

TOWN OF WHITE CASTLE, LOUISIANA

BASIC FINANCIAL STATEMENTS

September 30, 2015

TOWN OF WHITE CASTLE, LOUISIANA

TABLE OF CONTENTS

September 30, 2001

	Exhibit	Page
FINANCIAL SECTION		
Independent Auditor's Report		i
Management's Discussion and Analysis		3
Basic Financial Statements:		
<i>Government-wide Financial Statements:</i>		
Statement of Net Assets	A	14
Statement of Activities	A-1	15
<i>Fund Financial Statements:</i>		
<i>Governmental Funds:</i>		
Balance Sheet	A-2	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	A-3	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	A-4	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	A-5	19
<i>Proprietary Funds:</i>		
Statement of Net Assets	A-6	20
Statement of Revenues, Expenditures, and Changes in Net Assets	A-7	21
Statement of Cash Flows	A-8	22
Notes to Financial Statements	A-9	24
Required Supplementary Information:		
<i>General Fund:</i>		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B	49
<i>Sales Tax Fund:</i>		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-1	50

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (continued)		
	Exhibit	Page
Combining and Individual Fund Statements:		
General Fund:		
Statement of Departmental Expenditures – Budget (GAAP Basis) and Actual	C	52
Non-major Governmental Funds:		
Combining Balance Sheet	C-1	35
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	C-2	56
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Section 8	C-3	57
SCHEDULES (Supplementary Financial Information)		
	Schedule	Page
Sovereign Customers (Without Audit)	1	59
Insurance in Force (Without Audit)	2	60
SPECIAL INDEPENDENT AUDITORS' REPORTS		
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		64
SCHEDULE OF PRIOR YEAR FINDINGS		67
STATISTICAL INFORMATION		
	Schedule	
Total Assets (Fund Basis)	S-1	
Cash and Investments	S-2	
Liabilities and Fund Equity (Fund Basis)	S-3	
Fund Equity (Fund Basis)	S-4	
Tangible Assessed Value of Property, Property Taxes - Assessed	S-5	
General Fund Revenue, General Fund Expenditures	S-6	
Transfers to General Fund, General Fund Inflows & Outflows	S-7	
Sales Tax Revenues, Sales Tax Transfers Out	S-8	

STATISTICAL INFORMATION**Schedule**

Gas Fund Revenues & Expenses, Gas Fund Net Income & Transfers

S-9

Gas Fund Revenues & Cost of Gas

S-10

Water Fund Revenues & Expenses, Water Fund Net Income (Loss)
& Transfers Out

S-11

Sewer Fund Revenues & Expenses, Sewer Fund Net Income (Loss)
& Transfers Out

S-12



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Town Council,
Town of White Castle, Louisiana

We have audited the accompanying basic financial statements of the **TOWN OF WHITE CASTLE, LOUISIANA**, as of and for the year ended September 30, 2003, as listed in the table of contents as Exhibits A through A-9. These financial statements are the responsibility of the **TOWN OF WHITE CASTLE's** management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the **TOWN OF WHITE CASTLE, LOUISIANA**, as of September 30, 2003, and the changes in its financial position and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Town has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 38, *Certain Financial Statement Disclosures* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements*, as of October 1, 2002. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2003, on our consideration of the TOWN OF WHITE CASTLE, LOUISIANA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on Exhibits B through B-1 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town, taken as a whole. The combining and individual non-major fund financial statements (Exhibit C through C-3) and statistical information (Schedules S-1 through S-12) are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of White Castle, Louisiana. The combining and individual non-major fund financial statements and statistical information have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended September 30, 2003, and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying information on Schedules 1 and 2, pages 59 and 60, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has not been audited by us, and accordingly, we express no opinion on this information.


Certified Public Accountants

Baton Rouge, Louisiana
November 25, 2003

TOWN OF WHITE CASTLE

MAYOR'S OFFICE
 Mayor

CLERK'S OFFICE
 Clerk

CLARENCE FERRIER, JR.
 Mayor



111.000 000
 1000 SOUTH STREET
 WHITE CASTLE, LA. 70588
 PHONE (225) 645-1111 FAX (225) 645-1111

ALDERMAN
 ALDERMAN OFFICE
 CLARENCE FERRIER
 ALDERMAN OFFICE
 ALDERMAN OFFICE
 ALDERMAN OFFICE

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of White Castle, we offer readers of the Town of White Castle's (the "Town's") financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2003. The emphasis of discussions about these statements will be on current year data. Please read it in conjunction with the Town's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

The Town completed the fiscal year with stable financial position and approaches 2004 with funding that provides a means to address the community needs. A major initiative of the Town is to provide basic services (law enforcement, street maintenance, drainage, and utility services). Significant aspects of the Town's financial well being as of and for the year ended September 30, 2003, are detailed throughout this analysis. Significant highlights are as follows:

- Assets of the Town exceeded its liabilities by approximately \$6.6 million at the close of the most recent fiscal year. Of this amount, \$1.1 million (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- As of September 30, 2003, the Town's governmental funds reported combined fund balances of \$512,900. Additionally, approximately \$600,000 of this fund balance is cash.
- At year end, the Town's proprietary funds reported net equity of \$2.1 million, with approximately \$300,000 in cash.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include public safety, streets and sanitation, public health, recreation, and general administration. The business-type activities of the Town include water, gas and sewer services.

The government-wide financial statements can be found on pages 14 and 15 of this report.

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

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

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

The Town maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances for the General Fund,

Sales Tax Fund and 1993 Sinking Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in Exhibit C-1 and C-2.

The Town adopts an annual budget for its general fund and special revenue funds, as required by law. Budgetary comparison statements have been provided for the General Fund and Sales Tax Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on Exhibit A-3 through A-5 of this report.

The Town maintains three proprietary funds used to report the same functions presented as business-type activities in the government-wide statements. The Town uses proprietary funds to account for its water, gas and sewer operations.

Proprietary funds provide the same type of information as government-wide statements, only in more detail. The proprietary funds financial statements provide separate information for the Gas, Water and Sewer Funds, all of which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on Exhibit A-6 through A-8 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on Exhibit A-9 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules for its major governmental funds. The required supplementary information can be found on Exhibit B and B-1 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on budgetary comparison schedules. Additionally, a detailed budgetary comparison for the General Fund is provided. Combining and individual fund statements and schedules can be found on Exhibit C through C-3 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$8,985,719 at the close of the most recent fiscal year. Since the Town implemented GASBS Statement No. 34 for 2003, no comparisons have been made for the Government-wide financial statements to 2002.

A summary of the Town's net assets is as follows:

Net Assets
September 30, 2003

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 896,804	\$ 747,772	\$ 1,644,576
Capital assets	<u>4,411,705</u>	<u>2,606,191</u>	<u>7,017,896</u>
Total assets	<u>5,308,509</u>	<u>3,353,963</u>	<u>8,662,472</u>
Current and other liabilities	59,861	125,404	185,265
Long-term liabilities	<u>758,428</u>	<u>1,121,890</u>	<u>1,880,318</u>
Total liabilities	<u>818,289</u>	<u>1,247,294</u>	<u>2,065,583</u>
Net assets:			
Invested in capital assets, net of debt	3,652,877	1,484,381	5,137,258
Restricted	<u>342,371</u>	<u>95,948</u>	<u>438,319</u>
Unrestricted	<u>583,602</u>	<u>523,420</u>	<u>1,107,022</u>
Total net assets	<u>\$ 4,578,850</u>	<u>\$ 2,103,699</u>	<u>\$ 6,682,549</u>

At the end of the prior and current fiscal years, the Town had positive balances in all these categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The largest portion of the Town's net assets (81%) reflects its investment in capital assets (e.g. land, buildings, improvements, streets, equipment, vehicles, utility systems and furniture and fixtures), less any related debt to acquire those assets that is still outstanding.

The \$564,690 in unrestricted net assets of governmental activities represents the accumulated results of operations. It means that if the Town paid all of the debt, \$564,690 would remain. Unrestricted net assets of governmental activities decreased during the year by approximately \$283,806. The changes in net assets are discussed later in this analysis. The loss for 2003 is primarily attributable to the depreciation of the Town's infrastructure, i.e. roads. The current resources received by the Town, through general revenues and taxes, are not sufficient to fund such an expense. Capital outlay, for infrastructure needs, is normally funded through the issuance of long-term debt.

There was a \$91,000 decrease in unrestricted net assets of the Town's business-type activities. This decrease was the result of operating expenses in Waterworks and Sewerage Funds exceeding revenues. The loss was comparable to the \$91,000 loss in the prior fiscal year. The loss sustained relates to depreciation of the Town's utility systems. The Town is adjusting its user fees to address these operating losses. However, a significant portion of the Town's water and sewer systems is funded from federal grants. As a result, the depreciation associated with this portion of the systems costs are not recovered through user fees.

The results of this year's operations for the government as a whole are reported in the Statement of Activities, which is summarized as follows:

Changes in Net Assets
For the year ended December 31, 2000

	Governmental Activities	Business-type Activities	Total
Revenues:			
Charges for services	\$ 102,886	\$ 168,406	\$ 271,292
Operating grants and contributions	73,963	-	73,963
General revenues:			-
Ad Valorem taxes	31,385	-	31,385
Sales taxes	819,236	-	819,236
Other general revenues	31,664	-	31,664
Grants and contributions not included in spend for programs	14,865	-	14,865
Other	12,892	8,118	21,010
Total revenues	<u>1,111,611</u>	<u>177,524</u>	<u>1,289,135</u>
Functions/Program Expenses:			
General government	315,488	-	315,488
Public safety	312,672	-	312,672
Streets and sanitation	417,801	-	417,801
Public health	72,496	-	72,496
Recreation	33,449	-	33,449
Interest on long-term debt	47,892	-	47,892
Gas	-	106,718	106,718
Waterworks	-	189,289	189,289
Sewerage	-	186,443	186,443
Total expenses	<u>1,404,200</u>	<u>382,461</u>	<u>1,786,661</u>
Decrease in net assets before transfers	<u>(292,689)</u>	<u>(204,937)</u>	<u>(497,626)</u>
Transfers	<u>58,008</u>	<u>(20,889)</u>	<u>-</u>
Decrease in net assets	<u>(234,681)</u>	<u>(225,826)</u>	<u>(460,507)</u>
Net assets - beginning of year	<u>4,721,754</u>	<u>2,281,404</u>	<u>6,993,158</u>
Net assets - ending of year	<u>\$ 4,487,073</u>	<u>\$ 2,055,578</u>	<u>\$ 6,542,651</u>

Financial Analysis of Town's Most Significant Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Analysis of the Town's major funds begins on page 16. The fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law or by local governments. However, the Town Council establishes other funds to control and manage resources for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds—governmental and proprietary—use different accounting approaches.

Governmental funds—Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of these funds, and the year-and-balance that are available for the subsequent year. These funds are reported using the modified accrual accounting method, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be expended in the near future to finance the Town's programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation after the fund financial statements.

General Governmental Functions

The general government operations of the Town are associated by in the General Fund, Special Revenue Funds, and Debt Service Funds. The following is a summary of general governmental operations for 2003 by major fund type:

	(in thousands)			
	Total	General Fund	State Tax Fund	1992 Sinking Fund
Revenue & transfers	\$ 1,465	\$ 1,043	\$ 331	\$ 198
Expenditures & transfers	<u>2,100</u>	<u>1,000</u>	<u>741</u>	<u>198</u>
Surplus (deficit)	(635)	(28)	(199)	-
Fund balance, September 30, 2002	<u>78</u>	<u>18</u>	<u>466</u>	<u>81</u>
Fund balance, September 30, 2003	<u>\$ 692</u>	<u>\$ 12</u>	<u>\$ 157</u>	<u>\$ 81</u>

Revenue of the Town's major governmental fund types for 2003 totaled \$2.0 million, compared to \$2.2 million for the previous year, representing a \$206,000 decrease or 10% decrease.

The majority of the decrease was due to a reduction in sales tax collections in the Sales Tax Fund of approximately \$127,808. Another portion of the decrease was intergovernmental revenues, from grants and tobacco revenues, being less in the current year by approximately \$30,908.

Sources of general governmental revenues for all governmental funds are summarized below.

Source of Revenue	(in thousands)			
	2003		2002	
	Revenue	Percent	Revenue	Percent
Taxes	\$ 492	80%	\$ 1,819	77%
Licenses and permits	62	6%	36	4%
Intergovernmental	94	6%	271	19%
Miscellaneous	62	6%	85	6%
Total	\$ 1,112	100%	\$ 1,431	100%

As noted above, the Town's activities are largely supported by tax revenues, which represent 80% of total governmental sources.

Expenditures of the governmental funds decreased by \$163,900 in 2003. Expenditures for all governmental funds by each major function are summarized in the following table.

Function	Expenditures			
	2003		2002	
	Expenditure	Percent	Expenditure	Percent
General government	\$ 179	23%	\$ 361	21%
Public safety	467	66%	597	39%
Street and sanitation	230	17%	160	11%
Public health	72	6%	288	14%
Recreation	17	1%	21	1%
Debt service	98	12%	194	12%
Total	\$ 1,273	100%	\$ 1,426	100%

The largest decrease in spending occurred in public health as a grant received from the State of Louisiana in 2002 was not funded in 2003.

Proprietary Funds – The Town’s proprietary funds provide the same information that is reported in the government-wide financial statements as business-type activities, but in a different format. Unrestricted net assets of all three funds decreased during the fiscal year 2005 as shown in the following table.

	(in thousands)			
	2005		2004	
	Revenue	Expend	Revenue	Expend
Charges for services:				
Gas	\$ 182	46%	\$ 231	45%
Waterworks	175	17%	144	20%
Sewerage	260	11%	241	26%
Total revenue	758	100%	717	100%
Operating Expenses:				
Gas	337	44%	307	43%
Waterworks	158	19%	144	20%
Sewerage	268	34%	226	31%
Total expenses	763	100%	777	100%
Other items	146	4%	129	1%
Net operating loss before transfers	\$ (55)	4%	\$ (121)	11%

General Fund Revenues, Highlights

Differences between the General Fund original budget and the final amended budget are noted on page 50 of this report. Revenue projections were amended to eliminate the line item for Intergovernmental grants (\$25,000 decrease) and to reduce the expected fees by \$11,000 (from \$45,000 to \$35,000). Also, operating transfers from other funds were increased from \$615,000 to \$785,000. Actual revenues closely mirrored the final budget. Engineering fees associated with a 2004 drainage project were incurred in 2005, but were budgeted for 2004. Overall, general governmental expenditures were greater than budget by \$48,900. The majority of this coverage was in Streets and Sanitation (\$46,000), primarily due to unbudgeted expenditures for engineering fees related to a drainage project that was capitalized as construction in progress in the government-wide financial statement but as capital outlay in the General Fund. Finally, the original budget of the Town was amended to increase the appropriation of the Police department by approximately \$81,000. This increase was largely the result of costs increases for overtime and related employee benefits, including retirement and health insurance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the Town had approximately \$1,700,000 invested in a broad range of capital assets, including streets, heavy equipment for street and drainage maintenance, vehicles, computer equipment, office furniture, land, buildings, park facilities, gas and water distribution systems, and sewer treatment systems. This amount represents a net decrease of \$456,000, or 6.1 percent, over last year, which results from current year depreciation of \$505,000 net of additions of \$49,000.

	Capital Assets at Year-end					
	in thousands					
	(net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land and construction in progress	\$ 289	\$ 272	\$ 41	\$ 41	\$ 341	\$ 313
Buildings and systems	939	1,000	1,493	1,682	2,431	2,682
Equipment and vehicles	171	200	55	89	226	289
Improvements other than buildings	141	149	-	-	141	149
Infrastructure	<u>2,851</u>	<u>3,680</u>	<u>-</u>	<u>-</u>	<u>2,851</u>	<u>3,680</u>
Total assets, net of depreciation	\$ 4,411	\$ 5,373	\$ 1,690	\$ 2,722	\$ 3,041	\$ 3,474

The only major addition in 2003 was engineering costs related to the Bowdoin Street drainage improvement project. These costs are recorded as construction in progress and will not be capitalized and depreciated until the project is completed, which is expected to be in 2004.

The Town's fiscal year 2004 capital budget has expenditures of \$119,000 for capital projects, principally for drainage improvement projects. The Town has no plans to issue additional debt to finance these projects but expects financing to be provided interest-free through lending from the Parish of Iberville. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the Town had \$1,581,000 in bonds and notes outstanding compared to \$2,092,000 last year—a decrease of 10 percent—as shown below:

	in thousands					
	Governmental		Business-type		Total	
	Activities		Activities			
	2003	2002	2003	2002	2003	2002
Public Improvements	\$ 540	\$ 650	\$ -	\$ -	\$ 540	\$ 650
Certificate of indebtedness	140	171	-	-	140	171
Leases payable	79	111	-	-	79	111
Revenue bonds	-	-	1,122	1,190	1,122	1,190
	<u>\$ 759</u>	<u>\$ 932</u>	<u>\$ 1,122</u>	<u>\$ 1,190</u>	<u>\$ 1,881</u>	<u>\$ 2,092</u>

No new debt was issued during 2003. The Town retired approximately \$211,000 in debt during 2003. More detailed information about the Town's long-term liabilities is presented in Note 5 to the financial statements.

The State of Louisiana limits the amount of general obligation debt that municipalities can issue to 25 percent of the assessed value of all taxable property within the Town's corporate limits. The Town's outstanding general obligation debt is significantly below this \$1.616 million state-imposed limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered many factors when setting the fiscal year 2004 budget and tax rates. One of those factors is the economy.

A number of companies engaged in oil refining and petrochemical processing are found in the industrial corridor along the Mississippi River in and around the Town of White Castle. These industries are major employers of the Town's labor force. Other important industries include construction and farming.

The following indicators were taken into account when adopting the General Fund budget for 2004. Amounts available for appropriation in the General Fund budget are \$897,000, a decrease of 2 percent over the fiscal 2003 budget of \$1,020,000. Property taxes, licensing fees, and other items are expected to remain constant for the General Fund. Grant and fines income is expected to increase \$70,000. Operating transfers in are expected to decrease, especially from the Sales Tax Fund. The Town will use these revenues to finance programs currently offered. Budgeted expenditures are expected to remain the same at \$892,000. If these estimates are realized, the Town's governmental budgetary fund balances are expected to decrease in 2004 by \$43,000, of which \$70,000 relates to the drainage improvement project referred to above in the Capital Assets section. Finally, the Town is anticipating a decrease of \$20,000 in sales tax collections during 2004. The Town has added no major new programs in the 2004 budget.

OTHER INFORMATION

Connecting The Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, customers, grantor agencies and investors and creditors with a general overview of the Town's finances and to show accountability for the money it administers. If you have questions about this report or need additional financial information, contact the Town's Finance Office at P. O. Box 488, White Castle, LA 70788 or (225) 545-3812.

Independent Audit

The State of Louisiana by law requires a comprehensive annual audit to be performed by a firm of certified public accountants. The Town's financial statements have been audited by Fink & Winkle, LLC.

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

Respectfully submitted,



Maurice Brown, Mayor

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF NET ASSETS

September 30, 2003

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 680,245	\$ 480,122	\$ 1,060,367
Investments, at cost	185,785	58,215	244,000
Accounts receivable, net	-	68,777	68,777
Due from other governments	69,954	-	69,954
Internal balances	18,856	(93,058)	-
Restricted cash	-	185,806	185,806
Inventories, at cost	-	4,700	4,700
Capital assets:			
Non-depreciable	308,153	49,588	348,741
Depreciable, net	4,111,233	2,565,601	6,676,834
Total assets	\$ 5,271,139	\$ 3,353,863	\$ 8,625,002
LIABILITIES			
Accounts payable	\$ 26,774	\$ 32,178	\$ 58,952
Payroll and other accrued liabilities	29,882	24,285	54,167
Customer deposits	-	68,858	68,858
Deferred revenue	3,225	-	3,225
Non-current liabilities			
Due within one year	170,882	39,735	210,617
Due in more than one year	581,026	1,083,137	1,664,163
Total liabilities	818,689	1,247,294	2,065,983
NET ASSETS			
Invested in capital assets, net of related debt	3,692,877	1,484,908	5,177,785
Restricted for:			
Capital projects	-	34,303	34,303
Debt service	242,371	42,848	285,219
Unrestricted	565,891	512,430	1,078,321
Total net assets	4,458,039	2,108,689	6,566,728
Total liabilities and net assets	\$ 5,271,139	\$ 3,353,863	\$ 8,625,002

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2003

Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets			
	Change for Revenues	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
FUNCTIONS/DEPARTMENTS						
GOVERNMENTAL ACTIVITIES						
General government	\$ 116,680	\$ 64,288	\$ 15,100	\$ (231,744)	\$ -	\$ (131,760)
Public safety	112,673	10,886	12,054	461,750	-	643,710
Sanitary and sanitation	417,601	-	-	(411,491)	-	(41,490)
Public works	12,486	-	48,300	(36,194)	-	126,190
Recreation	18,449	-	-	(33,449)	-	(15,000)
Reserve on long-term debt	47,292	-	-	(47,292)	-	-
Total governmental activities	\$ 1,490,291	\$ 185,064	\$ 75,454	\$ (1,321,280)	\$ -	\$ (1,220,766)
BUSINESS-TYPE ACTIVITIES						
Gas	116,719	353,391	-	-	15,712	15,712
Waterworks	189,303	173,770	-	-	(26,333)	(26,333)
Sewerage	380,487	243,144	-	-	(83,111)	(83,111)
Total business-type activities	\$ 686,519	\$ 770,305	\$ -	\$ -	\$ (93,692)	\$ (93,692)
Total primary government	\$ 2,176,810	\$ 955,369	\$ 75,454	\$ -	\$ -	\$ (1,319,048)
GENERAL REVENUES						
Taxes						
Ad valorem				21,988	-	21,988
Sales and use				831,116	-	831,116
Permitting				14,687	-	14,687
Beer				4,090	-	4,090
Video poker				11,954	-	11,954
Grants and contributions not restricted						
to specific programs				14,863	-	14,863
Investment earnings				12,889	8,339	21,248
Transfers (to)/from other funds				10,898	(24,860)	-
Total general revenues and transfers				948,984	(16,521)	932,463
Change in net assets				(262,644)	(94,719)	(357,363)
NET ASSETS						
Beginning of year				4,771,714	2,281,615	5,053,329
Ending of year				\$ 4,509,070	\$ 2,186,896	\$ 4,695,966

Notes on Exhibit A-1 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

Exhibit A-2

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2003

	General	Sales Tax Fund	1993 Bonding Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,418	\$ 494,359	\$ 112,538	\$ 21,772	\$ 638,087
Investments, at cost	-	41,285	-	144,056	185,341
Due from other funds	1,383	10,065	-	-	11,448
Due from other governments	21,824	46,831	-	-	68,655
Total assets	\$ 55,425	\$ 592,539	\$ 112,538	\$ 165,772	\$ 826,274
LIABILITIES					
Accounts payable	\$ 26,735	\$ -	\$ -	\$ -	\$ 26,735
Payroll and other accrued liabilities	24,137	-	-	-	24,137
Due to other funds	-	-	32,462	508	32,970
Deferred income	-	-	-	3,225	3,225
Total liabilities	\$ 50,872	\$ -	\$ 32,462	\$ 3,733	\$ 87,067
FUND BALANCE					
Reserved - debt service	-	-	88,534	162,847	251,381
Designated - subsequent year's expenditures	-	52,090	-	-	52,090
Undesignated	12,257	505,139	-	-	517,396
Total fund balance	\$ 12,257	\$ 557,229	\$ 88,534	\$ 162,847	\$ 821,867
Total liabilities and fund balance	\$ 63,129	\$ 557,229	\$ 112,996	\$ 166,572	\$ 820,926

Notes to Exhibit A-2 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

September 30, 2023

Total net assets reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental funds (Exhibit A-2)	\$	8,185,858	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			4,401,700
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Accrued interest payable	\$	63,715	
Bonds and capital lease payable		(758,838)	(764,553)
Net assets of governmental activities (Exhibit A)	\$		<u>4,459,855</u>

Notes to Exhibit A.3 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended September 30, 2017

	General	Police-Traffic Fund	1991 Housing Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Town	\$ 66,015	\$ 423,116	\$ -	\$ -	\$ 489,131
Licenses and permits	62,015	-	-	-	62,015
Intergovernmental	46,007	-	-	46,100	92,107
Fees	57,865	-	-	-	57,865
Other	16,611	4,689	-	3,528	24,828
Total revenues	227,914	431,841	-	51,628	711,483
EXPENDITURES					
General government	279,266	-	-	-	279,266
Public utility	496,078	-	-	-	496,078
Street and sanitation	119,081	-	-	-	119,081
Police health	26,021	-	-	48,413	74,434
Education	17,441	-	-	-	17,441
Other services	-	-	100,000	58,061	158,061
Total expenditures	1,035,887	-	100,000	106,474	1,242,361
Excess (deficiency) of revenues over expenditures	(811,573)	81,145	(100,000)	(54,846)	(985,274)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	(94,128)	-	-	(94,128)
Total other financing sources (uses)	-	(94,128)	-	-	(94,128)
Excess (deficiency) of revenues over expenditures and other financing	(811,573)	(13,000)	(100,000)	(54,846)	(1,100,419)
FUND BALANCE					
Beginning of year	28,149	268,462	81,145	360,117	737,873
End of year	\$ 12,117	\$ 255,462	\$ 81,145	\$ 105,271	\$ 554,095

Notes on Exhibit A-6 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2021

The change in net assets reported for governmental activities in the statement of activities is different because:

Net change in fund balances - total governmental funds (Exhibit A-1)	\$	(130,652)
--	----	-----------

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.

Capital outlay	\$	28,860	
Depreciation expense		<u>(330,311)</u>	(300,241)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.

Principal payments on debt			171,218
----------------------------	--	--	---------

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

Accrued interest payable			<u>1,228</u>
--------------------------	--	--	--------------

Change in net assets of governmental activities (Exhibit A-1)	\$	<u>(262,666)</u>
---	----	------------------

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

September 30, 2020

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 118,750	\$ 100,286	\$ 221,266	\$ 439,523
Investments, at cost	15,837	15,835	28,889	59,863
Accounts receivable, net	18,336	28,454	21,897	68,777
Due from other funds	-	2,889	-	2,889
Inventories, at cost	1,730	2,021	-	4,751
Total current assets	154,253	169,515	272,152	594,920
RESTRICTED ASSETS, cash	41,893	43,678	75,078	160,649
FIXED ASSETS, net	40,866	397,238	2,899,141	3,337,245
Total assets	\$ 236,912	\$ 711,431	\$ 3,496,349	\$ 3,964,692
LIABILITIES				
CURRENT				
Accounts payable	\$ 36,298	\$ 1,994	\$ 1,994	\$ 39,286
Payroll and related payables	38,448	1,052	312	39,812
Due to other funds	8,061	2,429	2,429	12,919
Other accrued liabilities	2,178	2,178	-	4,356
Current portion of long-term debt	-	3,111	36,602	39,713
Total current liabilities	84,985	10,768	41,337	136,990
Payable from restricted assets				
Customer deposits	48,902	27,366	-	76,268
Long-term debt	-	305,467	876,679	1,181,146
Total liabilities	84,985	343,591	928,016	1,356,592
NET ASSETS				
Invested in capital assets, net of related debt	40,866	298,411	1,185,823	1,484,900
Reserved for debt service	-	3,476	28,369	31,845
Restricted for capital projects	-	14,384	28,808	33,262
Unrestricted	359,826	188,839	351,467	515,432
Total net assets	340,692	471,211	1,488,368	2,199,660
Total liabilities and net assets	\$ 236,912	\$ 711,431	\$ 3,496,349	\$ 3,964,692

Items on Exhibit A-5 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the year ended September 30, 2003

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Total
OPERATING REVENUES				
Charges for services	\$ 350,551	\$ 171,206	\$ 345,879	\$ 867,636
Other	1,736	1,664	267	3,667
Total operating revenues	<u>352,287</u>	<u>172,870</u>	<u>346,146</u>	<u>871,303</u>
OPERATING EXPENSES				
Gas	669,291	-	-	669,291
Depreciation	6,716	27,621	119,218	153,555
Field	81,809	88,738	31,700	192,247
Administration	78,683	76,871	89,898	245,452
Total operating expenses	<u>1,036,499</u>	<u>193,230</u>	<u>340,916</u>	<u>1,570,645</u>
Operating income (loss)	<u>15,788</u>	<u>(12,091)</u>	<u>(15,999)</u>	<u>(12,202)</u>
NON-OPERATING				
Interest income	2,434	2,321	4,712	9,467
Interest expense	-	(5,444)	(45,355)	(50,799)
Total non-operating, net	<u>2,434</u>	<u>(3,123)</u>	<u>(40,643)</u>	<u>(41,332)</u>
Income (loss) before operating transfers	<u>18,222</u>	<u>(15,214)</u>	<u>(56,642)</u>	<u>(53,632)</u>
OPERATING TRANSFERS				
Operating transfers out	<u>(30,095)</u>	-	-	<u>(30,095)</u>
Net loss	<u>(11,873)</u>	<u>(15,214)</u>	<u>(56,642)</u>	<u>(83,729)</u>
RETAINED EARNINGS				
Beginning balance	<u>181,084</u>	<u>499,433</u>	<u>1,846,817</u>	<u>2,527,334</u>
Ending balance	<u>\$ 169,211</u>	<u>\$ 471,219</u>	<u>\$ 1,800,175</u>	<u>\$ 2,100,605</u>

Notes on Exhibit A.1 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended September 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users
 Payments to suppliers for goods and services
 Payments to employees for services and benefits
 Other operating revenues (expenses)

Net cash provided by operating activities

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Repayments to other funds
 Operating transfers out

Net cash used by non-capital financing activities

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets
 Interest expense
 Repayment of water revenue bonds
 Repayment of sewer revenue bonds

Net cash used by capital activities

CASH FLOWS FROM INVESTING ACTIVITIES

Redemption of certificate of deposit, net
 Interest income

Net cash provided by investing activities

Increase in cash

CASH AND CASH EQUIVALENTS, including restricted cash

Beginning of period

End of period

	Gas Utility Fund	Wastewater Utility Fund	Sewerage Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 251,246	\$ 129,116	\$ 246,079	\$ 626,441
Payments to suppliers for goods and services	(226,640)	(64,233)	(76,000)	(366,873)
Payments to employees for services and benefits	(95,256)	(65,264)	(73,680)	(234,200)
Other operating revenues (expenses)	1,274	1,444	357	3,075
Net cash provided by operating activities	27,624	6,263	186,856	320,743
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Repayments to other funds	(1,920)	(11,400)	(18,765)	(31,085)
Operating transfers out	(26,000)	-	-	(26,000)
Net cash used by non-capital financing activities	(27,920)	(11,400)	(18,765)	(58,085)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(4,000)	1,000	(14,100)	(17,100)
Interest expense	-	(6,440)	(46,115)	(52,555)
Repayment of water revenue bonds	-	(1,960)	-	(1,960)
Repayment of sewer revenue bonds	-	-	(4,643)	(4,643)
Net cash used by capital activities	(4,000)	(7,400)	(65,258)	(76,658)
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of certificate of deposit, net	78,162	64,548	11,497	154,207
Interest income	2,431	3,520	4,212	10,163
Net cash provided by investing activities	80,593	68,068	15,709	164,370
Increase in cash	78,673	37,923	149,301	265,897
CASH AND CASH EQUIVALENTS, including restricted cash				
Beginning of period	\$ 68,817	\$ 128,112	\$ 51,211	\$ 248,140
End of period	\$ 147,490	\$ 166,035	\$ 200,512	\$ 514,037

Notes on Exhibit A-1 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the year ended September 30, 2003

Reconciliation of operating income to net cash provided by operating activities:

Operating income (loss)

Adjustments to operating income (loss)

Depreciation

Change in operating assets and liabilities:

 Accounts receivable

 Customer deposits

 Prepaid insurance and inventory

 Accounts payable and accrued expenses

Total adjustments

Net cash provided by operating activities

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Totals
\$ 11,073	\$ 112,891	\$ 29,452	\$ 266,260	\$ 419,676
6,736	72,452	139,524	-	212,712
2,480	111,293	6,438	-	129,211
1,088	(22)	-	-	1,066
1,824	1,824	1,824	-	5,472
8,448	5,467	6,052	-	20,207
21,713	21,304	150,038	-	192,355
\$ 21,705	\$ 6,581	\$ 166,090	\$ -	\$ 172,776

Notes to Exhibit A-6 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

The financial statements of the Town of White Castle, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant accounting policies established in GAAP and used by the Town are described below.

In June 1999, the GASB approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Town’s overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Town’s activities, including infrastructure (roads, bridges, etc.).
- A change in the fiscal financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Town has elected to implement the general provisions of the statement in the current year.

Reporting Entity

These financial statements present the Town as the primary government. For financial reporting purposes, the Town is controlled by or dependent on the Town’s executive or legislative branches (the Mayor or the Town Council, respectively). Control by or dependence on the Town is determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Town, obligations of the Town to finance any deficits that may occur, or receipt of significant subsidies from the Town.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting entity (continued)

The following related organization, a non-profit corporation, is not part of the Town and thus is excluded from the accompanying financial statements:

White Castle Housing Authority

White Castle Housing Authority's (the Authority) operating and capital expenditures, including debt service, are financed from federal grants and tenant rentals. The Town has no involvement in the determination of the Authority's budget, rental rates, or any obligation for the Authority's outstanding debt. Financial transactions between the Town and the Authority, reported in the accompanying financial statements, reflect contractual agreements between the parties for the provision of specific services by the Town for the Authority. A financial statement for this agency can be obtained from Mr. Don O'Beau, Executive Director, P.O. Box 58, White Castle, Louisiana 70788.

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government (the Town) and the fund financial statements (individual major funds and combined non-major funds). The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance.

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the Town. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the Town.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The Town's gas, water, and sewer services are classified as business-type activities.

Business type activities are financed in whole or part by fees charged to external parties for utility services provided.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

The daily operations of the Town continue to be 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, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town (the General Fund) or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expense of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expense of that individual governmental fund or enterprise fund are at least 3 percent of the corresponding total for all governmental and enterprise funds combined.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds and account groups of the primary government presented in the financial statements are described as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Council are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Parish are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income. The following are the governmental fund types of the Town:

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. The general fund is always a major fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue fund that is considered a major fund is the Sales Tax Fund.

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. The debt service fund that is considered a major fund is the 1992 Sinking Fund.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The Town does not currently have any capital project funds.

Proprietary Fund Types

Enterprise Funds - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs and 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 (2) 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. All of the Town's enterprise funds have been considered major funds.

Internal Service Funds - Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The Town does not currently have any internal service funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied.

Fund financial statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, taxes and forfeitures, and most governmental miscellaneous revenues, are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, include sales tax, ad valorem tax, federal and state aid and grants.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December of the current year and January and February of the following year. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the Town is notified by the funds, generally corresponding to when grant related costs are incurred by the Town.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unamortized interest on general long-term debt which is recognized when due, and (2) claims and judgments and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

A consolidated bank account has been established into which most monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The account entitled "Cash and cash equivalents" is therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account as well as its pro rata share of certificates of deposit with maturities of three months or less. Each fund shares pro rata the investment earnings according to its average cash balance.

In addition, separate accounts have been established for certain debt service funds as required by bond resolution and compliance laws. The Town also has an interest account for disbursements of payroll.

For purposes of the statement of cash flows, liquid investments of the enterprise funds, including restricted assets, with a maturity of three months or less are considered to be cash equivalents.

Investments

Investments, which are time certificates of deposit with maturities in excess of three months, are stated at cost, which is market value.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. On the other hand, in proprietary fund types, the uncollectible amount is recognized as a bad debt expense.

Interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds. Those related to short-term borrowings are classified as "due from other funds" or "due to other funds" on the balance sheet and result primarily from participation in the consolidated cash account. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Notes 10 and 11 for details of interfund transactions, including receivables and payables at year-end. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Restricted Cash**

Restricted cash on the balance sheet of the enterprise funds represents (1) amounts which have been designated to meet unexpected contingencies for property repairs and replacements, (2) funds held for customer deposits and (3) funds held for retirement of water and sewer revenue bonds. Restricted cash consists of the following:

	Gas	Water	Sewer	Total
Customer deposits	\$ 41,892	\$ 27,766	\$ -	\$ 69,658
Reserve for debt service	-	1,416	38,169	42,585
Reserve for contingencies	-	14,294	10,908	25,202
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total restricted cash	<u>\$ 41,892</u>	<u>\$ 43,476</u>	<u>\$ 49,077</u>	<u>\$ 134,445</u>

Inventories

In the primary government's governmental fund types, inventories of supplies are recorded as expenditures at the time of purchase.

Inventories related to the primary government's business-type activities are stated at cost that approximates market value, using the first-in, first-out method.

Capital Assets

The accounting treatment of property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Improvements are capitalized.

Prior to October 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets are comprised of the streets maintained by the Town and have been valued at estimated historical cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Capital Assets (continued)**

Depreciation of all depreciable fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-40 years
Improvements	15-30 years
Machinery and Equipment	5-20 years
Utility Systems	5-20 years
Infrastructure	20-40 years

Fund Financial Statements

In the fund financial statements fund assets used in governmental fund operations are not capitalized. Landed, capital acquisition and construction are reflected as expenditures in the governmental funds.

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Distribution systems	5 - 20 years
Meters	5 years
Machinery, equipment and vehicles	5 years

Long-term Debt

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

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long term debt is reported as liabilities. Bond issuance costs are reported as deferred charges and amortized over the term of the bond. The long-term debt consists primarily of public improvement bonds, certificates of indebtedness for public improvements, capital leases and accrued compensated absences.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All full-time employees of the Town are entitled to annual vacation and sick leave with pay. Vacation leave entitlement does not carry over from one year to another. Employees are able to accrue unused sick leave without limitation; however, the Town is only liable to pay an employee who was employed by the Town prior to January 1, 1982, any unused sick leave not to exceed 90 days upon retirement. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, vacation and sick leave payments are included in expenditures for governmental fund types when the payments are made to employees. The proprietary funds present on an accrual basis the amount of accrued but unused sick leave estimated to be payable in future periods.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

Reserves and Designations of Equity

Some portions of fund balance and/or retained earnings are reserved to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure.

Designated portions of fund balance and/or retained earnings indicate tentative future spending plans, which may be changed and are subject to subsequent authorization before expenditures can be made. The Town has made the following reserves and designations of equity: (a) Designated for subsequent year's expenditures is that portion of fund balance which has been budgeted to balance the following year's budgets, and (b) other designations are made for specific indicated purposes included in the title.

Interfund Transfers

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts.

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policy and Budgetary Accounting (continued)

The annual operating budget, prepared on the accrual basis, covers the general, special revenue, debt service funds, capital projects and enterprise funds. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates. Estimates are used primarily when accounting for depreciation, prepaid insurance, and deferred revenue.

NOTE 2 - CASH AND INVESTMENTS

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

At year-end, the Town's deposits (including demand deposit accounts, certificates of deposit, and restricted cash) totaled \$1,476,373 and the related bank balances were \$1,493,537. The bank balance is categorized as follows:

Category 1 - Amount insured by the FDIC	\$ 368,800
Category 2 - Amount collateralized with securities held by the pledging financial institution's trust department in the Town's name	237,394
Category 3 - Amount uncollateralized	48,813
Investments not subject to categorization: Louisiana Asset Management Pool (LAMP)	857,118
Total	<u>\$1,482,527</u>

Investment by the Town in the LAMP pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book form.

NOTE 3- DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2003, consists of the following:

Parish of Iberville, Louisiana - Sales Tax	\$ 46,851
Housing Authority	15,320
Other	<u>8,384</u>
Total	<u>\$ 69,555</u>

NOTE 4- AD VALOREM TAXES

The 1874 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value, other property and electric, telephone, and gas properties, including land, are to be assessed at 15%; and public service properties, including land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1937). The constitution of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reassess all property subject to taxation at intervals of not more than five years.

All property taxes are recorded in governmental funds, and as explained in Note 1 above, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are considered available because they are substantially collected by the tax collector within 60 days subsequent to the calendar year-end and are therefore available to liquidate liabilities of the current period.

For the year ended September 30, 2003, taxes of 7 mills for the general fund were levied on property with assessed valuations totaling \$4,617,778. Total taxes of \$32,524 were levied on November 1, 2002, and were due and payable prior to December 31, 2002.

NOTE 5 - FIXED ASSETS

A summary of changes in capital assets for the year ended September 30, 2003, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 371,333	\$ -	\$ -	\$ 371,333
Construction in progress	-	22,818	-	22,818
Total capital assets, not being depreciated	\$ 371,333	\$ 22,818	\$ -	\$ 394,151
Capital assets being depreciated:				
Buildings and improvements	\$ 1,488,194	\$ -	\$ -	\$ 1,488,194
Equipment and vehicles	1,038,221	1,090	-	1,039,311
Improvements other than buildings	358,178	-	-	358,178
Infrastructure	3,989,782	-	-	3,989,782
Total capital assets being depreciated	6,874,375	1,090	-	6,875,465
Less accumulated depreciation for:				
Buildings and improvements	698,348	69,843	-	768,191
Equipment and vehicles	899,358	33,794	-	933,152
Improvements other than buildings	218,243	8,331	-	226,574
Infrastructure	3,099,811	298,282	-	3,398,093
Total accumulated depreciation	4,915,760	700,350	-	5,616,110
Total capital assets, being depreciated, net	\$ 1,958,615	\$ 389,740	\$ -	\$ 2,348,355
Governmental activities capital assets, net	\$ 4,714,917	\$ 712,372	\$ -	\$ 5,427,289
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 48,588	\$ -	\$ -	\$ 48,588
Capital assets being depreciated:				
Distribution systems	\$ 4,854,382	\$ -	\$ -	\$ 4,854,382
Machinery, equipment and vehicles	178,287	19,266	-	197,553
Motors	84,428	1,260	-	85,688
Total capital assets being depreciated	5,117,097	20,526	-	5,137,623
Less accumulated depreciation for:				
Distribution systems	3,277,588	146,753	-	3,424,341
Machinery, equipment and vehicles	126,270	34,844	-	161,114
Motors	76,882	1,629	-	78,511
Total accumulated depreciation	3,480,740	183,226	-	3,663,966
Total capital assets being depreciated, net	\$ 1,736,357	\$ 1,687,326	\$ -	\$ 3,423,683
Business-type activities capital assets, net	\$ 1,784,945	\$ 1,708,652	\$ -	\$ 3,493,597

NOTE 3 - FIXED ASSETS

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 37,482
Public safety	40,468
Recreation	21,008
Streets and sanitation	<u>253,163</u>
Total depreciation expense - governmental activities	<u>\$ 352,121</u>

NOTE 4 - LONG-TERM DEBT

Debt Outstanding

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2003:

	Balance Beginning of Year	Debitors	Balance End of Year	Due Within One Year
Governmental activities:				
Public improvements	\$ 650,000	\$ 119,900	\$ 540,000	\$ 120,000
Certificate of indebtedness	171,000	31,900	140,000	32,000
Lease payable	<u>110,828</u>	<u>32,910</u>	<u>78,918</u>	<u>24,802</u>
	<u>\$ 931,828</u>	<u>\$ 173,810</u>	<u>\$ 758,018</u>	<u>\$ 176,802</u>
Business-type activities:				
Revenue bonds	<u>\$ 1,158,721</u>	<u>\$ 32,821</u>	<u>\$ 1,121,899</u>	<u>\$ 38,723</u>

NOTE 4 - LONG-TERM DEBT (CONTINUED)

Long-term debt obligations for governmental activities at September 30, 2003, is comprised of the following:

Public Improvement Bonds

\$1,440,000 Public Improvement Bonds secured by a pledge and dedication of the 2.75% sales and use tax levied and collected by the Parish of Iberville and allocated to the Town, due in annual installments through March 1, 2007; interest varying from 6.25% - 6.5%. \$ 1,440,000

Certificates of Indebtedness

\$200,000 Certificates of Indebtedness secured by a pledge and dedication of annual revenues, due in annual installments through June 1, 2007; interest at 6%. \$ 200,000

Capital Leases

\$138,261 Capital leases (2) secured by equipment and a vehicle, due in annual installments through July 30, 2007, interest varying from 5.9% - 6.2%. _____ 78,828

Total long-term debt from governmental activities \$ 1,738,828

Long-term debt obligations for the primary government for business-type activities at September 30, 2003, is comprised of the following:

Revenue Bonds

\$1,077,500 Sewer Revenue Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments through May 25, 2015; interest at 5%. \$ 1,076,433

\$94,800 Sewer Revenue Rehabilitation Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments through June 25, 2008; interest at 4.5%. 94,807

\$225,800 advanced on \$234,800 authorized Water Revenue Bonds secured by a pledge and dedication of water revenues, due in monthly installments through March 20, 2008; interest at 4.75%. _____ 208,588

Total long-term debt business-type activities \$ 1,379,828

NOTE 4 - LONG-TERM DEBT (CONTINUED)

Debt Service Requirements to Maturity

The annual requirements to amortize debt outstanding at September 30, 2003, are as follows:

Year	Government Activities							
	Bonds		Certificates of Indebtedness		Capital Leases		Total Government Activities Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 120,000	\$ 31,200	\$ 10,000	\$ 6,000	\$ 24,000	\$ 9,000	\$ 178,000	\$ 47,200
2005	120,000	23,075	14,000	6,400	19,000	7,600	183,000	37,200
2006	140,000	14,200	16,000	4,400	11,400	1,771	191,600	20,371
2007	120,000	4,825	16,000	3,711	16,200	307	204,900	9,233
	<u>\$ 500,000</u>	<u>\$ 73,300</u>	<u>\$ 56,000</u>	<u>\$ 21,511</u>	<u>\$ 70,600</u>	<u>\$ 12,078</u>	<u>\$ 700,200</u>	<u>\$ 107,232</u>
Year	Business-Type Activities							
	Bonds		Note		Total Business-Type Long-Term Debt			
	Principal	Interest	Principal	Interest	Principal	Interest		
2004	\$ 36,600	\$ 44,000	\$ 5,111	\$ 9,841	\$ 41,711	\$ 54,000		
2005	36,400	42,400	5,200	9,900	41,600	52,171		
2006	40,400	42,977	5,641	9,570	46,041	52,700		
2007	42,517	36,468	5,610	9,782	48,127	47,533		
2008	44,600	30,204	5,701	9,307	50,301	41,811		
2009-2010	260,004	144,064	11,870	42,400	271,874	186,504		
2014-2015	105,400	71,410	17,170	17,100	122,570	88,510		
2019-2020	50,200	15,681	13,131	20,720	63,331	46,400		
2024-2028	14,771	11,024	44,820	20,102	59,591	31,750		
2029-2030	18,400	8,305	36,414	8,446	54,814	16,681		
2034-2038	25,145	1,540	1,481	805	26,626	4,124		
2040	1,600	324	-	-	1,600	324		
	<u>\$ 613,000</u>	<u>\$ 408,110</u>	<u>\$ 108,500</u>	<u>\$ 171,600</u>	<u>\$ 721,500</u>	<u>\$ 480,100</u>		

Normally, debt issues are not retired prior to their maturity. For accounting purposes, interest coupons issued in connection with the sale of various bond issues become obligations/poanditures of the Towns only with the passage of time, and they represent fixed and determinable obligations which must be retired from finance revenues.

There are no outstanding bonds issued by ad valorem taxes of the Towns at this time.

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions

Sales Tax Bonds

Under the terms of the indenture authorizing the issuance of Public Improvement Bonds - Series 1992, proceeds of the 2.0% sales and use tax, collected by the Parish of Iberville, are allocated to the Town, are pledged and dedicated for the establishment and maintenance of the following bond funds:

1. A Public Improvement Bond - Series 1992 Sinking Fund is to be used for the payment of the principal and interest on outstanding bonds as they become due and payable. Monthly payments are to be equal to the sum of one-sixth of interest falling due on the next interest payment date and one-twelfth of principal due on the next principal payment date.
2. A Public Improvement Bond - Series 1992 Sales Tax Bond Reserve Fund is to be used solely for the purpose of paying principal and interest on bonds payable from the Bond Sinking Fund, as to which there would otherwise be default. Requirements for establishment of the Fund have been met and no further payments are to be made.

Certificates of Indebtedness

In accordance with the terms of the indenture authorizing the issuance of the certificates of indebtedness, excess revenues are used for the establishment of the 1997 Certificate of Indebtedness Sinking Fund. The sinking fund is used for the payment of principal and interest on outstanding debt as it becomes due and payable. Monthly payments are equal to the sum of one-sixth of interest becoming due on the next interest payment date and one-twelfth of principal becoming due on the next principal payment date.

Sewer Revenue Bonds

In accordance with the indenture governing Sewerage Utility Fund Revenue Bonds, Series 1994 and 1998, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Sewerage Enterprise Fund to be serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts. In addition, the Series 1998 Bonds required the use of a separate construction account.
2. The Sewer Revenue Bond Fund requires monthly fund transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.

NOTE 4 - LONG-TERM DEBT (CONTINUED)

3. The Sewer Revenue Bond Reserve Fund requires monthly transfers of \$138 until \$80,980 has been accumulated. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$18,615.
4. The Sewer Depreciation and Contingency Fund requires monthly transfers of \$223. The Fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund, or Sewer Revenue Bond Reserve Fund. Upon completion of the construction of the improvements financed with the Series 1999 Bonds, the monthly transfer is \$240. The current balance of the fund is \$39,366.

The Town of White Castle has complied with the above conditions.

Water Revenue Bonds

In accordance with the indentures governing Water Utility Fund Revenue Bonds, cash is deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Water Enterprise Fund to be serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Water Revenue Fund requires all revenue derived from the operation of the system be deposited into the Revenue Fund. Required transfers are made on a monthly basis to designated trust accounts.
2. The Water Revenue Bond and Interest Sinking Fund requires monthly transfers from the Water Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Water Revenue Bond Reserve Fund requires monthly transfer of \$46 - \$55 until \$12,872 has been accumulated. This Fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$3,476.
4. The Water Depreciation and Contingency Fund requires monthly transfers of \$124. The Fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments into the Fund are to continue over the life of the bonds. The current balance of the fund is \$8,690.

The Town of White Castle has complied with the above restrictions.

NOTE 7 - DEDICATED REVENUES

Proceeds of the Iberville Parish sales and use tax were dedicated to the following purposes as of September 30, 2003:

Opening, constructing, paving, and improving streets, sidewalks, roads and alleys; constructing bridges; purchasing or constructing water works, sewers, drains, drainage canals, pumping plants, sewerage disposal works, light and power plants, gas plants, halls, jails, fire department stations, hospitals, academies, public parks, motorcars, libraries, docks, wharves, river terminals and other public buildings, including the necessary equipment and furnishings thereof; or for any one or more such purposes.

Consistent with this dedication, monies from the Sales Tax Fund are being used to retire the Public Improvement Bonds - Series 1992. See Note 6.

NOTE 8 - SEGMENTS OF ENTERPRISE ACTIVITIES

These services, gas, water, and sewerage, are provided by the Town and are financed by user charges. The significant financial data for the year ended September 30, 2003, for those services are as follows:

CONDENSED STATEMENT OF NET ASSETS

	Gas 1/01/03	Waterworks 1/01/03	Sewerage 1/01/03	Total
Assets:				
Current assets	\$ 154,323	\$ 148,313	\$ 273,132	\$ 575,768
Restricted assets	41,890	81,654	79,078	202,622
Capital assets, net	48,668	587,813	1,079,113	2,695,594
Total assets	244,881	727,780	1,431,323	3,263,975
Liabilities:				
Current liabilities	\$ 31,138	\$ 14,383	\$ 44,878	\$ 90,399
Due to other funds	8,661	2,428	2,428	13,517
Payable from restricted assets	41,890	27,764	-	69,654
Long-term debt	-	285,462	876,678	1,161,540
Total liabilities	81,689	299,943	924,074	1,305,606
Net assets:				
Invested in capital assets, net of related debt	48,668	298,412	1,042,435	1,489,515
Restricted	-	77,879	76,678	154,557
Unrestricted	196,213	351,389	312,210	859,812
Total net assets	\$ 196,213	\$ 727,680	\$ 1,431,323	\$ 3,263,975

NOTE 1 - SEGMENTS OF ENTERPRISE ACTIVITIES (CONTINUED)

CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS

	Gas Utility	Waterworks Utility	Sewerage Utility	Total
Operating revenues	\$ 152,291	\$ 172,770	\$ 245,146	\$ 568,807
Operating expenses				
net of depreciation	170,809	162,489	120,798	454,106
Depreciation	6,218	17,431	132,434	156,083
Operating income (loss)	15,272	(17,091)	114,348	112,529
Non-operating				
Revenue Expense(s)	2,414	(7,111)	(91,363)	(96,060)
Operating transfers out	(170,809)	-	-	(170,809)
Net loss	(11,894)	(14,182)	(78,019)	(104,195)
Beginning net assets	181,824	499,415	1,544,517	2,225,756
Ending net assets	\$ 169,930	\$ 475,233	\$ 1,466,498	\$ 2,111,661

CONDENSED STATEMENT OF CASH FLOWS

	Gas Utility	Waterworks Utility	Sewerage Utility	Total
Net cash provided by (used) by:				
Operating activities	\$ 37,285	\$ 6,245	\$ 136,844	\$ 180,374
Managerial financing activities	(27,893)	(21,438)	118,782	(30,549)
Capital and related financing	(4,833)	(11,841)	(99,311)	(116,085)
Investing activities	78,586	86,871	138,389	303,846
Net increase in cash	78,045	59,837	144,654	182,536
Cash and cash equivalents				
Beginning of period	88,877	135,177	151,213	375,267
End of period	\$ 166,922	\$ 195,014	\$ 295,867	\$ 657,803

NOTE 3 - PENSION AND RETIREMENT PLANS

Municipal Employees' Retirement System of Louisiana

Plan Description – Substantially all employees of the Town are members of the Municipal Employees' Retirement System of Louisiana (System), a non-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan B.

Municipal Employees' Retirement System of Louisiana (Continued)

All permanent employees working at least 25 hours per week who are paid wholly or in part from Town funds are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary multiplied by each year of creditable service. Furthermore, employees with at least one year of creditable service but less than 30 years, may take early retirement benefits commencing at or after age 60, with basic benefits reduced 3 percent for each year retirement precedes age 60. In any case, retirement benefits paid under Plan B cannot exceed \$70 per month multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employer contributions may retire at the ages specified above and receive the benefit accrued to their date of termination.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7037 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 3 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate (3.75 percent at September 30, 2015). Contributions to the System also include one-fourth of one percent of the ad valorem taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the system under Plan B for the year ended September 30, 2015, was \$20,808.

NOTE 9 - PENSION AND RETIREMENT PLANS (CONTINUED)

Municipal Police Employees' Retirement System

Plan Description – Police department employees of the Town are members of the Municipal Police Employees' Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All permanent full-time police officers who are paid wholly or in part from Town police department funds are required to participate in the System.

Under the plan, officers who retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service or any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 5 and 1/3 percent of their final-average salary (multiplied for each year of creditable service not to exceed 100 percent of final salary). The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana 70809-3017, or by calling (225) 829-3411.

Funding Policy Under the Plan, members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate (15.25 percent at September 30, 2003). The contribution requirements of plan members and the Town are established and may be amended by state statute. As established by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the system under the Plan for the year ended September 30, 2003, are \$14,459.

NOTE 10 - INTERFUND TRANSFERS
Operating Transfers

Operating transfers for the year ended September 30, 2003, were as follows:

	Transfers	
	In	Out
Governmental Activities:		
<i>General Fund:</i>		
Sales Tax Fund	\$ 715,000	\$ -
Gas Utility Fund	50,000	-
<i>Sales Tax Fund:</i>		
General Fund	-	715,000
1992 Sinking Fund	-	145,000
1997 Sinking Fund	-	41,200
Nonmajor governmental funds	191,434	1,224
Business-type Activities:		
<i>Gas Fund:</i>		
General Fund	-	30,800
	<u>\$ 956,434</u>	<u>\$ 876,424</u>

NOTE 11 - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund balances at September 30, 2003, were as follows:

Governmental Activities:		
<i>General Fund</i>		
Gas Utility Fund	\$ 2,429	\$ -
Waterworks Utility Fund	2,429	-
Beverage Utility Fund	2,429	-
Section I Fund	500	-
<i>Sales Tax Fund</i>		
1992 Sinking Fund	10,400	-
Gas Utility Fund	2,763	-
1992 Sinking Fund	-	-
Sales Tax Fund	-	10,400
<i>Section II</i>		
General Fund	-	500
Total Governmental Activities	<u>\$ 42,950</u>	<u>\$ 20,900</u>
Business-type Activities		
<i>Gas Utility Fund</i>		
General Fund	\$ -	\$ 2,429
Sales Tax Fund	-	2,763
Waterworks Utility Fund	-	2,800
<i>Waterworks Utility Fund</i>		
General Fund	-	2,429
Gas Utility Fund	2,800	-
Beverage Utility Fund	-	-
General Fund	-	2,429
Total Business-type Activities	<u>\$ 2,800</u>	<u>\$ 12,819</u>

NOTE 12 - COMPENSATION TO GOVERNING BODY

The Town compensated its Mayor and members of the Town Council as follows:

Mayor	
Maurice Brown	\$ 32,808
Board of Aldermen	
Barbara O'Hair	4,991
John Demetrios	1,295
Ernest Allen	1,295
Louise Johnson	4,991
Garnell Young	4,991
Kipp Knight	3,696
John Barlow	3,696
	<u>\$ 57,363</u>

The Town's elected officials terms expire on December 31, 2006.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Litigation

Several suits arising from operations of the police department have been filed against the Town. The cases are covered by insurance; however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of Town management that the ultimate resolution of such litigation will not have a material effect on the financial position of the Town and no accrual has been recorded in the financial statements. The Town is vigorously defending these matters.

Grants

The Town receives Federal, State and local grants for specific purposes that are subject to audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of Town management that the Town's compliance with the terms of grants will result in no disallowed costs.

Risk Management

The Town is exposed to various risks of losses related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or in the past three years.

NOTE 14 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Expenditures Exceeding Appropriations

For the year ended September 30, 2005, the General Fund had an excess of expenditures over appropriations of approximately \$48,000.

NOTE 15 - SUBSEQUENT EVENTS

The Town has entered into a cooperative endeavor with the Berwick Parish Council in which the Parish has agreed to incur cost of up to \$150,000 related to a drainage project for the Town. This cost incurred by the Parish will be paid back by the Town in 18 equal monthly payments with no interest. Payments will commence in January 2004.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF WHITE CASTLE, LOUISIANA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2003

	Original Budget	Final Budget	Actual	Variance - Deductions (unless noted)
REVENUES				
Taxes				
Ad valorem	\$ 32,500	\$ 32,500	\$ 31,848	\$ (652)
Public utility franchise	24,000	24,000	24,344	344
Cable T.V. franchise	5,650	5,650	5,800	150
License and permits	63,000	63,000	61,075	(1,925)
Intergovernmental				
Grants	21,000	-	12,811	(12,000)
Fees	4,200	4,200	4,863	(2,100)
Video poker	71,000	71,000	71,814	(1,000)
Local housing authority	18,000	18,000	15,230	(2,700)
Fines	41,000	41,000	37,886	2,800
Other				
License and royalty	4,000	4,000	6,150	(1,000)
Interest	300	300	442	(0)
Miscellaneous	12,000	12,000	12,040	(1,000)
Total revenues	<u>355,350</u>	<u>354,800</u>	<u>327,812</u>	<u>(27,000)</u>
EXPENDITURES				
General government	177,407	188,887	276,268	9,001
Public safety	447,512	487,417	486,678	739
Streets and sanitation	158,318	170,128	219,881	(40,000)
Public health	18,000	18,000	35,831	(8,000)
Recreation	22,000	31,200	17,441	(1,000)
Total expenditures	<u>843,237</u>	<u>895,632</u>	<u>1,036,107</u>	<u>(27,000)</u>
Excess of expenditures over revenues	(487,887)	(540,832)	(708,295)	(48,000)
OTHER FINANCING SOURCES				
Operating transfers in	615,000	715,000	781,000	-
Total other financing sources	<u>615,000</u>	<u>715,000</u>	<u>781,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>\$ 127,113</u>	<u>\$ 174,168</u>	<u>(25,295)</u>	<u>\$ (25,295)</u>
FUND BALANCE				
Beginning of year			<u>30,202</u>	
End of year			<u>\$ 4,907</u>	

Notes on Exhibit A-F are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA
SALES TAX FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (unfavorable)</u>
REVENUES				
Taxes				
Bourgeois Parish sales tax	\$ 798,800	\$ 835,800	\$ 825,216	\$ (99,784)
Other				
Interest	<u>16,000</u>	<u>16,000</u>	<u>6,608</u>	<u>(9,392)</u>
Total revenues	714,800	851,800	831,824	(19,176)
OTHER FINANCING USES				
Operating transfers out	<u>(871,200)</u>	<u>(941,200)</u>	<u>(941,200)</u>	<u>-</u>
Excess (deficiency) of revenues over other financing uses	<u>\$ (156,400)</u>	<u>\$ (89,400)</u>	<u>(109,376)</u>	<u>\$ (79,176)</u>
FUND BALANCE				
Beginning of year			<u>698,800</u>	
End of year			<u>\$ 151,144</u>	

Notes on Exhibit A-9 are an integral part of this statement.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION

**TOWN OF WHITE CASTLE, LOUISIANA
GENERAL FUND**

**STATEMENT OF DEPARTMENTAL EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance - favorable (unfavorable)
GENERAL GOVERNMENT				
Salaries	\$ 23,000	\$ 49,000	\$ 41,749	\$ 7,251
Fringe costs	3,500	3,500	3,664	(164)
Municipal retirement	3,000	3,000	4,046	(1,046)
Employer's insurance	20,000	21,000	22,291	(1,291)
Insurance	23,000	41,000	44,348	2,132
Professional	30,000	30,000	21,940	8,060
General fund assets	3,000	8,000	3,436	4,564
Maintenance - building	18,000	13,000	13,770	(770)
Publishing	4,000	4,000	4,887	(887)
Office supplies	3,800	3,300	3,652	2,448
Post and subscriptions	3,500	3,500	3,280	2,220
Gasoline	2,800	2,800	1,758	1,042
Telephone	3,500	14,900	14,008	892
Travel	18,000	20,000	19,660	340
Printing	2,800	2,800	3,404	(604)
Council on Aging	3,300	3,800	3,641	(1,541)
Commodities	1,800	1,300	1,300	-
Drug testing	1,800	1,800	847	953
Maintenance contracts	3,800	3,800	3,183	617
Maintenance - equipment and vehicle	2,800	2,800	2,684	(1,184)
Other	4,200	12,300	11,942	458
Total general government	277,487	348,887	329,368	9,519
RECREATION				
Capital outlay	10,800	-	898	(1,098)
Utilities	4,800	5,900	6,212	(1,312)
Materials and supplies	8,800	8,800	12,712	(2,712)
Total recreation	24,400	14,700	19,812	(3,812)
PUBLIC HEALTH				
	\$ 18,800	\$ 18,800	\$ 20,411	\$ 1,611

Notes on Exhibit A-F are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA
GENERAL FUND

STATEMENT OF DEPARTMENTAL EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2003

	Original Budget	Final Budget	Actual	Variance - favorable (unfavorable)
PUBLIC SAFETY				
Police				
Salaries	\$ 249,152	\$ 249,152	\$ 290,073	\$ 118,219
Payroll taxes	18,000	20,000	21,000	(450)
Municipal retirement	13,000	16,000	35,143	(1450)
Employer's insurance	55,500	52,500	31,000	(2,900)
General fixed assets	8,000	8,000	570	5,430
Vehicle lease	8,500	8,500	9,001	(111)
Maintenance - vehicle	4,500	18,000	13,704	(3,716)
Field supplies	1,000	1,000	5,687	(4,687)
Clothing	3,000	4,000	1,703	2,307
Printing	1,500	1,500	508	992
Jail fees	4,500	7,000	7,183	(155)
Drug testing	500	500	200	300
Life insurance - building	300	300	400	80
Vehicle fuel	18,000	15,000	15,012	(912)
Diary and subscriptions	300	300	-	300
Travel	3,500	3,500	5,003	(151)
Telephone	5,000	5,000	11,763	(7,763)
Maintenance-construct	900	900	413	487
Other	4,500	4,425	7,333	(2,881)
Total police	503,652	489,987	488,821	1,862
Volunteer fire				
Truck and equipment	22,000	18,000	20,000	(1,980)
Maintenance	1,000	5,000	5,233	(123)
Vehicle fuel	900	900	81	819
Telephone	350	1,150	1,380	(180)
Total volunteer fire	24,250	27,450	26,694	(1,296)
Total public safety	\$ 417,902	\$ 487,437	\$ 485,539	\$ 158

Notes on Exhibit A-F are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA
GENERAL FUND

STATEMENT OF DEPARTMENTAL EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance - Favorable (unfavorable)
STREETS AND SANITATION				
Salaries	\$ 38,728	\$ 33,728	\$ 38,258	\$ (7,031)
Employee's insurance	13,808	13,000	18,172	4,878
Payroll taxes	4,500	4,500	3,886	(944)
Municipal retirement	3,800	3,000	2,029	(971)
Insurance	3,000	-	3,657	(9,677)
Maintenance - equipment	2,800	800	3,798	(1,298)
Maintenance - street	3,000	3,000	11,151	(4,151)
Maintenance - vehicle	3,000	2,700	2,680	32
Equipment rental	10,000	10,000	11,828	(828)
Utilities	44,000	49,000	33,087	(4,087)
Vehicle fuel	3,200	3,200	3,854	(554)
Chemicals	1,000	2,000	1,484	(416)
Drug testing	300	300	160	140
Engineering	-	-	21,819	(21,819)
Other	2,800	2,800	948	1,552
Total streets and sanitation	<u>153,836</u>	<u>173,728</u>	<u>219,683</u>	<u>(43,855)</u>
Total expenses	<u>\$ 818,317</u>	<u>\$ 940,332</u>	<u>\$ 1,028,187</u>	<u>\$ (42,653)</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF WHITE CASTLE, LOUISIANA
NON-MAJOR FUNDS**

COMBINING BALANCE SHEET

September 30, 2003

	Special	Debt Service		Total
	Revenues	1991 Reserve	1997 Sinking	Non-Major
	Section 5	Fund	Fund	Funds
ASSETS				
Cash and cash equivalents	\$ 3,725	\$ -	\$ 18,847	\$ 22,572
Investments, at cost	-	144,000	-	144,000
Total assets	\$ 3,725	\$ 144,000	\$ 18,847	\$ 166,572
LIABILITIES				
Due to other funds	\$ 308	\$ -	\$ -	\$ 308
Deferred income	3,225	-	-	3,225
Total liabilities	3,725	-	-	3,725
FUND BALANCE				
Reserved - debt service	-	144,000	18,847	162,847
Total liabilities and fund balance	\$ 3,725	\$ 144,000	\$ 18,847	\$ 166,572

Notes to Exhibit C-1 are an integral part of this statement.

**TOWN OF WHITE CASTLE, LOUISIANA
NON-MAJOR FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the year ended September 30, 2003

	Special Revenue	Debt Service		Total Non-Major Funds
	Section 8	1991 Reserve Fund	1997 Sinking Fund	
REVENUES				
Intergovernmental				
HUD receipts	\$ 46,300	\$ -	\$ -	\$ 46,300
Other				
Interest	80	5,214	251	5,548
Total revenues	<u>46,475</u>	<u>5,214</u>	<u>251</u>	<u>51,940</u>
EXPENDITURES				
Public health				
Rent and utility assistance	31,969	-	-	31,969
Administrative	14,882	-	-	14,882
Debt service				
Principal retirement	-	-	31,080	31,080
Interest and bond charges	-	-	8,281	8,281
Total expenditures	<u>46,851</u>	<u>-</u>	<u>39,361</u>	<u>86,212</u>
Excess of revenues over expenditures	-	5,214	(39,340)	(34,116)
OTHER FINANCING USES				
Operating transfers in	-	-	41,200	41,200
Operating transfers out	-	(5,234)	-	(5,234)
Excess of revenues over expenditures and other financing sources	-	-	1,860	1,860
FUND BALANCE				
Beginning of year	-	144,060	16,187	160,247
End of year	<u>\$ -</u>	<u>\$ 144,060</u>	<u>\$ 18,047</u>	<u>\$ 162,107</u>

Notes on Exhibits A-9 are an integral part of this statement.

TOWN OF WHITE CASTLE, LOUISIANA
SECTION 8

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2015

	2015		Variance - Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Intergovernmental			
HUD receipts	\$ 31,800	\$ 48,593	\$ 16,793
Other			
Interest	500	81	(419)
Total revenues	<u>32,300</u>	<u>48,674</u>	<u>(16,374)</u>
EXPENDITURES			
Public health			
Rent and utility assistance	48,500	31,583	16,917
Administrative	5,300	14,892	(9,592)
Total expenditures	<u>53,800</u>	<u>46,475</u>	<u>7,325</u>
Excess of revenues over expenditures	<u>\$ _____</u>	-	<u>\$ _____</u>
FUND BALANCE			
Beginning of year		<u> </u>	
End of year		<u>\$ _____</u>	

SCHEDULES

TOWN OF WHITE CASTLE, LOUISIANA
SCHEDULE OF SUPPLEMENTARY INFORMATION
SEWERAGE CUSTOMERS

September 30, 2003
 (Without Audit)

Records maintained by the Town of White Castle indicated the number of residential and commercial users for both water and sewer systems at September 30, 2003 were as follows:

	Water	Sewer
Residential	716	706
Commercial	77	78

At September 30, 2003, the Town was charging a \$10.00 commercial and a \$7.50 residential base fee with \$2.50 for each thousand gallons consumed for water usage. In addition, an \$11.75 base fee with \$1.40 for each thousand gallons treated was charged as a sewerage fee.

At September 30, 2003, the aging of accounts receivable for the Enterprise Funds was as follows:

Current	\$ 50,552
31-60 days	11,816
61-90 days	2,527
Over 90 days	<u>2,882</u>
	<u>\$ 68,777</u>

TOWN OF WHITE CASTLE, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE

September 30, 2017
(Without Audit)

Item	Kind of Insurance	Policy Description	Insurance	Expiration Date	
City Manager's Plan Management Agent	Automobile	All Automobiles	\$ 100,000	May 1, 2014	
		Cover Vehicle Equipped in Cities Vehicle Road-Use Rating Plan	10,000 2,000 10,000	February 1, 2014	
		Commercial-General Liability	Producers/Op./General	100,000	May 1, 2014
			Producers & Completed Ops	100,000	May 1, 2014
			Professional Services	1,000,000	May 1, 2015
			Non Legal Liability	20,000,000 occurrence	May 1, 2014
	Law enforcement liability	Law enforcement officers	100,000	May 1, 2014	
	Public officials' personal and services liability	Public officials' services & services	100,000	May 1, 2015	
	Advanced Insurance	Workmen's Compensation	Eligible employees	various	January 1, 2014
			Commercial/Property	Storage plant, 70 x 100 by 100	100,000
Fire and extended coverage		City building, 100 x 100 x 10 City building annex	1,000,000 1,000,000	October 10, 2014	
		Water tank, 1000 Barrels B, Water treatment building, Cannery	100,000 40,000 40,000	October 10, 2014	
		Roof	1,000		
Fire and extended coverage		Town Hall, 1500 Barrels 2000 Barrels B, Cannery	100,000 10,000 10,000	October 10, 2014	
		Fire and extended coverage	All town, 1200 Barrels All town annex	100,000 10,000	October 10, 2014
Fire and extended coverage			Fire station 1200 100 yd Fire station annex	10,000 1,000	October 10, 2014
		Fire and extended coverage	Fire station on Agnes/Holding 1000 Lanes B Cannery	10,000 10,000	October 10, 2014
Fire and extended coverage			Building, 100 x 100 Barrels B, Cannery	100,000 10,000	October 10, 2014
		Fire and extended coverage	Storage station, 1400 Barrels B, Cannery	10,000 10,000	October 10, 2014
Fire and extended coverage			Storage station, 1000 Barrels B, Cannery	10,000 10,000	October 10, 2014
		Fire and extended coverage	Storage station, 1000 Barrels B, Cannery	10,000 10,000	October 10, 2014
Commercial vehicle motor			City generator	10,000	October 10, 2014
		Radio tower with antenna	5,000		
	Electrical generator	10,000			
	Radio tower	10,000			
	Electrical generator Computer	10,000 10,000			
Commercial property	Community Center, 1200 Barrels B, White Castle Inn, 1000 Barrels B	100,000	October 10, 2014		
	Normal employment bond	Employees	100,000	September 11, 2014	
Public employees/benefits bond	Adrianne Meyer	10,000	August 10, 2014		

SPECIAL INDEPENDENT AUDITORS' REPORTS



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

The Honorable Mayor and
Members of the Board of Aldermen,
Town of White Castle, Louisiana

We have audited the general purpose financial statements of the **TOWN OF WHITE CASTLE, LOUISIANA**, as of and for the year ended September 30, 2003, and have issued our report thereon dated November 25, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the **TOWN OF WHITE CASTLE, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2003-5.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the **TOWN OF WHITE CASTLE, 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 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 entity'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 item 2003-1, 2003-2, 2003-3 and 2003-4.

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 considerations 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, the reportable conditions described in the schedule of findings and questioned costs involving internal control over financial reporting are also considered to be material weaknesses as defined above.

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


Pamela F. Winkler, CPA
Certified Public Accountant

Baton Rouge, Louisiana
November 25, 2000

TOWN OF WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2003

I) Summary of Auditors' Results:

- A) The type of report issued on the general purpose financial statements: **Unqualified opinion.**
- B) Reportable conditions in internal control were disclosed by the audit of Financial Statements: 2003-1, 2003-2, 2003-3 and 2003-4.
Material weakness: See reportable conditions above.
- C) Noncompliance that is material to the general purpose financial statements: **None.**
- D) Findings relating to the financial statements reported in accordance with Government Auditing Standards: 2003-5.

2003-1) SEGREGATION OF DUTIES

Observation: There is not sufficient segregation of duties to have effective internal control. The finding results from the small size of the administrative staff of the Town, which prevents a meaningful segregation of duties. However, during the fiscal year, the Town created a new position in its finance department to address this condition. As a result, various duties have been re-assigned to reduce the risks previously described with the lack of segregation of duties. Accordingly, we continue to recommend the following.

Recommendation: We recommend that the Mayor review and approve the following:

- Check disbursements and related supporting documentation,
- Monthly bank statements (including the cancelled checks) and related reconciliation.

Management's corrective action plan: We concur with the finding. Additionally, the Town hired an additional employee in October 2002. The additional employee has allowed the Town to assign duties to its financial staff to mitigate the risks associated with a lack of adequate segregation of duties.

2003-3: FINES

Observation: The Town's police department collects funds associated with fines. As collected, the funds are forwarded to the Town's administration department for deposit. The Town's police department maintains documentation to support the receipt of these funds. Based on our review of fine collection documentation, we discovered that the Police Department does not utilize the fine accounting software program in an effective manner. The program provides for the accounting of the numerical sequence of traffic tickets issued to police officers. This portion of the software program is not being utilized and the Town is not maintaining control over the issuance of its traffic tickets. As a result, the Town is not providing for adequate control over these decentralized cash collections.

Recommendation: We recommend that traffic ticket issuance records be maintained accurately by utilizing computer software in place, to include the preparation of monthly reconciliation of ticket issuance records, voided tickets and outstanding tickets with police officers. Additionally, assessed but uncollected fines should be recorded in the system to provide for the adequate control of the collection of traffic fines.

Management's corrective action plan: Management intends to acquire the necessary training needed for the employees to fully utilize the software. Secondly, such reports will be reviewed monthly by the Town clerk for appropriateness.

2003-3 CONFISCATED GOODS INVENTORY

Observation: An inventory of confiscated items made by the Police Department was not performed during the years ended September 30, 2003 and 2002.

Recommendation: We recommend the Town's Finance Department maintain an on-going inventory of confiscated materials.

Management's corrective action plan: The Town's Police Department has initiated steps subsequent to year-end to ensure an accurate inventory of confiscated material.

2003-4 CHECK DISBURSEMENTS

Observation: During our review of check disbursements during 2003, we discovered the following:

- Several check disbursements were voided and declared in a separate file. However, a few of the checks were not voided in the accounting system and were reported as expenditures.
- A few instances of duplicate payments were issued to the Town's natural gas supplier. The overpayment resulted from the Town receiving a faxed and mailed copy of each monthly invoice. In a few cases, both invoices were paid. The Town was either provided a refund check or reduction to the subsequent months billing in a timely manner from the supplier. As a result, no overpayments were outstanding at year-end.

Recommendation: The Town Clerk should review check disbursements listed as outstanding on the monthly bank reconciliation for checks that are susceptible to being voided and remove from the accounting system in a timely manner. Secondly, the Town should review its procedures for payment of invoices. In the case with the natural gas vendor, the *faxed copy* of the invoice should be discarded and the *hard copy* used for accounts payable processing.

Management's corrective action plan: Management intends to implement the following:

- The procedure for voided check disbursements in the Town's accounting system was re-visited. The correct procedure for voiding disbursements was previously not followed. As a result, such instances in the future are not expected.
- Secondly, the *faxed copy* of the invoice for natural gas purchases will be destroyed upon receipt and only the *received hard copy* will be utilized for accounts payable processing.

1001-5 COLLATERAL PLEDGES OF CASH AND INVESTMENTS

Observation: At September 30, 2003, the Town had a certificate of deposit with a local financial institution that was in excess of federal depository insurance limits and not adequately secured by approximately \$48,000.

Recommendation: The Town should verify this financial institution to obtain adequate security pledges to collateralize the deposit.

Management's corrective action plan: The Town has contacted the financial institution and obtained security to secure the deposit held. The Town will monitor the cash balances with the financial institution to verify on a monthly basis that the deposits held are adequately secured. The Town considers this matter resolved.

TOWN OF WHITE CASTLE, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS

For the year ended September 30, 2003

2002-1: SEGREGATION OF DUTIES

Prior Year Finding: For the year ended September 30, 2002, we reported that there was not sufficient segregation of duties to have effective internal control. The finding results from the small size of the administrative staff of the Town. These limitations allow no opportunity for meaningful segregation of duties. This item has been reclassified to Item 2003-1.

2002-2: FINES

Prior Year Finding: The Town's police department collects funds associated with fines. As collected, the funds are forwarded to the Town's administration department for deposit. The Town's police department maintains documentation to support the receipt of these funds. Based on our review of fine collection documentation, we discovered that the Police Department does not fully utilize the computer software program.

During 2001 and 2002, the Police Department personnel maintained adequate records to reconcile cash received with the general ledger. However, see Item 2003-2.

2002-3 CONFISCATED GOODS INVENTORY

Prior Year Finding: A physical inventory of confiscated goods maintained by the Police Department was not performed during 2002. This finding has been reclassified to Item 2003-3.

STATISTICAL INFORMATION

TOWN OF WHITE CASTLE, LOUISIANA

TOTAL ASSETS (FUND BASIS)



SEPTEMBER 30, 2003



SEPTEMBER 30, 2002

■ FIXED ASSETS, net

■ CASH & INVESTMENTS

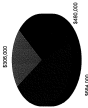
■ OTHER

TOTAL ASSETS = \$ 4,266,000

TOTAL ASSETS = \$ 4,541,000

TOWN OF WHITE CASTLE, LOUISIANA

CASH AND INVESTMENTS (FUND BASIS)



SEPTEMBER 30, 2003



SEPTEMBER 30, 2002

■ SPECIAL REVENUE ■ ENTERPRISE ■ DEBIT SERVICE AND GENERAL

TOTAL CASH & INVESTMENTS = \$ 1,476,000

TOTAL CASH & INVESTMENTS = \$ 1,531,800

TOWN OF WHITE CASTLE, LOUISIANA

LIABILITIES AND FUND EQUITY (FUND BASIS)



SEPTEMBER 30, 2003

SEPTEMBER 30, 2002

CURRENT LIABILITIES ■ SEWER AND WATER REV BONDS ■ FUND EQUITY

TOTAL LIABILITIES = \$ 1,247,500

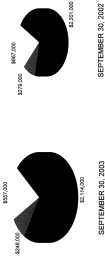
TOTAL FUND EQUITY = \$ 2,919,050

TOTAL LIABILITIES = \$ 1,294,000

TOTAL FUND EQUITY = \$ 3,147,000

TOWN OF WHITE CASTLE, LOUISIANA

FUND EQUITY (FUND BASIS)



SEPTEMBER 30, 2003

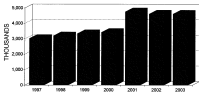
SEPTEMBER 30, 2002

■ ENTERPRISE ■ DEBT SERVICE AND GENERAL ■ SPECIAL REVENUE

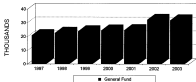
TOTAL FUND EQUITY = \$ 2,919,800

TOTAL FUND EQUITY = \$ 3,147,000

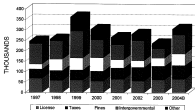
TAXABLE ASSESSED VALUE OF PROPERTY
TOWN OF WHITE CASTLE, LOUISIANA



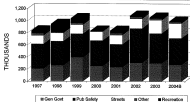
PROPERTY TAXES - ASSESSED
TOWN OF WHITE CASTLE, LOUISIANA



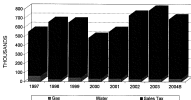
GENERAL FUND REVENUES
TOWN OF WHITE CASTLE, LOUISIANA



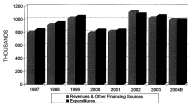
GENERAL FUND EXPENDITURES
TOWN OF WHITE CASTLE, LOUISIANA



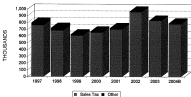
**TRANSFERS TO GENERAL FUND
TOWN OF WHITE CASTLE, LOUISIANA**



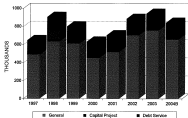
**GENERAL FUND INFLOWS & OUTFLOWS
TOWN OF WHITE CASTLE, LOUISIANA**



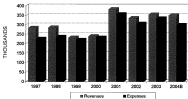
**SALES TAX REVENUES
TOWN OF WHITE CASTLE, LOUISIANA**



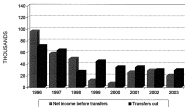
**SALES TAX TRANSFERS OUT
TOWN OF WHITE CASTLE, LOUISIANA**



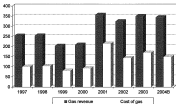
GAS FUND REVENUES & EXPENSES
TOWN OF WHITE CASTLE, LOUISIANA



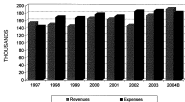
GAS FUND NET INCOME & TRANSFERS
TOWN OF WHITE CASTLE, LOUISIANA



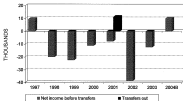
GAS FUND REVENUES & COST OF GAS TOWN OF WHITE CASTLE, LOUISIANA



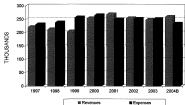
WATER FUND REVENUES & EXPENSES
TOWN OF WHITE CASTLE, LOUISIANA



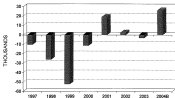
WATER FUND NET INCOME(LOSS) & TRANSFERS OUT
TOWN OF WHITE CASTLE, LOUISIANA



**SEWER FUND REVENUES & EXPENSES
TOWN OF WHITE CASTLE, LOUISIANA**



**SEWER FUND NET INCOME (LOSS) & TRANSFERS OUT
TOWN OF WHITE CASTLE, LOUISIANA**





Honorable Mayor and Members of
the Town Council,
Town of White Castle, Louisiana

In planning and performing the audit of the financial statements of the Town of White Castle (the Town) for the year ended September 30, 2003, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. We have reported on the Town's internal control in our report dated November 15, 2003; this letter does not affect that report.

We will review the status of the comment during our next audit engagement. We have discussed this comment and suggestion with certain Town personnel, and we will be pleased to discuss the comment in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation. Our comment is summarized on Attachment A.

This report is intended solely for the information and use of the Town's management, the Louisiana Legislative Auditor, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Revised Statute 24:503, this report is distributed by the Louisiana Legislative Auditor as a public document.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
November 15, 2003

OPERATIONAL RECOMMENDATIONS

EXPENDITURES – OR 2003-4

Observation: During the year ended September 30, 2003, budget amendments were approved increasing the General Fund appropriation by approximately \$100,000. Actual expenditures exceeded the budgeted appropriation by approximately \$43,000. Collectively, year-end expenditures exceeded the original budgeted appropriation by \$150,000. The expenditures were funded from sales tax collections during 2003 which exceeded the original budget by approximately \$125,000.

The primary increase to the expenditure budget related to police department expenditures. The police department's appropriation was increased by approximately \$75,000 during 2003, which represents a 20% increase over the original budget. The majority of the increase related to unexpected personnel costs, primarily overtime compensation, and operating expenditures associated with vehicles and telephones. The operating costs of the police department for the last two fiscal years have been significantly higher than previous periods.

Finally, traffic fine revenue collections were below the original amount budgeted for 2003. In addition, this revenue source is significantly below historical averages. As recent as the 2000 fiscal year, fine collections were approximately \$64,000 annually compared to \$38,000 for 2003.

Recommendation: The Town should give considerable attention to the current spending level of its police department. In particular, the current resources anticipated are not sufficient to fund its' other public services while maintaining police department spending of approximately \$475,000 a year, even with current sales tax revenues. For the 2004 fiscal year, budgeted expenditures of the Town's police department should be based upon conservative estimates of sales tax collections to formulate amounts available for spending. Additionally, the Town should closely monitor budget adherence throughout the fiscal year to avoid budget overruns.

Management's corrective action plan: Management intends to review this recommendation during the current fiscal year. The Town will, however, maintain the appropriate situation necessary to monitor sales tax collections for potential impact to the operating budget.

Additionally, the Town has expressed its concerns to the police department's leadership, but corrective action has not been forthcoming. In any event, the Town will make the changes necessary to operate in a fiscally responsible manner.

MULTI-YEAR BUDGETING – OR 2003-4

Observation: The Town prepares its operating budget annually on a year to year basis. The Town should explore the concept of multi-year budgeting for financial planning purposes. In particular, observations are as follows:

- As stated above, the Town's Police Department has exceeded annual appropriation thresholds as established through the budget process by the Mayor and Town Council.
- The Streets department initiated a drainage project during 2003 that required a budget amendment of \$46,000. The change dealt directly with expenditures during the year for additional payroll, and street and drainage projects that were anticipated by management of the Town.
- Finally, the Town has not experienced significant or unexpected increases to expenditures in other departmental operations. These departments have maintained a fairly consistent level of spending for several years.
- On the other hand, natural gas prices have escalated in the last few years which have caused considerable strain on the Gas system users.
- Employee benefits, which include retirement and health insurance, have increased significantly over the last few years with the Town funding virtually all the increased costs.

Additionally, the Town has experienced significant increases to sales tax collections over the last few years, which have exceeded historical averages. However, operating expenditures of the Town have increased to a level whereby there is a growing dependence on maintaining such sales tax collections to sustain current operations, which limits the financial flexibility of the Town in the event of sales tax declines. In particular, the Town has increased expenditures primarily in its police department, which has increased annual expenditures by approximately \$100,000 since 2003.

Recommendation: The Town could consider preparing a multi-year operating budget to compare projected resources, in particular sales tax collections, to anticipated operating expenditures for the same period of time. The key consideration in this process is not the development of budgetary amounts, but the identification of core concerns endorsed by the Town's leadership and the use of its limited resources for application to such concerns. The purpose of this planning will be to develop a financial plan to accomplish the following:

- Estimate the levels of anticipated resources, namely sales tax collections, for the next few years. The purpose will be to define the resources available to fund operations and capital outlay.
- Compare expected operating expenditures, including debt retirement, and capital outlay costs to anticipated available resources as determined above. During this process, the Town would also determine its service priorities with the related expenditures. From this determination, the Town would be able to develop an operating budget based on a priority system.
- Develop a policy for budgetary adherence for its departments.
- Develop policies for the establishment of fund reserves their utilization.
- Develop policies for the employee benefits offered and limits to financial commitments.

Management's corrective action plan: Management intends to review this recommendation during the current fiscal year. The Town will, however, maintain the appropriate attention necessary to monitor water tax collections for potential impact to the operating budget.

UTILITY FUND OPERATIONS - OH 2003-3

Observation: During the years ended September 30, 2003 and 2002, the Waterworks Utility Fund experienced net losses of approximately \$24,000 and \$38,000, respectively. In addition, the Sewer Fund experienced an operating loss during 2003 of approximately \$5,700. The Fund's operating expenses have remained consistent for a number of years, but revenues generated have not been sufficient to recoup costs.

Additionally, in the Gas Utility Fund, gas purchases by units exceeded amounts sold during 2003 by approximately 1,200 MCF's. This occurred during the previous year as well. The approximate loss of gas, in dollars, was approximately \$18,500. While a portion of the difference can be attributed to reserves in the gas lines and timing-differences in billing and purchasing, the more significant portion is the result of gas loss.

Recommendation: Proprietary funds managed by municipal governments should be operated in a profitable manner. We recommend the Town review its waterworks and sewer operations to determine the need for potential expenditure reductions or user rate increases. If expenses in the waterworks fund have been stable for some time, it is more likely that the deficit will be eliminated through user fee increases.

Additionally, the Town should conduct a review of gas lines and calibrate meters to attempt to reduce gas losses currently occurring.

Management's corrective action plan: The Town is considering the following:

- During 2003, the Town increased water user fees. It is expected that the increase will result in a more profitable operation of the Waterworks Utility Fund.
- During 2004, the Town will review expenses in the Sewer Utility Fund to reduce costs to allocate the net loss sustained during 2003.
- The Town has an on-going program to identify gas losses, which includes calibration and replacement of meters. On an immediate basis, the Town will conduct this review to identify potential gas line losses.