	<u>560,505</u>
Total liabilities and net assets	<u>\$ 458,870</u>	<u>\$ 138,698</u>	<u>\$ 597,568</u>

## CITY OF CROWLEY, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 Year Ended August 31, 2006

	Workmen's Compensation Fund	Employee Benefit Plan Fund	Total
Operating revenues:			
Charges for services	\$ 208,199	\$ 522,523	\$ 730,722
Miscellaneous	<u>23,926</u>	<u>407,549</u>	<u>431,475</u>
Total operating revenues	<u>\$ 232,125</u>	<u>\$ 930,072</u>	<u>\$1,162,197</u>
Operating expenses:			
Insurance premiums	\$ 74,492	\$ 198,542	\$ 273,034
Claims	27,535	877,018	904,553
Loss time	38,028	-	38,028
Professional services	18,905	3,732	22,637
Miscellaneous	<u>60</u>	<u>-</u>	<u>60</u>
Total operating expenses	<u>\$ 159,020</u>	<u>\$1,079,292</u>	<u>\$1,238,312</u>
Operating income (loss)	\$ 73,105	\$ (149,220)	\$ (76,115)
Nonoperating revenues:			
Investment income	<u>6,015</u>	<u>300</u>	<u>6,315</u>
Income (loss) before transfers	\$ 79,120	\$ (148,920)	\$ (69,800)
Transfers from other funds	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Change in net assets	\$ 79,120	\$ 51,080	\$ 130,200
Total net assets, beginning	<u>374,569</u>	<u>55,736</u>	<u>430,305</u>
Total net assets, ending	<u>\$ 453,689</u>	<u>\$ 106,816</u>	<u>\$ 560,505</u>

## CITY OF CROWLEY, LOUISIANA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
Year Ended August 31, 2006

	Workmen's Compensation Fund	Employee Benefit Plan Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from insured	\$ -	\$ 81,284	\$ 81,284
Internal activity - receipts from other funds	208,199	441,239	649,438
Payments to suppliers for goods and services	(93,456)	(202,274)	(295,730)
Payments for claims and loss time	(63,350)	(1,092,071)	(1,155,421)
Other receipts	23,926	615,440	639,366
Net cash provided by (used in) operating activities	<u>\$ 75,319</u>	<u>\$ (156,382)</u>	<u>\$ (81,063)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	<u>\$ -0-</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	\$ 7,532	\$ 300	\$ 7,832
Purchases of investments	(206,522)	-	(206,522)
Proceeds from maturities of investments	200,952	-	200,952
Net cash provided by investing activities	<u>\$ 1,962</u>	<u>\$ 300</u>	<u>\$ 2,262</u>
Net increase in cash and cash equivalents	\$ 77,281	\$ 43,918	\$ 121,199
Cash and cash equivalents, beginning	<u>175,067</u>	<u>94,780</u>	<u>269,847</u>
Cash and cash equivalents, ending	<u>\$ 252,348</u>	<u>\$ 138,698</u>	<u>\$ 391,046</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 73,105	\$ (149,220)	\$ (76,115)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities -			
Decrease in claims receivable	-	207,891	207,891
Increase (decrease) in claims payable	2,214	(215,053)	(212,839)
Net cash provided by (used in) operating activities	<u>\$ 75,319</u>	<u>\$ (156,382)</u>	<u>\$ (81,063)</u>

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## CITY OF CROWLEY, LOUISIANA

COMBINED SCHEDULE OF CERTIFICATES OF  
DEPOSIT AND INVESTMENTS - ALL FUNDS

August 31, 2006

	Interest Rate	Maturity Date	Carrying Value
General Fund:			
Certificate of deposit	4.50%	08/20/07	\$ 500,000
Certificate of deposit	4.00%	03/15/07	250,000
Certificate of deposit	4.00%	01/22/07	265,483
Certificate of deposit	4.50%	08/07/07	272,141
Certificate of deposit	3.40%	10/02/06	140,482
Certificate of deposit	4.50%	08/05/07	100,000
Certificate of deposit	3.80%	10/16/06	76,688
U.S. Instrumentalities	5.00% - 8.50%	12/15/22 - 01/01/36	979,636
Money Market	4.48%	N/A	8,035
LAMP	5.28%	N/A	840
Total General Fund			<u>\$2,593,305</u>
Sales Tax Fund:			
Certificate of deposit	4.00%	03/15/07	\$ 250,000
Certificate of deposit	3.40%	09/12/06	250,000
Certificate of deposit	3.40%	09/12/06	200,000
Certificate of deposit	4.15%	06/24/07	559,919
Certificate of deposit	4.50%	08/05/07	601,043
LAMP	5.28%	N/A	937
Total Sales Tax Fund			<u>\$1,861,899</u>
One-Half Cent Sales Tax - Salary Fund:			
Certificate of deposit	4.91%	07/05/07	\$ 100,000
LAMP	5.28%	N/A	309
Total One-Half Cent Sales Tax - Salary Fund			<u>\$ 100,309</u>
One-Half Cent Sales Tax - Street Improvement Fund:			
Certificate of deposit	4.25%	03/03/07	\$ 294,960
Certificate of deposit	4.15%	06/24/07	223,338
Certificate of deposit	4.15%	06/24/07	335,948
Certificate of deposit	3.50%	12/31/06	315,332
Certificate of deposit	5.05%	08/22/07	750,000
Certificate of deposit	5.05%	08/22/07	600,000
LAMP	5.28%	N/A	413
Total One-Half Cent Sales Tax - Street Improvement Fund			<u>\$2,519,991</u>

(continued)

CITY OF CROWLEY, LOUISIANA

COMBINED SCHEDULE OF CERTIFICATES OF  
DEPOSIT AND INVESTMENTS - ALL FUNDS (CONTINUED)  
August 31, 2006

	Interest Rate	Maturity Date	Carrying Value
Industrial Inducement Fund:			
Certificate of deposit	4.50%	08/05/07	\$ <u>447,319</u>
Cemetery Maintenance Fund:			
Certificate of deposit	3.25%	09/06/06	\$ 64,462
Certificate of deposit	4.00%	06/24/07	55,027
LAMP	5.28%	N/A	<u>241</u>
Total Cemetery Maintenance Fund			\$ <u>119,730</u>
Utility Fund:			
Certificate of deposit	4.15%	06/24/07	\$ 223,338
Certificate of deposit	4.85%	03/15/07	75,000
Certificate of deposit	4.85%	03/17/07	75,000
Certificate of deposit	4.00%	06/25/07	272,816
Certificate of deposit	3.50%	12/03/06	485,961
LAMP	5.28%	N/A	<u>879</u>
Total Utility Fund			<u>\$1,132,994</u>
Youth Recreation Operation Fund:			
LAMP	5.28%	N/A	\$ <u>416</u>
Youth Recreation Building Maintenance Fund:			
LAMP	5.28%	N/A	\$ <u>351</u>
Motor Vehicle Facility Fund:			
LAMP	5.28%	N/A	\$ <u>308</u>
Bond Sinking Fund:			
Certificate of deposit	3.50%	12/03/06	\$ <u>668,177</u>
Workmen's Compensation Fund:			
Certificate of deposit	3.00%	10/15/06	\$ <u>206,522</u>
Total all funds			<u>\$9,651,321</u>

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COMPLIANCE AND INTERNAL CONTROL  
AND  
OTHER GRANT INFORMATION

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

To the Honorable Isabella delaHoussaye, Mayor,  
and the Board of Aldermen  
City of Crowley, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Crowley, Louisiana, as of and for the year ended August 31, 2006, which collectively comprise the City's basic financial statement, and have issued our report thereon dated December 5, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Crowley's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Crowley's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items #2006-2 through #2006-6.

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 caused by error or fraud 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. We consider the reportable conditions described above to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crowley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item #2006-1.

This report is intended solely for the information and use of the Mayor, Board of Aldermen, City of Crowley's management, Louisiana Legislative Auditor's Office, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor's Office as a public document.

*Broussard, Poché, Lewis & Breau, L.L.P.*

Crowley, Louisiana  
December 5, 2006

## CITY OF CROWLEY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2006

We have audited the basic financial statements of City of Crowley, Louisiana as of and for the year ended August 31, 2006, and have issued our report thereon dated December 5, 2006. 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. Our audit of the financial statements as of August 31, 2006 resulted in unqualified opinions on all opinion units with the exception of the aggregate discretely presented component units. An adverse opinion was issued on that opinion unit.

## Section I. Summary of Auditors' Results

## A. Report on Internal Control and Compliance Material to the Financial Statements

## Internal Control

Material Weaknesses	<u> X </u>	Yes	<u>    </u>	No
Reportable Conditions	<u> X </u>	Yes	<u>    </u>	No

## Compliance

Compliance Material to Financial Statements	<u> X </u>	Yes	<u>    </u>	No
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## Section II. Financial Statement Findings

**#2006-1 Bid Law Violation**

Finding: State law requires that the procedures detailed below be adhered to when purchasing materials and supplies. For purchases between \$10,000 and \$20,000, three quotes must be obtained and for purchases in excess of \$20,000, the purchase must go through the public bid process. During the current year, two purchases were found to not have been done in accordance with the law. These are detailed below.

The City purchased equipment during the year for the recreation department in the amount of \$14,500. In reviewing the invoice, the actual purchase amount was \$29,000 with the vendor giving a 50% discount. The City did not go through the bid process for this item nor did they obtain quotes.

The City obtained quotes for bleachers that were purchased during the year. They did not go with the lowest quote because the vendor they selected included installation in its price. Upon further review of the transaction, it was determined that not all vendors were given the same specifications for the purchase.

Recommendation: The City needs to implement procedures to ensure that State law is followed for the procurement of materials and supplies in all instances.

#### **#2006-2 Fixed/Capital Assets**

Finding: The City is responsible for maintaining a current and accurate listing of fixed assets owned. The current policies and procedures in place over the recordkeeping of fixed assets are not adequate to ensure that all property is properly added to the City's fixed assets listing. It appears that some purchase orders are forwarded to the individual maintaining the system while others are not. In addition, no one is reconciling the assets actually purchased by the City to what is being added to the fixed asset listing to ensure accuracy of the listing.

During the course of the audit, we identified \$192,920 of assets purchased during the year which should have been added to the listing and were not. In addition, one of the assets on the listing was overstated by \$409,813. This occurred because a partial payment was made in the 2005 fiscal year for this amount and when the final payment was made in the 2006 fiscal year, the entire amount was put on again.

Recommendation: A procedure should be established reconciling the assets purchased by the City and recorded in the general ledger to the amount included in the fixed asset listing.

#### **#2006-3 Grants Management**

Finding: Again this year, the City could not provide us with the grant document for the Law Enforcement Terrorism Prevention Program (LETPP). In addition, we were unable to determine where some of the expenses being reimbursed by FEMA were recorded and as a result we were unable to test these for propriety. Total amount received that we were unable to verify was \$47,288.

Recommendation: All grant documentation should be maintained on file by the Grants Coordinator. In addition, procedures should be established to require grant reimbursements to be reconciled to both the request and the expenditures recorded in the general ledger.

#### **#2006-4 Marshal Accounting**

Finding: We were unable to determine if the cash in the Marshal bank account is money earned by the Marshal over the years or if it is owed to other agencies for collection of fines/costs on their behalf. It appears that no one is keeping track of this information.

Recommendation: There should be a separate accounting of the money collected by the Marshal on behalf of other agencies and remitted to those agencies and the money earned by the Marshal and used to pay Marshal expenditures. In addition, steps need to be taken to determine if the cash in the account belongs to the Marshal or is owed to others.

#### **#2006-5 Controls Over Payroll**

Finding: When an employee begins working at the City, a payroll authorization (change) form is prepared. This form documents that the employee is officially hired by the City and is approved to be added to the payroll system. When testing the controls over this procedure, we randomly selected three new hires. Two of them did not have the authorization form in their file and one of the files could not be located. In addition, when an employee terminates, there is paperwork required to be in the file prior to the individual being removed from the payroll. We selected three individuals, who left employ with the City during the year, to test for compliance with procedures. Two of them did not have the required papers and one was a seasonal employee. There is apparently no paperwork on seasonal employees.

Recommendation: Because there is no paper trail for the items noted above, this results in a weakness in controls over the payroll process. Employees should only be added to the City's payroll and taken off of payroll when the payroll clerk receives written documentation. The payroll clerk should not have the authority to do this otherwise.

#### **#2006-6 Recreation Deposits**

Finding: Under the current procedures, each deposit is supposed to have the support for the deposit amount attached to the deposit. We randomly selected five days to test. For one of the days tested the support did not agree to the deposit amount.

Recommendation: We recommend that a procedure be established requiring that receipts for each deposit be reconciled to the amount deposited and the amount recorded in the general ledger.

CITY OF CROWLEY, LOUISIANA

SCHEDULE OF PRIOR FINDINGS  
Year Ended August 31, 2006

Section I. Internal Control and Compliance Material to the Financial Statements

**#2005-1 Recreation Revenues**

Recommendation: We recommend that the City adopt written policies and procedures whereby all renters are charged deposits and rental fees for rental of the Rice Theatre. If an organization is not charged a fee, there should be a cooperative endeavor agreement which meets all legal requirements between the City and the organization. In addition, deposits should be deposited into the appropriate account when received. We also recommend that the City adopt written policies and/or detailed procedures establishing controls over cash collections for all recreation revenues.

Current Status: Similar finding reported this year at #2006-6 related to controls over cash collections. The remaining issues are resolved.

**#2005-2 Grants Management**

Recommendation: We recommend that all original grant documents be maintained on file by the Grants Coordinator regardless of the origin of the grant funding.

Current Status: Similar finding this year at #2006-3.

**#2005-3 Fixed/Capital Assets**

Recommendation: We recommend that the City take an annual inventory of fixed/capital assets and compare it to the City's records to determine that the property and equipment listing represents actual items on hand. This will ensure that all fixed/capital assets are properly accounted for.

Current Status: Similar finding this year at #2006-2.

**#2005-4 Bid Law Violation**

Recommendation: We recommend that the City adopt procedures to ensure compliance with the State's public bid law in the future.

Current Status: Similar finding this year at #2006-1.

**#2005-5 Payroll**

Recommendation: We recommend that the City adopt written policies and/or detailed procedures whereby documentation is maintain in each employee's personnel file relating to rate of pay. We also recommend that all payroll liability accounts be reconciled on a periodic basis and any differences properly researched and resolved.

Current Status: Resolved.

Section II. Internal Control and Compliance Material to Federal Awards

None reported.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended August 31, 2005.



February 28, 2007

GREG A. JONES  
MAYOR

Mr. Steve Theriot  
Legislative Auditor  
State of Louisiana  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

STEVEN PREMEAUX  
ALDERMAN AT-LARGE  
MAYOR PRO-TEM

City of Crowley, Louisiana respectfully submits the following corrective action plan for the year ended August 31, 2006.

COUNCIL MEMBERS

Name and address of independent public accounting firm:  
Broussard, Poche', Lewis & Breaux, L.L.P.  
Certified Public Accountants  
Post Office Box 61400  
Lafayette, Louisiana 70596-1400

JEFF DORE'  
WARD I/DIV. A

KITTY VALDETERO  
WARD I/DIV. B

Audit period: September 1, 2005 through August 31, 2006.

TODD WHITING  
WARD II/DIV. A

The findings from the 2006 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

LYLE FOGLEMAN  
WARD II/DIV. B

Section II - Financial Statement Findings

VERNON MARTIN  
WARD III/DIV. A

#2006-1 Bid Law Violation

Recommendation: The City needs to implement procedures to ensure that State law is followed for the procurement of materials and supplies in all instances.

LAURITA D. PETE  
WARD III/DIV. B

Action Taken: We have met with the Recreation Director and he has been given a copy of the bid law to apply.

MARY T. MELANCON  
WARD IV/DIV. B

#2006-2 Fixed/Capital Assets

Recommendation: A procedure should be established reconciling the assets purchased by the City and recorded in the general ledger to the amount included in the fixed asset listing.

Action Taken: Fixed asset purchase invoices are now being sent to inventory from the Purchasing Agent to the Property Control Clerk.

#### #2006-3 Grants Management

Recommendation: All grant documentation should be maintained on file by the Grants Coordinator. In addition, procedures should be established to require grant reimbursements to be reconciled to both the request and the expenditures recorded in the general ledger.

Action Taken: This was a miscommunication between the Chief of Police and our Grants Coordinator. All grants now go through the Grants Coordinator.

#### #2006-4 Marshal Accounting

Recommendation: There should be a separate accounting of the money collected by the Marshal on behalf of other agencies and remitted to those agencies and the money earned by the Marshal and used to pay Marshal expenditures. In addition, steps need to be taken to determine if the cash in the account belongs to the Marshal or is owed to others.

Action Taken: We are researching the history of these monies with the previous staff in the Marshall's office.

#### #2006-5 Controls Over Payroll

Recommendation: Because there is no paper trail for the items noted above, this results in a weakness in controls over the payroll process. Employees should only be added to the City's payroll and taken off of payroll when the payroll clerk receives written documentation. The payroll clerk should not have the authority to do this otherwise.

Action Taken: There will be reconciliation between personnel listings and payroll on a semi-monthly basis.

#### #2006-6 Recreation Deposits

Recommendation: We recommend that a procedure be established requiring that receipts for each deposit be reconciled to the amount deposited and the amount recorded in the general ledger.

Action Taken:           Deposit procedures for all departments are being reviewed at this time.

If the Legislative Auditor has questions regarding this plan, please call Judy Istre at (337) 783-4103.

Sincerely yours,

CITY OF CROWLEY

A handwritten signature in cursive script that reads "Greg A. Jones".

Greg A. Jones  
Mayor