

**Town of Lake Providence
Lake Providence, Louisiana
Annual Financial Report
As of and for the Year Ended June 30, 2010**

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

Release Date 1/26/11

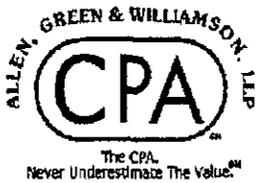
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INDEPENDENT AUDITORS' REPORT

Honorable Isaac Fields, Jr., Mayor,
and Members of the Board of Aldermen
Town of Lake Providence
Lake Providence, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Providence as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, the financial statements referred to above presented 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 Town as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2010, on our consideration of the Town'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 and the Budgetary Comparison Information as listed in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental 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 Town's basic financial statements. The accompanying information identified in the table of contents as supplemental information, which includes the schedule of expenditures of federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is 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.

Also, the accompanying other information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements of the Town. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 15, 2010

REQUIRED SUPPLEMENTAL INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

Town of Lake Providence
Management's Discussion and Analysis (MD&A)
June 30, 2010

Our discussion and analysis of the Town of Lake Providence's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2010.

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

FINANCIAL HIGHLIGHTS Our financial statements provide these insights into the results of this year's operations:

Governmental activities reported an increase in net assets of \$166,777 whereas business-type activities reported a decrease of \$318,804. The governmental activities revenue decreased mainly due to a decrease in police collections and a federal grant was terminated midyear. Expenditures also decreased due to personnel changes in the street department.

Total spending for our governmental activities was \$1,665,831. Most of the Town's property and sales taxes were used to support the net cost (after deducting restricted grants and fees charged to users) of these three areas: general and administrative of \$388,237, fire department of \$196,776 and the street department of \$307,251.

USING THIS ANNUAL REPORT

The Town's annual report consists of a series of financial statements that show information for the Town as a whole, and its funds. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Town's overall financial health. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds: the General Fund, Capital Project, and the Utility Enterprise Fund.

**Town of Lake Providence
Management's Discussion and Analysis (MD&A)
June 30, 2010**

The following chart reflects the information included in this annual report.

Financial Section

Required Supplemental Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements



Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Comparison Information

Supplemental Information

Schedule of Compensation Paid Mayor and Aldermen

Single Audit Information

Other Information

Summary Schedule of Prior Audit Findings
Corrective Action Plan for Auditor's Current Year Findings
Management Letter

Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information, and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Town of Lake Providence
Management's Discussion and Analysis (MD&A)
June 30, 2010

Reporting the Town as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the Town as a whole begins with the government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the Town's financial statements, report information about the Town as a whole and its activities in a way that helps answer this question. We prepare these statements to include *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net assets* - the difference between assets and liabilities, as reported in the Statement of Net Assets - as one way to measure the Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town's net assets - as reported in the Statement of Activities - are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the Town's *operating results*. However, the Town's goal is to provide services to our citizens, not to generate profits as commercial entities do. One must consider other nonfinancial factors, such as the quality of police and fire protection, the conditions of the Town's roads, and the quality of water, sewer and sanitation systems to assess the *overall health* of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental Activities - Most of the Town's basic services are reported here, including the police, fire, street and general administration. Property taxes, franchise fees, licenses and fees, fines and forfeitures, and state and federal grants finance most of these activities.

Business-type Activities - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water, sewer and sanitation systems are reported here.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The Town's fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law. However, the Town establishes other funds to help it control and manage money for particular purposes (like the capital project fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds - governmental and proprietary - use different accounting approaches:

Governmental funds - Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Town's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We

Town of Lake Providence
Management's Discussion and Analysis (MD&A)
June 30, 2010

describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in the reconciliations (Statements D and F).

Proprietary funds - When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's utility enterprise fund (a component of proprietary funds) are the same as business-type activities we report in the government-wide financial statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE TOWN AS A WHOLE

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

Table 1
Net Assets
June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$1,182,817	\$1,068,381	\$ 836,509	\$ 1,107,805	\$2,019,326	\$2,176,186
Restricted assets	-	-	176,263	169,926	176,263	169,926
Capital assets	2,795,277	2,399,402	6,978,408	7,231,809	9,773,685	9,631,211
Total assets	<u>3,978,094</u>	<u>3,467,783</u>	<u>7,991,180</u>	<u>8,509,540</u>	<u>11,969,274</u>	<u>11,977,323</u>
Current and other liabilities	204,004	184,930	221,664	346,254	425,668	531,184
Long-term liabilities	777,023	473,871	3,202,280	3,298,554	3,979,303	3,772,425
Total Liabilities	<u>981,027</u>	<u>658,801</u>	<u>3,423,944</u>	<u>3,644,808</u>	<u>4,404,971</u>	<u>4,303,609</u>
Net assets						
Invested in capital assets, net of	2,054,212	1,962,072	3,801,385	3,950,480	5,855,597	5,912,552
Restricted	-	-	19,236	15,006	19,236	15,006
Unrestricted	942,855	846,910	746,615	899,246	1,689,470	1,746,156
Total net assets	<u>\$2,997,067</u>	<u>\$2,808,982</u>	<u>\$ 4,567,236</u>	<u>\$ 4,864,732</u>	<u>\$7,564,303</u>	<u>\$7,673,714</u>

Net assets of the Town's governmental activities increased by 6.7% (\$2,997,067 compared to \$2,808,982). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$942,855 at the end of this year.

The net assets of our business-type activities decreased by 6.1% (\$4,567,236 compared to \$4,864,732).

**Town of Lake Providence
Management's Discussion and Analysis (MD&A)
June 30, 2010**

**Table 2
Changes in Net Assets
For the Years Ended June 30, 2010 and 2009**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 422,753	\$ 600,988	\$1,149,174	\$1,132,755	\$1,571,927	\$1,733,743
Operating grants and contributions	69,090	85,673	-	-	69,090	85,673
Capital grants and contributions	229,858	252,599	-	65,000	229,858	317,599
General revenues						
Property taxes	183,344	167,963	-	-	183,344	167,963
Sales tax	256,221	239,329	223,359	241,019	479,580	480,348
Payment in lieu of taxes	-	13,949	-	-	-	13,949
Other Taxes	119,825	123,653	-	-	119,825	123,653
Licenses and permits	108,088	106,374	-	-	108,088	106,374
Earnings on investments	27,103	10,908	955	21,411	28,058	32,319
Miscellaneous	57,626	78,831	-	-	57,626	78,831
Total Revenues	<u>1,473,908</u>	<u>1,680,267</u>	<u>1,373,488</u>	<u>1,460,185</u>	<u>2,847,396</u>	<u>3,140,452</u>
Functions/Program Expenses:						
Governmental Activities						
General and administrative	428,757	423,434	-	-	428,757	423,434
Police Department	513,137	551,058	-	-	513,137	551,058
Fire Department	196,776	195,775	-	-	196,776	195,775
Street Department	412,109	518,526	-	-	412,109	518,526
Mosquito control	996	997	-	-	996	997
Animal control	11,291	7,846	-	-	11,291	7,846
Culture and recreation	74,067	18,716	-	-	74,067	18,716
Interest Expense	28,698	20,812	-	-	28,698	20,812
Business-type Activities						
Utility Enterprise	-	-	1,333,592	1,358,326	1,333,592	1,358,326
Total Functions/Program Expenses	<u>1,665,831</u>	<u>1,737,164</u>	<u>1,333,592</u>	<u>1,358,326</u>	<u>2,999,423</u>	<u>3,095,490</u>
Increase (decrease) in net assets						
Transfers	358,700	280,000	(358,700)	(280,000)	-	-
Increase (decrease) in net assets	<u>166,777</u>	<u>223,103</u>	<u>(318,804)</u>	<u>(178,141)</u>	<u>(152,027)</u>	<u>44,962</u>
Net assets - beginning	<u>2,808,982</u>	<u>2,585,879</u>	<u>4,864,732</u>	<u>5,042,873</u>	<u>7,673,714</u>	<u>7,628,752</u>
Prior Period Adjustment	<u>21,308</u>	<u>-</u>	<u>21,308</u>	<u>-</u>	<u>42,616</u>	<u>-</u>
Net assets, beginning restated	<u>2,830,290</u>	<u>2,585,879</u>	<u>4,886,040</u>	<u>5,042,873</u>	<u>7,716,330</u>	<u>7,628,752</u>
Net assets, ending	<u>\$2,997,067</u>	<u>\$2,808,982</u>	<u>\$4,567,236</u>	<u>\$4,864,732</u>	<u>\$7,564,303</u>	<u>\$7,673,714</u>

Town of Lake Providence
Management's Discussion and Analysis (MD&A)
June 30, 2010

Governmental Activities

The cost of all governmental activities this year was \$1,665,831, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through town taxes was only \$944,130 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Transfers from the Utility Enterprise Fund of \$358,700 accounted for a significant part of the remaining revenue.

Table 3 presents the cost of each of the Town's governmental activities as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Governmental Activities
For the Years Ended June 30, 2010 and 2009

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2010	2009	2010	2009
Governmental Activities				
General and administrative	\$ 428,757	\$ 423,434	\$388,237	\$337,761
Police Department	513,137	551,058	61,814	(49,930)
Fire Department	196,776	195,775	196,776	195,775
Street Department	412,109	518,526	307,251	265,927
Mosquito control	996	997	996	997
Animal control	11,291	7,846	11,291	7,846
Culture and recreation	74,067	18,716	(50,933)	18,716
Interest expense	28,698	20,812	28,698	20,812
Total Functions/Program Expenses	<u>\$ 1,665,831</u>	<u>\$ 1,737,164</u>	<u>\$944,130</u>	<u>\$797,904</u>

Business-type Activities

Revenues of the Town's business-type activities (see Table 2) decreased by 5.9% (\$1,373,488 compared to \$1,460,185 in 2009) and expenses decreased by 1.8%. The factors driving these results include an increase in the amount collected for utility bills and based upon usage by customers, a decrease in sales tax collections and a decrease in capital grants received by the town and the expenses decreased due to less repairs and maintenance in the water and sewer department.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$978,813 which is an increase of \$74,054 in fund balance from last year before the prior period adjustment of \$21,038.

The Town water and sewer system saw its operating revenues increase 1.4% or \$16,419, and operating expenses decreased .7%, or \$8,178. The increase in operating revenue is due to usage increases and a full-year of our previous fiscal year rate change as well as stronger collections.

Town of Lake Providence
Management's Discussion and Analysis (MD&A)
June 30, 2010

There was a decrease of \$86,560 in non-operating revenues/expenses mainly due to less federal grants received for the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was revised during the year to increase budgeted revenues by \$421,712 due to a federal loan and federal grant received that was not originally budgeted. Overall budgeted expenditures increased the budgeted revision by \$378,439. This was due to an increase in expected expenditures in the culture and recreation department corresponding with the federal grant and loan. The final budgeted revenues exceeded the actual revenues by \$36,203 due mainly to less taxes and less permits collected. The final budgeted expenditures exceeded the actual expenses by \$72,334 which was mainly due to revenues had decreased because of less collections of taxes and permits.

CAPITAL ASSET

Capital Assets At June 30, 2010 and 2009, the Town had invested in the following capital assets:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Capital Assets Not Depreciated						
Land	\$ 206,382	\$ 206,382	\$ 61,545	\$ 61,545	\$ 267,927	\$ 267,927
Construction in progress	222,136	-	73,220	66,920	295,356	66,920
Depreciable Capital Assets						
Buildings	601,925	325,270	89,956	92,894	691,881	418,164
Buildings improvements	116,422	127,022	436	471	116,858	127,493
Infrastructure	1,315,458	1,384,939	6,507,694	6,706,877	7,823,152	8,091,816
Furniture and equipment	129,141	103,273	55,864	74,229	185,005	177,502
Vehicles	203,813	252,516	189,693	228,873	393,506	481,389
Totals	<u>\$2,795,277</u>	<u>\$2,399,402</u>	<u>\$6,978,408</u>	<u>\$7,231,809</u>	<u>\$9,773,685</u>	<u>\$9,631,211</u>

Additional information on capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

DEBT ADMINISTRATION At June 30, 2010, the Town had \$741,065 in bonds payable outstanding which was from the Street Project Bonds totaling \$500,000 that were issued by the USDA in 2007 and Culture and Recreation Project Bonds totaling \$355,000 that were issued by the USDA in 2009. Utility revenue bonds in the amount of \$3,288,000 were issued by the USDA and are being repaid over a forty-year period. The remaining bond payable for the Utility Revenue Bonds at June 30, 2010 was \$3,072,618. The funds were used to finance the cost of the construction of extensions, improvements, and additions to the existing waterworks and sewer systems of the Town. Additional information on long-term debt can be found in Note 8 of the Notes to the Basic Financial Statements.

Town of Lake Providence
Management's Discussion and Analysis (MD&A)
June 30, 2010

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS Our elected and appointed officials and citizens consider many factors when setting the Town's budget and tax rates. One of the most important factors affecting the budget is our franchise, ad valorem, sales, and other assorted tax collections. Approximately 38.3% of total revenues in the general fund are franchise, sales, and ad valorem tax. We have budgeted very little change in franchise and ad valorem tax revenues for the year ending June 30, 2011.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Mayor Isaac Fields, Jr., at the Town of Lake Providence, 201 Sparrow Street, Lake Providence, Louisiana 71263, telephone number (318) 559-2288.

Town of Lake Providence

BASIC FINANCIAL STATEMENTS:

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

TOWN OF LAKE PROVIDENCE

STATEMENT OF NET ASSETS
June 30, 2010

Statement A

	GOVERNMENTAL		BUSINESS-TYPE
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 1,077,633	\$ 667,164	\$ 1,744,797
Receivables (net)	88,709	185,820	274,529
Internal balances	16,475	(16,475)	0
Restricted assets - deposits	0	176,263	176,263
Capital assets:			
Land	206,382	61,545	267,927
Construction in progress	222,136	73,220	295,356
Capital assets, net	<u>2,366,759</u>	<u>6,843,643</u>	<u>9,210,402</u>
TOTAL ASSETS	<u>3,978,094</u>	<u>7,991,180</u>	<u>11,969,274</u>
LIABILITIES			
Accounts, salaries and other payables	204,004	64,637	268,641
Payable from restricted assets - deposits	0	157,027	157,027
Long term liabilities			
Due within one year	62,001	96,093	158,094
Due in more than one year	<u>715,022</u>	<u>3,106,187</u>	<u>3,821,209</u>
TOTAL LIABILITIES	<u>981,027</u>	<u>3,423,944</u>	<u>4,404,971</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,054,212	3,801,385	5,855,597
Restricted for:			
Deposits	0	19,236	19,236
Unrestricted	<u>942,855</u>	<u>746,515</u>	<u>1,689,470</u>
TOTAL NET ASSETS	<u>\$ 2,997,067</u>	<u>\$ 4,567,236</u>	<u>\$ 7,564,303</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General and administrative	\$ 428,757	\$ 0	\$ 40,520	\$ 0
Police Department	513,137	422,753	28,570	
Fire Department	196,776			
Street Department	412,109			104,858
Mosquito control	996			
Animal control	11,291			
Culture and recreation	74,067			125,000
Interest expense	28,698			
Total Governmental Activities	<u>1,665,831</u>	<u>422,753</u>	<u>69,090</u>	<u>229,858</u>
Business-Type Activities:				
Utility Enterprise	1,333,592	1,149,174	0	0
Total Business-Type Activities	<u>1,333,592</u>	<u>1,149,174</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 2,999,423</u>	<u>\$ 1,571,927</u>	<u>\$ 69,090</u>	<u>\$ 229,858</u>

General revenues:

 Taxes:

 Property taxes, levied for governmental activities

 Sales tax revenue

 Other taxes

 Licenses and permits

 Earnings on investments

 Miscellaneous

 Transfers

 Total general revenues and transfers

 Changes in net assets

Net assets - beginning, as originally stated

 Prior period adjustment

Net assets - beginning, as restated

Net assets - ending

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement B

PRIMARY GOVERNMENT

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

<u>Governmental</u>	<u>Business-Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>TOTAL</u>

\$ (388,237)	\$ 0	\$ (388,237)
(61,814)		(61,814)
(196,776)		(196,776)
(307,251)		(307,251)
(996)		(996)
(11,291)		(11,291)
50,933		50,933
<u>(28,698)</u>		<u>(28,698)</u>
<u>(944,130)</u>	<u>0</u>	<u>(944,130)</u>

	(184,418)	(184,418)
	(184,418)	(184,418)
<u>(944,130)</u>	<u>(184,418)</u>	<u>(1,128,548)</u>

183,344		183,344
256,221	223,359	479,580
119,825		119,825
108,088		108,088
27,103	955	28,058
57,626		57,626
<u>358,700</u>	<u>(358,700)</u>	<u>0</u>
<u>1,110,907</u>	<u>(134,386)</u>	<u>976,521</u>

166,777	(318,804)	(152,027)
2,808,982	4,864,732	7,673,714
<u>21,308</u>	<u>21,308</u>	<u>42,616</u>
<u>2,830,290</u>	<u>4,886,040</u>	<u>7,716,330</u>

<u>\$ 2,997,067</u>	<u>\$ 4,567,236</u>	<u>\$ 7,564,303</u>
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**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)**

TOWN OF LAKE PROVIDENCE

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2010

Statement C

	GENERAL	CAPITAL PROJECT	TOTAL
ASSETS			
Cash and cash equivalents	\$ 1,061,067	\$ 16,566	\$ 1,077,633
Receivables	88,709	0	88,709
Interfund receivables	16,475	1,449	17,924
TOTAL ASSETS	1,166,251	18,015	1,184,266
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts, salaries and other payables	186,293	17,711	204,004
Interfund payables	1,449	0	1,449
TOTAL LIABILITIES	187,742	17,711	205,453
FUND BALANCES:			
Unreserved and undesignated	978,509	304	978,813
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,166,251	\$ 18,015	\$ 1,184,266

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2010

Statement D

Total fund balances - governmental funds \$ 978,813

The cost of capital assets (land, buildings, furniture and equipment and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the Town as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	5,744,999	
Depreciation expense to date	<u>(2,949,722)</u>	
		2,795,277

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at June 30, 2010 are:

Long-term liabilities		
Bonds payable	(741,065)	
Compensated absences payable	<u>(35,958)</u>	
		<u>(777,023)</u>

Net Assets \$ 2,997,067

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE

GOVERNMENTAL FUNDS
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended June 30, 2010

Statement E

	GENERAL	CAPITAL PROJECT	TOTAL
REVENUES			
Local sources:			
Taxes	\$ 554,863	\$ 3,500	\$ 558,363
Beer Tax	1,027	0	1,027
Licenses and permits	108,088	0	108,088
Rental income	7,285	0	7,285
Fines and forfeitures	422,753	0	422,753
Earnings on investments	27,103	0	27,103
Miscellaneous revenues	47,991	2,350	50,341
Intergovernmental revenues:			
Federal	187,782	15,287	203,069
State	95,879	0	95,879
Total revenues	1,452,771	21,137	1,473,908
EXPENDITURES			
Current:			
General and administrative	395,488	3,500	398,968
Police Department	488,031	0	488,031
Fire Department	175,719	0	175,719
Street Department	396,623	0	396,623
Mosquito control	516	0	516
Animal control	11,291	0	11,291
Culture and recreation	560,784	1,579	562,443
Debt service:			
Principal retirement	51,265	0	51,265
Interest and bank charges	28,698	0	28,698
Total expenditures	2,108,375	5,179	2,113,554
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(655,604)	15,958	(639,646)
OTHER FINANCING SOURCES (USES)			
Transfers in	358,700	0	358,700
Loan Proceeds	355,000	0	355,000
TOTAL OTHER FINANCING SOURCES (USES)	713,700	0	713,700
NET CHANGE IN FUND BALANCES	\$ 58,096	\$ 15,958	\$ 74,054

(CONTINUED)

TOWN OF LAKE PROVIDENCE
GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes In Fund Balances
For the Year Ended June 30, 2010

Statement E

	<u>GENERAL</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL</u>
FUND BALANCES - BEGINNING, AS ORIGINALLY STATED	\$ 899,105	\$ (15,654)	\$ 883,451
PRIOR PERIOD ADJUSTMENT	<u>21,308</u>	<u>0</u>	<u>21,308</u>
FUND BALANCES - BEGINNING, AS RESTATED	<u>920,413</u>	<u>(15,654)</u>	<u>904,759</u>
FUND BALANCES - ENDING	<u>\$ 978,509</u>	<u>\$ 304</u>	<u>\$ 978,813</u>

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2010**

Statement F

Total net change in fund balances - governmental funds \$ 74,054

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 585,543	
Depreciation	(189,668)	395,875

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 51,265

Loan proceed received is included in revenue in the governmental funds, but is recognized as long-term debt on the Government-wide financial statements. (355,000)

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned \$8,637 was less than the amounts used (\$7,220) by \$(583).

583

Change in net assets of governmental activities. \$ 166,777

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE
PROPRIETARY FUND - UTILITY ENTERPRISE FUND
Statement of Net Assets
June 30, 2010

Statement G

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 687,164
Receivables, net	<u>185,820</u>
Total current assets	<u>852,984</u>
Non current assets:	
Restricted assets - deposits	176,263
Land	61,545
Construction in progress	73,220
Capital assets, net	<u>6,843,643</u>
Total non current assets	<u>7,154,671</u>
TOTAL ASSETS	<u>8,007,655</u>
LIABILITIES	
Current liabilities:	
Accounts, salaries and other payables	64,637
Interfund payables	<u>16,475</u>
Total current liabilities	<u>81,112</u>
Non current liabilities:	
Payable from restricted assets - deposits	157,027
Long term liabilities:	
Due within one year	96,093
Due in more than one year	<u>3,106,187</u>
Total non current liabilities	<u>3,359,307</u>
TOTAL LIABILITIES	<u>3,440,419</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,801,385
Restricted for deposits - Expendable	19,236
Unrestricted	<u>746,615</u>
TOTAL NET ASSETS	<u>\$ 4,567,236</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE

PROPRIETARY FUND - UTILITY ENTERPRISE FUND
 Statement of Revenues, Expenses,
 and Changes in Fund Net Assets
 For the Year Ended June 30, 2010

Statement H

OPERATING REVENUES	
Water sales	\$ 554,259
Sewer fees	276,212
Garbage fees	171,300
Street light fees	39,573
Penalty charges	40,193
Lakeside Sewer District fees	57,670
Miscellaneous	<u>9,967</u>
 Total operating revenues	 <u>1,149,174</u>
OPERATING EXPENSES	
General and administrative:	
Salaries and related benefits	92,636
Materials and supplies	1,142
Operating cost	21,135
Professional services	27,646
Other	9,899
Water department:	
Salaries and related benefits	99,171
Materials and supplies	39,906
Operating cost	161,051
Professional services	9,183
Depreciation expense	125,806
Other	1,168
Sewer department:	
Salaries and related benefits	98,001
Materials and supplies	19,978
Operating cost	111,630
Depreciation expense	105,476
Other	44,343
Sanitation expenses:	
Salaries and related benefits	88,202
Materials and supplies	1,083
Operating cost	52,235
Professional services	4,980
Depreciation expense	31,104
Other	<u>56,261</u>
 Total operating expenses	 <u>1,202,036</u>
 OPERATING INCOME	 <u>\$ (52,862)</u>

(CONTINUED)

TOWN OF LAKE PROVIDENCE
PROPRIETARY FUND - UTILITY ENTERPRISE FUND
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended June 30, 2010

Statement H

NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 955
Sales tax revenues	223,359
Interest expense	<u>(131,556)</u>
 Total nonoperating revenues (expenses)	 <u>92,758</u>
 INCOME (LOSS) BEFORE TRANSFERS	 <u>39,896</u>
 TRANSFERS IN/OUT	
Transfers out	<u>(358,700)</u>
 Total transfers in/out	 <u>(358,700)</u>
 CHANGE IN NET ASSETS	 <u>(318,804)</u>
 NET ASSETS - BEGINNING, AS ORIGINALLY STATED	 4,864,732
 PRIOR PERIOD ADJUSTMENT	 <u>21,308</u>
 NET ASSETS - BEGINNING, AS RESTATED	 <u>4,886,040</u>
 NET ASSETS - ENDING	 <u>\$ 4,567,236</u>

(CONCLUDED)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF LAKE PROVIDENCE
PROPRIETARY FUND - UTILITY ENTERPRISE FUND
Statement of Cash Flows
For the Year Ended June 30, 2010

Statement I

CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,176,859
Payments to employees	(365,800)
Payments to others	<u>(673,933)</u>
Net cash provided (used) for operating activities	<u>137,126</u>
 CASH FLOW (USES) FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers out	(358,700)
Sales tax receipts	<u>212,740</u>
Net cash provided (used) for noncapital financing activities	<u>(145,960)</u>
 CASH FLOW (USES) FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(8,985)
Interest on bonds	(131,556)
Payments on notes	<u>(104,306)</u>
Net cash provided (used) for capital and related financing activities	<u>(244,847)</u>
 CASH FLOW FROM INVESTING ACTIVITIES	
Earnings on investments	<u>955</u>
Net cash provided (used) for investing activities	<u>955</u>
Net increase (decrease) in cash and cash equivalents	(252,726)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,096,153</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 843,427</u>
Cash and cash equivalents	667,164
Restricted deposits	<u>176,263</u>
TOTAL CASH AND CASH EQUIVALENTS	843,427
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (52,862)
Adjustments to reconcile operating income to net cash provided (used) for operating activities:	
Depreciation	262,386
(Increase) decrease in accounts receivable	22,365
(Increase) decrease in interfund receivable	5,320
Increase (decrease) in accounts payable	(126,697)
Increase (decrease) in interfund payable	16,475
Increase (decrease) in deposits due others	2,107
Increase (decrease) in compensated absences	<u>8,032</u>
Net cash provided (used) by operating activities	<u>\$ 137,126</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

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Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Town of Lake Providence have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY The Town of Lake Providence was incorporated in 1848. In 1904, the Town began operating under the provisions of the "Lawrason Act" (Louisiana Revised Statutes (R.S.) 33:321-481) of the constitution of the State of Louisiana. The Town is located in the parish of East Carroll and has a population of 5,104. The Town operates under a Board of Aldermen - Mayor form of government and, as permitted under the act, provides police protection; fire protection; roads, streets and sidewalks; sponsorship of federal and state supported programs; water and sewer utilities; and other necessary public services.

B. FUNDS The accounts of the Town are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

Governmental Funds Governmental funds are used to account for most of a government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of long-term debt. Governmental funds include:

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

Capital project fund - is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund The proprietary fund accounts for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The proprietary fund differs from a governmental fund in that its focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. The proprietary fund of the Town is the Utility Enterprise Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Town for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Activities accounted for in the Town's proprietary fund follow all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS.

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains,

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Allocation of indirect expenses The Town 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 debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "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 pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in a governmental fund only if the claims are due and payable.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recognized when all applicable eligibility requirements are met and the resources are available.

Sales taxes are recognized when the underlying exchange transaction occurs and the resources are available.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the Town and are recognized as revenue at that time.

**Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010**

Expenditures

Salaries are recorded as earned.

Other Financing Sources (Uses) Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

Operating Revenues and Expenses Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. CASH AND CASH EQUIVALENTS Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, and money market or time deposit accounts with state banks organized under Louisiana laws and national banks having their principal offices in Louisiana.

Under state law, the Town may also invest in U. S. Government bonds, notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all others reported as investments.

The Town reports restricted assets on the Statement of Net Assets. This is cash that is customer deposits in the water department.

E. INVESTMENTS Under state law, the Town may invest in United States bonds treasury notes or certificates. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Town reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

G. ELIMINATION AND RECLASSIFICATIONS 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 were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

H. INVENTORY Inventory is accounted for using the consumption method, where expenditures are recognized as inventory is used. All purchased inventory items are valued at cost (first-in, first-out).

I. CAPITAL ASSETS Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold for equipment is \$500. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Land	N/A
Building	50
Improvements other than building	20
Infrastructure	40
Computers and computer equipment	5
Furniture and equipment	10
Vehicles	10

Effective with the fiscal year ended June 30, 2010, the Town implemented Government Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets (GASB51). The Town has determined to use the same dollar threshold as equipment and has elected to implement GASB51 prospectively.

J. DEFERRED REVENUES The Town reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Town has a legal claim to the resources, the liability for deferred revenue is removed and the revenue is recognized.

K. COMPENSATED ABSENCES Employees of the Town earn one week of vacation after completing one year of service. Upon completion of three years of service, employees earn two weeks vacation and two weeks each year thereafter. Such leave must be taken in the year accrued and cannot be carried over.

Sick leave is earned at the rate of one and one-fourth days per month to a maximum of fifteen days per year, and no more than 60 days may be accumulated at any one time. Also, in the event that an employee used all his/her accrued sick leave, the Town will provide \$60 per week for a period of six weeks. No employee is eligible for sick pay until he/she has been employed six months. The policy provides that unused sick leave of the current year is paid at retirement or termination.

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

The Town's recognition and measurement criteria for compensated absences follow:

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees when both of the following conditions are met:

- A. The employees' right to receive compensation is attributable to services already rendered, and
- B. It is probable that the employees will be compensated for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as *medical appointments and funerals*.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The Town uses the alternative approach to accrue the liability for sick leave which includes salary-related payments.

L. RESTRICTED NET ASSETS For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

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

M. FUND BALANCES OF FUND FINANCIAL STATEMENTS Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

N. INTERFUND ACTIVITY Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

O. SALES TAXES The voters of the Town of Lake Providence authorized, at a special election held November 3, 1998, a one per cent (1%) sales and use tax. At an election held on May 3, 2003, the one per cent (1%) sales and use tax was approved for an additional five (5) years from and after January 1, 2004. The tax is to be used for the purpose of constructing, acquiring, improving, extending, operating and/or maintaining the Town's sewers and sewage disposal facilities and/or its water works facilities and improvements. The tax is collected by Concordia Parish School Board. An additional one percent (1%) sales and use tax was approved by the voters on January 15, 2005. The tax is to be used for the purpose of improvement, maintenance and/or repair of public streets within the corporate limits of the Town of Lake Providence.

P. 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 and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

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

Interest Rate Risk: The Town's policy does not address interest rate risk.

Credit Risk: The Town's investments are in Certificates of Deposits which do not have credit ratings; however, the Town's policy does not address credit rate risk.

Custodial Credit Risk: At year end, the Town's carrying amount of deposits were \$1,921,060 (\$1,744,797 classified as cash and cash equivalents – Statement A and \$176,263 classified as restricted assets – deposits – Statement A) and the bank balance was \$1,997,437. Of the bank balance \$1,972,991 was covered by federal depository insurance or by collateral held by the Town's agent in the Town's name (GASB Category 1). The remaining bank balance of \$24,446 was collateralized with securities held by the pledging financial institution's trust department or agent not in the Town's name (GASB Category 3). Even though the pledged securities are considered uncollateralized under provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon request. The Town's policy does not address custodial credit risk.

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 3 - RECEIVABLES The following is a summary of receivables at June 30, 2010:

<u>Class of Receivables</u>	<u>General</u>	<u>Utility Enterprise</u>	<u>Total</u>
Taxes:			
Sales tax	\$ 31,927	\$ 31,927	\$ 63,854
Franchise tax	30,188	-	30,188
Other	26,594	12,778	39,372
Utilities:			
Billed utilities	-	136,649	136,649
Unbilled utilities	-	48,584	48,584
Gross receivables	<u>88,709</u>	<u>229,938</u>	<u>318,647</u>
Less allowance for uncollectables	-	44,118	44,118
Net total receivables	<u>\$ 88,709</u>	<u>\$ 185,820</u>	<u>\$ 274,529</u>

NOTE 4 - INTERFUND TRANSACTIONS Interfund receivables and payables include the following:

Interfund receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utility Fund	\$ 16,475
Capital Projects	General Fund	1,449
		<u>\$ 17,924</u>

Interfunds were used to cover expenses for funds at certain times of the year due to cash flow.

Transfers

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Utility Enterprise Fund	<u>\$ 358,700</u>
		<u>\$ 358,700</u>

Transfers are made from the utility fund each year to cover general fund deficiencies.

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 5 - CAPITAL ASSETS A schedule of changes in capital assets for the year ended June 30, 2010, follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities:				
Capital asset not being depreciated:				
Land	\$ 206,382	\$ -	\$ -	\$ 206,382
Construction in Progress	-	222,136	-	222,136
Total capital assets not being depreciated	<u>206,382</u>	<u>222,136</u>	<u>-</u>	<u>428,518</u>
Capital assets being depreciated:				
Buildings	818,257	300,000	-	1,118,257
Building Improvements	239,432	-	-	239,432
Infrastructure	2,674,343	-	-	2,674,343
Furniture and equipment	448,197	52,907	-	501,104
Vehicles	772,845	10,500	-	783,345
Total capital assets being depreciated	<u>4,953,074</u>	<u>363,407</u>	<u>-</u>	<u>5,316,481</u>
Less accumulated depreciation:				
Buildings	492,987	23,345	-	516,332
Building Improvements	112,410	10,600	-	123,010
Infrastructure	1,289,404	69,481	-	1,358,885
Furniture and equipment	344,924	27,039	-	371,963
Vehicles	520,329	59,203	-	579,532
Total accumulated depreciation	<u>2,760,054</u>	<u>189,668</u>	<u>-</u>	<u>2,949,722</u>
Total capital assets being depreciated, net	<u>2,193,020</u>	<u>173,739</u>	<u>-</u>	<u>2,366,759</u>
Governmental activities				
Capital assets, net	<u>\$2,399,402</u>	<u>\$395,875</u>	<u>\$ -</u>	<u>\$2,795,277</u>

Depreciation expense was charged to governmental activities as follows:

	\$ 30,372
General and administration	27,294
Police department	31,557
Fire department	94,754
Street department	480
Mosquito control	5,211
Culture and recreation	<u>\$ 189,668</u>
Total	

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

	<u>Ending Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 61,545	\$ -	\$ -	\$ 61,545
Construction in progress	66,920	6,300	-	73,220
Total capital assets not being depreciated	<u>128,465</u>	<u>6,300</u>	<u>-</u>	<u>134,765</u>
Capital assets being depreciated:				
Buildings	147,539	-	-	147,539
Building Improvements	23,689	-	-	23,689
Infrastructure	9,554,456	-	-	9,554,456
Furniture and equipment	308,139	2,685	-	310,824
Vehicles	383,472	-	-	383,472
Total capital assets being depreciated	<u>10,417,295</u>	<u>2,685</u>	<u>-</u>	<u>10,419,980</u>
Less Accumulated Depreciation:				
Buildings	54,645	2,938	-	57,583
Building Improvements	23,218	35	-	23,253
Infrastructure	2,847,579	199,183	-	3,046,762
Furniture and equipment	233,910	21,050	-	254,960
Vehicles	154,599	39,180	-	193,779
Total accumulated depreciation	<u>3,313,951</u>	<u>262,386</u>	<u>-</u>	<u>3,576,337</u>
Total capital assets, being depreciated, net	<u>7,103,344</u>	<u>(259,701)</u>	<u>-</u>	<u>6,843,643</u>
Business Type Activities				
Capital assets, net	<u>\$7,231,809</u>	<u>\$(253,401)</u>	<u>\$ -</u>	<u>\$6,978,408</u>

NOTE 6 - ACCOUNTS, SALARIES, AND OTHER PAYABLES The payables at June 30, 2010, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Utility Enterprise</u>	<u>Total</u>
Accounts payable	\$ 159,684	\$ -	\$ 54,040	\$ 213,724
Retainage payable	-	17,711	-	17,711
Wages payable	26,609	-	10,597	37,206
Total	<u>\$ 186,293</u>	<u>\$ 17,711</u>	<u>\$ 64,637</u>	<u>\$ 268,641</u>

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 7 - COMPENSATED ABSENCES The following is a summary of the changes in compensated absences for the year:

Balance at the beginning of the year	\$ 53,766
Additions	23,279
Deductions	<u>15,830</u>
Balance at the end of the year	<u>\$ 61,215</u>
Due within one year	<u>\$ 15,830</u>

NOTE 8 - LONG-TERM LIABILITIES The following is a summary of the long-term obligation transactions for the year ended June 30, 2010:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One year
Governmental activities					
Bonds payable	\$ 437,330	\$ 355,000	\$ 51,265	\$ 741,065	\$ 54,781
Compensated absences	36,541	6,637	7,220	35,958	7,220
Total governmental activities	<u>473,871</u>	<u>361,637</u>	<u>58,485</u>	<u>777,023</u>	<u>62,001</u>
Business-type activities					
Bonds payable	3,113,886	-	41,268	3,072,618	43,056
Compensated absences	17,225	16,642	8,610	25,257	8,610
Capital leases	167,443	-	63,038	104,405	44,427
Total business-type activities	<u>3,298,554</u>	<u>16,642</u>	<u>112,916</u>	<u>3,202,280</u>	<u>96,093</u>
Long-term liabilities	<u>\$ 3,772,425</u>	<u>\$ 378,279</u>	<u>\$ 171,401</u>	<u>\$ 3,979,303</u>	<u>\$ 158,094</u>

The individual issue is as follows:

Bond Issue	Issue Date	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
Governmental activities:						
USDA Street Project Bond	2/23/2007	\$ 500,000	4.125%	2/22/2017	\$ 61,852	\$ 388,361
USDA Community Center Project Bond	10/23/2009	355,000	4.250%	10/23/2049	372,810	352,704
Business-type activities:						
Utility Revenue Bond	9/11/2003	3,288,000	4.250%	9/11/2043	2,664,179	3,072,618

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

The annual requirements to amortize all bonds outstanding at June 30, 2010 are as follows:

For the year ended June 30,	Principal	Interest	Total
2011	\$ 97,837	\$ 161,112	\$ 258,949
2012	102,205	156,744	258,949
2013	106,768	152,181	258,949
2014	111,535	147,415	258,950
2015	116,516	142,453	258,969
2016-2020	422,012	646,560	1,068,572
2021-2025	388,560	568,001	956,561
2026-2030	480,378	476,184	956,562
2031-2035	593,893	362,669	956,562
2036-2040	734,230	222,332	956,562
2041-2044	588,107	56,412	644,519
2045-2049	71,642	6,778	78,420
Total	<u>\$ 3,813,683</u>	<u>\$ 3,098,841</u>	<u>\$ 6,912,524</u>

The capital leases are paid using resources from the business-type activities, whereas the compensated absences are paid using resources from the corresponding fund in which the salaries are being paid. The bond principal payments are being paid from the general fund and business-type activities.

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases:

Type	Lease Date	Gross Amount	Depreciation Expense June 30, 2010	Acculated Depreciation June 30, 2010
Industrial Vehicles	January 4, 2006	\$173,037	\$17,304	\$86,519
Garbage Truck	June 30, 2008	138,007	13,801	41,402

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2010:

	Garbage Truck	Industrial Vehicles
2011	\$ 31,931	\$ 17,380
2012	31,932	-
2013	31,931	-
Net minimum lease payments	<u>95,794</u>	<u>17,380</u>
Less amounts representing interest	8,456	313
Present value of net minimum lease payments	<u>\$ 87,338</u>	<u>\$ 17,067</u>

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 9 - RETIREMENT SYSTEMS Substantially all employees of the Town of Lake Providence are members of the Municipal Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer-defined benefit pension plan administered by a board of trustees. Police officers are eligible to participate in the Municipal Police Retirement System; however, for the current year, no one in the police department chose to participate in the plan.

The Municipal Employees Retirement System of Louisiana (System) is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All eligible employees of the Town are members of Plan B.

Plan Description All permanent employees working at least 35 hours per week who are not covered by another pension plan are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service and at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 months consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Lake Providence is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of 1%, except for Orleans Parish, of the taxes shown to be collected by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Lake Providence are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town of Lake Providence contributions to the System under Plan B for the year ending June 30, 2010, 2009, and 2008 were \$33,981, \$34,053, and \$31,279, respectively, equal to 100% of the required contributions for each year.

NOTE 10 - ON-BEHALF PAYMENTS Three town policemen and one town firemen received \$20,400 in police and firemen supplemental pay from the state of Louisiana, Department of Public Safety and Corrections. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of the supplemental pay received. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported in the Police and Fire departments.

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 11 - COMMITMENTS AND CONTINGENCIES The Town operates the water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Town is required to have EPA permits for wastewater. The Town relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies.

Construction Projects There are certain construction projects in progress at June 30, 2010 which include renovations to community center and street improvements in governmental funds in which of the open contracts of \$123,799 there was \$55,025 remaining. The utility fund's construction projects include water and utility system improvements which of the open contracts of \$121,460, there was \$48,240 remaining.

NOTE 12 - LITIGATION The Town of Lake Providence is not involved in litigation at June 30, 2010.

NOTE 13 - RISK MANAGEMENT The Town is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except for general liability, law enforcement officers' liability, and public officials' liability coverages that were obtained from the Louisiana Municipal Risk Management Agency. The Louisiana Municipal Risk Management Agency is a municipal risk pool administered by the Louisiana Municipal Association. The Louisiana Municipal Risk Management Agency operates similar to a commercial insurance company. Premiums are assessed members of the Louisiana Municipal Association annually, based on past experience of claims. The Louisiana Municipal Risk Management Agency services all claims for risk of loss to which the Town is exposed and cannot assess additional amounts if losses exceed their premiums (the covered risks are transferred to the Louisiana Municipal Risk Management Agency). No claims were paid on any policies during the fiscal year that exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2010.

NOTE 14 - LEVIED TAXES The Town levies taxes on real and business personal property located within the Town's boundaries. Property taxes are levied by the Town on property values assessed by the East Carroll Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Town of Lake Providence, State of Louisiana (the Town), renewed an authorized special tax of five and eighty seven hundredths (5.87) mills on all the property subject to taxation in said Town for a period of ten (10) years beginning with the year 2007 and ending with the year 2016, 2.61 mills for the purpose of purchasing vehicles, radio equipment and uniforms for the Police Department and 3.26 mills for the purpose of building a new fire station, purchasing a new fire truck and uniforms and equipment for the Fire Department.

The following is a summary of authorized and levied property taxes:

	Authorized <u>Millage</u>	Levied <u>Millage</u>
General Tax	11.44	11.44
Fire Tax	3.26	3.26
Police Tax	2.61	2.61

Town of Lake Providence
Notes to the Basic Financial Statements
For the Year Ended June 30, 2010

Property Tax Calendar

Millage rates adopted	August 20, 2009
Levy date	August 20, 2009
Tax bills mailed	October 28-29, 2009
Due date	December 31, 2009
Lien date	January 1, 2010
Tax sale - 2009 delinquent property	May 7, 2010

Assessed values are established by the East Carroll Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value.

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2008. Total assessed value was \$10,331,254 in calendar year 2009. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$0 of the assessed value in calendar year 2009.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

The calendar-year tax roll is prepared by the tax assessor and approved by the State Tax Commission in November of each year. The amount of property taxes to be collected occurs in December 2009, and January and February 2010. All property taxes are recorded in the general fund. The Town considers the date penalty and interest accrues (January 1, 2010) as the date an enforceable legal claim occurs for property taxes. Property tax revenue is recognized in the period for which the taxes are levied (budgeted). Accordingly, the property taxes are budgeted in the 2009-2010 fiscal year of the Town.

Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

NOTE 15 - PRIOR PERIOD ADJUSTMENT The Government-Wide Financial Statements include two prior period adjustments resulting in an increase of net assets of \$42,616. Both governmental activities and business-type activities increased their net assets by \$21,308 for each activity and a decrease in current year sales tax revenue for each activity. These amounts were due to the Town not recording sales tax revenues, which were collected in July 2009 for sales tax that occurred in June 2009. For full accrual reporting purposes revenues for sales tax are recorded in the period in which they occur.

NOTE 16 - SUBSEQUENT EVENTS The Town received a USDA grant in the amount of \$372,900 after fiscal year end; this grant is to be used on street improvements.

Town of Lake Providence

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF LAKE PROVIDENCE

GENERAL FUND
Budgetary Comparison Schedule

For the Year Ended June 30, 2010

Exhibit 1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
BUDGETARY FUND BALANCES, Beginning	\$ 899,105	\$ 920,413	\$ 920,413	0
Resources (inflows)				
Local sources:				
Taxes	548,000	575,535	554,863	(20,672)
Beer Tax	3,000	2,400	1,027	(1,373)
Licenses and permits	109,000	118,260	108,088	(10,172)
Rental income	12,800	8,200	7,285	(915)
Fines and forfeitures	590,000	425,000	422,753	(2,247)
Earnings on investments	9,000	9,000	27,103	18,103
Miscellaneous revenues	64,800	46,786	47,991	1,205
Loan proceeds	0	355,000	355,000	0
Intergovernmental revenues:				
Federal	59,791	201,783	187,782	(14,001)
State	95,879	104,510	95,879	(8,631)
Transfers from other funds	310,000	356,200	358,700	2,500
Amounts available for appropriations	<u>2,701,375</u>	<u>3,123,087</u>	<u>3,086,884</u>	<u>(36,203)</u>
Charges to appropriations (outflows)				
Current:				
General and administrative	531,001	406,709	395,468	11,241
Police Department	600,250	513,357	488,031	25,326
Fire Department	197,900	179,103	175,719	3,384
Street Department	363,934	375,942	396,623	(20,681)
Mosquito control	6,050	2,216	516	1,700
Animal control	18,000	14,480	11,291	3,189
Culture and recreation	17,500	608,867	560,784	48,103
Debt service:				
Principal retirement	67,635	80,035	51,265	28,770
Interest expense	0	0	28,698	(28,698)
Transfers to other funds	0	0	0	0
Total charges to appropriations	<u>1,802,270</u>	<u>2,180,709</u>	<u>2,108,375</u>	<u>72,334</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 899,105</u>	<u>\$ 942,378</u>	<u>\$ 978,509</u>	<u>36,131</u>

Town of Lake Providence
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2010

NOTE A. BUDGET PRACTICES The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

The Town Clerk and Mayor prepare a proposed budget and submit it to the Board of Aldermen.

The budget is adopted through passage of a budget and appropriation ordinance.

Total department expenditures constitute the legal level of budgetary control. Budgetary amendments involving the transfer of funds from one department, program or function to another or those involving increases in department expenditures, resulting from proposed spending of revenues that exceed amounts estimated require approval of the Board of Aldermen.

All budgetary appropriations lapse at the end of each fiscal year.

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts presented are as originally adopted, or as amended from time to time by the Board of Aldermen.

NOTE B. BUDGET TO GAAP RECONCILIATION

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation "from the budgetary comparison schedule.	\$3,086,884
--	-------------

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(920,413)
---	-----------

Loan proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(355,000)
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Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(358,700)</u>
--	------------------

Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$1,452,771</u>
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Uses/outflows of resources:

Actual amounts (budgetary basis) "charges to appropriation "from the budgetary comparison schedule.	\$2,108,375
---	-------------

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(0)</u>
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Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$2,108,375</u>
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Town of Lake Providence

SUPPLEMENTAL INFORMATION

Town of Lake Providence

**Schedule of Compensation Paid Mayor and Aldermen
For the Year Ended June 30, 2010**

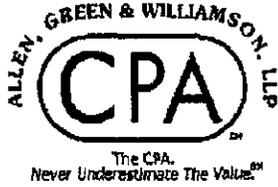
Exhibit 2

The schedule of compensation paid to the Mayor and Aldermen was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by Town ordinance, aldermen were paid \$800 per month.

Isaac Fields, Jr., Mayor	\$46,312
Ray J. Frazier	10,503
Nemia Madere	9,303
Karvan Powell	9,303
Amos Wright	9,303
Alfred Young	<u>9,303</u>
TOTAL	<u>\$94,027</u>

Town of Lake Providence

SINGLE AUDIT INFORMATION



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

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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

Honorable Isaac Fields, Jr., Mayor
and Members of the Board of Aldermen
Town of Lake Providence
Lake Providence, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Providence, (the Town) as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 10-F1 and 10-F4 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and question costs 10-F2, 10-F3, and 10-F5 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 10-F5.

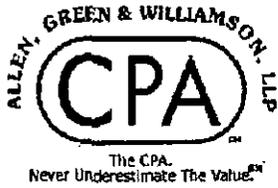
We noted certain matters that we reported to management of the Town in separate letter dated December 15, 2010.

The Town's responses to the findings identified in our audit are described in the accompanying corrective action plan for current year audit findings. We did not audit the Town's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Aldermen, management, others within the entity, 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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Allen, Green & Williamson, LLP
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 15, 2010



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Report on Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Honorable Isaac Fields, Jr. Mayor
and Members of the Board of Aldermen
Town of Lake Providence
Lake Providence, Louisiana

Compliance

We have audited the Town of Lake Providence's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Lake Providence's major federal programs for the year ended June 30, 2010. The Town of Lake Providence's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town of Lake Providence complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses* as defined above.

This report is intended solely for the information and use of the Aldermen, management, others within the entity, 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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 15, 2010

**Town of Lake Providence
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA <u>Number</u>	Pass Through <u>Grantor No.</u>	<u>Expenditures</u>
CASH FEERAL AWARDS			
United States Department of Agriculture			
Direct:			
Community Facilities Loans and Grants	10.766	08-05-03	\$ 480,000
Community Facilities Loans and Grants	10.780	N/A	<u>25,038</u>
Total United States Department of Agriculture			<u>505,038</u>
United States Department of Labor			
Direct:			
WIA Dislocated Workers	17.260	N/A	20,120
United States Department of Housing and Urban Development			
Passed through Louisiana Office of Community Development			
Community Development Block Grant	14.228	N/A	15,287
United States Department of Defense			
Passed through Louisiana Office of Homeland Security and Emergency Preparedness			
Public Assistance Grants	97.036	N/A	<u>17,624</u>
TOTAL CASH FEDERAL AWARDS			<u>\$ 558,069</u>

Town of Lake Providence
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Town of Lake Providence. The Town's reporting entity is defined in Note 1 to the Town's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Town's financial statements as follows:

Major fund:	<u>Federal Sources</u>
General fund:	
Federal Revenue	\$ 187,782
Loan Proceeds	355,000
Capital project fund:	
Federal Revenue	<u>15,287</u>
Total	<u><u>\$ 558,069</u></u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - FEDERAL AWARDS For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**Town of Lake Providence
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were five significant deficiencies required to be disclosed by Government Auditing Standards, issued by the Comptroller General of the United States of America. Two of the significant deficiencies were considered material weaknesses.
- iii. There was one instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There were no significant deficiencies required to be disclosed by OMB Circular A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal program was:

CFDA #10.766 Community Facilities Loans and Grants
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular A-133, Section .530.

**Town of Lake Providence
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Part II – Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Reference # and title: 10-F1 Insufficient Controls over Accounting

Entity-Wide or program /department specific: This finding is entity wide.

Criteria or specific requirement: Proper internal controls require that bank reconciliations be performed timely to ensure that unexplained differences in bank balance and general ledger balances are discovered and resolved in a reasonable timeframe. Bank reconciliations should be signed, dated and reviewed for accuracy. Controls over vendor disbursements ensure that the expenditures are properly approved, recorded and the custody of the asset is released to the Town. Documentation should be accounted for to vouch the expenditure's existence to the financial records. Payments should be made within a timely manner to vendors as good business etiquette and to avoid any possible late payments. In addition, periodic reviews should be performed to ensure that all transactions relating to the fiscal year have been recorded in the proper accounting classification for the correct amount of the supporting documentation.

Condition found: While testing bank reconciliations, it was determined that the majority of the bank statements received during the year, were reconciled a month prior to the fiscal year end. Two bank accounts had at least three months of statements not reconciled until after fiscal year end. And one bank account was not fully reconciled from statements received during the year, until November 2010. There were several deposits in transit and outstanding checks which dated back prior years.

While testing forty-nine vendor disbursement checks, the following was noted:

- One exception was noted in which the purchase order was dated after the check issuance date.
- One exception was noted where the purchase was not considered reasonable and necessary for the course of business.
- Six exceptions were noted in which the amount owed on the invoice did not agree to the check disbursement amount. In most cases the invoices had past due balances being paid and/or just a portion of the bill was paid.
- One exception noted in which the original invoice could not be located to ensure support for purchases.
- Two exceptions were noted were the Town paid sales tax on expenditures.
- Nine exceptions were noted in which the invoice was not paid timely.

During the audit, the auditor had to make several material audit adjustments to record and/or reclassify transactions that occurred during the course of business throughout the fiscal year for the Town.

Possible asserted effect (cause and effect):

Cause: The auditor was unable to the cause.

Effect: Internal controls over accounting are weakened.

Recommendation to prevent future occurrences: Management should implement procedures to ensure bank reconciliations are performed within a reasonable time after receiving the bank statement, which is considered to be the following month. Bank reconciliations should be completed on all bank accounts, dated, signed by the preparer and reviewed by someone other than the preparer. Outstanding checks and deposits in transit should be researched and if determined and removed or reissued accordingly. Outstanding checks in which the payee cannot be located should be sent to State of Louisiana unclaimed properties. Policies should be designed and implemented to help

**Town of Lake Providence
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Part II – Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

ensure business transactions are followed in accordance with the policies and procedures set forth by the Town's council. In addition, procedures should be developed to ensure accuracy of journal entries system created and posted manually by management to ensure the accounting classification appears reasonable and consistent.

Reference # and title: **10-F2** **Insufficient Controls over the Water & Sewer Department**

Entity-Wide or program /department specific: This finding relates to the Water and Sewer department.

Criteria or specific requirement: Proper internal controls of the water and sewer department meter readings ensure that when notations are made concerning meters inaccuracy, that the meters be reviewed and proper documentation on the action performed should be retained for documentation. Security deposits charged to utility customers should be traceable from the point of receiving the deposit from the customer to the refund check issued to the customer when services have been disconnected. Good cash management requires that cash receipts be deposited in a timely manner, which is considered three business days. In addition, when the customer requests services to be disconnected, the customer's deposit should be posted against the final bill and any remaining monies owed to the customer should be refunded in a timely manner to the customer.

Condition found: While testing three months of meter readings performed by an external service company it was noted that employees of the service company noted several issues while reading the customer's meters. No documentation could be provided by the Town as to the outcome of the situations noted by the external service company.

In testing twenty requests for services to be connected, it was noted that one request could not be located to individual receipts issued to the customer to determine if the deposit was made timely.

In testing twenty customers' who requested their services to be disconnected during the fiscal year, it was noted that seven deposits were not refunded and posted against the customer's outstanding balance. Of these seven exceptions, three resulted in a refund to the customer, which has not been issued to the customer. In addition, it was noted that three refunds that were issued to the customer during the fiscal year, were issued untimely.

During testing of customers' deposits, which are recorded as payables for business-type activities it was noted that the Town has documentation showing \$67,728 for deposits owed to active customers and \$104,004 of deposits owed to inactive customers.

Possible asserted effect (cause and effect):

Cause: The Town lacks internal controls regarding the accounting of customers' security deposits through the Town's utility system.

Effect: The Town has security deposits for former utility customers that currently need to be offset against the customer's bill or owed to the customer. The accounting system for the utility department is not being fully utilized.

Recommendation to prevent future occurrences: Management should implement procedures to ensure all documentation is kept on any actions performed with a customer's meter service. Individual receipts should be issued

**Town of Lake Providence
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Part II – Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

to all customers who pay for services rendered. If a customer requests to have services disconnected, their security deposits should be deducted from their last bill and any remaining portion of the customer's deposit be mailed to the customer at the forwarding address.

Reference # and title: **10-F3** **Capital Asset Management**

Entity-Wide or program /department specific: This finding is entity wide.

Criteria or specific requirement: In accordance with LSA R.S. 25:515(b) (1), the head of every auditee subject to an audit shall maintain records of all land, buildings, improvements other than buildings, equipment and any other general fixed assets which were purchased or otherwise acquired and for which such entity is accountable. Internal control over capital assets requires a complete and adequate listing that is updated on a timely basis. Yearly inventories should be taken to determine the existence of assets owned by the Town. Also, all new assets purchased should be recorded as capital outlay expenditures in governmental funds and capital assets in enterprise funds.

Condition found: Through testing of capital assets and discussion with management, it was noted that the Town did not complete a yearly inventory inspection of all their capital assets. The Town is not deleting capital assets from their listing. In addition, it was noted in a review of repairs and maintenance two assets were not listed as additions during the fiscal year.

Possible asserted effect (cause and effect):

Cause: The Town lacks proper internal controls to ensure that all capital assets are added to the inventory listings. The Town lacks controls over inspecting and deleting inventory.

Effect: The Town is in violation of state law and has inadequate internal control over safeguarding of capital assets.

Recommendation to prevent future occurrences: Management should implement procedures to ensure the Town is completing an annual physical inventory of all capital assets. Any missing assets should be identified and researched. Deletions should occur when the Town determines that an asset has no value for the day-to-day operations. Periodic reviews of accounting records should be performed to ensure all assets over the capitalization threshold set by the Town's council are accounted for within the inventory records.

Reference # and title: **10-F4** **Inadequate Documentation over Water and Sewer Receivables**

Entity-Wide or program /department specific: This finding relates to the Water and Sewer Department.

Criteria or specific requirement: Proper internal controls over the water and sewer department's receivables ensure that the financial records appear adequate for revenues that will be collected in the near future. Quality control procedures should be performed after the meter readings have been inputted into the system to ensure key stroke errors are caught and adjusted accordingly. In addition, documentation should be made available for billings and adjustments made to customer's accounts.

Town of Lake Providence
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Part II – Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Condition found: During testing of water and sewer billings at year end; which are recorded as receivables, and through discussion with management, it was noted that several customer's accounts were incorrectly billed for services rendered. Billing reports were generated and some adjustments were caught and corrected before the customer's bill was issued, however documentation was not maintained on the adjustments that were made and a new billing register was never printed and stored for documentation purposes. Errors that were not caught were adjusted once the customer received their bill, but the documentation was never preserved for support on those adjustments.

Possible asserted effect (cause and effect):

Cause: The Town lacks proper internal controls to ensure that receivables for the water and sewer department on the Town's financial statements are reasonable.

Effect: The Town's record keeping within the utility department is inadequate.

Recommendation to prevent future occurrences: Management should establish procedures to ensure that customer's billing accounts are correctly stated in the utilities accounting system and mirror the Town's financial records. Discrepancies should be noted prior to the bills being posted in the utilities accounting system and corrected before the water and sewer bills are printed and disbursed to the customer's.

Reference # and title: 10-F5 Budget Violation

Entity-Wide or program /department specific: This finding is entity wide.

Criteria or specific requirement: Each fiscal year the council is required to pass a budget ordinance in accordance with the Louisiana Government Budget Act. La R.S. 39:1306 requires that the proposed budget be completed and submitted during an open meeting with public inspection occurring no less than fifteen days prior to the fiscal year that the budget is applicable. La R.S. 39:1309 (C) states "the adopted budget shall contain the same information as that required for the proposed budget according to R.S. 39:1305 (C) for the proposed budget."

Condition found: The budget for the 2009 – 2010 fiscal year was adopted during a regular meeting on June 18, 2009, which is 12 days prior to the start of the fiscal year. The budget was advertised in a local journal, however, the budgeted amounts advertised to the public did not agree to the supporting documentation of the budgeted amounts approved by the council.

Possible asserted effect (cause and effect):

Cause: The auditor was unable to determine the cause.

Effect: The Town was in violation of LA R.S. 39:1306 and LA R.S. 39:1305 for the fiscal year being audited.

Recommendation to prevent future occurrences: Management should establish procedures to ensure that the budgets are adopted at least fifteen days prior to the start of the fiscal year and that the budget advertised to the public should agree to the budgets approved by the council.

Town of Lake Providence

Other Information

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings. This information has been prepared by the management of the Town of Lake Providence. Management accepts full responsibility for the accuracy of the information. This information has not been audited by the auditors and accordingly, no opinion is expressed.

**Summary Schedule of Prior Year Audit Findings
Town of Lake Providence
June 30, 2010**

Reference # and title: **09-F1** **Customer's Utility Deposits**

Year of Origination: The finding originated for the fiscal year ended June 30, 2009.

Entity-Wide or program /department specific: This finding relates to the Water and Sewer Department.

Condition found: Security deposits should be traceable from the point of receipt to refund to customers in the general ledger. Good cash management requires that cash receipts be deposited in a timely manner. For purposes of the test, deposits within three banking days were considered timely. Furthermore after the customer disconnects services, the customers deposit should be posted to the final bill and remaining unused deposited amounts should be refunded timely to the customer

Customers who establish service for water and sewer in the Town are required to pay a security deposit before services are established within the city. When customers have their services disconnected, the security deposits are not being returned to the customers in a timely manner.

Corrective action taken: See current year finding 10-F2.

Reference # and title: **09-F2** **Capital Assets Management**

Year of Origination: The finding originated for the fiscal year ended June 30, 2009.

Entity-Wide or program /department specific: This finding is entity-wide.

Condition found: In accordance with LSA-RS 24:515 (b) (1), the head of every auditee subject to audit shall maintain records of all land, buildings, improvements other than buildings, equipment and any other general fixed assets which were purchased or otherwise acquired and for which such entity is accountable. Internal control requires a complete and adequate listing that is updated on a timely basis. Also, all new assets purchased should be recorded as capital outlay expenditures in governmental funds and capital assets in enterprise funds.

Through testing of capital assets and discussion with management, it was determined that the town does not conduct annual inspections of capital assets. Also, the town is not properly deleting capital assets from their listing. It was also noted in the test of capital assets that new asset purchases are not properly recorded. For governmental funds, not all purchases are being recorded to capital outlay accounts. Furthermore, the capital asset purchases for enterprise funds are being recorded to capital outlay expenditure accounts rather than capital assets.

Corrective action taken: See current year finding 10-F3.

Town of Lake Providence
Corrective Action Plan for Current Year Audit Findings
As of and for the Year Ended June 30, 2010

Reference # and title: **10-F2** **Insufficient Controls over the Water & Sewer Department**

Entity-Wide or program /department specific: This finding relates to the Water and Sewer department.

Condition: Proper internal controls of the water and sewer department meter readings ensure that when notations are made concerning meters inaccuracy, that the meters be reviewed and proper documentation on the action performed should be retained for documentation. Security deposits charged to utility customers should be traceable from the point of receiving the deposit from the customer to the refund check issued to the customer when services have been disconnected. Good cash management requires that cash receipts be deposited in a timely manner, which is considered three business days. In addition, when the customer requests services to be disconnected, the customer's deposit should be posted against the final bill and any remaining monies owed to the customer should be refunded in a timely manner to the customer.

While testing three months of meter readings performed by an external service company it was noted that employees of the service company noted several issues while reading the customer's meters. No documentation could be provided by the Town as to the outcome of the situations noted by the external service company.

In testing twenty requests for services to be connected, it was noted that one request could not be located to individual receipts issued to the customer to determine if the deposit was made timely.

In testing twenty customers' who requested their services to be disconnected during the fiscal year, it was noted that seven deposits were not refunded and posted against the customer's outstanding balance. Of these seven exceptions, three resulted in a refund to the customer, which has not been issued to the customer. In addition, it was noted that three refunds that were issued to the customer during the fiscal year, were issued untimely.

During testing of customers' deposits, which are recorded as payables for business-type activities it was noted that the Town has documentation showing \$67,728 for deposits owed to active customers and \$104,004 of deposits owed to inactive customers.

Corrective action planned:

1. When notations are made by meter readers, billing clerk will review and take appropriate action. They shall also document on meter reading worksheet the action taken.
2. When services are connected, a copy of deposit receipt and check (if applicable) shall be attached to water connection application.
3. Final bills will be calculated and deposits or remaining bills shall be mailed within 10 to 15 days of services being disconnected.

Person responsible for the corrective action:

Isaac Fields, Jr., Mayor	Phone: (318) 559-2288
Town of Lake Providence	Fax: (318) 559-3442
201 Sparrow St.	
Lake Providence, LA 71254	

Anticipated completion date: June 30, 2011.

Town of Lake Providence
Corrective Action Plan for Current Year Audit Findings
As of and for the Year Ended June 30, 2010

Reference # and title: **10-F3** **Capital Asset Management**

Entity-Wide or program /department specific: This finding is entity-wide.

Condition found: In accordance with LSA R.S. 25:515(b) (1), the head of every auditee subject to an audit shall maintain records of all land, buildings, improvements other than buildings, equipment and any other general fixed assets which were purchased or otherwise acquired and for which such entity is accountable. Internal control over capital assets requires a complete and adequate listing that is updated on a timely basis. Yearly inventories should be taken to determine the existence of assets owned by the Town. Also, all new assets purchased should be recorded as capital outlay expenditures in governmental funds and capital assets in enterprise funds.

Through testing of capital assets and discussion with management, it was noted that the Town did not complete a yearly inventory inspection of all their capital assets. The Town is not deleting capital assets from their listing. In addition, it was noted in a review of repairs and maintenance two assets were not listed as additions during the fiscal year.

Corrective action planned: The Town shall complete an inventory inspection of its capital assets on a yearly basis. Also, all new assets purchased will be tagged and recorded on inventory list.

Person responsible for the corrective action:

Isaac Fields, Jr., Mayor
Town of Lake Providence
201 Sparrow St.
Lake Providence, LA 71254

Phone: (318) 559-2288
Fax: (318) 559-3442

Anticipated completion date: June 30, 2011.

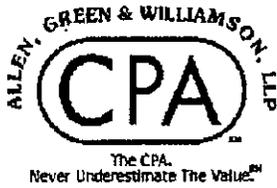
Reference # and title: **10-F4** **Inadequate Documentation over Water and Sewer Receivables**

Entity-Wide or program /department specific: This finding related to the Water and Sewer Department.

Condition: Proper internal controls over the water and sewer department's receivables ensure that the financial records appear adequate for revenues that will be collected in the near future. Quality control procedures should be performed after the meter readings have been inputted into the system to ensure key stroke errors are caught and adjusted accordingly. In addition, documentation should made available for billings and adjustments made to customer's accounts.

During testing of water and sewer billings at year end; which are recorded as receivables, and through discussion with management, it was noted that several customer's accounts were incorrectly billed for services rendered. Billing reports were generated and some adjustments were caught and corrected before the customer's bill was issued, however documentation was not maintained on the adjustments that were made and a new billing register was never printed and stored for documentation purposes. Errors that were not caught were adjusted once the customer received their bill, but the documentation was never preserved for support on those adjustments.

Corrective action planned: The billing register shall be thoroughly reviewed for incorrect bills prior to being printed and mailed. Any adjustments made afterwards, shall be recorded on billing adjustment sheet and filed.



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Management Letter

Honorable Isaac Fields, Jr., Mayor
Town of Lake Providence
Lake Providence, Louisiana

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Providence, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements, we considered the Town's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted a certain matter involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 15, 2010, on the financial statements of the Town. We will review the status of this comment during our next audit engagement. Our comment and recommendation, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment and management's response are summarized as follows:

10-M1

Internal Controls over Issuance of Police Ticket Books

Comment: While performing a test over the issuance of ticket books within the police department, it was determined that the same person that issues the ticket books, also received some ticket books during the fiscal year.

Recommendation: Management should implement procedures to ensure that there is proper segregation of duties over the issuance of tickets book. The person who receives the ticket books should not be the same person who issues the ticket books.

Management's response: To make sure that the ticket books are not issued by the same persons that receive them the Town of Lake Providence's Police Department will make sure that the ticket books are issued by the secretary or dispatchers to the police officers.

Also included are management's responses to our current year management letter items. We have performed no audit work to verify the content of the responses.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

Immediately following this letter is a Status of Prior Management Letter Item. This information has not been audited by Allen, Green & Williamson, LLP, and no opinion is expressed. However, we did follow-up on the prior management letter item and performed procedures to assess the reasonableness of the Status of Prior Management Letter Item prepared by the auditee, and we would report, as a current-year management letter item when Allen, Green & Williamson, LLP, concludes that the Status of Prior Management Letter Item materially misrepresents the status of any prior management letter item.

This report is intended solely for the information and use of the Aldermen, management, others within the entity, 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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

Allen, Green & Williamson, LLP

Monroe, Louisiana
December 15, 2010

Town of Lake Providence
Status of Prior Year Management Letter Item
June 30, 2010

09-M1 **Budget Process and Financial Statement**

Comment: During conversations with department supervisors, it was determined that supervisors of various departments do not have input in the budget process and are not provided with monthly financials of their departments to ascertain how their departments are doing throughout the year. In addition, it was noted that we could not determine what financial information was given to the board at each meeting.

Recommendation: Supervisors should be involved in the budget process as well as be able to track how their departments are doing throughout the year. Financial statements given to the board each month should be kept as documentation.

Management's action taken: Management had included the department supervisors' input in the budget processes. Management also saved financial statements given to the board members each month.