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VILLAGE OF MERMENTAU, LOUISIANA

FINANCIAL REPORT

June 30, 1999

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Release Date FEB 09 2000

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INDEPENDENT AUDITOR'S REPORT

The Honorable David Fruge', Mayor,
and the Board of Aldermen
Village of Mermentau, Louisiana

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James H. Breaux, CPA 1987

Erna R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wimberly, CPA* 1995

Rodney J. Savoy, CPA* 1996

Larry G. Broussard, CPA* 1996

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Certified Public Accountants
Society of Louisiana Certified
Public Accountants*

We have audited the accompanying general purpose financial statements of the Village of Mermentau, Louisiana, as of June 30, 1999, and for the year then ended. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our 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 and the Louisiana Governmental Audit Guide. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Mermentau, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

The Honorable David Fruge', Mayor,
and the Board of Aldermen
Village of Mermentau, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated August 20, 1999 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Mermentau, Louisiana. Such information, except for the Schedule of Insurance in Force marked "unaudited," on which we express no opinion, 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.

The financial information for the preceding fiscal year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Village of Mermentau, Louisiana, as of and for the Year Ended June 30, 1998.

BROUSSARD, POCHE, LEWIS & BREUX, L.L.P.

Crowley, Louisiana
August 20, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF MERMENTAU, LOUISIANA

COMBINED BALANCE SHEETS -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

With Comparative Totals for June 30, 1998

| ASSETS AND OTHER DEBITS | <u>Governmental Fund Types</u> | | |
|---|--------------------------------|----------------------------|-------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> |
| Cash and cash equivalents | \$ 85,881 | \$116,972 | \$ 17,756 |
| Investments, at cost | 42,054 | - | 11,569 |
| Receivables (net of allowances for uncollectibles): | | | |
| Accounts | - | - | - |
| Accrued interest | 646 | - | 65 |
| Grants receivable | - | - | - |
| Due from other funds | 736 | - | - |
| Due from other governments | - | 3,077 | - |
| Prepaid expenses | - | - | - |
| Restricted assets: | | | |
| Cash and cash equivalents | - | - | - |
| Investments, at cost | - | - | - |
| Fixed assets (net of accumulated depreciation) | - | - | - |
| Amount available in debt service funds | - | - | - |
| Amount to be provided for retirement of general long-term debt | - | - | - |
| | <u>\$129,317</u> | <u>\$120,049</u> | <u>\$ 29,390</u> |

See Notes to Financial Statements.

| Proprietary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|--------------------------|----------------------------|------------------------------|-----------------------------|--------------------|
| | General Fixed Assets | General Long-Term Debt | 1999 | 1998 |
| Enterprise | | | | |
| \$ 140,432 | \$ - | \$ - | \$ 361,041 | \$ 333,465 |
| - | - | - | 53,623 | 51,076 |
| 17,044 | - | - | 17,044 | 17,332 |
| 785 | - | - | 1,496 | 1,451 |
| 8,795 | - | - | 8,795 | - |
| - | - | - | 736 | 344 |
| - | - | - | 3,077 | 3,778 |
| 1,953 | - | - | 1,953 | 1,756 |
| 22,475 | - | - | 22,475 | 21,868 |
| 59,771 | - | - | 59,771 | 56,915 |
| 615,436 | 160,649 | - | 776,085 | 807,624 |
| - | - | 28,775 | 28,775 | 25,193 |
| - | - | 785 | 785 | 8,351 |
| <u>\$ 866,691</u> | <u>\$ 160,649</u> | <u>\$ 29,560</u> | <u>\$1,335,656</u> | <u>\$1,329,153</u> |

(Continued)

VILLAGE OF MERMENTAU, LOUISIANA

COMBINED BALANCE SHEETS -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

With Comparative Totals for June 30, 1998

| LIABILITIES AND FUND EQUITY | <u>Governmental Fund Types</u> | | |
|--|--------------------------------|------------------------|---------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 1,932 | \$ - | \$ - |
| Other payables | 556 | - | - |
| Accrued interest | - | - | 615 |
| Lease payable (current portion) | - | - | - |
| Payable from restricted assets: | | | |
| Customers' deposits | - | - | - |
| Accrued interest | - | - | - |
| Notes payable (current portion) | - | - | - |
| Due to other funds | - | - | - |
| Notes payable (long-term portion) | - | - | - |
| Lease payable (long-term portion) | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | \$ 2,488 | \$ - | \$ 615 |
| FUND EQUITY | | | |
| Contributed capital | \$ - | \$ - | \$ - |
| Investment in general fixed assets | - | - | - |
| Retained earnings: | | | |
| Reserved for revenue note retirement and customers' deposits | - | - | - |
| Unreserved | - | - | - |
| Fund balances: | | | |
| Reserved for debt service | - | - | 28,775 |
| Unreserved: | | | |
| Undesignated | 126,829 | 120,049 | - |
| Total equity | <u>\$126,829</u> | <u>\$120,049</u> | <u>\$ 28,775</u> |
| | <hr/> | <hr/> | <hr/> |
| | <u>\$129,317</u> | <u>\$120,049</u> | <u>\$ 29,390</u> |

See Notes to Financial Statements.

Exhibit A
(Continued)

| <u>Proprietary Fund Type</u> | <u>Account Groups</u> | | <u>Totals</u> | |
|----------------------------------|-------------------------------------|---------------------------------------|--------------------------|--------------------|
| | <u>General Fixed Assets</u> | <u>General Long-Term Debt</u> | <u>(Memorandum Only)</u> | |
| <u>Enterprise</u> | | | <u>1999</u> | <u>1998</u> |
| \$ 10,518 | \$ - | \$ - | \$ 12,450 | \$ 8,029 |
| 1,579 | - | - | 2,135 | 1,227 |
| - | - | - | 615 | 692 |
| 484 | - | - | 484 | - |
| 7,170 | - | - | 7,170 | 6,985 |
| 3,128 | - | - | 3,128 | 3,419 |
| 23,825 | - | 4,187 | 28,012 | 26,373 |
| 736 | - | - | 736 | 344 |
| 176,611 | - | 25,373 | 201,984 | 229,895 |
| 950 | - | - | 950 | - |
| <u>\$ 225,001</u> | <u>\$ -</u> | <u>\$ 29,560</u> | <u>\$ 257,664</u> | <u>\$ 276,964</u> |
| \$ 518,512 | \$ - | \$ - | \$ 518,512 | \$ 538,479 |
| - | 160,649 | - | 160,649 | 158,413 |
| 48,123 | - | - | 48,123 | 46,028 |
| 75,055 | - | - | 75,055 | 62,286 |
| - | - | - | 28,775 | 25,193 |
| - | - | - | 246,878 | 221,790 |
| <u>\$ 641,690</u> | <u>\$ 160,649</u> | <u>\$ -</u> | <u>\$1,077,992</u> | <u>\$1,052,189</u> |
| <u>\$ 866,691</u> | <u>\$ 160,649</u> | <u>\$ 29,560</u> | <u>\$1,335,656</u> | <u>\$1,329,153</u> |

VILLAGE OF MERMENTAU, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 1999

With Comparative Totals for the Year Ended June 30, 1998

| | <u>General</u> |
|--------------------------------------|------------------|
| Revenues: | |
| Taxes | \$ 7,105 |
| Licenses and permits | 54,004 |
| Intergovernmental | 8,473 |
| Fines and forfeits | 2,660 |
| Culture and recreation | 940 |
| Interest | 4,100 |
| Sale of assets | 125 |
| Other | <u>3,039</u> |
| | <u>\$ 80,446</u> |
| Expenditures: | |
| Current: | |
| General government | \$ 26,326 |
| Public safety | 9,677 |
| Public works | 25,263 |
| Culture and recreation | 3,064 |
| Capital outlay | 2,236 |
| Debt service: | |
| Principal retirement | - |
| Interest and fiscal charges | - |
| | <u>\$ 66,566</u> |
| Excess of revenues over expenditures | \$ 13,880 |
| Fund balances, beginning | <u>112,949</u> |
| Fund balances, ending | <u>\$126,829</u> |

See Notes to Financial Statements.

| <u>Special Revenue</u> | <u>Debt Service</u> | <u>Totals (Memorandum Only)</u> | |
|----------------------------|-------------------------|-------------------------------------|------------------|
| | | <u>1999</u> | <u>1998</u> |
| \$ 18,045 | \$ 9,313 | \$ 34,463 | \$ 37,446 |
| - | - | 54,004 | 55,998 |
| - | - | 8,473 | 7,811 |
| - | - | 2,660 | 2,244 |
| - | - | 940 | 950 |
| 32 | 547 | 4,679 | 4,042 |
| - | - | 125 | - |
| - | - | <u>3,039</u> | <u>2,589</u> |
| <u>\$ 18,077</u> | <u>\$ 9,860</u> | <u>\$108,383</u> | <u>\$111,080</u> |
| | | | |
| \$ 6,869 | \$ 950 | \$ 34,145 | \$ 25,465 |
| - | - | 9,677 | 13,396 |
| - | - | 25,263 | 34,054 |
| - | - | 3,064 | 2,469 |
| - | - | 2,236 | 4,616 |
| - | 3,984 | 3,984 | 3,948 |
| - | <u>1,344</u> | <u>1,344</u> | <u>1,376</u> |
| <u>\$ 6,869</u> | <u>\$ 6,278</u> | <u>\$ 79,713</u> | <u>\$ 85,324</u> |
| | | | |
| \$ 11,208 | \$ 3,582 | \$ 28,670 | \$ 25,756 |
| <u>108,841</u> | <u>25,193</u> | <u>246,983</u> | <u>221,227</u> |
| | | | |
| <u>\$120,049</u> | <u>\$ 28,775</u> | <u>\$275,653</u> | <u>\$246,983</u> |

VILLAGE OF MERMENTAU, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended June 30, 1999

| | <u>General Fund</u> | | |
|--|---------------------|------------------|--|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
| Revenues: | | | |
| Taxes | \$ 5,000 | \$ 7,105 | \$ 2,105 |
| Licenses | 34,200 | 54,004 | 19,804 |
| Intergovernmental | 7,100 | 8,473 | 1,373 |
| Fines and forfeits | 2,000 | 2,660 | 660 |
| Culture and recreation | 600 | 940 | 340 |
| Interest | 1,800 | 4,100 | 2,300 |
| Sale of assets | - | 125 | 125 |
| Other | <u>1,000</u> | <u>3,039</u> | <u>2,039</u> |
| | <u>\$ 51,700</u> | <u>\$ 80,446</u> | <u>\$ 28,746</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | \$ 22,000 | \$ 26,326 | \$ (4,326) |
| Public safety | 20,875 | 9,677 | 11,198 |
| Public works | 40,400 | 25,263 | 15,137 |
| Culture and recreation | 2,938 | 3,064 | (126) |
| Capital outlay | <u>8,787</u> | <u>2,236</u> | <u>6,551</u> |
| | <u>\$ 95,000</u> | <u>\$ 66,566</u> | <u>\$ 28,434</u> |
| Excess (deficiency) of revenues over expenditures | <u>\$ (43,300)</u> | <u>\$ 13,880</u> | <u>\$ 57,180</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | \$ 15,000 | \$ - | \$ (15,000) |
| Operating transfers out | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 15,000</u> | <u>\$ -</u> | <u>\$ (15,000)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | <u>\$ (28,300)</u> | <u>\$ 13,880</u> | <u>\$ 42,180</u> |
| Fund balances, beginning | <u>112,949</u> | <u>112,949</u> | <u>-</u> |
| Fund balances, ending | <u>\$ 84,649</u> | <u>\$126,829</u> | <u>\$ 42,180</u> |

See Notes to Financial Statements.

| <u>Special Revenue Fund</u> | | |
|-----------------------------|------------------|--|
| <u>Budget</u> | <u>Actual</u> | <u>Variance- Favorable (Unfavorable)</u> |
| \$ 17,000 | \$ 18,045 | \$ 1,045 |
| - | - | - |
| - | - | - |
| - | - | - |
| - | 32 | 32 |
| - | - | - |
| <u>\$ 17,000</u> | <u>\$ 18,077</u> | <u>\$ 1,077</u> |
| \$ 2,000 | \$ 6,869 | \$ (4,869) |
| - | - | - |
| - | - | - |
| - | - | - |
| <u>\$ 2,000</u> | <u>\$ 6,869</u> | <u>\$ (4,869)</u> |
| <u>\$ 15,000</u> | <u>\$ 11,208</u> | <u>\$ (3,792)</u> |
| \$ - | \$ - | \$ - |
| (15,000) | - | 15,000 |
| <u>\$ (15,000)</u> | <u>\$ -</u> | <u>\$ 15,000</u> |
| \$ - | \$ 11,208 | \$ 11,208 |
| <u>108,841</u> | <u>108,841</u> | <u>-</u> |
| <u>\$108,841</u> | <u>\$120,049</u> | <u>\$ 11,208</u> |

VILLAGE OF MERMENTAU, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE

Year Ended June 30, 1999

With Comparative Amounts for the Year Ended June 30, 1998

| | <u>Utility Fund</u> | |
|---|---------------------|-------------------|
| | <u>1999</u> | <u>1998</u> |
| Operating revenues: | | |
| Charges for services | \$107,353 | \$101,504 |
| Other | <u>12,919</u> | <u>6,119</u> |
| | <u>\$120,272</u> | <u>\$107,623</u> |
| Operating expenses: | | |
| Personal services | \$ 27,098 | \$ 28,379 |
| Supplies and materials | 9,290 | 8,872 |
| Depreciation | 38,240 | 38,180 |
| Heat, light and power | 10,035 | 8,968 |
| Bad debts | 594 | 1,277 |
| Other services and charges | <u>32,733</u> | <u>27,385</u> |
| | <u>\$117,990</u> | <u>\$113,061</u> |
| Operating income (loss) | <u>\$ 2,282</u> | <u>\$ (5,438)</u> |
| Non-operating revenues (expenses): | | |
| Interest revenue | \$ 4,105 | \$ 3,950 |
| Interest expense | <u>(11,489)</u> | <u>(13,300)</u> |
| | <u>\$ (7,384)</u> | <u>\$ (9,350)</u> |
| Net loss | \$ (5,102) | \$ (14,788) |
| Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital | <u>19,966</u> | <u>19,966</u> |
| Increase in retained earnings | \$ 14,864 | \$ 5,178 |
| Retained earnings, beginning | <u>108,314</u> | <u>103,136</u> |
| Retained earnings, ending | <u>\$123,178</u> | <u>\$108,314</u> |

See Notes to Financial Statements.

VILLAGE OF MERMENTAU, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS

Year Ended June 30, 1999

With Comparative Amounts for the Year Ended June 30, 1998

| | <u>1999</u> | <u>1998</u> |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ 2,282 | \$ (5,438) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | 38,240 | 38,180 |
| Changes in assets and liabilities: | | |
| Increase in receivables | (8,562) | (2,418) |
| Decrease in due from other funds | 344 | 373 |
| (Increase) decrease in prepaid expenses | (197) | 43 |
| Increase in accounts payable | 5,763 | 4,755 |
| Increase in other payable and liabilities | 1,046 | 617 |
| Increase in due to other funds | <u>736</u> | <u>-</u> |
| Net cash provided by operating activities | <u>\$ 39,652</u> | <u>\$ 36,112</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | \$ (4,465) | \$ (458) |
| Principal paid on revenue notes payable | (22,288) | (20,132) |
| Principal paid on lease payable | (266) | - |
| Interest paid | (11,780) | (13,576) |
| Proceeds from lease | <u>1,700</u> | <u>-</u> |
| Net cash used by capital and related financing activities | <u>\$ (37,099)</u> | <u>\$ (34,166)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of certificates of deposit | \$ (109,779) | \$ (104,542) |
| Proceeds from maturities of certificates of deposit | 106,922 | 101,822 |
| Interest received | <u>4,072</u> | <u>3,892</u> |
| Net cash provided by investing activities | <u>\$ 1,215</u> | <u>\$ 1,172</u> |
| Net increase in cash and cash equivalents | \$ 3,768 | \$ 3,118 |
| Cash and cash equivalents, beginning | <u>159,139</u> | <u>156,021</u> |
| Cash and cash equivalents, ending | <u>\$ 162,907</u> | <u>\$ 159,139</u> |

See Notes to Financial Statements.

VILLAGE OF MERMENTAU, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Village of Mermentau was incorporated November 11, 1899, under the provisions of Section 11 of Act Number 136 of the State of Louisiana. The Village operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Village of Mermentau conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Fund accounting:

The accounts of the Village 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 purposes 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

General fund:

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

Special revenue funds:

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

NOTES TO FINANCIAL STATEMENTS

Debt service funds:

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Funds

Enterprise funds:

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

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

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

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 a 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 uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

NOTES TO FINANCIAL STATEMENTS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including drainage systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost.

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 two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent 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 services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) 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:

| | |
|-----------|-------------|
| Plant | 20-40 years |
| Lines | 50 years |
| Equipment | 3-15 years |

Effective July 1, 1996, the Village has elected to apply GASB's Codification, Section G60.116 which allows enterprise funds to close out depreciation expense recognized on assets contributed by governments outside the financial reporting entity (i.e., grants, entitlements, or shared revenues) to contributed capital rather than to retained earnings.

NOTES TO FINANCIAL STATEMENTS

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 are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

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 Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Mayor submits to the Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of an ordinance. Budgetary control is maintained at the individual fund level.

NOTES TO FINANCIAL STATEMENTS

4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Aldermen. All appropriations lapse at the end of the fiscal year.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts are as originally adopted or as amended by the Aldermen in open meeting.

Investments:

Investments which include certificates of deposit are stated at cost.

Bad debts:

Uncollectible amounts due from customers' utility receivables are recognized as bad debts by the use of the allowance method of accounting for bad debts.

Cash and cash equivalents:

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

Total columns on Combined Statements - Overview:

Total columns on the 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 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.

Note 2. Property Taxes

The Village levies a tax of 19 mills on all property within its corporate limits. Taxes are levied in October and are payable by December 31. For the year ended June 30, 1999, taxable property within the Village was assessed at \$926,520.

Tax millage is dedicated as follows:

| | |
|----------------------------|----------|
| General corporate purposes | 7 mills |
| Retirement of bonds | 12 mills |

NOTES TO FINANCIAL STATEMENTS

Note 3. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

| | Balance June 30, <u>1998</u> | <u>Additions (Deletions)</u> | | Balance June 30, <u>1999</u> |
|-----------------------------------|------------------------------------|------------------------------|-------------|------------------------------------|
| General fixed assets, at cost: | | | | |
| Land | \$ 18,515 | \$ - | \$ - | \$ 18,515 |
| Buildings | 46,325 | - | - | 46,325 |
| Improvements other than buildings | 20,384 | - | - | 20,384 |
| Equipment | <u>73,189</u> | <u>2,236</u> | <u>-</u> | <u>75,425</u> |
| | <u>\$158,413</u> | <u>\$ 2,236</u> | <u>\$ -</u> | <u>\$160,649</u> |

A summary of proprietary fund type property, plant, and equipment at June 30, 1999 and 1998 follows:

| | <u>1999</u> | <u>1998</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 22,082 | \$ 22,082 |
| Water plant | 172,110 | 172,110 |
| Water lines | 94,834 | 94,834 |
| Sewer plant | 64,304 | 64,304 |
| Sewer lines | 161,625 | 161,625 |
| Equipment | 20,352 | 15,887 |
| Wastewater treatment pond | <u>505,472</u> | <u>505,472</u> |
| | \$1,040,779 | \$1,036,314 |
| Less accumulated depreciation | <u>425,343</u> | <u>387,103</u> |
| Net | <u>\$ 615,436</u> | <u>\$ 649,211</u> |

Note 4. Changes in Long-Term Debt

The following is a summary of transactions relating to long-term debt of the Village for the year ended June 30, 1999.

| | <u>General Obligation</u> | <u>Revenue and Certificate of Indebtedness</u> | <u>Total</u> |
|--------------------------------|-------------------------------|--|------------------|
| Notes payable at June 30, 1998 | \$ 33,544 | \$222,724 | \$256,268 |
| Notes paid | <u>(3,984)</u> | <u>(22,288)</u> | <u>(26,272)</u> |
| Notes payable at June 30, 1999 | <u>\$ 29,560</u> | <u>\$200,436</u> | <u>\$229,996</u> |

NOTES TO FINANCIAL STATEMENTS

Notes payable at June 30, 1999 are comprised of the following individual notes:

General obligation notes:

| | |
|---|------------------|
| \$35,000 1968 Water system notes due in annual installments of \$1,802 through 2006, including interest at 4-1/8% | \$ 9,854 |
| \$35,000 1968 Sewer system notes due in annual installments of \$1,802 through 2006, including interest at 4-1/8% | 9,853 |
| \$35,000 1968 Sewer District 1-A notes due in annual installments of \$1,802 through 2006, including interest at 4-1/8% | <u>9,853</u> |
| | <u>\$ 29,560</u> |

Revenue notes and certificate of indebtedness:

| | |
|---|------------------|
| \$175,000 1968 Water revenue notes due in annual installments of \$9,420 through 2007, including interest at 4-1/8% | \$ 57,692 |
| \$110,600 1968 Sewer revenue notes due in annual installments of \$6,120 through 2007, including interest at 4-1/8% | 37,744 |
| \$135,000 Certificate of indebtedness, Series 1995A, due in two varying installments per year through 2005, including interest at 6.75% | <u>105,000</u> |
| | <u>\$200,436</u> |

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$46,154 follows:

| <u>Year Ending June 30</u> | <u>General Obligation</u> | <u>Revenue and Certificate of Indebtedness</u> | <u>Total</u> |
|--------------------------------|-------------------------------|--|------------------|
| 2000 | \$ 5,406 | \$ 34,223 | \$ 39,629 |
| 2001 | 5,406 | 34,379 | 39,785 |
| 2002 | 5,406 | 34,468 | 39,874 |
| 2003 | 5,406 | 34,489 | 39,895 |
| 2004 | 5,406 | 34,442 | 39,848 |
| Thereafter | <u>7,179</u> | <u>69,940</u> | <u>77,119</u> |
| | <u>\$ 34,209</u> | <u>\$241,941</u> | <u>\$276,150</u> |

The debt service fund has \$28,775 available to service the general obligation notes.

NOTES TO FINANCIAL STATEMENTS

Under the terms of the note indentures on the outstanding utility revenue notes, the notes are secured by the facilities constructed with the note proceeds. In addition, revenues are to be deposited in funds as indicated below.

All revenues must be deposited into the revenue fund. On the first day of each month, there must be transferred from this fund into the operation and maintenance fund an amount sufficient to pay all operating expenses for that month and to make a reasonable provision for the repair and maintenance of the system.

After the transfer to the operation and maintenance fund each month, the balance of funds remaining in the revenue fund must be sufficient to meet the following requirements:

1. Revenue note fund - Provide sufficient funds to equal one-twelfth of the amount of principal and interest becoming due on next payment date.
2. Reserve funds - Contribute \$75 monthly until \$4,600 is accumulated in the waterworks reserve fund and \$40 monthly until \$2,600 is accumulated in the sewerage reserve fund.
3. Depreciation fund - Contribute \$75 monthly to the waterworks depreciation fund and \$40 monthly to the sewerage depreciation fund as long as the respective revenue notes remain outstanding. Such funds shall be used to defray the cost of major repairs of damage caused by unforeseen catastrophe and replacements made necessary by depreciation of the system. These funds may be transferred to a revenue note fund, but only to the extent that the remaining balance not be reduced below an amount sufficient to cover the aforementioned costs for the current and next ensuing year.

In lieu of establishing a revenue note fund, the Village is paying one-twelfth of the next amount of principal and interest due directly to the lender, thereby meeting the requirement of the revenue note fund. The required and actual balances in the reserve and depreciation funds at June 30, 1999 are as follows:

| | Required <u>Balance</u> | Actual <u>Balance</u> | Actual Amount Over (Under) <u>Requirement</u> |
|-------------------------|----------------------------|--------------------------|--|
| Waterworks reserve | \$ 4,600 | \$ 4,600 | \$ - |
| Waterworks depreciation | 27,000 | 30,121 | 3,121 |
| Sewerage reserve | 2,600 | 2,600 | - |
| Sewerage depreciation | <u>13,920</u> | <u>13,920</u> | <u>-</u> |
| | <u>\$48,120</u> | <u>\$51,241</u> | <u>\$ 3,121</u> |

NOTES TO FINANCIAL STATEMENTS

Under the terms of the outstanding certificate of indebtedness, the proceeds of the debt are restricted for construction purposes and will be repaid with the pledge of the excess of annual revenues over the subsequent years above statutory, necessary and usual charges to the payment of the cost of public improvements provided all such dedications do not exceed the estimated excess of revenues above statutory, necessary and usual charges for the year. In addition, the Village is to establish a sinking fund and provide sufficient funds equal to one-sixth (1/6) of the interest falling due on the next interest payment date and one-twelfth (1/12) of the principal falling due on the next principal payment date. As of June 30, 1999, the Village has sufficient funds in the certificate of indebtedness sinking fund.

Note 5. Interfund Receivables, Payables

Interfund receivable and payable balances at June 30, 1999 were:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|---|----------------------------------|-------------------------------|
| General fund | \$ 736 | \$ - |
| Enterprise-water and sewer utility fund | <u>-</u> | <u>736</u> |
| | <u>\$ 736</u> | <u>\$ 736</u> |

Note 6. Dedication of Sales Tax Proceeds

Proceeds of the 1% sales and use tax are dedicated to the following purposes:

1. Defraying the cost of improving, maintaining and operating the fire protection of the Village;
2. Defraying the cost of improving and maintaining the streets and thoroughfares of the Village;
3. Defraying the cost of improving, maintaining and operating the drainage system of the Village;
4. Defraying the cost of improving, operating and maintaining the water system of the Village; and
5. Defraying the cost of improving, maintaining and operating the sewerage system of the Village.

NOTES TO FINANCIAL STATEMENTS

Note 7. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include cash and certificates of deposit. The Village may invest in United States bonds, treasury notes or certificates, time certificates of deposit of state banks having their principle office in the State of Louisiana, or any other federally insured investment. The Village may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The deposits at June 30, 1999 were secured fully by federal deposit insurance and securities pledged in the name of the Village by their fiscal agent.

Note 8. Pension Plan

Several Village employees are covered under the Municipal Employees' Retirement System of Louisiana. Details concerning this plan follow:

Municipal Employees' Retirement System of Louisiana:

Plan description:

The Municipal Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer public employee retirement system (PERS) as established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the Village are members of Plan B.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of credited service or at or after age 55 with 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

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

NOTES TO FINANCIAL STATEMENTS

Funding policy:

Plan members are required to contribute 5.0% of their annual covered salary and the Village is required to contribute 3.75% as established by the state statute. The Village's contributions to the System for the years ended June 30, 1999 and 1998 were \$1,100 and \$789 respectively, equal to the required contributions for each year.

Note 9. Allowance for Doubtful Accounts

The receivable recorded in the enterprise fund is net of the allowance for doubtful accounts of \$3,730 and \$3,137 as of June 30, 1999 and 1998, respectively.

Note 10. Enterprise Fund Operations

Operations of the Village of Mermentau Utility System consist of water and sewer utilities. Operating expenses which cannot be identified as applicable to a single department have been allocated on the basis of gross utility sales in the individual departments.

Operating results of the individual utilities for the year ended June 30, 1999 were as follows:

| | <u>Water Utility Fund</u> | <u>Sewer Utility Fund</u> | <u>Total Enterprise Funds</u> |
|-------------------------|-----------------------------------|-----------------------------------|---------------------------------------|
| Operating revenues | <u>\$ 53,707</u> | <u>\$ 57,770</u> | <u>\$111,477</u> |
| Depreciation expense | <u>\$ 7,297</u> | <u>\$ 30,943</u> | <u>\$ 38,240</u> |
| Operating income (loss) | <u>\$ 8,101</u> | <u>\$ (14,614)</u> | <u>\$ (6,513)</u> |
| Net income (loss) | <u>\$ 8,153</u> | <u>\$ (22,050)</u> | <u>\$ (13,897)</u> |
| Bonds payable | <u>\$ 57,692</u> | <u>\$142,744</u> | <u>\$200,436</u> |

At June 30, 1999, service was provided to the following number of customers:

| | <u>Water</u> | <u>Sewer</u> |
|-------------|--------------|--------------|
| Residential | 301 | 275 |
| Commercial | <u>10</u> | <u>10</u> |
| | <u>311</u> | <u>285</u> |

NOTES TO FINANCIAL STATEMENTS

Note 11. Contributed Capital and Retained Earnings

The change in the Village's contributed capital account for the enterprise fund is as follows:

| | |
|---|------------------|
| Beginning balance, contributed capital | \$538,479 |
| Less: Current year depreciation from contributed sources | <u>(19,967)</u> |
| Ending balance, contributed capital | <u>\$518,512</u> |

Effective July 1, 1996, the Village has elected to apply GASB's Codification, Section G60.116 which allows enterprise funds to close out depreciation expense recognized on assets contributed by governments outside the financial reporting entity (i.e., grants, entitlements, or shared revenues) to contributed capital rather than to retained earnings.

Note 12. Contingencies

The Village of Mermentau operates a Sanitary Wastewater Disposal System under an NPEDS permit. The NPEDS permit and the state permit under which the discharge is regulated has been the subject of scrutiny by the Environmental Protection Agency and the Department of Environmental Quality. The Village is under an order to upgrade its facility in order to comply with the permit and the expected more stringent permit discharges. The Village has been cited for past violations and a compliance order was issued. The Village has completed the building and rehabilitation of the sewer pond and the addition of a marsh/rockweed filter to achieve those limits. The Village continues to make efforts to comply with the permit limitations for discharge and to maintain the plant in accordance with those standards.

Note 13. Year 2000 Issue

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Village's management has identified some existing computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary in conducting the Village's operations. However, management is still in the process of identifying the remaining systems and electronic equipment that may be affected by the Year 2000 Issue. Management has replaced the computer systems and software already identified. Based upon this, the Village is in the assessment and remediation stages. Once these stages are complete, validation and testing will be required.

NOTES TO FINANCIAL STATEMENTS

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot give assurance that the Village is or will be Year 2000 ready, or that parties with whom the Village does business will be Year 2000 ready.

Note 14. Capital Lease

The Village entered into a capital lease agreement for a copy machine on August 25, 1998. The lease agreement calls for 36 monthly payments of \$48 each and a final payment of \$200. Lease expenditures for the year ended June 30, 1999 amounted to \$336. The future minimum lease payments for this lease are as follows:

| | | |
|-------|----|-----------------|
| 2000 | \$ | 576 |
| 2001 | | 576 |
| 2002 | | <u>440</u> |
| Total | | <u>\$ 1,592</u> |

Note 15. Grants

In fiscal year 1999, the Village was awarded a Rural Development Grant of \$15,000 from the Office of Rural Development for the purpose of sewer plant improvements. The grant funds are paid to the Village on a reimbursement basis. At June 30, 1999, \$8,794 had been expended on the grant project leaving a balance of \$6,205 of the grant funds still available.

During fiscal year 1999, the Village of Mermentau was approved for a Louisiana Community Development Block Grant (LCDBG) for street improvements in the amount of \$273,699. Funds from this grant will be paid to the Village as work on the street project is invoiced. At June 30, 1999, work had not yet begun on the street project and all of the approved grant funds were still available.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

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GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in other funds.

VILLAGE OF MERMENTAU, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

| ASSETS | <u>1999</u> | <u>1998</u> |
|------------------------------|------------------|------------------|
| Cash and cash equivalents | \$ 85,881 | \$ 76,333 |
| Certificates of deposit | 42,054 | 40,052 |
| Accounts receivable | - | 55 |
| Accrued interest receivable | 646 | 636 |
| Due from other funds | <u>736</u> | <u>-</u> |
| | <u>\$129,317</u> | <u>\$117,076</u> |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable | \$ 1,932 | \$ 3,274 |
| Other payables | 556 | 509 |
| Due to other fund | <u>-</u> | <u>344</u> |
| | <u>\$ 2,488</u> | <u>\$ 4,127</u> |
| FUND BALANCE | | |
| Unreserved | <u>\$126,829</u> | <u>\$112,949</u> |
| | <u>\$129,317</u> | <u>\$117,076</u> |

VILLAGE OF MERMENTAU, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1999

With Comparative Actual Amounts for the Year Ended June 30, 1998

| | <u>1999</u> | | | <u>1998</u> |
|--|--------------------|------------------|--|------------------|
| | <u>Budget</u> | <u>Actual</u> | Variance- Favorable <u>(Unfavorable)</u> | <u>Actual</u> |
| Revenues: | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 5,000 | \$ 7,105 | \$ 2,105 | \$ 5,969 |
| Licenses and permits: | | | | |
| Occupational licenses | 8,500 | 29,329 | 20,829 | 22,951 |
| Trailer permits | 100 | 180 | 80 | 240 |
| Utility franchise | 19,000 | 18,658 | (342) | 19,342 |
| Gas franchise | 3,500 | 2,986 | (514) | 3,531 |
| Cable franchise | 1,100 | - | (1,100) | 7,330 |
| Telephone franchise | 2,000 | 2,851 | 851 | 2,604 |
| Intergovernmental: | | | | |
| Tobacco tax | 4,000 | 4,109 | 109 | 4,109 |
| Beer tax | 1,000 | 1,291 | 291 | 986 |
| Video poker | - | 148 | 148 | - |
| Housing authority payment in lieu of taxes | 1,000 | 1,792 | 792 | 1,583 |
| Maintenance agreement | 1,100 | 1,133 | 33 | 1,133 |
| Fines: | | | | |
| Fines and court cost | 2,000 | 2,660 | 660 | 2,244 |
| Culture and recreation: | | | | |
| Hall rentals | 600 | 940 | 340 | 950 |
| Interest income | 1,800 | 4,100 | 2,300 | 3,513 |
| Sale of assets | - | 125 | 125 | - |
| Other | <u>1,000</u> | <u>3,039</u> | <u>2,039</u> | <u>2,589</u> |
| | <u>\$ 51,700</u> | <u>\$ 80,446</u> | <u>\$ 28,746</u> | <u>\$ 79,074</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | \$ 22,000 | \$ 26,326 | \$ (4,326) | \$ 22,947 |
| Public safety | 20,875 | 9,677 | 11,198 | 13,396 |
| Public works | 40,400 | 25,263 | 15,137 | 34,054 |
| Culture and recreation | 2,938 | 3,064 | (126) | 2,469 |
| Capital outlay | <u>8,787</u> | <u>2,236</u> | <u>6,551</u> | <u>4,616</u> |
| | <u>\$ 95,000</u> | <u>\$ 66,566</u> | <u>\$ 28,434</u> | <u>\$ 77,482</u> |
| Excess (deficiency) of revenues over expenditures (subtotals forward) | <u>\$ (43,300)</u> | <u>\$ 13,880</u> | <u>\$ 57,180</u> | <u>\$ 1,592</u> |

(Continued)

VILLAGE OF MERMENTAU, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

| | <u>1999</u> | | | <u>1998</u> |
|--|------------------|------------------|--|------------------|
| | <u>Budget</u> | <u>Actual</u> | Variance- Favorable <u>(Unfavorable)</u> | <u>Actual</u> |
| Excess (deficiency) of revenues over expenditures (subtotals forwarded) | \$ (43,300) | \$ 13,880 | \$ 57,180 | \$ 1,592 |
| Other financing sources: | | | | |
| Operating transfers in | <u>15,000</u> | <u>-</u> | <u>(15,000)</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over expenditures | \$ (28,300) | \$ 13,880 | \$ 42,180 | \$ 1,592 |
| Fund balance, beginning | <u>112,949</u> | <u>112,949</u> | <u>-</u> | <u>111,357</u> |
| Fund balance, ending | <u>\$ 84,649</u> | <u>\$126,829</u> | <u>\$ 42,180</u> | <u>\$112,949</u> |

VILLAGE OF MERMENTAU, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

| | <u>1999</u> | | Variance- | <u>1998</u> |
|---------------------------|------------------|------------------|----------------------|------------------|
| | <u>Budget</u> | <u>Actual</u> | Favorable | <u>Actual</u> |
| | | | <u>(Unfavorable)</u> | |
| Current: | | | | |
| General government: | | | | |
| Utilities | \$ 2,500 | \$ 4,223 | \$ (1,723) | \$ 2,957 |
| Office supplies | 800 | 1,296 | (496) | 504 |
| Officials' salaries | 1,800 | 1,800 | - | 1,800 |
| Payroll taxes | 200 | 81 | 119 | 82 |
| Insurance | 200 | 1,343 | (1,143) | 1,590 |
| Repairs and maintenance | 500 | 639 | (139) | 411 |
| Retirement | 300 | 224 | 76 | 165 |
| Publications | 300 | 1,235 | (935) | 244 |
| Tax roll preparation | 100 | 128 | (28) | 149 |
| Tax collector | 100 | 119 | (19) | 87 |
| Legal and accounting | 5,000 | 5,064 | (64) | 5,737 |
| City clerk and assistants | 6,000 | 6,024 | (24) | 6,024 |
| Conventions and seminars | 2,500 | 524 | 1,976 | 1,951 |
| Other | <u>1,700</u> | <u>3,626</u> | <u>(1,926)</u> | <u>1,246</u> |
| | <u>\$ 22,000</u> | <u>\$ 26,326</u> | <u>\$ (4,326)</u> | <u>\$ 22,947</u> |
| Public safety: | | | | |
| Police: | | | | |
| Salaries | \$ 4,000 | \$ 4,320 | \$ (320) | \$ 4,200 |
| Payroll taxes | 150 | 77 | 73 | 79 |
| Insurance | 1,000 | 1,217 | (217) | 2,040 |
| Gas and oil | 500 | 359 | 141 | 374 |
| Supplies | 1,000 | 1,261 | (261) | 1,485 |
| Repairs and maintenance | 1,000 | 344 | 656 | 1,369 |
| Other | 2,000 | 219 | 1,781 | 2,239 |
| Flood control: | | | | |
| Utilities | 1,300 | 1,104 | 196 | 1,242 |
| Labor | 500 | 323 | 177 | 150 |
| Payroll taxes | 25 | - | 25 | - |
| Repairs and maintenance | 9,000 | 338 | 8,662 | 39 |
| Other | <u>400</u> | <u>115</u> | <u>285</u> | <u>179</u> |
| | <u>\$ 20,875</u> | <u>\$ 9,677</u> | <u>\$ 11,198</u> | <u>\$ 13,396</u> |
| Totals forward | <u>\$ 42,875</u> | <u>\$ 36,003</u> | <u>\$ 6,872</u> | <u>\$ 36,343</u> |

VILLAGE OF MERMENTAU, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

| | 1999 | | Variance- Favorable (Unfavorable) | 1998 |
|----------------------------|------------------|------------------|---|------------------|
| | Budget | Actual | | Actual |
| Totals forwarded | \$ 42,875 | \$ 36,003 | \$ 6,872 | \$ 36,343 |
| Current: | | | | |
| Public works: | | | | |
| Labor | \$ 12,000 | \$ 12,532 | \$ (532) | \$ 13,972 |
| Payroll taxes | 400 | 402 | (2) | 337 |
| Street lights | 7,500 | 6,452 | 1,048 | 7,830 |
| Repairs and maintenance | 3,500 | 1,005 | 2,495 | 1,733 |
| Materials | 5,500 | 972 | 4,528 | 4,735 |
| Retirement | 500 | 337 | 163 | 237 |
| Gas and oil | 900 | 753 | 147 | 726 |
| Insurance | 7,000 | 2,234 | 4,766 | 2,212 |
| Chemicals for weed control | 600 | - | 600 | 609 |
| Other | 2,500 | 576 | 1,924 | 1,663 |
| | <u>\$ 40,400</u> | <u>\$ 25,263</u> | <u>\$ 15,137</u> | <u>\$ 34,054</u> |
| Culture and recreation: | | | | |
| Utilities | \$ 1,600 | \$ 1,807 | \$ (207) | \$ 1,712 |
| Insurance | - | 103 | (103) | - |
| Repairs and maintenance | 1,238 | 253 | 985 | 740 |
| Supplies | - | 640 | (640) | - |
| Other | 100 | 261 | (161) | 17 |
| | <u>\$ 2,938</u> | <u>\$ 3,064</u> | <u>\$ (126)</u> | <u>\$ 2,469</u> |
| Capital outlays | \$ 8,787 | \$ 2,236 | \$ 6,551 | \$ 4,616 |
| Total expenditures | <u>\$ 95,000</u> | <u>\$ 66,566</u> | <u>\$ 28,434</u> | <u>\$ 77,482</u> |

SPECIAL REVENUE FUND

Sales Tax Fund - to account for the proceeds from the Village's one (1) percent sales and use tax.

VILLAGE OF MERMENTAU, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

| ASSETS | <u>1999</u> | <u>1998</u> |
|----------------------------|------------------|------------------|
| Cash and cash equivalents | \$116,972 | \$105,063 |
| Due from other governments | <u>3,077</u> | <u>3,778</u> |
| | <u>\$120,049</u> | <u>\$108,841</u> |
| FUND BALANCE | | |
| Unreserved | <u>\$120,049</u> | <u>\$108,841</u> |

VILLAGE OF MERMENTAU, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

| | <u>1999</u> | | | <u>1998</u> |
|---|------------------|------------------|---|------------------|
| | <u>Budget</u> | <u>Actual</u> | Variance- Favorable (Unfavorable) | <u>Actual</u> |
| Revenues: | | | | |
| Taxes: | | | | |
| Sales taxes | \$ 17,000 | \$ 18,045 | \$ 1,045 | \$ 21,244 |
| Interest income | - | 32 | 32 | - |
| | <u>\$ 17,000</u> | <u>\$ 18,077</u> | <u>\$ 1,077</u> | <u>\$ 21,244</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Collection fee | \$ 500 | \$ 271 | \$ 229 | \$ 318 |
| Legal and accounting | 1,500 | 1,850 | (350) | 1,250 |
| Repairs and maintenance | - | 4,748 | (4,748) | - |
| | <u>\$ 2,000</u> | <u>\$ 6,869</u> | <u>\$ (4,869)</u> | <u>\$ 1,568</u> |
| Excess of revenues over expenditures | \$ 15,000 | \$ 11,208 | \$ (3,792) | \$ 19,676 |
| Other uses: | | | | |
| Operating transfers out | <u>(15,000)</u> | <u>-</u> | <u>15,000</u> | <u>-</u> |
| Excess of revenues over expenditures and other uses | \$ - | \$ 11,208 | \$ 11,208 | \$ 19,676 |
| Fund balance, beginning | <u>108,841</u> | <u>108,841</u> | <u>-</u> | <u>89,165</u> |
| Fund balance, ending | <u>\$108,841</u> | <u>\$120,049</u> | <u>\$ 11,208</u> | <u>\$108,841</u> |

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DEBT SERVICE FUND

Debt Service Fund - To accumulate monies for payment of \$105,000 of 4-1/8% water and sewer system improvement notes and Sewer District 1-A notes dated March 20, 1968. Property tax of 12 mills is levied to finance repayment of this debt.

VILLAGE OF MERMENTAU, LOUISIANA
DEBT SERVICE FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

| ASSETS | <u>1999</u> | <u>1998</u> |
|--------------------------------|------------------|------------------|
| Cash and cash equivalents | \$ 17,756 | \$ 14,798 |
| Certificate of deposit | 11,569 | 11,024 |
| Accrued interest receivable | <u>65</u> | <u>63</u> |
| | <u>\$ 29,390</u> | <u>\$ 25,885</u> |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accrued interest | \$ 615 | \$ 692 |
| FUND BALANCE | | |
| Designated for debt retirement | <u>28,775</u> | <u>25,193</u> |
| | <u>\$ 29,390</u> | <u>\$ 25,885</u> |

VILLAGE OF MERMENTAU, LOUISIANA
DEBT SERVICE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
Years Ended June 30, 1999 and 1998

| | <u>1999</u> | <u>1998</u> |
|--------------------------------------|------------------|------------------|
| Revenues: | | |
| Ad valorem taxes | \$ 9,313 | \$ 10,233 |
| Interest on investments | <u>547</u> | <u>529</u> |
| | <u>\$ 9,860</u> | <u>\$ 10,762</u> |
| Expenditures: | | |
| Current: | | |
| General government: | | |
| Accounting | \$ 950 | \$ 950 |
| Debt service: | | |
| Principal retirement | 3,984 | 3,948 |
| Interest coupons | <u>1,344</u> | <u>1,376</u> |
| | <u>\$ 6,278</u> | <u>\$ 6,274</u> |
| Excess of revenues over expenditures | \$ 3,582 | \$ 4,488 |
| Fund balance, beginning | <u>25,193</u> | <u>20,705</u> |
| Fund balance, ending | <u>\$ 28,775</u> | <u>\$ 25,193</u> |

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ENTERPRISE FUND

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

VILLAGE OF MERMENEAU, LOUISIANA
UTILITY FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

| ASSETS | <u>1999</u> | <u>1998</u> |
|---|------------------|------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$140,432 | \$137,271 |
| Accounts receivable, net of allowance for doubtful accounts of \$3,730 in 1999 and \$3,137 in 1998 | 17,044 | 17,135 |
| Grant receivable | 8,795 | - |
| Other receivables | - | 142 |
| Accrued interest receivable | 785 | 752 |
| Prepaid expenses | 1,953 | 1,756 |
| Due from other funds | <u>-</u> | <u>344</u> |
| Total current assets | <u>\$169,009</u> | <u>\$157,400</u> |
| RESTRICTED ASSETS | | |
| Cash and cash equivalents: | | |
| Certificate of indebtedness sinking fund | \$ 22,475 | \$ 21,868 |
| Certificates of deposit: | | |
| Sewerage reserve | 2,600 | 2,600 |
| Sewerage depreciation | 13,920 | 13,920 |
| Waterworks reserve | 4,600 | 4,600 |
| Waterworks depreciation | 30,121 | 27,683 |
| Customers' meter deposits | <u>8,530</u> | <u>8,112</u> |
| | <u>\$ 82,246</u> | <u>\$ 78,783</u> |
| PLANT AND EQUIPMENT, at cost, net of accumulated depreciation 1999 \$425,343; 1998 \$387,103 | <u>\$615,436</u> | <u>\$649,211</u> |
| | <u>\$866,691</u> | <u>\$885,394</u> |

| LIABILITIES AND FUND EQUITY | <u>1999</u> | <u>1998</u> |
|---|------------------|------------------|
| LIABILITIES | | |
| Current liabilities (payable from current assets): | | |
| Accounts payable | \$ 10,518 | \$ 4,755 |
| Other payables | 1,579 | 718 |
| Lease payable (due in one year) | 484 | - |
| Due to other funds | <u>736</u> | <u>-</u> |
| | <u>\$ 13,317</u> | <u>\$ 5,473</u> |
| Current liabilities (payable from restricted assets): | | |
| Customers' deposits | \$ 7,170 | \$ 6,985 |
| Accrued interest | 3,128 | 3,419 |
| Water revenue notes payable (due in one year) | 7,175 | 6,887 |
| Sewer revenue notes payable (due in one year) | 4,650 | 4,464 |
| Certificate of indebtedness notes payable (due in one year) | <u>12,000</u> | <u>11,000</u> |
| | <u>\$ 34,123</u> | <u>\$ 32,755</u> |
| Total current liabilities | <u>\$ 47,440</u> | <u>\$ 38,228</u> |
| LONG-TERM LIABILITIES (due after one year): | | |
| Water revenue notes payable | \$ 50,517 | \$ 57,654 |
| Sewer revenue notes payable | 33,094 | 37,719 |
| Certificate of indebtedness notes payable | 93,000 | 105,000 |
| Lease payable | <u>950</u> | <u>-</u> |
| | <u>\$177,561</u> | <u>\$200,373</u> |
| FUND EQUITY | | |
| Contributed capital | \$518,512 | \$538,479 |
| Retained earnings: | | |
| Reserved for revenue note retirement and customers' deposits | 48,123 | 46,028 |
| Unreserved | <u>75,055</u> | <u>62,286</u> |
| | <u>\$641,690</u> | <u>\$646,793</u> |
| | <u>\$866,691</u> | <u>\$885,394</u> |

VILLAGE OF MERMENTAU, LOUISIANA
UTILITY FUND

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN RETAINED EARNINGS -
BUDGET (GAAP BASIS) AND ACTUAL

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

| | <u>1999</u> | | | <u>1998</u> |
|-----------------------------|------------------|------------------|--|-------------------|
| | <u>Budget</u> | <u>Actual</u> | Variance- Favorable <u>(Unfavorable)</u> | <u>Actual</u> |
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Water revenue | \$ 43,000 | \$ 51,720 | \$ 8,720 | \$ 47,133 |
| Sewer revenue | 49,000 | 55,633 | 6,633 | 54,371 |
| Other: | | | | |
| Connection fees | 1,000 | 960 | (40) | 1,035 |
| Penalties | 1,500 | 1,540 | 40 | 1,745 |
| Grant revenue | - | 8,795 | 8,795 | - |
| Miscellaneous | <u>900</u> | <u>1,624</u> | <u>724</u> | <u>3,339</u> |
| | <u>\$ 95,400</u> | <u>\$120,272</u> | <u>\$ 24,872</u> | <u>\$107,623</u> |
| Operating expenses: | | | | |
| Personal services: | | | | |
| Labor | \$ 19,710 | \$ 26,141 | \$ (6,431) | \$ 27,410 |
| Payroll taxes | 450 | 418 | 32 | 583 |
| Retirement expense | 500 | 539 | (39) | 386 |
| Supplies and materials: | | | | |
| Office supplies | 3,000 | 3,664 | (664) | 3,511 |
| Chemicals | 5,500 | 5,626 | (126) | 5,361 |
| Depreciation | 22,288 | 38,240 | (15,952) | 38,180 |
| Heat, light and power | 8,000 | 10,035 | (2,035) | 8,968 |
| Bad debts | - | 594 | (594) | 1,277 |
| Capital outlay | 5,000 | - | 5,000 | - |
| Other services and charges: | | | | |
| Repairs and maintenance | 9,100 | 20,504 | (11,404) | 13,945 |
| Insurance | 4,500 | 5,433 | (933) | 6,124 |
| Legal and accounting | 4,000 | 4,338 | (338) | 3,988 |
| Engineering fees | 1,000 | 73 | 927 | 967 |
| Other | <u>3,600</u> | <u>2,385</u> | <u>1,215</u> | <u>2,361</u> |
| | <u>\$ 86,648</u> | <u>\$117,990</u> | <u>\$ (31,342)</u> | <u>\$113,061</u> |
| Operating income (loss) | | | | |
| Subtotals forward | <u>\$ 8,752</u> | <u>\$ 2,282</u> | <u>\$ (6,470)</u> | <u>\$ (5,438)</u> |

VILLAGE OF MERMENTAU, LOUISIANA
UTILITY FUND

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN RETAINED EARNINGS -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

| | <u>1999</u> | | | <u>1998</u> |
|--|--------------------|-------------------|---|-------------------|
| | <u>Budget</u> | <u>Actual</u> | Variance- Favorable (Unfavorable) | <u>Actual</u> |
| Operating income (loss) | | | | |
| Subtotals forwarded | \$ <u>8,752</u> | \$ <u>2,282</u> | \$ (6,470) | \$ (5,438) |
| Non-operating revenues (expense): | | | | |
| Interest revenue | \$ 2,000 | \$ 4,105 | \$ 2,105 | \$ 3,950 |
| Interest expense | <u>(12,252)</u> | <u>(11,489)</u> | <u>763</u> | <u>(13,300)</u> |
| | <u>\$ (10,252)</u> | <u>\$ (7,384)</u> | <u>\$ 2,868</u> | <u>\$ (9,350)</u> |
| Net income (loss) | <u>\$ (1,500)</u> | \$ (5,102) | <u>\$ (3,602)</u> | \$ (14,788) |
| Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital | | <u>19,966</u> | | <u>19,966</u> |
| Increase in retained earnings | | \$ 14,864 | | \$ 5,178 |
| Retained earnings, beginning | | <u>108,314</u> | | <u>103,136</u> |
| Retained earnings, ending | | <u>\$123,178</u> | | <u>\$108,314</u> |

VILLAGE OF MERMENAU, LOUISIANA
UTILITY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1999 and 1998

| | <u>1999</u> | <u>1998</u> |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ 2,282 | \$ (5,438) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | 38,240 | 38,180 |
| Changes in assets and liabilities: | | |
| Increase in receivables | (8,562) | (2,418) |
| Decrease in due from other funds | 344 | 373 |
| (Increase) decrease in prepaid expenses | (197) | 43 |
| Increase in accounts payable | 5,763 | 4,755 |
| Increase in other payable and liabilities | 1,046 | 617 |
| Increase in due to other funds | <u>736</u> | <u>-</u> |
| Net cash provided by operating activities | <u>\$ 39,652</u> | <u>\$ 36,112</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | \$ (4,465) | \$ (458) |
| Principal paid on revenue notes payable | (22,288) | (20,132) |
| Principal paid on lease payable | (266) | - |
| Interest paid | (11,780) | (13,576) |
| Proceeds from lease | <u>1,700</u> | <u>-</u> |
| Net cash used by capital and related financing activities | <u>\$ (37,099)</u> | <u>\$ (34,166)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of certificates of deposit | \$ (109,779) | \$ (104,542) |
| Proceeds from maturities of certificates of deposit | 106,922 | 101,822 |
| Interest received | <u>4,072</u> | <u>3,892</u> |
| Net cash provided by investing activities | <u>\$ 1,215</u> | <u>\$ 1,172</u> |
| Net increase in cash and cash equivalents | \$ 3,768 | \$ 3,118 |
| Cash and cash equivalents, beginning | <u>159,139</u> | <u>156,021</u> |
| Cash and cash equivalents, ending | <u>\$ 162,907</u> | <u>\$ 159,139</u> |

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

To account for fixed assets not used in proprietary fund operations.

VILLAGE OF MERMENTAU, LOUISIANA
GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN FIXED ASSETS
Year Ended June 30, 1999

| | Balance July 1, <u>1998</u> | <u>Additions</u> | <u>Reductions</u> | Balance June 30, <u>1999</u> |
|--|-----------------------------------|------------------|-------------------|------------------------------------|
| General fixed assets: | | | | |
| Land | \$ 18,515 | \$ - | \$ - | \$ 18,515 |
| Buildings | 46,325 | - | - | 46,325 |
| Improvements other than buildings | 20,384 | - | - | 20,384 |
| Equipment | <u>73,189</u> | <u>2,236</u> | <u>-</u> | <u>75,425</u> |
| | <u>\$158,413</u> | <u>\$ 2,236</u> | <u>\$ -</u> | <u>\$160,649</u> |
| Investment in general fixed assets from: | | | | |
| General fund revenues | \$151,811 | \$ 2,236 | \$ - | \$154,047 |
| Federal revenue sharing fund | <u>6,602</u> | <u>-</u> | <u>-</u> | <u>6,602</u> |
| | <u>\$158,413</u> | <u>\$ 2,236</u> | <u>\$ -</u> | <u>\$160,649</u> |

GENERAL LONG-TERM DEBT GROUP OF ACCOUNTS

To account for general long-term liabilities of governmental funds.

VILLAGE OF MERMENTAU, LOUISIANA

COMPARATIVE STATEMENT OF GENERAL LONG-TERM DEBT
June 30, 1999 and 1998

| | <u>1999</u> | <u>1998</u> |
|--|------------------|------------------|
| AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT | | |
| Amount available in debt service fund | \$ 28,775 | \$ 25,193 |
| Amount to be provided from ad valorem taxes | <u>785</u> | <u>8,351</u> |
| Total available and to be provided | <u>\$ 29,560</u> | <u>\$ 33,544</u> |
| GENERAL LONG-TERM DEBT PAYABLE | | |
| Notes payable: | | |
| Due within one year | \$ 4,187 | \$ 4,022 |
| Due after one year | <u>25,373</u> | <u>29,522</u> |
| Total notes payable | <u>\$ 29,560</u> | <u>\$ 33,544</u> |

VILLAGE OF MERMENTAU, LOUISIANA

STATEMENT OF CHANGES IN GENERAL LONG-TERM DEBT
Year Ended June 30, 1999

| | Balance July 1, <u>1998</u> | General Obligation Notes <u>Retired</u> | Debt Service Fund <u>Operations</u> | Balance June 30, <u>1999</u> |
|---|-----------------------------------|--|--|------------------------------------|
| Amount available in debt service fund | \$ 25,193 | \$ - | \$ 3,582 | \$ 28,775 |
| Amount to be provided for retirement of long-term debt | <u>8,351</u> | <u>(3,984)</u> | <u>(3,582)</u> | <u>785</u> |
| Total available and to be provided | <u>\$ 33,544</u> | <u>\$ (3,984)</u> | <u>\$ -</u> | <u>\$ 29,560</u> |
| General long-term debt payable | <u>\$ 33,544</u> | <u>\$ (3,984)</u> | <u>\$ -</u> | <u>\$ 29,560</u> |

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OTHER SUPPLEMENTARY DATA

VILLAGE OF MERMENTAU, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE

June 30, 1999

Unaudited

Insurer

Assets Covered

Louisiana Municipal Risk Management

City Hall building contents

American International South
Insurance Company

All property of Village, except
underground drainage, roads,
bridges, trees, currency notes,
historical records, vehicles
including tractors and buildings
in course of construction

Louisiana Municipal Risk
Management

Employees

Audubon Insurance Company

1989 Chevrolet S-10 pickup
1991 Ford Crown Victoria

Western Surety

Clerk
Water Clerk

| <u>Risks Covered</u> | <u>Limits</u> | <u>Expiration Date</u> |
|--|---------------------------------------|------------------------|
| Commercial general liability (80% co-insurance): | | |
| Premises/operations | \$500,000 | 10-06-99 |
| Fire, Legal liability | \$ 50,000 | |
| Medical | \$ 1,000/person \$ 10,000/accident | |
| Fire, lightning and extended coverage, 90% co-insurance | \$812,500 | 09-12-99 |
| Workmen's compensation Employer's liability | Statutory \$500,000 | 02-14-00 |
| Bodily injury | \$50M/\$100M | 10-03-99 |
| Property damage | \$10,000 | |
| Uninsured motorist | \$250M/\$100M | |
| Position fidelity bond | \$ 48,000 | |
| Position fidelity bond | \$ 25,000 | 8-25-00 |

VILLAGE OF MERMENTAU, LOUISIANA
UTILITY FUND

SCHEDULE OF UTILITY RATES

The rates in effect for the year ended June 30, 1999 were:

Water

| | |
|-------------------------------|--|
| First 3,000 gallons per month | \$ 9.00 |
| Over 3,000 gallons | \$ 1.50 per 1,000 gallons or each part thereof |

Sewerage

Based on water used:

| | |
|-------------------------------|--|
| First 3,000 gallons per month | \$ 7.00 |
| Over 3,000 gallons | \$ 3.15 per 1,000 gallons or each part thereof |

VILLAGE OF MERMENTAU, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO ELECTED OFFICIALS
Year Ended June 30, 1999

| <u>Name</u> | <u>Amount</u> |
|-------------------|-----------------|
| Charles J. Benoit | \$ 360 |
| Troy Cormier | 360 |
| Willis Broussard | 180 |
| David Fruge' | 540 |
| Myrtis Gautreaux | 180 |
| Juantia Richard | 180 |
| | <u>\$ 1,800</u> |

The schedule of compensation paid to elected officials was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

The aldermen receive compensation of \$30 per month, and the mayor receives \$60 per month.

VILLAGE OF MERMENTAU, LOUISIANA
SCHEDULE OF AGED ACCOUNTS RECEIVABLE
Year Ended June 30, 1999

| | |
|---------------|------------------|
| 0-30 days | \$ 8,036 |
| 31-60 days | 2,031 |
| 61-90 days | 935 |
| 91-120 days | 216 |
| Over 120 days | <u>3,392</u> |
| | <u>\$ 14,610</u> |



BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.

C E R T I F I E D P U B L I C A C C O U N T A N T S

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

The Honorable David Fruge', Mayor,
and the Board of Aldermen
Village of Mermentau, Louisiana

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We have audited the general purpose financial statements of the Village of Mermentau, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 20, 1999. We conducted our audit 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 the Louisiana Governmental Audit Guide.

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Daniel E. Gilder, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*

Compliance

As part of obtaining reasonable assurance about whether the Village of Mermentau, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 99-1 and 99-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Mermentau, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche, CPA 1984
James H. Breaux, CPA 1987
Erna R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberly, CPA* 1995
Rodney I. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

The Honorable David Fruge', Mayor,
and the Board of Aldermen
Town of Iota, Louisiana

and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Mermentau, 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 and questioned costs as items 99-3, 99-4 and 99-5.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-3, 99-4 and 99-5 to be material weaknesses.

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

BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.

Crowley, Louisiana
August 20, 1999

VILLAGE OF MERMENTAU, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

We have audited the financial statements of the Village of Mermentau Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 20, 1999. We conducted our 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. Our audit of the financial statements as of June 30, 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

b. Federal Awards

The Village has a federal award under a loan guarantee with U.S. Department of Agriculture Office of Rural Development of \$124,996 which is below the Single Audit threshold.

c. Identification of Major Programs

The Village has a federal award under a loan guarantee with U.S. Department of Agriculture Office of Rural Development of \$124,996 which is below the Single Audit threshold.

Section II Financial Statement Findings99-1 Compliance: Budget

Budget versus actual:

Criteria: Actual receipts plus projected revenue collections shall not fall short of budgeted revenues by five percent or more and actual expenditures plus projected expenditures for the year shall not exceed budgeted expenditures by five percent or more.

Finding and effect: For the year ended June 30, 1999, actual expenditures exceeded budgeted expenditures by more than five percent in the Utility and Sales Tax Funds. Thus, the Village is not in compliance with the Local Government Budget Act.

A similar finding was included in the prior year's audit report.

VILLAGE OF MERMENTAU, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

Section II Financial Statement Findings (continued)

Cause: Management did not compare budgeted items to actual items at year-end or amend the budget to be within the five percent limitation.

Recommendation: We recommend that management closely monitor the budget and make every effort possible to stay within the five percent limitation by amending the budget as deemed necessary.

Response: The Village's management has agreed to monitor the budget closely and make amendments when necessary to comply with the five percent limitation.

Questioned costs: \$ - 0 -

99-2 Compliance: Capital Lease

Criteria: Municipalities must obtain approval from the State Bond Commission whenever they are going to enter into an agreement through which they obligate themselves for longer than 90 days (LSA-RS 39:1410.60(A)).

Finding and effect: The Village entered into a 36 month lease for a copy machine without first obtaining the approval of the State Bond Commission. Therefore, the Village is not in compliance with LSA-RS 39:1410.60(A).

Cause: The Village's management did not know of this rule and entered into a 36 month capital lease for a copy machine without getting the approval of the State Bond Commission.

Recommendation: We recommend that, in the future, management seek approval from the State Bond Commission prior to signing any agreements which obligate the Village for more than 90 days.

Response: Management will seek approval from the State Bond Commission in the future when necessary.

Questioned Costs: \$ - 0 -

99-3 Internal Control: Segregation of Duties

Criteria: Financial duties should be adequately segregated in order to provide good internal controls.

Finding and effect: As in previous years, our review of the internal control structure indicated inadequate segregation of duties in all areas of the financial cycle. Therefore, internal control is weakened.

VILLAGE OF MERMENTAU, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

Section II Financial Statement Findings (continued)

Cause: Inadequate segregation of duties is due to the limited number of personnel performing the administrative functions.

Recommendation: We recommend that the Village hire additional office personnel to provide adequate segregation.

Response: The Village of Mermentau, Louisiana's management has evaluated this inadequacy and concluded the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation.

Questioned Costs: \$ - 0 -

99-4 Internal Control: Subsidiary Ledger

Criteria: Subsidiary ledgers provide backup for the general ledger accounts and should therefore reconcile to the general ledger balances.

Finding and effect: As in previous years, the accounts receivable subsidiary ledger maintained for the enterprise funds does not agree with the general ledger. Therefore, internal control is weakened.

Cause: The general ledger balance is not reconciled to the subsidiary ledger and some entries are booked in one but not in the other.

Recommendation: We recommend that the accounts receivable subsidiary ledger be reconciled to the general ledger account on a monthly basis.

Response: The Village's management has agreed to reconcile the accounts receivable subsidiary ledger to the general ledger account each month.

Questioned costs: \$ - 0 -

99-5 Internal Control: Meter Deposits

Criteria: Meter deposit cards provide backup for the general ledger account and should therefore reconcile to the general ledger account balance.

Finding and effect: The customer deposit cards in the meter deposit file did not agree with the general ledger account balance. Therefore, internal control is weakened.

VILLAGE OF MERMENTAU, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

Section II Financial Statement Findings (continued)

Cause: Some meter deposits were removed from the card file without a corresponding entry being made to the general ledger.

Recommendation: We recommend that the client regularly reconcile the deposit cards to the balance in the general ledger account.

Response: The Village's management has agreed to reconcile the deposit cards to the balance in the general ledger account on a regular basis.

Questioned costs: \$ - 0 -

Section III Federal Award Findings and Questioned Costs

There are not any findings or questioned costs reported with regards to the Village's federal awards for the year ended June 30, 1999.

VILLAGE OF MERMENTAU, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 1999

I Internal Control and Compliance Material to the Financial Statements

98-1 - Budget

Finding:

For the year ended June 30, 1998, actual expenditures exceeded budgeted expenditures by more than five percent in the Utility Fund.

Recommendation:

We recommend that management closely monitor the budget and make every effort possible to stay within the five percent limitation by amending the budget as deemed necessary.

Response:

Management will monitor the budget closely and make amendments when necessary to comply with the five percent limitation.

Current status:

The finding is included in the current year's schedule of findings and questioned costs as item 99-1.

98-2 - Inadequate Segregation of Duties

This same finding is included in the current year's schedule of findings and questioned costs as 99-3. The Village has provided as much segregation as possible with resources available.

98-3 - Subsidiary Ledger

Finding:

The accounts receivable subsidiary ledger maintained for the enterprise fund does not agree with the general ledger.

Recommendation:

We recommend that the ending general ledger balance of accounts receivable be reconciled on a monthly basis to the subsidiary ledger.

VILLAGE OF MERMENTAU, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)
Year Ended June 30, 1999

Current status:

The accounts receivable subsidiary ledger maintained for the enterprise fund still does not agree with the general ledger. This finding is included in the current year's schedule of findings and questioned costs as 99-4.

98-4 - Police Tickets

Finding:

Not all sequentially numbered police tickets were present and accounted for.

Recommendation:

We recommend that all ticket copies, both voided and issued, be kept and accounted for.

Response:

Management will make sure that all ticket copies are kept and accounted for.

Current Status:

Our current year procedures did not reveal any tickets missing or unaccounted for.

II Internal Control and Compliance Material to Federal Awards

The prior year's report did not have any findings relating to the Village's federal awards.

III Management Letter

The prior year's report did not include a management letter.

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VILLAGE OF MERMENTAU, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended June 30, 1999

Section I Internal Control and Compliance Material to the Financial Statements

98-1; 99-1 Compliance: Budget

a. Budget versus actual:

It is recommended that management closely monitor the budget and make every effort possible to stay within the five percent limitation by amending the budget when necessary.

Management will make every effort possible to monitor the budget during the year and make amendments when necessary to stay within the five percent limitation.

b. Budget amendment:

It is recommended that the Clerk keep track of the budget, as amended, and make sure that the Board is presented with budget amendments which do not cause expenditures to exceed total estimated funds available for the fiscal year.

The Village Clerk will monitor the budget, as amended, and will present budget amendments to the Board which do not cause expenditures to exceed estimated funds available for the fiscal year.

99-2 Compliance: Capital Lease

It is recommended that, in the future, management seek approval from the State Bond Commission prior to signing any agreements which obligate the Village for more than 90 days.

Management will seek approval from the State Bond Commission in the future when necessary.

98-2; 99-3 Internal Control: Segregation of Duties

Management has ensured as much segregation as possible based on available resources. However, adequate segregation is not deemed to be feasible.

98-3; 99-4 Internal Control: Subsidiary Ledger

It is recommended that the accounts receivable subsidiary ledger be reconciled to the general ledger account each month.

VILLAGE OF MERMENTAU, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended June 30, 1999

Management has agreed to reconcile the general ledger balance for accounts receivable to a printout of aged receivables at the end of each month to ensure that all adjustments and activity have been correctly posted to each ledger.

99-5 Internal Control: Meter Deposits

It is recommended that the meter deposit cards be reconciled to the general ledger regularly.

The Village Clerk will reconcile the meter deposit cards to the general ledger on a regular basis.

Section II Internal Control and Compliance Material to Federal Awards

There were not any findings relating to the Village's federal awards.

Section III Management Letter

A management letter was not issued.

Responsible Party: David Fruge', Mayor