

4770

RECEIVED  
LEGISLATIVE AUDITOR  
2000 JUN 30 AM 8:55

OFFICIAL  
FILE COPY  
DO NOT SEND OUT  
(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

FINANCIAL REPORT  
OF THE  
TOWN OF MAMOU, LOUISIANA  
FOR THE YEAR ENDED  
DECEMBER 31, 1999

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 08-02-00

**MICHAEL W. JOHNSON**

RECEIVED  
3 2 2000 10 58 AM

*Certified Public Accountant*

105 North 11th Street - Post Office Box 529  
EUNICE, LOUISIANA 70535  
Phone (337) 457-7951

00 JUL 25 AM 9:41

MEMBER AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER SOCIETY  
OF  
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

July 24, 2000

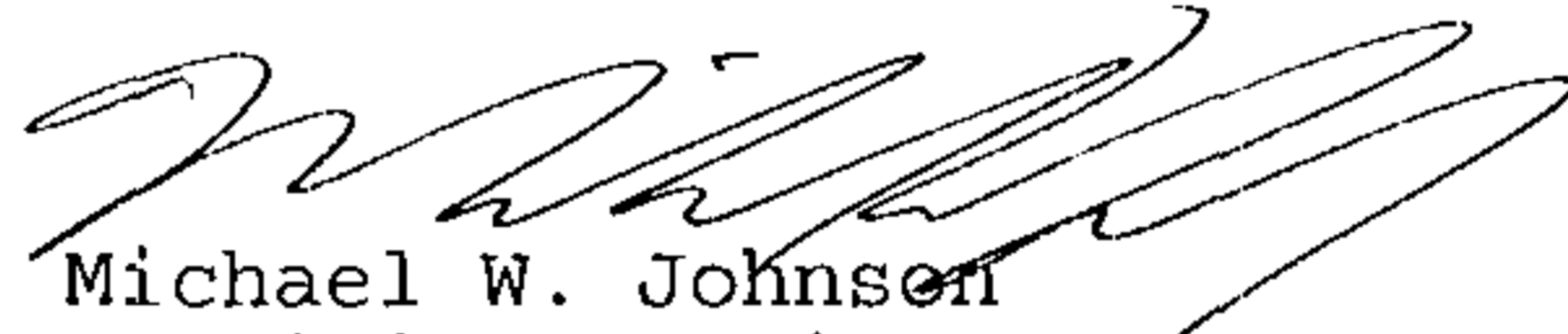
Dr. Dan Kyle, Legislative Auditor  
State of Louisiana  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We are reissuing pages 27 and 28 of the Town of Mamou's audit for the year ended December 31, 1999. Please remove these 2 pages in the old report and insert the corrected copies.

Please contact us with any questions you may have.

Sincerely,



Michael W. Johnson  
Certified Public Accountant

Enclosure

MWJ:lcs

significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Town of Mamou, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as Finding No. 1999-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider Finding No. 1999-1 to be a material weakness.

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



Michael W. Johnson  
Certified Public Accountant

Eunice, Louisiana  
June 28, 2000

# MICHAEL W. JOINSON

*Certified Public Accountant*

105 North 11th Street - Post Office Box 529  
EUNICE, LOUISIANA 70535  
Phone (337) 457-7951

MEMBER AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER SOCIETY  
OF  
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and Town Council  
Town of Mamou, Louisiana

Compliance

I have audited the compliance of the Town of Mamou, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1999. Town of Mamou, Louisiana'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 of Mamou, Louisiana's management. My responsibility is to express an opinion of the Town of Mamou, State of Louisiana's compliance based on our audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Town of Mamou, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Town of Mamou, Louisiana's compliance with those requirements.

In my opinion, Town of Mamou, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

T A B L E   O F   C O N T E N T S

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements - Overview)	
Combined Balance Sheet - All Fund Types and Account Groups.....	3 - 4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types.....	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All All Governmental Fund Types.....	6
Comparative Balance Sheet - Proprietary Fund Type.....	7 - 8
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type.....	9
Comparative Statement of Cash Flows - Proprietary Fund Type.....	10
Notes to the Financial Statements.....	11 - 25
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	26 - 27
REPORT ON COMPLIANCE WITH REQUIREMENT APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	28 - 29
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	31
SCHEDULE OF PRIOR YEAR FINDINGS.....	32
MANAGEMENT'S CORRECTIVE ACTION PLAN.....	33
ACCOUNTANT'S REPORT ON THE ACCOMPANYING INFORMATION.....	34
ACCOMPANYING INFORMATION SUPPLEMENTAL LETTER.....	35 - 36

# MICHAEL W. JOINSON

*Certified Public Accountant*

105 North 11th Street - Post Office Box 529  
EUNICE, LOUISIANA 70535  
Phone (337) 457-7951

MEMBER AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER SOCIETY  
OF  
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council  
Town of Mamou  
State of Louisiana

I have audited the accompanying general purpose financial statements of the Town of Mamou, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Mamou, Louisiana's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The general purpose financial statements referred to above do not include financial activities of the Town of Mamou Health Care Enterprise Fund, which should be included to conform with generally accepted accounting principles. This fund is audited by other auditors and the information is not available at the date of this issuance.

In my opinion, except for the effects on the general purpose financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Mamou, Louisiana, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 28, 1999, on my consideration of Town of Mamou, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Town of Mamou, Louisiana, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Michael W. Johnson*

Michael W. Johnson  
Certified Public Accountant

Eunice, Louisiana  
June 28, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

(Combined Statements-Overview)



TOWN OF MAPOU  
COMBINED BALANCE SHEET - ALL FUND TYPES  
AND ACCOUNT GROUPS  
DECEMBER 31, 1999

	<u>GOVERNMENTAL FUND TYPES</u>				<u>PROPRIETARY</u>	<u>ACCOUNT GROUPS</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>FUND TYPE</u> <u>Enterprise</u>	<u>General Long-Term Debt</u>	<u>General Fixed Assets</u>
<u>ASSETS</u>							
Petty Cash	\$ 1,127	\$	\$	\$	\$	\$	\$
Cash on Deposit	492,999	251,802	211,738	4,632,190	173,478		
Certificates of Deposit	2,323,043		500,000				
Receivables (Net, Where Applicable of Allow- ances for Uncollect- ibles)							
Accrued Interest					1,375		
Special Assessments		1,214					
Fines	4,861						
Grants	3,721						
Accounts (Net of Allow- ance for Uncollectible Accounts)					94,206		
Prepaid Expenses					12,098		
Due From Other Funds	302,873	446,023	5,059		271,928		
Restricted Assets							
Cash and Certificates of Deposit					326,643		
Fixed Assets (Net of Allowance for Deprec- iation)					3,518,746		4,317,808
Amount Available in Debt Service Fund						711,738	
Amount To be Provided for Retirement of General Long-Term Debt							
						<u>4,790,262</u>	
<b>TOTAL ASSETS</b>	<u>\$3,128,624</u>	<u>\$699,039</u>	<u>\$716,797</u>	<u>\$4,632,190</u>	<u>\$4,398,474</u>	<u>\$5,502,000</u>	<u>\$4,317,808</u>

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF MANOU  
COMBINED BALANCE SHEET - ALL FUND TYPES  
AND ACCOUNT GROUPS  
DECEMBER 31, 1999

(Continued)

	<u>GOVERNMENTAL FUND TYPES</u>				<u>PROPRIETARY</u>	<u>ACCOUNT GROUPS</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>FUND TYPE</u> <u>Enterprise</u>	<u>General Long-Term Debt</u>	<u>General Fixed Assets</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 80,148	\$ 120	\$	\$	\$ 31,155	\$	\$
Interest Payable					6,944		
Contingent Liabilities Payable from Restricted Assets	675,000						
Meter Deposits					230,318		
Revenue Bonds and Certificates of Indebtedness					484,207		
Due to Other Funds	831,129	70,697	79,214		44,843		
General Obligation Bonds						5,502,000	
<b>Total Liabilities</b>	<u>\$1,586,277</u>	<u>\$ 70,817</u>	<u>\$ 79,214</u>	<u>\$ -0-</u>	<u>\$ 797,467</u>	<u>\$5,502,000</u>	<u>\$ -0-</u>
<u>FUND EQUITY</u>							
Investment in General Fixed Assets	\$	\$	\$	\$	\$	\$	\$4,317,808
Contributed Capital					2,670,272		
Retained Earnings:							
Reserve for Revenue							
Bond Retirement Unreserved	\$	\$	\$	\$	\$ 273,960	\$	\$
Fund Balances:					656,775		
Reserved for Debt Service							
Unreserved, Undesignated	<u>1,542,347</u>	<u>628,222</u>	<u>637,583</u>	<u>4,632,190</u>			
Total Retained Earnings/Fund Balance	<u>\$1,542,347</u>	<u>\$628,222</u>	<u>\$637,583</u>	<u>\$4,632,190</u>	<u>\$ 930,735</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>Total Fund Equity</b>	<u>\$1,542,347</u>	<u>\$628,222</u>	<u>\$637,583</u>	<u>\$4,632,190</u>	<u>\$3,601,007</u>	<u>\$ -0-</u>	<u>\$4,317,808</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$3,128,624</u>	<u>\$699,039</u>	<u>\$716,797</u>	<u>\$4,632,190</u>	<u>\$4,398,474</u>	<u>\$5,502,000</u>	<u>\$4,317,808</u>

The accompanying notes are an integral part of this statement.

TOWN OF MAHOE  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED DECEMBER 31, 1999

	<u>General</u>	<u>Special Revenues</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
<u>REVENUES:</u>					
Taxes	\$ 257,791	\$ 501,711	\$	\$	\$ 759,502
Licenses and Permits	94,449				94,449
Intergovernmental	445,858				445,858
Leases	900,000				900,000
Fines and Forfeits	54,862				54,862
Miscellaneous	<u>118,301</u>				<u>118,301</u>
Total Revenue	<u>\$ 1,871,261</u>	<u>\$ 501,711</u>	<u>\$ -0-</u>	<u>\$</u>	<u>\$ 2,372,972</u>
<u>EXPENDITURES:</u>					
Current:					
General Government	\$ 651,331	\$ 26,853	\$ 189	\$	\$ 678,373
Culture and Recreation	146,858				146,858
Highways and Streets	482,164				482,164
Public Safety - Police	548,240				548,240
Debt Service			86,770		86,770
Capital Outlays	<u>1,930,207</u>	<u>67,054</u>		<u>497,943</u>	<u>\$ 2,495,204</u>
Total Expenditures	<u>\$ 3,758,800</u>	<u>\$ 93,907</u>	<u>\$ 86,959</u>	<u>\$ 497,943</u>	<u>\$ 4,437,609</u>
<u>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</u>					
	<u>\$(1,887,539)</u>	<u>\$ 407,804</u>	<u>\$(86,959)</u>	<u>\$( 497,943)</u>	<u>\$(2,064,637)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Bond Proceeds	\$	\$	\$	\$5,000,000	\$ 5,000,000
Contributions				500,000	500,000
Interest Revenues	190,088	2,793	3,822	69,915	266,618
Operating Transfers In	35,335	16	676,079	150,000	861,430
Sale of Assets	867				867
Operating Transfers Out	<u>( 1,336)</u>	<u>(221,938)</u>		<u>( 589,782)</u>	<u>( 813,056)</u>
Total Other Financing Sources (Uses)	<u>\$ 224,954</u>	<u>\$(219,129)</u>	<u>\$679,901</u>	<u>\$5,130,133</u>	<u>\$ 5,815,859</u>
<u>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</u>					
	<u>\$(1,662,585)</u>	<u>\$ 188,675</u>	<u>\$592,942</u>	<u>\$4,632,190</u>	<u>\$ 3,751,222</u>
<u>RESIDUAL EQUITY TRANSFER</u>					
	50,000				50,000
<u>FUND BALANCE, BEGINNING OF YEAR</u>					
	<u>3,154,932</u>	<u>439,547</u>	<u>44,641</u>	<u>-0-</u>	<u>3,639,120</u>
<u>FUND BALANCE, END OF YEAR</u>					
	<u>\$ 1,542,347</u>	<u>\$ 628,222</u>	<u>\$637,583</u>	<u>\$4,632,190</u>	<u>\$ 7,440,342</u>

The accompanying notes are an integral part of this statement.

TOWN OF MAMOU  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -  
GENERAL AND SPECIAL REVENUE FUND TYPES  
YEAR ENDED DECEMBER 31, 1999

	<u>GENERAL FUND</u>		<u>SPECIAL REVENUE FUNDS</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<u>REVENUES:</u>				
Taxes	\$ 251,500	\$ 257,791	\$ 507,920	\$ 501,711
Licenses and Permits	92,000	94,449		
Intergovernmental	81,100	445,858		
Leases	900,000	900,000		
Fines and Forfeits	55,000	54,862		
Miscellaneous	8,800	118,301		
Total Revenues	<u>\$ 1,388,400</u>	<u>\$ 1,871,261</u>	<u>\$ 507,920</u>	<u>\$ 501,711</u>
<u>EXPENDITURES:</u>				
Current:				
General Government	\$ 558,800	\$ 651,331	\$ 25,496	\$ 26,853
Culture and Recreation	1,928,300	146,858		
Highways and Streets	843,556	482,164		
Public Safety - Police	576,600	548,240	89,000	
Debt Service	100,000	-0-		
Capital Outlays	200,000	1,930,207	140,000	67,054
Total Expenditures	<u>\$ 4,207,256</u>	<u>\$ 3,758,800</u>	<u>\$ 254,496</u>	<u>\$ 93,907</u>
<u>EXCESS (Deficiency) OF REVENUES</u> <u>OVER EXPENDITURES</u>	<u>\$(2,818,856)</u>	<u>\$(1,887,539)</u>	<u>\$ 253,424</u>	<u>\$ 407,804</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Interest Revenue	\$ 100,000	\$ 190,088	\$ 2,125	\$ 2,793
Operating Transfers In	150,000	35,335		16
Operating Transfers Out		( 1,336)	(150,000)	( 221,938)
Sale of Assets		867		
Total Other Financing Sources (Uses)	<u>\$ 250,000</u>	<u>\$ 224,954</u>	<u>\$(147,875)</u>	<u>\$( 219,129)</u>
<u>EXCESS (Deficiency) OF REVENUES</u> <u>AND OTHER SOURCES OVER</u> <u>EXPENDITURES AND OTHER USES</u>	<u>\$(2,568,856)</u>	<u>\$(1,662,585)</u>	<u>\$ 105,549</u>	<u>\$ 188,675</u>
<u>RESIDUAL EQUITY TRANSFER</u>		50,000		
<u>FUND BALANCE, BEGINNING OF YEAR</u>		<u>3,154,932</u>		<u>439,547</u>
<u>FUND BALANCE, END OF YEAR</u>		<u>\$ 1,542,347</u>		<u>\$ 628,222</u>

The accompanying notes are an integral part of this statement.

TOWN OF MAMOU  
ENTERPRISE FUND  
UTILITY FUND  
COMPARATIVE BALANCE SHEET - PROPRIETARY FUND TYPE  
DECEMBER 31, 1999 AND 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
<u>Current Assets:</u>		
Cash on Deposit	\$ 173,478	\$ 115,281
Accounts Receivable, Net Allowance For Uncollectible Accounts (1999, \$18,679; 1998, \$18,679)	94,206	83,311
Accrued Interest Receivable	1,375	1,375
Prepaid Insurance	12,098	12,098
Grants Receivable	-0-	31,864
Due from Other Funds	<u>271,928</u>	<u>155,758</u>
Total Current Assets	<u>\$ 553,085</u>	<u>\$ 399,687</u>
<u>Restricted Assets:</u>		
Cash on Deposit for Water Bonds		
Bond Sinking Fund	\$ 31,126	\$ 19,641
Bond Reserve Fund	6,252	45,211
Bond Depreciation Fund	47,891	61,617
Meter Deposit Reserve		
Certificates of Deposit	229,009	219,142
Cash on Deposit for Sewer Rehab Certificate of Indebtedness		
Indebtedness Sinking Fund	<u>12,365</u>	<u>16,335</u>
Total Restricted Assets	<u>\$ 326,643</u>	<u>\$ 361,946</u>
<u>Fixed Assets:</u>		
Utility Plant in Service, at cost, Net of Accumulated Depreciation, (1999, \$2,904,953; 1998, \$2,633,805)	<u>\$3,518,746</u>	<u>\$3,404,333</u>
 TOTAL ASSETS	 <u>\$4,398,474</u>	 <u>\$4,165,966</u>

The accompanying notes are an integral part of this statement.

(Continued)

TOWN OF MAMOU  
ENTERPRISE FUND  
UTILITY FUND  
COMPARATIVE BALANCE SHEET - PROPRIETARY FUND TYPE  
DECEMBER 31, 1999 AND 1998  
(Continued)

	<u>1999</u>	<u>1998</u>
<u>Liabilities and Equity:</u>		
<u>Current Liabilities:</u>		
(Payable from Current Assets)		
Accounts Payable	\$ 31,155	\$ 30,059
Interest Payable	<u>6,944</u>	<u>18,402</u>
Total	<u>\$ 38,099</u>	<u>\$ 48,461</u>
(Payable from Restricted Assets)		
Current Bonds & Certificates Payable	\$ 52,683	\$ 43,485
Gas Customer Meter Deposits	157,449	151,557
Water Customer Meter Deposits	<u>72,869</u>	<u>63,813</u>
Total	<u>\$ 283,001</u>	<u>\$ 258,855</u>
Total Current Liabilities	<u>\$ 321,100</u>	<u>\$ 307,316</u>
<u>Long-Term Liabilities:</u>		
Sewer Rehab Bonds Payable	\$ 95,000	\$ 115,000
Revenue Bonds Payable	<u>336,524</u>	<u>369,207</u>
Total Long-Term Liabilities	<u>\$ 431,524</u>	<u>\$ 484,207</u>
<u>Other Liabilities:</u>		
Due to Other Funds	<u>\$ 44,843</u>	<u>\$ 86,485</u>
Total Other Liabilities	<u>\$ 44,843</u>	<u>\$ 86,485</u>
Total Liabilities	<u>\$ 797,467</u>	<u>\$ 878,008</u>
<u>Fund Equity:</u>		
Contributed Capital (net of amortization for capital grants)	\$2,670,272	\$2,469,050
Retained Earnings:		
Reserve for Revenue Bond Retirement	\$ 273,960	\$ 318,461
Unreserved	<u>656,775</u>	<u>500,447</u>
Total Retained Earnings	<u>\$ 930,735</u>	<u>\$ 818,908</u>
Total Equity	<u>\$3,601,007</u>	<u>\$3,287,958</u>
Total Liabilities and Equity	<u>\$4,398,474</u>	<u>\$4,165,966</u>

The accompanying notes are an integral part of this statement.

TOWN OF MAMOU  
UTILITY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE  
YEAR ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>Operating Revenue:</u>		
Charge for Services:		
Gas Sales	\$ 546,357	\$ 570,553
Water Sales	308,095	306,620
Sewer Service Charges	216,826	218,671
Transfers, Reconnect Fees and Tapping	12,480	8,425
Late Charges & Miscellaneous	<u>36,367</u>	<u>21,026</u>
Total Operating Revenues	<u>\$1,120,125</u>	<u>\$1,125,295</u>
<u>Operating Expenses:</u>		
Gas Department Expenses	\$ 457,199	\$ 575,432
Water Department Expenses	163,471	191,938
Sewerage Department Expenses	172,094	188,639
Depreciation Expense	<u>271,148</u>	<u>262,551</u>
Total Operating Expenses	<u>\$1,063,912</u>	<u>\$1,218,560</u>
Operating Income	<u>\$ 56,213</u>	<u>\$ ( 93,265)</u>
<u>Non-Operating Income (Expenses):</u>		
Interest Earned	\$ 20,028	\$ 21,190
Interest Expense	<u>( 38,249)</u>	<u>( 70,815)</u>
Total Non-Operating Income (Expenses)	<u>\$ ( 18,221)</u>	<u>\$ ( 49,625)</u>
Income (Loss) Before Operating Transfers	<u>\$ 37,992</u>	<u>\$ ( 142,890)</u>
<u>Other Financing Sources (Uses):</u>		
Operating Transfers In	\$ 14,974	-0-
Operating Transfers Out	<u>\$ ( 63,348)</u>	<u>\$ ( 37,685)</u>
Total Other Financing Sources (Uses)	<u>\$ ( 48,374)</u>	<u>\$ ( 37,685)</u>
Net Income (Loss)	<u>\$ ( 10,382)</u>	<u>\$ ( 180,575)</u>
Add: Depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	122,209	112,870
Retained Earnings, Beginning of Year	<u>818,908</u>	<u>886,613</u>
Retained Earnings, End of Year	<u>\$ 930,735</u>	<u>\$ 818,908</u>

The accompanying notes are an integral part of this statement.

TOWN OF MAMOU  
COMPARATIVE STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND TYPE  
YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>Cash flows from operating activities:</u>		
Net income (loss) from operating activities	\$ 56,213	\$( 93,369)
Adjustments to reconcile net income/(loss) to net cash provided (used) by operating activities:		
Depreciation	\$ 271,148	\$ 262,551
(Increase)/Decrease in receivables	20,969	44,757
Increase/(Decrease) in accounts payable	1,096	6,399
Increase/(Decrease) in interest payable	( 11,458)	6,402
Increase/(Decrease) in meter deposit liabilities	14,949	11,444
Increase/(Decrease) in loans from other funds	( 41,642)	( 70,040)
(Increase)/Decrease in loans to other funds	<u>(116,170)</u>	<u>(102,664)</u>
Total adjustments	<u>\$ 138,892</u>	<u>\$ 158,849</u>
Net cash provided by operating activities	<u>\$ 195,105</u>	<u>\$ 65,480</u>
<u>Cash flows from non capital financing activities:</u>		
Payments (to)/from other funds	<u>\$( 48,374)</u>	<u>\$( 37,685)</u>
Net cash used for non capital financing activities	<u>\$( 48,374)</u>	<u>\$( 37,685)</u>
<u>Cash flows from capital and related financing activities:</u>		
Payments for property, plant, and equipment	\$(385,561)	\$( 87,605)
Bond principal payments	( 43,485)	(426,730)
Contributions to capital	323,430	44,461
Bond proceeds	<u>-0-</u>	<u>393,692</u>
Net cash provided/(used) by capital and related financing activities	<u>\$(105,616)</u>	<u>\$( 76,182)</u>
<u>Cash flows from investing activities:</u>		
Interest received	\$ 20,028	\$ 21,190
Interest paid	<u>( 38,249)</u>	<u>( 70,815)</u>
Net cash provided/(used) by investing activities	<u>\$( 18,221)</u>	<u>\$( 49,625)</u>
Net increase (decrease) in cash and cash equivalents	\$ 22,894	\$( 98,012)
Cash and cash equivalents at beginning of year	<u>477,227</u>	<u>575,239</u>
Cash and cash equivalents at end of year	<u>\$ 500,121</u>	<u>\$ 477,227</u>

The accompanying notes are an integral part of this statement.



TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1999

**Note A-Summary of Significant Accounting Policies**

The Town of Mamou, Louisiana was incorporated January 4, 1911, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

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

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Excluded from the Reporting Entity:

TOWN OF MAMOU HEALTH CARE ENTERPRISE FUND.

The Town of Mamou owns the physical plant operated by Savoy Medical Center, Inc. The Town appoints five of the fifteen members of the governing board.

Fund Accounting

The Accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon 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, into Governmental Fund Types and Broad Fund Categories as follows:

Governmental Funds

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

Special Revenue Funds - The Special Revenue Funds account for revenue derived from special taxes or other earmarked revenue sources. The Sales Tax Fund is a Special Fund used to account for proceeds of a 2% Sales and Use Tax in the Town of Mamou.

Debt Service Funds - The Debt Service Funds are used to account for the accumulation and payment of monies for long-term debt.

Capital Projects Fund - The Capital Projects Fund is used to account for the construction of the new cancer Treatment Center.

Proprietary Funds

Enterprise Fund - The Utility Fund is used to account for the operation of the Natural Gas and Water Sales, and Sewerage and Garbage Collection Service Enterprise Fund. The Health Care Fund is used to account for the operations of the hospital. Enterprise Funds are used to account for operations (a) which

TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds are accounted for on spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund Operating Statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "Available Spendable Resources" during a period.

Fixed assets used in Governmental Fund Type Operations and infrastructure assets such as roads, etc. (General Fixed Assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. No depreciation has been provided on General Fixed Assets.

\$4,282,208.00 of fixed assets are valued at historical cost. \$35,600.00 of fixed assets are valued at estimated historical cost by management.

The General Fixed Asset Account Group is not a "fund." It is concerned only with measurement of financial position. It is not involved with measurement of results of operations.

Long-Term Liabilities expected to be financed from Governmental Funds are accounted for in the General Long-Term Debt Account Group not in the governmental funds.

The General Long-Term Debt Account Group is not a "fund." It is concerned only with measurement of financial position. It is not involved with measurement of results of operations.

TOWN OF MAMOU  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

Because of their spending measurement focus, expenditure recognition for Governmental Fund Types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund Type Expenditures or Fund Liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All Proprietary Funds are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type Operating Statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations, accumulated depreciation is reported on Proprietary Fund Balance Sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Natural Gas Utility:	
Automotive Equipment	4-5-10 Years
Gas Lines	25 Years
Gas Meters	33 Years
Radios	10 Years
Office Equipment	10 Years
Fence	20 Years
Water Utility:	
Wells	57 Years
Water Lines	25-57 Years
Rebuilt Water Tank	25 Years
Motors, Etc.	4-5 Years
Water System Improvements	30 Years
Sewerage Utility:	
Disposal Plant	33 Years
Collection System	33 Years
Line Extension and Relocations	25 Years
Lift Stations	25 Years
Transit Level, Sprayer, Etc.	5 Years
Automotive Equipment	3 Years
Garbage Collection Utility:	
Solid Waste Incinerator System and Building	30 Years
Automotive Equipment	15 Years

TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the Financial Statements. Basis of Accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Agency Funds are accounted for using the Modified Accrual Basis of Accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Franchise Taxes, Sales Taxes, Inter-Governmental Revenue, and Interest Income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Gross Sales Taxes are considered "measurable" when collected and are recognized as revenue at that time.

Expenditures are generally recognized under the Modified Accrual Basis of Accounting when the related fund liability is incurred.

All Proprietary Funds are accounted for using the Accrual Basis of Accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Budgets and Budgetary Accounting - The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Treasurer prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated requires the approval of the Board of Aldermen.

TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

Investments - Investments are in Certificates of Deposit and are stated at cost. Interest receivable on the Certificates of Deposit are accrued to the balance sheet date.

Unbilled Services - Unbilled services are not reported as receivables due to immateriality.

Inventory - Inventories are not recorded in the financial statements or the funds due to immateriality.

Restricted Assets

These assets consist of cash and Certificates of Deposit restricted for Water Works and Sewer Rehabilitation Fund Debt Service.

Reserves

The Town records reserves to indicate that a portion of the Fund Balance is legally segregated for a special future use.

Following is a list of all reserves used by the Town and a description of each:

Reserved for Debt Service - An amount used to segregate a portion of Fund Balance for Debt Service Resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.

Reserved for Revenue Bond Retirement - An amount used to segregate a portion of Fund Balance for Debt Service/Resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years when sufficient amounts are not reserved in Bond Debt Service accounts.

Reserved for Revenue and Contingency - An amount to segregate a portion of Fund Balance for Debt Service Resources restricted to the payment of long-term debt principal and interest amounts maturing in the future years when sufficient amounts are not reserved in the Debt Service and Bond Retirement Reserve accounts.

TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of March 16, of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on March 16, of the following year. Revenues from ad valorem taxes are budgeted in the year collected.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Evangeline Parish.

For the year ended December 31, 1999 taxes of 19.68 Mills were levied on property with assessed valuations totaling \$8,596,440 and were dedicated as follows:

General Corporate Purposes	7.45 Mills
Street Maintenance	11.70 Mills
Recreation Maintenance	<u>.53 Mills</u>
Total	19.68 Mills

Total taxes levied were \$169,177.94.

Municipal Police Employees' Retirement System (MPERS)

Plan Description and Provisions:

Two of the Town's full-time police employees, participate in the MPERS, a multiple-employer, cost-sharing pension plan. The payroll for the employees covered by the MPERS for the year ended December 31, 1999 was \$39,914.35; the Town's total police payroll was \$322,600.11. A census of the group is not available at December 31, 1999.

Employees attaining the earlier age of 50 with 20 years of service or age 55 with 12 years of service are entitled to a monthly benefit of 3 and 1/3 per cent of average final compensation times years of creditable service (as defined in the plan), not to exceed 100 per cent of final salary. Active employees who become disabled with at least 5 years of creditable service receive 3 per cent of average final compensation (as defined in the plan) multiplied by years of creditable service, but not less than 40 per cent nor more than 60 per cent of average final compensation. If an active employee dies, his designated beneficiary receives the retirement benefit the member has earned to his date of death, but not less than 40 per cent and not more than 60 per cent of the member's average final compensation.

TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Description of Funding Policy:

Covered employees are required by state statute to contribute 7.5 per cent of their salary to MPERS. The Town is required by this statute to contribute 9 per cent of covered salaries to the system; plus, the system receives a State appropriation of the gross direct premiums received by Louisiana Insurance Rating Commission, to meet actuarial funding requirements. The contribution requirements for the year ending December 31, 1999, was \$8,008.41 which consisted of \$4,368.21 (9% of covered payroll) from, the Town and \$3,640.20 (7.5% of covered payroll) from the covered employees.

The pension benefit obligation is not available at December 31, 1999. Future deficits in the system will be financed by the State and the Town has no further liability to the system, other than required current contributions.

Bad Debts

Bad debts are written off when they are deemed to be uncollectible by Town officials. An allowance is made each year for the amount of receivables which are anticipated to be uncollectible based on prior experience and current conditions. No amounts were written off as bad debts for the year ended December 31, 1999.

Comparative Data

Comparative Data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

Comparative Data for the prior year is presented for the year ended December 31, 1998.

Total Columns on Combined Statements

Total Columns on Combined Statements - Overview are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes



TOWN OF MAMOU  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Capitalization of Interest Cost

Interest accrued during construction of projects is capitalized as a component of the project. There was no interest capitalized during the year ended December 31, 1999.

**NOTE B - PROPERTY, PLANT, AND EQUIPMENT**

A summary of Proprietary (Utility) Fund Type Property, Plant and Equipment at December 31, 1999 follows:

Natural Gas Utility:	
Automotive Equipment	\$ 116,059
Gas Lines	400,729
Meters, Air compressors, Radio Equipment, Etc.	74,965
Office Equipment	10,048
Real Estate	10,958
Water Utility:	
Plant and Equipment	461,448
Office Equipment	594
Automotive Equipment	39,618
Water System Improvements	1,910,690
Sewerage Utility:	
Sewerage Lines and Disposal Plant	2,649,836
Land	63,910
Machinery and Equipment	410,622
Auto	1,000
Garbage Collection:	
Machinery and Equipment	273,222
Total	\$ 6,423,699
Less: Accumulated Depreciation	2,904,953
Net	<u>\$ 3,518,746</u>

TOWN OF MAMOU  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note C - Changes in Long-Term Debt

The following is a summary of changes in Long-Term Debt of the Town for the year ended December 31, 1999:

	Payable January 1, <u>1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1999</u>
Revenue Bonds	\$ -0-	\$5,000,000	\$ -0-	\$5,000,000
General Obligation Bonds	<u>557,000</u>	<u>\$ -0-</u>	<u>\$(55,000)</u>	<u>\$ 502,000</u>
Total	<u>\$557,000</u>	<u>\$5,000,000</u>	<u>\$(55,000)</u>	<u>\$5,502,000</u>

Bonds and Notes Payable are comprised of the following:

General Obligation Bonds:

\$693,000 Public Improvement Sales Tax Refunding Bonds, Series 1995, of the Town of Mamou, State of Louisiana, Dated June 1, 1995, due in annual installments beginning April 1, 1996, Interest at 6% per annum.

Payments to maturity are as follows:

<u>Year</u>	<u>Amount</u>
2000	\$ 59,000
2001	63,000
2002	67,000
2003	70,000
2004	73,000
2005	81,000
2006	<u>89,000</u>
Total	<u>\$502,000</u>

These bonds and notes are secured by sales tax collections.

Revenue Bonds:

\$5,000,000 Revenue Bonds Series 1999 of the Town of Mamou, State of Louisiana, dated September 16, 1999, due in annual installments beginning September 1, 2001, Interest at 5.5% per annum.

TOWN OF MAMOU  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

Payments to maturity are as follows:

<u>Year</u>	<u>Amount</u>
2001	\$ 265,000
2002	280,000
2003	295,000
2004	310,000
2005	330,000
2006-2014	<u>3,520,000</u>
Total	<u>\$5,000,000</u>

These bonds shall be secured by and payable by a pledge of the revenues to be derived from the operations of the Cancer Treatment Center after paying the reasonable and necessary expenses of operating and maintaining the Cancer Treatment Center. The bonds will be additionally secured by a conventional mortgage on the Cancer Treatment Center and equipment purchased with the bond, and any general revenues of the Town of Mamou which may be appropriated by the Town of Mamou for this purpose. The Town of Mamou is required to restrict \$750,000 in hospital lease revenue funds as security for the bonds. The Town will also be required to deposit up to \$100,000 annually into the Depreciation and Contingencies Fund if the net cash revenues derived from the operation of the Cancer Treatment Center are insufficient to fund the annual requirement.

**Note D - Enterprise Fund Debt:**

Revenue Bonds:

\$393,692 of Water Revenue Refunding Bonds of the Town of Mamou, State of Louisiana, dated May 1, 1998, bearing interest at the rate of 6.9% per annum payable semi-annually on April 1 and October 1 of each year beginning October 1, 1998 with principal payments on April 1 each year beginning April 1, 1999.

TOWN OF MAMOU  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

<u>Payment Date</u>	<u>Amount</u>
2000	\$ 32,683
2001	33,615
2002	34,601
2003	40,961
2004	42,137
2005	43,401
2006	50,058
2007	51,557
2008	<u>40,194</u>
Total	<u>\$369,207</u>

Certificates of Indebtedness:

\$200,000 of Certificates of Indebtedness dated June 1, 1994, bearing interest at a rate of 6.0% per annum payable semiannually beginning December 1, 1994.

Payments to maturity are as follows:

<u>Year</u>	<u>Amount</u>
2000	\$ 20,000
2001	22,000
2002	23,000
2003	24,000
2004	<u>26,000</u>
Total	<u>\$115,000</u>

**Note E - Internal Transactions**

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The General and Sales Tax Funds' Financial Statements generally reflect such transactions as transfers, except in cases where transfers are believed to be advances and reimbursement is anticipated. Individual Fund Interfund Receivable and Payable balances at December 31, 1999 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 302,873	\$ 831,129
Special Revenue Funds	446,023	70,697
Utility Fund	271,928	44,843
Debt Service Fund	5,059	79,214
Totals	<u>\$1,025,883</u>	<u>\$1,025,883</u>

TOWN OF MAMOU  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

**Note F - Litigation**

Worker's compensation claims against the Town in connection with the Town's former ownership and management of Savoy Care Center were pending as of June 28, 2000. The administrator handling and adjusting these claims estimates the amount of these contingent liabilities to be \$405,548.47.

Except as described in the preceding paragraph, in the opinions of the Town's attorneys, the claims and potential claims against the Town would not materially affect the financial statements of the Town.

**Note G - Compensation of Mayor and Board of Aldermen**

A schedule of compensation paid to the Mayor and Board of Aldermen is as follows:

	<u>Wages</u>	<u>Expense</u>	<u>Total</u>
Warren Pierrotti (Mayor)	\$ 6,600	\$ 2,400	\$ 9,000
Ricky Fontenot	4,800	1,800	6,600
J. L. Saucier	4,800	1,800	6,600
Jody Soileau	4,800	1,800	6,600
Emelie Frazier	4,800	1,800	6,600
Wilda Chamberlain	<u>4,800</u>	<u>1,800</u>	<u>6,600</u>
Total	<u>\$30,600</u>	<u>\$11,400</u>	<u>\$42,000</u>

**Note H - Collateralization of Cash**

Bank Balances at December 31, 1999	\$6,088,850
Less Amount Insured by FDIC	400,000
Less Amount Collateralized with securities pledged in the Town's name	<u>5,688,850</u>
Uninsured/Uncollateralized Bank Balances at December 31, 1999	<u>\$ -0-</u>

The Town's cash was adequately collateralized at December 31, 1999.

**Note I - Statement of Cash Flows**

Under Governmental Accounting Standards Board Statement No. 9, all governmental entities, whose fiscal year begins after December 15, 1989, must adopt a statement of cash flows to replace the statement of changes in financial position for all proprietary funds.

TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

A statement of cash flows presents cash and cash equivalents at the beginning and end of the period. Cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

A statement of cash flows focuses on cash receipts and cash payments resulting from operating, non capital financing, capital and related financing, or investing activities.

Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as investing activities. Cash flows from operating activities generally are the cash effects of transactions and other events that enter into the determination of operating income.

Non capital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments.

Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit.

Investing activities include making and collecting loans and acquiring and disposing of debt or equity instruments.

**Note J - Changes in Contributed Capital - Utility Fund**

Beginning Balance, January 1, 1999	\$2,469,050
Additions: Louisiana Community Development Block Grant	323,430
Deletions: Depreciation attributable to grants	<u>( 122,209)</u>
Ending Balance, December 31, 1999	<u>\$2,670,271</u>

TOWN OF MAMOU  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

**Note K - Changes in General Fixed Assets**

Beginning Balance, January 1, 1999	\$1,833,449
Additions	2,495,204
Deletions	( 10,845)
Ending Balance, December 31, 1999	<u>\$4,317,808</u>

**Note L - Hospital Lease**

The Town of Mamou owns a hospital facility in the Town of Mamou. In January of 1995 the Town terminated its operating agreement with Savoy Medical Center, Inc., and signed a lease with Columbia Health Care. The Town receives \$75,000 per month in lease payments for a period of 10 years with four, 5 year options.

**Note M - Residual Equity Transfer**

The residual equity transfer reported in the accompanying financial statements is the result of a settlement between Mamou Health Resources and the Town of Mamou for accounts receivable, debt, management fees, and legal fees.

**Note N - Contingent Liabilities**

In 1996 the Town of Mamou entered into an agreement for legal services to collect funds owed to the Town as a result of the prior operations of the hospital facility owned by the Town. Although the funds owed to the Town were collected by the attorney in 1996, no attorney fees had been paid as of June 14, 1999 due to a dispute as to the estimated \$1,953,819 owed by the Town.

**Note O - Self-Insurance**

On July 1, 1998, the Town began providing hospitalization coverage through a self-insurance plan for all full-time, non-temporary employees at no cost to qualifying employees. Coverage is available for families of qualifying employees. The qualifying employee is responsible for the cost of this coverage. The plan also provides a \$15,000 life insurance policy. Claims are paid by a third party administrator acting on behalf of the Town. The contract between the Town and this third party administrator includes provisions for administrative fees and stop-loss premiums. The maximum annual cost to the Town is \$113,160.91. Expenses in excess of this amount are re-insured.

**Note P - Violation of bond covenant**

The Town violated its bond covenants by setting utility rates at levels insufficient to cover the costs of the respective utility systems.

# MICHAEL W. JOHNSON

*Certified Public Accountant*

105 North 11th Street - Post Office Box 529  
EUNICE, LOUISIANA 70535  
Phone (337) 457-7951

MEMBER AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER SOCIETY  
OF  
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and Town Council  
Town of Mamou, Louisiana

I have audited the general purpose financial statements of Town of Mamou, Louisiana, as of and for the year ended December 31, 1999, and have issued my report thereon dated June 28, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Town of Mamou, Louisiana's general purpose financial statements are free of material misstatement; I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings as Finding No. 1999-1.

#### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Mamou, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to



significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Town of Mamou, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as Finding No. 1999-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider Finding No. 1999-1 to be a material weakness.

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



Michael W. Johnson  
Certified Public Accountant

Eunice, Louisiana  
June 28, 1999

# MICHAEL W. JOHNSON

*Certified Public Accountant*

105 North 11th Street - Post Office Box 529  
EUNICE, LOUISIANA 70535  
Phone (337) 457-7951

MEMBER AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER SOCIETY  
OF  
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and Town Council  
Town of Mamou, Louisiana

Compliance

I have audited the compliance of the Town of Mamou, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1999. Town of Mamou, Louisiana'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 of Mamou, Louisiana's management. My responsibility is to express an opinion of the Town of Mamou, State of Louisiana's compliance based on our audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Town of Mamou, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Town of Mamou, Louisiana's compliance with those requirements.

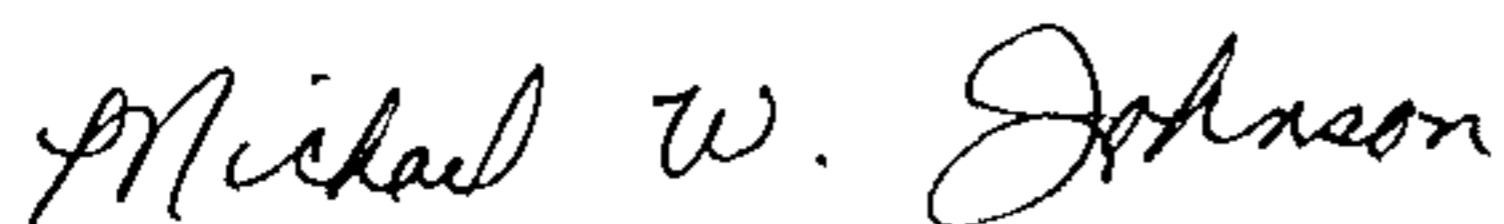
In my opinion, Town of Mamou, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

## Internal Control Over Compliance

The management of Town of Mamou, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Town of Mamou, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of management, the Town Council, federal awarding agencies, pass-through entities, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Michael W. Johnson  
Certified Public Accountant

Eunice, Louisiana  
June 28, 2000

TOWN OF MAMOU  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CDFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditure</u>
 <u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-through program from Louisiana Office of Community Development	14.228	8-00-DC-22-0001	\$355,294
Pass-through program from Louisiana Housing and Finance Agency	14.239	SG220199	\$ 60,175
 <u>U. S. DEPARTMENT OF JUSTICE</u>			
Pass-through program from Louisiana Commission on Law Enforcement	16.592		<u>\$ 7,951</u>
Total Expenditure of Federal Awards			<u>\$423,420</u>

TOWN OF MAMOU  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 1999

I have audited the financial statements of the Town of Mamou, Louisiana as of and for the year ended December 31, 1999, and have issued my report thereon dated June 28, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

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

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

Internal Control

Material Weaknesses Yes No      Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

**Section II Financial Statement Findings**

**Finding No. 1999-1. Violation of bond covenant**

Finding:                      Utility rates were insufficient to cover the costs of the respective utility systems.

Cause:                         Management overlooked this requirement.

Recommendation:      Utility rates should be set at a level sufficient to cover the costs of the respective utility systems.

**Section III Federal Award Findings and Questioned Costs**

None.

TOWN OF MAMOU  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Finding No. 1998-1: Delinquent Utility Customers Not Disconnected.	Resolved.
Finding No. 1998-2: Cash not Adequately Collateralized.	Resolved.
Finding No. 1998-3: Lack of Control Over Police Tickets.	Resolved.
Finding No. 1998-4: Audit not Timely Completed.	Resolved

TOWN OF MAMOU  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

**Finding No. 1999-1. Violation of bond covenant**

Utility rates should be set at a level sufficient to cover the costs of the respective utility systems.

The Town has increased utility rates to a level sufficient to cover the costs of the respective utility systems.

# MICHAEL W. JOHNSON

*Certified Public Accountant*

105 North 11th Street - Post Office Box 529  
EUNICE, LOUISIANA 70535  
Phone (337) 457-7951

MEMBER AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER SOCIETY  
OF  
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

To the Town Council  
Town of Mamou, Louisiana

The audited financial statements of the Town of Mamou, Louisiana and my report thereon is presented in the preceding section of this report. The financial information presented hereinafter was derived from the accounting records tested by me as part of the auditing procedures followed in my examination of the aforementioned financial statements, and in my opinion it is fairly presented in all material respects in relation to the financial statements taken as a whole; however, it is not necessary for a fair presentation of the financial position, results of operations, and cash flows of the Town of Mamou, Louisiana.

*Michael W. Johnson*

Michael W. Johnson  
Certified Public Accountant

Eunice, Louisiana  
June 28, 2000



# MICHAEL W. JOINSON

*Certified Public Accountant*

105 North 11th Street - Post Office Box 529  
EUNICE, LOUISIANA 70535  
Phone (337) 457-7951

MEMBER AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER SOCIETY  
OF  
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

To the Town Council  
Town of Mamou, Louisiana

## Supplemental Letter

I have audited the financial statements of the Town of Mamou, Louisiana for the year ended December 31, 1999 and have issued my report thereon dated June 28, 2000. As part of my audit I made a study and evaluation of the Town of Mamou, Louisiana's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation was necessary for expressing an opinion on the Town's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Town of Mamou, Louisiana is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates, and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Town of Mamou, Louisiana taken as a whole. However, my study and evaluation disclosed the following conditions that I believed to be material weaknesses:

Finding: The Town violated its bond covenant by not setting utility rates at sufficient levels to cover the costs of the respective utility systems.

Cause: Management overlooked this requirement.

Recommendation: Utility rates should be set at sufficient levels to cover the costs of the respective utility systems.

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

The Town of Mamou had an average of 1,866 water customers, all of whom were unmetered, for the year ended December 31, 1999.

The Town of Mamou, Louisiana had insurance coverage of the following types, amounts, and expiration dates:

<u>TYPE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Automobile Liability	\$ 500,000	5/1/02
Commercial General Liability	500,000	5/1/02
Law Enforcement Officer's Comprehensive Liability	500,000	5/1/02
Public Officials' Errors and Omissions Liability	500,000	5/1/02
Worker's Compensation	500,000	1/1/00
Physical Damage to Equipment	139,000	2/22/00
Boiler and Machinery	525,000	3/1/00
Physical Damage to Vehicles	221,000	8/12/00
Commercial Fire & Extended Coverage	527,000	3/18/00
Commercial Fire & Extended Coverage	640,000	3/1/00
Commercial Property	1,150,100	3/3/01

This report is intended solely for the use of management and Citizens Bank and should not be used for any other purpose.

*Michael W. Johnson*

Michael W. Johnson  
 Certified Public Accountant

Eunice, Louisiana  
 June 28, 2000