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**Town of Maringouin, Louisiana
General Purpose Financial Statements
September 30, 2003**

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

Release Date 4-28-04

TOWN OF MARINGOUEEN, LOUISIANA

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February 16, 2004

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Town Council
Marringouin, Louisiana

We have audited the accompanying general purpose financial statements of the

**TOWN OF MARRINGOUIN
MARRINGOUIN, LOUISIANA**

as of and for the year ended September 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Marringouin's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Marringouin, Louisiana, as of September 30, 2003, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2004, on our consideration of Town of Marringouin'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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Mariageou, Louisiana, taken as a whole. The supplementary information, - schedules of aged utility accounts receivable, water, gas and sewer rates, number of utility customers, and schedule of insurance - as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Town of Mariageou, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Yours truly,

Henthon, Wagnon & Smith, LLP

TOWN OF MARRINGUEIN, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

September 30, 2000

	Governmental Funds		Proprietary		Account Groups		Totals (Memorandum Doubt)
	General	Special	Fund Type		General	Long-term Debt	
			Revenue	Enterprise			
Cash and cash equivalents	\$ 222,470	\$ -	\$ 246,498	\$ -	\$ -	\$ -	\$ 211,258
Other time deposits	25,366	-	148,258	-	-	-	174,658
Accounts receivable, net	16,106	-	60,242	-	-	-	126,644
Restricted assets:							
Hydrocod trials	-	-	76,874	-	-	-	76,874
General fund assets	-	-	-	2,010,442	-	-	2,010,442
Bond assets, net	-	-	4,015,540	-	-	-	4,015,540
Amount to be provided from general government resources	-	-	-	-	-	60,104	60,104
Amount to be provided for the retirement of general long-term debt	-	-	-	-	-	20,128	20,128
Total assets	\$ 280,042	\$ -	\$ 3,887,152	\$ 2,010,442	\$ 2,010,442	\$ 20,128	\$ 8,154,562

TOWN OF MAKINGOUEIN, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

September 30, 2002

	Governmental Funds		Proprietary Fund Type		Amount Group		Totals (Governmental + Proprietary)
	General	Special Revenue	Enterprise	Other	General	Long-term Debt	
LIABILITIES							
Accounts payable	\$ 21,564	\$ 14,131	\$ 20,634	\$ -	\$ -	\$ -	\$ 66,334
Payroll taxes payable	21,298	-	-	-	-	-	21,298
Short-term payable	-	-	125	-	-	-	125
Federal deposits	2,623	-	-	-	-	-	2,623
Customer account deposits	-	-	47,756	-	-	-	47,756
Claims payable	-	-	-	-	-	60,164	60,164
Loans payable	-	-	-	-	-	224,895	224,895
Interest payable	-	-	999	-	-	-	999
Revenue bonds payable	-	-	1,280,001	-	-	-	1,280,001
Revenue bonds payable	-	-	1,461,571	-	-	261,284	3,059,684
Total liabilities	\$ 68,585	\$ 64,138	\$ 2,413,761	\$ -	\$ 261,284	\$ -	\$ 3,347,668
FUND EQUITY							
Contributed capital	-	-	3,292,729	-	-	-	3,292,729
Investments in general fund assets	-	-	-	-	2,011,483	-	2,011,483
Fund balance	-	-	-	-	-	-	-
Reserve	-	63,189	-	-	-	-	63,189
Unreserved	-	-	-	-	-	-	-
Revised savings	-	-	79,096	-	-	-	79,096
Unreserved	-	-	503,180	-	-	-	503,180
Total fund equity	\$ 20,643	\$ 63,189	\$ 3,523,154	\$ -	\$ 2,011,483	\$ -	\$ 6,017,876
Total liabilities and fund equity	\$ 89,228	\$ 127,327	\$ 5,936,915	\$ -	\$ 2,011,483	\$ -	\$ 8,554,952

TOWN OF MARRINGOUIN, LOUISIANA
ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

For the year ended September 30, 2005

	Totals		
	General	Special Revenues	(Miscellaneous Dedts)
REVENUES			
Taxes	\$ 664,321	\$ 92,817	\$ 697,138
Intergovernmental	1,378	3,895	5,273
Licenses and permits	92,698	-	92,698
Fees	53,643	-	53,643
Other	18,008	330	18,338
Total revenues	728,048	97,042	825,090
EXPENDITURES			
General government	287,683	-	287,683
Public safety	189,272	64,299	253,571
Health and streets	181,313	-	181,313
Capital outlay	31,673	3,408	35,081
Debt service	-	38,692	38,692
Total expenditures	640,961	106,409	747,370
Excess of revenues over expenditures	4,388	838	5,226
FUND BALANCE			
Beginning of year	228,987	44,847	273,834
End of year	\$ 233,375	\$ 45,685	\$ 279,060

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

TOWN OF MARGUERITE, LOUISIANA
GENERAL AND SPECIAL REVENUE FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2003

	General Fund		Special Revenue Funds	Total	Special Revenue Funds		Total
	Budget	Actual			Budget	Actual	
REVENUES							
Taxes:							
Intergovernmental	\$ 52,000	\$ 484,511	\$ 15,476	\$ 99,000	\$ 95,877	\$ (2,655)	\$ (2,655)
Licenses and permits	25,000	1,995	15,400	5,000	3,892	1,808	(1,808)
Fees	62,500	31,290	15,455	-	-	-	-
Fines	3,000	11,811	10,411	-	-	-	-
Other	2,000	9,028	3,892	20	428	428	20
Total revenues	<u>\$144,500</u>	<u>\$540,435</u>	<u>\$59,634</u>	<u>\$103,020</u>	<u>\$95,197</u>	<u>\$1,823</u>	<u>\$1,823</u>
EXPENDITURES							
General government:							
Public safety	214,800	287,465	6,110	-	-	-	-
Streets and utilities	10,800	114,472	16,272	-	-	-	-
Debt service	219,466	183,113	19,287	78,100	94,299	16,199	(16,199)
Capital outlay	-	-	-	31,000	34,692	3,692	3,692
Total expenditures	<u>445,066</u>	<u>585,050</u>	<u>41,669</u>	<u>109,100</u>	<u>129,090</u>	<u>19,391</u>	<u>19,391</u>
Excess (deficiency) of revenues over expenditures	<u>\$144,500</u>	<u>\$4,985</u>	<u>\$17,965</u>	<u>\$12,920</u>	<u>\$9,807</u>	<u>\$3,132</u>	<u>\$3,132</u>
FUND BALANCE							
Beginning of year		<u>232,981</u>			<u>44,887</u>		<u>44,887</u>
End of year		<u>\$ 211,803</u>			<u>\$ 48,019</u>		<u>\$ 48,019</u>

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

**TOWN OF MARRINGOUIN, LOUISIANA
PROPRIETARY FUND TYPE - PUBLIC UTILITY FUND**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

For the year ended September 30, 2000

REVENUES

Gas sales	\$ 324,340
Water sales	275,313
Source water fees	64,796
Utility service connection fees	5,460
Late payment charges	23,703
Interest income	2,373
Other operating revenue	<u>5,286</u>
 Total operating revenues	 <u>685,467</u>

EXPENSES

Gas purchased	206,244
Salaries and related taxes and benefits	125,273
Depreciation	163,285
Bad debt expense	30,605
Repairs and maintenance	45,083
Insurance	18,111
Professional services	25,043
Billing supplies and expense	2,673
Postage	5,363
Utilities	32,581
Telephone	1,082
Vehicle expense	1,481
Supplies and losses	13
Oil fees	2,779
Fuel - equipment	1,249
Taxes, licenses and permits	8,180
Cash short and over	136
Other operating expense	<u>2,360</u>
 Total operating expense	 <u>651,549</u>
 Operating gain	 <u>33,918</u>

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

**TOWN OF MARINGOUIN, LOUISIANA
 PROPRIETARY FUND TYPE - PUBLIC UTILITY FUND**

**STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS**

For the year ended September 30, 2011

NON-OPERATING	
Interest income	1,661
Interest on bond indebtedness	<u>(80,156)</u>
Less before amortization of contributed capital	(41,757)
Amortization of contributed capital	<u>92,914</u>
Net gain transferred to retained earnings	51,087
RETAINED EARNINGS	
Beginning of year	<u>768,152</u>
End of year	<u>\$ 819,239</u>

Notes on Exhibits A-5 are an integral part of this statement.

**TOWN OF MARINGOUIN, LOUISIANA
PROPRIETARY FUND TYPE - PUBLIC UTILITY FUND**

STATEMENT OF CASH FLOWS

For the year ended September 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 58,938
Adjustments to operating income:	
Depreciation	661,285
Increase in allowance for doubtful accounts	28,835
Change in operating assets and liabilities:	
Accounts receivable	(27,799)
Accounts payable	17,336
Accrued expenses	<u>(1,587)</u>
Net cash provided by operating activities	<u>386,212</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Net increase in customer meter deposits	<u>3,633</u>
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**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Principal payments on revenue bonds	(78,146)
Interest payments on revenue bonds	(80,356)
Acquisition of fixed assets	<u>(20,381)</u>
Net cash used by capital and related financing activities	<u>(178,883)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	1,681
Acquisition of time deposits	<u>(1,532)</u>
Net cash provided by investing activities	<u>89</u>
Net increase in cash	90,018

CASH AND CASH EQUIVALENTS, including restricted cash

Beginning of year	<u>126,318</u>
End of year	<u>\$ 326,337</u>

TOWN OF MARIINGQUIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Town of Maringquin, Louisiana, was incorporated in 1907 under the provisions of the "Lawson Act" (R.S. 33:321-481) of the constitution of the State of Louisiana. The Town operates under a Board of Aldermen - Mayor form of government and as permitted under the act provides police protection, fire protection, roads, streets and sidewalks, health and sanitation services, recreation facilities and programs, sponsorship of federal and state supported programs, gas, water and sewer utilities, and, other necessary public services.

The general purpose financial statements of the Town have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies follow.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Maringquin is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Maringquin for the financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Maringquin and where applicable its component units. However, there are no component units to be included either blended within the Town's funds or discretely presented in these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in the report as follows:

Governmental Fund Types

Governmental funds of the Town include the following:

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

Special revenue fund - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town has a special revenue fund for the fire department.

Capital projects fund - The capital projects fund accounts for the acquisition, construction, or improvement of major capital facilities and infrastructure. The Town has a capital projects fund to account for improvements to its roads and streets.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

Proprietary funds of the town include:

Public utility enterprise fund - The enterprise fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that the determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds, including General, Special Revenue, and Capital Projects Funds, are accounted for using a current financial resources measurement focus.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financial resources) and decreases (expenditures and other uses) in net current assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All proprietary funds are accounted for on a flow of economic resources measurement basis. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements for proprietary fund types present increases (revenues) and decreases (expenses) in net total assets.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues 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 that falls within the Town's fiscal year. Sales taxes are considered measurable and are recognized in the month received by the Parish Tax Collector. Gross receipts business taxes are recognized when received. State shared revenues such as video/poker taxes are recorded in the period collected by the State. Licenses, permits, fees, forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash. Charges for services and investment earnings are recorded as earned since they are measurable and available. Revenues from State and Federal grants are recognized when the reimbursable expenditures have been incurred. Special assessments are recognized as revenues only to the extent that individual installments are considered current assets.

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, and compensated absences are recorded as expenditures when paid with expendable available financial resources.

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. The Town applies all applicable accounting and financial reporting standards of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, in accounting and reporting for its proprietary funds.

The public utility enterprise fund bills for services on a monthly basis and accounts for that revenue when billed. The normal billing date is generally the last day of the month and all amounts receivable by the Town at the end of each fiscal year are billed and recognized.

Revenues Susceptible to Accrual

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are sales taxes, property taxes, gross receipts based business taxes, and certain state shared revenues such as video/poker taxes.

Budget policies and budgetary accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk and Mayor prepare a proposed budget and submit it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget policies and budgetary accounting (continued)

2. A notice is published to inform the public that the proposed budget is available for public inspection, and that a public hearing concerning the budget is to be held.
3. A public hearing is held on the proposed budget at least ten days following publication of the call for the hearing.
4. After the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a budget and appropriation ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Total departmental expenditures constitute the legal level of budgetary control. That is, budgetary amendments involving the transfer of funds from one department, program or function to another or those involving increases in department expenditures resulting from proposed spending of revenues that exceed amounts estimated, require approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. General and special revenue fund budgets as presented for comparison in this report are adopted under the modified accrual basis of accounting. The proprietary public utility fund budget as presented for comparison is adopted under the accrual basis of accounting. Such budgetary methods are consistent with generally accepted accounting principles (GAAP). Budgeted amounts presented are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriation.

Cash and Cash Equivalents

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts and money market accounts. Cash equivalents include amounts in savings and time deposits and certificates of deposit with original maturities of ninety days or less. Certificates of deposit with maturities of ninety days or more are classified as investments.

Under state law, the Town may deposit funds in demand deposit, interest-bearing demand deposit, money market, savings or time deposit accounts of state banks organized under Louisiana laws and national banks having their principal offices in Louisiana.

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

For the purpose of the Statement of Cash Flows for Proprietary Funds, cash and cash equivalents include demand, savings account balances and certificates of deposit with maturities of three months or less.

Inventories

The Town does not record any inventories of materials or supplies. These items are recorded as expenditures when purchased, rather than when consumed. Materials and supplies on hand at year end are not considered material and, accordingly, the failure to record such inventories is not considered to be a significant departure from generally accepted accounting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted assets

Certain assets of the proprietary fund are classified as restricted assets because their use is restricted by bond indentures.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Other Interfund Transactions

Transactions that constitute reimbursement to a fund for expenditures/responses initially made from it that are properly applicable to another fund are recorded as expenditures/responses in the reimbursing fund and as reductions of expenditures/responses in the fund that is reimbursed. All other interfund transactions are reported as operating transfers in/out.

Property, Plant and Equipment and Depreciation

Fixed assets of the Town are maintained on the basis of original cost, except those arising from gifts or donations which are recorded at their fair market value at the time of receipt. Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized and reported in the general fixed assets account group. Interest costs incurred during construction of general fixed assets are not capitalized. No depreciation has been provided on the general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Public domain or infrastructure assets including roads, bridges, curbs, gutters, streets, sidewalks, drainage and lighting systems constructed or acquired prior to January 1, 1995 are not capitalized.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund net of accumulated depreciation. Interest and other financing costs incurred during construction of proprietary fund fixed assets are capitalized. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight line method based on estimated useful lives of the assets as follows:

Buildings and structures	10-25 years
Utility systems	12-40 years
Equipment	5-10 years
Furniture and fixtures	10 years
Vehicles	5 years

Contributed capital is recorded in the proprietary fund to account for contributions of capital assets from other governments, private developers, and others, and to recognize grants and other contributed funds dedicated and restricted to the acquisition or construction of capital assets. The contributed capital is amortized based upon the depreciation recognized on the fixed assets contributed or those acquired or constructed from contributed resources. This depreciation is closed to the contributed capital account, and recorded as a retirement of contributed capital and an adjustment to net income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets in effect against interest costs in determining the amount to be capitalized. The Town has capitalized \$20,831 in interest costs associated with sewer improvement.

Compensated Absence

GAAP Statement No. 16 provides that vacation leave should be accrued as a liability as the benefits are earned if the rights to receive the compensation are attributable to services already rendered and it is probable that the employee will be compensated through paid time off or cash payment upon termination or retirement. Permanent, full-time employees earn annual leave on the anniversary date of their employment based upon years of service. Such leave may not carry over or accumulate from one anniversary date to another. Therefore, only the current-year unused leave from the employees' most recent anniversary date to the current fiscal year-end is subject to accrual. This amount is not considered material and no liability is recorded in the accompanying statements.

GAAP Statement No. 16 requires the accrual for sick leave to the extent it is probable that benefits will be paid in cash upon termination or retirement rather than as payments for absence due to illness or other contingency. Sick leave is earned at the rate of one day per month to a maximum of ten days per year, and no more than thirty days may be accumulated at any time. Policy provides that sick leave is paid only for designated absences and that no payment for accrued sick leave is made upon retirement or termination. Therefore, accrual of the liability for unused sick leave is not required.

Long-term obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

Long-term obligations expected to be financed from proprietary fund operations are accounted for in these funds.

Fund Equity

Fund balance reserves represent amounts that are not appropriable or that are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The proprietary funds' contributed capital represents equity acquired through capital grants and capital contributions from developers and customers through September 30, 2003 and capital contributions from other Town funds through year end.

Total columns on combined statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in cash flows in conformity with generally accepted accounting principles, nor is such data comparable to consolidation. Interfund items are not eliminated from the total columns.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of cash, cash equivalents and investments at book value as of September 30, 2003:

Cash and cash equivalents:	
Cash on hand	\$ 300
Louisiana Asset Management Pool	190,076
Demand deposits and savings accounts	<u>491,723</u>
	682,099
Certificates of deposit	<u>174,650</u>
Total cash, cash equivalents and certificates of deposit	<u>\$ 776,749</u>

Under state law bank deposits must be secured by federal deposit insurance or the pledge of securities owned by and held in the name of the depository bank under safekeeping at a custodial bank. The Town's deposits (including demand deposit accounts, interest-bearing savings and time deposit accounts and certificates of deposits) at September 30, 2003, are summarized by collateral categories as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1	\$ 358,076	\$ 350,076
Category 2	-	-
Category 3	<u>428,673</u>	<u>432,109</u>
	<u>\$ 776,749</u>	<u>\$ 782,185</u>

The Town's bank balance of deposits at September 30, 2003, is categorized above in three levels of credit risk. Category 1 includes bank balances insured or collateralized with securities held by the Town or its agent in the Town's name. This category includes deposits secured by federal deposit insurance. Category 2 includes bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name. Category 3 includes uncollateralized bank balances and those collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Town's name.

Although deposits secured by pledged securities are considered uncollateralized in Category 3, LRS 35:1229 imposes a statutory requirement on the custodial bank to sell the pledged security within ten days of notification that the depository bank has failed to pay deposited funds upon demand.

Certain cash and investment deposit balances are restricted in that they comprise reserves that are required to be maintained under various bond indentures. See also Note 7. The following is a schedule of restricted cash and investment balances at September 30, 2003:

<u>Proprietary Fund</u>	<u>Amount</u>
Cash and cash equivalents	<u>\$ 124,575</u>

NOTE 3 - PROPERTY TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 80% of fair market value; other property and electric cooperative properties, including land, are to be assessed at 1.5%; and public service properties, including land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessors of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1597). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four 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 4.43 mills were levied on property with assessed valuations totaling \$3,506,043, and were dedicated for general municipal purposes. Total taxes of \$15,438 were levied on November 1, 2002, and were due and payable prior to December 31, 2002.

NOTE 4 - RECEIVABLES

Receivables as of September 30, 2003 are scheduled as follows:

	General Fund	Special Revenue Fund	Proprietary Fund
Taxes, licenses and fees			
Sales and use tax	\$ 23,580	\$ 5,186	-
Utility franchise fees	<u>13,085</u>	<u>-</u>	<u>-</u>
	36,665	5,186	-
Intergovernmental			
State of Louisiana - video poker	144	-	-
Utility billings	-	-	114,118
Less: allowances for uncollectible accounts	<u>-</u>	<u>-</u>	<u>(35,180)</u>
	-	-	78,938
Other	<u>267</u>	<u>-</u>	<u>1,524</u>
	<u>\$ 36,196</u>	<u>\$ 5,186</u>	<u>\$ 80,342</u>

NOTE 5 - FIXED ASSETS

Changes in general fixed assets for 2003 are as follows:

	Balance 9/30/2002	Additions	Deletions	Balance 9/30/2003
<u>General Fixed Assets</u>				
Land	\$ 163,313	\$ -	\$ -	\$ 163,313
Buildings and improvements	330,700	-	-	330,700
Equipment	251,186	11,768	-	262,954
Vehicles	281,687	36,814	-	318,501
Furniture and fixtures	28,347	-	-	28,347
Infrastructure-culverts and streets	1,200,608	5,427	-	1,206,035
	<u>\$ 2,477,443</u>	<u>\$ 54,009</u>	<u>\$ -</u>	<u>\$ 2,531,452</u>

A schedule of proprietary utility fixed property, plant and equipment as of September 30, 2003, follows:

	Balance 9/30/2002	Additions	Deletions	Balance 9/30/2003
<u>Proprietary Fixed</u>				
Land	\$ 8,871	\$ -	-	\$ 8,871
Buildings and improvements	41,745	-	-	41,745
Gas distribution system	296,197	-	-	296,197
Water plant and distribution system	2,654,623	-	-	2,654,623
Sewer system	3,324,566	-	-	3,324,566
Equipment	142,585	-	-	142,585
Vehicles	42,797	-	-	42,797
Furniture and fixtures	7,128	28,548	-	35,676
	<u>6,518,425</u>	<u>28,548</u>	<u>-</u>	<u>6,546,973</u>
Less accumulated depreciation	<u>(1,842,876)</u>	<u>(162,200)</u>	<u>-</u>	<u>(1,995,076)</u>
	<u>\$ 4,675,549</u>	<u>\$ 126,348</u>	<u>\$ -</u>	<u>\$ 4,801,897</u>

NOTE 6 - EMPLOYEES' RETIREMENT AND PENSIONS

Municipal Employees Retirement System of Louisiana (System)

Plan Description. Substantially all qualified Town employees are members of the Municipal Employees Retirement System of Louisiana (System), a multiple-employer, cost sharing, defined benefit pension plan, controlled and administered by a separate Board of Trustees. The System provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 of Louisiana, 7907 Office Park Boulevard, Baton Rouge, Louisiana 70805, or by calling (225) 925-4810.

NOTE 6 - EMPLOYEES' RETIREMENT AND PENSIONS (CONTINUED)

Funding Policy. Plan members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Maringouin is required to contribute at an actuarially determined rate. The rate during the year ranged from 11% to 8% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. The contributions requirements of plan members and the Town of Maringouin 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 result of the valuation for the prior fiscal year. Town of Maringouin's contributions to the System for the years ending September 30, 2003, 2002 and 2001 were \$20,431, \$15,839, and \$13,318 respectively, which were equal to the required contributions for each year.

NOTE 7 - LONG-TERM DEBT

Long-term liabilities that will be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations. Long-term liabilities of the proprietary utility fund are accounted for in that fund.

Changes in long-term debt and obligations are scheduled as follows:

	Balance 9/30/2002	Additions	Payments	Balance 9/30/2003
<u>General long-term debt account group</u>				
<u>General obligation</u>				
<u>Certificate of Indebtedness</u>				
Series 2001	\$ 221,000	\$ -	\$ 20,000	\$ 201,000
Claims payable	68,184	-	-	68,184
	<u>289,184</u>	<u>-</u>	<u>20,000</u>	<u>269,184</u>
<u>Proprietary Fund</u>				
1995 Waterworks Revenue Bond	1,040,686	-	15,086	1,025,600
2000 Sewer System Revenue Bond	537,121	-	5,060	532,061
	<u>1,577,807</u>	<u>-</u>	<u>18,146</u>	<u>1,559,661</u>
	<u>\$ 1,867,091</u>	<u>\$ -</u>	<u>\$ 38,146</u>	<u>\$ 1,829,845</u>

The Certificate of Indebtedness, Series 2001, were issued on June 22, 2001, in the aggregate amount of \$240,000 to provide funds for the acquisition of a fire truck and related fire-fighting equipment and to pay the costs for issuance of the certificates. The certificates mature over a period of ten years, bear interest at 5.40% and are payable from a pledge and dedication of the excess annual revenues of the Town. Under the agreement, the Town is required to maintain certain reserves for the routine payment of interest and principal. The Town is in compliance with all terms of the certificate agreement.

The claims payable is further discussed in Note 11.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The 1995 Waterworks Revenue Bond was issued on January 27, 1995 in the amount of \$1,144,000 and bears annual interest of 5.625%. The bond is payable over fifty years solely from the income and revenues derived or to be derived from the operation of the Town's waterworks system. The debt is payable in monthly installments of \$5,040 (including principal and interest). Under the bond indenture, the Town is required to maintain certain reserves for the routine payment of bond interest and principal and for payment of the obligation in the event of default and in certain circumstances for additions and improvements to the utility system. Additional information regarding the reserves is included in Notes 2 and 9. The Town is in compliance with all terms of the bond agreement including the maintenance of required reserves.

The 2000 Sewer Revenue Bond dated August 23, 2000 in the amount of \$343,000 and bearing interest of 4.5%, is payable over forty years solely from the income and revenues derived or to be derived from the operation of the Town's sewer system. The debt is payable in monthly installments of \$2,485 including principal and interest that began on August 23, 2000. The Town is required to maintain certain reserves for the routine payment of bond interest and principal and for payment of the obligation in the event of default and in certain circumstances for additions and improvements to the utility system. Additional information regarding the reserves is included in Notes 2 and 9. The Town is in compliance with all terms of the bond agreement including the maintenance of required reserves.

The following is a summary of long-term debt at September 30, 2003, and interest requirements to maturity for all outstanding debt:

	Principal Payable 9/30/2003	Interest to Maturity	Total
Intergovernmental Payable			
Claims payable - FEMA	\$ 60,034	\$ -	\$ 60,034
General Obligation Debt			
Certificates of Indebtedness, Series 2001	201,600	47,844	249,444
Revenue Bonds			
1995 Waterworks Revenue Bond	1,056,680	1,190,027	2,246,707
2000 Sewer System Revenue Bond	532,261	498,887	1,031,148
	<u>1,588,941</u>	<u>1,688,924</u>	<u>3,277,865</u>
	<u>\$ 1,850,045</u>	<u>\$ 1,788,768</u>	<u>\$ 3,638,813</u>

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize outstanding debt principal and interest as of September 30, 2000 are as follows:

Year Ending 9/30	General Obligation Debt	Intergov- ernmental Payable	Revenue Bonds	Total
2004	30,612	68,184	102,079	160,875
2005	31,478	-	102,079	133,556
2006	30,236	-	102,079	132,315
2007	31,216	-	102,079	133,294
2008	30,940	-	102,079	133,019
2009-2013	94,342	-	510,392	604,735
2014-2018	-	-	510,392	510,392
2019-2023	-	-	510,392	510,392
2024-2028	-	-	510,392	510,392
2029-2033	-	-	510,392	510,392
2034-2038	-	-	226,420	226,420
2039-2040	-	-	53,658	53,658
	<u>\$ 248,864</u>	<u>\$ 68,184</u>	<u>\$ 3,342,434</u>	<u>\$ 3,651,482</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS

There were no interfund receivables/payables outstanding as of September 30, 2000. Additionally, there were no operating transfers between funds in fiscal 2000.

NOTE 9 - CAPITAL CHANGES AND RESERVED RETAINED EARNINGS

The proprietary utility fund received contributions from federal, state, private and other sources for the purposes of acquiring or constructing capital facilities. Retirement of such capital contributions is the equivalent of the depreciation charge against the assets acquired with the funds. The 2003 changes in contributed capital are as follows:

	Capital 9/30/2002	Amortization	Capital 9/30/2003
<u>Source of Contributed Capital</u>			
Farmers' Home Administration - Grant:			
Watersworks system	\$ 686,769	\$ 28,295	\$ 658,474
Equipment	6,283	1,320	4,963
U.S. Department of Agriculture:			
Rural Development	1,285,237	32,636	1,252,601
Louisiana Community Development:			
Block Grant			
Sewer system	1,286,024	36,488	1,249,536
Louisiana Rural Development Grant:			
Gas pipeline relocation	10,401	313	10,088
Water tower controls	18,839	1,590	16,447
Customer contributions:			
Gas line extensions	2,696	68	2,628
	<u>\$ 3,295,589</u>	<u>\$ 99,844</u>	<u>\$ 3,095,745</u>

The various bond indentures require the maintenance of reserves to provide for the payment of bond interest and principal in the event of default and for other specified purposes. The following is a schedule of activity related to the reserved retained earnings of the proprietary public utility enterprise fund:

1995 Watersworks Revenue Bond

Reserve fund	\$ 38,457	\$ 3,640	\$ -	\$ 34,817
Contingency fund	31,549	2,718	-	28,831
	<u>62,006</u>	<u>6,358</u>	<u>-</u>	<u>55,644</u>

2000 Sewer Revenue Bonds

Reserve fund	3,878	1,488	-	4,366
Contingency fund	3,878	1,488	-	4,366
Sinking fund	-	-	-	-
	<u>7,756</u>	<u>2,976</u>	<u>-</u>	<u>8,732</u>
	<u>\$ 67,762</u>	<u>\$ 30,314</u>	<u>\$ -</u>	<u>\$ 37,448</u>

NOTE 10 - COMPENSATION - MEMBERS OF THE TOWN GOVERNING BOARD

In accordance with the Town's codified ordinances, members of the governing board receive compensation in the amount of \$550 per month. The following is a schedule of payments to the board members in fiscal 2003:

<u>Mayor</u>	<u>Compensation</u>
John Overton	\$ 10,550
Nathan Carriere	3,450
<u>Board Members</u>	
Lotha Berber	6,600
Kirkland Anderson	4,950
Samuel C. Collins	1,650
Christina D. Gougheta	6,600
Marcel J. Scott	6,600
Stanley Washington	6,600
<u>\$</u>	<u>46,600</u>

NOTE 11 - CONTINGENCIES

From time to time the Town is involved in litigation or other legal matters in the ordinary course of business. There are presently pending claims for amounts in excess of insurance coverage. While the final outcome of these matters cannot be predicted with any certainty, management, in consultation with legal counsel, is of the opinion that their resolution will not have a material adverse effect on the Town's financial position.

As a result of a prior federal audit conducted by the Office of the Inspector General, the Federal Emergency Management Agency has determined that \$68,184 in costs claimed by the Town for disaster clean up were either not allowable or were not supported. This liability has been recorded in the General Long - Term Debt Account Group and is potentially payable from current general government resources. The Town has received other federal and state grants for specific purposes that are subject to review by the grantor agencies. Reviews of these programs could lead to requests for reimbursement by grantor agencies for costs, if any, that might be disallowed under the terms of the grant. Management believes that the amount of such disallowed costs, if any, would not be material.

NOTE 12 - NEW ACCOUNTING STANDARD

Statement of Government Accounting Standards No. 34, Basic Financial Statements -- and Management's Discussion and Analysis - for State and Local Governments, establishes new financial reporting requirements for state and local governments. This standard requires an analysis of the government's overall financial position and results of the previous year's operations to assist the users of financial statements to assess whether the government's finances have improved or deteriorated. Government - wide financial statements will be prepared using the full accrual method of accounting for all government activities. Additionally, governments will report all capital assets, including infrastructure, together with related depreciation. Governments will continue to provide budgetary comparison information in their annual reports. However, a new requirement will add the original budget information to the currently presented comparison of amended budget and actual results. The Town of Mariouas, Louisiana will adopt the provisions of this standard as required for the fiscal year ending September 30, 2004.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



CERTIFIED PUBLIC ACCOUNTANTS

1000 LIVING PLAINFIELD, SUITE 200
BAYOU BOULE, LOUISIANA 70002
(504) 833-2000 • FAX (504) 833-2000

February 16, 2004

**Independent Auditor's Report on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

The Honorable Mayor and
Members of the Town Council
Maringouin, Louisiana

We have audited the financial statements of the

**TOWN OF MARINGOUIN
MARINGOUIN, LOUISIANA**

as of and for the year ended September 30, 2003, and have issued our report thereon dated February 16, 2004. We conducted our audit in accordance with generally accepted auditing standards and 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 Maringouin's 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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as Items 2003-2 and 2003-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Maringouin, Louisiana's internal control over financial reporting in order 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 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 Town of Maringouin, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-1 and 2003-4 through 2003-7.

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

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

Yours truly,



TOWN OF MARRINGOUIN, LOUISIANA
Marringouin, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2003

REPORTABLE CONDITIONS:

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 Town that is served by a limited accounting system. These limitations allow no opportunity for meaningful segregation of duties. This is a prior year finding.

Recommendation: The Town has hired an independent CPA firm to assist their accounting department. We recommend that duties be assigned between the CPA firm and Town personnel so that internal controls will be enhanced.

Management Response: The Town has assigned tasks to council members to mitigate the risks associated with a lack of proper segregation of duties. However, due to the limited number of positions, achieving a segregation of duties is not now feasible.

Additionally, the independent CPA firm is utilized primarily for assisting with interim financial statements preparation and other tasks as requested.

2003-2 Fixed Asset Management

Observation: L.R.S. 23:315 provides that a record including the date of purchase and initial cost of fixed assets and movable property purchased, acquired or disposed of by the entity shall be maintained. Additionally, good business practices require that a proper fixed asset and movable property record system be developed to ensure that all goods are accounted for and safeguarded against misuse. This is a prior year finding.

Recommendation: All Town property meeting the capitalization limit should be tagged. Tag numbers should be cross-referenced to the Town's fixed asset records, and the Town should adopt written fixed asset and movable property policies and procedures.

Management Response: The Town has initiated its property inventory during the year, but finalization has not been forthcoming. The Town intends to complete this task in 2004. Additionally, the Town's accounting system has a module available to automate the process of maintaining fixed asset records.

2003-3 Payment of Monthly Retainer

Observation: The Town may pay for work actually performed, but may not pay for work to be done in the future or pay a retainer to a supplier provided to be available for work.

Recommendation: The Town should pay only for work performed.

Management Response: The Town will comply with the recommendation and has discontinued the practice of retainer payments to vendors.

2003-4 Accounts Payable Procedures

Observation: The Town does not have written policies and procedures for handling of accounts payable. Purchase orders are used infrequently.

Recommendation: The Town should develop a written policy to be followed for all purchases.

Management Response: The Town will look at developing a written policy for purchases in 2004. On the other hand, the Mayor of the Town approves all check disbursements. In addition, all check disbursements are presented on a monthly basis to the Town Council for review.

Although purchasing procedures can be enhanced, the Town utilizes its budgeting process to control spending practices. The Mayor and Town Council review financial statements on a monthly basis, which includes expenditure activity with comparisons to the Town's adopted budget.

2003-5 Lack of Accountability for Town Fuel Pumped

Observation: The Town maintains fuel for its vehicles but an accurate log is not maintained that accounts for fuel usage.

Recommendation: The Town should maintain a log for fuel usage and reconcile it to fuel purchases.

Management Response: The Town will develop a method to log fuel usage and reconcile to fuel purchases. In particular, the Town intends to explore the use of an automated system for documenting use of fuel purchased by the Town rather than the manual log currently maintained. In any event, the Town will pursue this recommendation vigorously during 2004 for its ultimate resolution.

2003-6 Computer Backup

Observation: The computer data is not backed up on a regular schedule with a backup tape stored off site.

Recommendation: The computer data should be backed up on a regular schedule.

Management Response: The Town is currently upgrading its computer system and will implement proper backup procedures.

2003-7 Improve Collections of Receivables

Observation: Accounts receivable contain a large balance of accounts that are over ninety days and collection efforts are not being pursued.

Recommendation: The Town should develop a system to pursue all uncollectible accounts.

Management Response: The Town will work to improve collection procedures. However, the Town has a utility committee that addresses matters associated with its utility systems. The Town was aware of these delinquent balances during the year and made attempts to collect such accounts, although with limited success.

During 2004, the Town's utility committee will be charged with this task with input from the Town Council. After collection efforts have been exhausted, the remaining accounts will be presented to the Town Council for write-off authorization.

TOWN OF MARIINGOUIN, LOUISIANA
Maringouin, Louisiana

SUMMARY OF PRIOR YEAR FINDING
For the Year Ended September 30, 2003

95-3 Lack of Segregation of Duties

Observation: In order to maintain effective internal controls, no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the probability exists that unintentional or intentional errors or fraud could exist and not be promptly detected.

This finding repeats as current year finding 2003-1.

01-3 Sinking Fund

Observation: Pursuant to the Cori financed as indebtedness, Series 2001, the town was required to establish a sinking fund for the repayment of the principal and interest of this debt. Monthly deposits into the sinking fund should be equal to 1% of the next interest payment and 1/12 of the next principal payment.

This was resolved in 2003.

02-1 Supporting Documentation

Observation: Public entities are required to establish and maintain accounting systems and internal controls in order to safeguard assets and assure that financial transactions are properly accumulated, classified and reported. Financial accounting records and supporting documentation are an integral part of these accounting and control systems.

This was resolved in 2003.

02-2 Public Bid Law

Observation: LSA-RS 38:2212 requires that all purchases of materials or supplies exceeding the sum of \$13,000 be advertised and let by contract to the lowest responsible bidder. The Town purchased equipment that exceed this amount without advertising for bids.

This did not repeat in 2003.

01-3 Fixed Asset Management

Observation: LSA-RS 24:515 provides that a record including the date of purchase and initial cost of all fixed assets and movable property purchased, acquired or disposed of by the entity shall be maintained. Additionally, good business practices require that a proper fixed asset and movable property record system be developed to ensure that all assets are accounted for and safeguarded against loss or misuse.

This finding repeats as current year finding 2003-2.

01-4 Traffic Tickets

Observation: LSA-RS 32:198.1 provides that a record be maintained of each traffic citation book and each citation contained therein issued to traffic enforcement officers and requires a receipt for each book issued.

This was resolved in 2003.

01-5 Payment of Monthly Retainer

Observation: The Town may pay for work actually performed, but may not pay for work to be done in the future or pay a retainer to a service provider to be available for work.

This finding repeats as current year finding 2003-3.

TOWN OF MARINGOUIN, LOUISIANA

UTILITY ENTERPRISE FUND

Year Ended September 30, 2003

AGED UTILITY ACCOUNTS RECEIVABLE

<u>0-30</u>	<u>30-60</u>	<u>60-90</u>	<u>Over 90</u>	<u>Total</u>
\$ 39,955	\$ 21,348	\$ 1,830	\$ 10,414	\$ 80,342

SCHEDULE OF WATER RATES

Residential - inside municipality

\$4.00 - first 2000 gallons (minimum)

\$.15 per 100 gallons thereafter

Residential - outside municipality

\$10.00 - first 2000 gallons (minimum)

\$.175 per 100 gallons thereafter

Commercial

\$25.00 - first 2000 gallons (minimum)

\$.175 per 100 gallons over 2,000 gallons

\$.15 per 100 gallons thereafter

SCHEDULE OF GAS RATES

Residential & Commercial

\$6.00 for first 2 mcf (minimum)

\$4.55 for next 118 mcf

\$4.20 for next 138 mcf

\$3.60 for next 238 mcf

\$1.50 thereafter

Plus cost of fuel adjustment

SCHEDULE OF SEWER RATES

Residential

\$9.00 base rate

\$0.155 per each 100 gallon unit

Commercial

\$14.00 base rate

\$0.155 per each 100 gallon unit

TOWN OF MARINGOUIN, LOUISIANA

UTILITY ENTERPRISE FUND

Year Ended September 30, 2003

NUMBER OF UTILITY CUSTOMERS

Residential water inside municipality	455
Residential water outside municipality	650
Commercial water	37
Commercial water tax-exempt	9
Water for schools	1
Residential gas	573
Commercial gas	3
Residential sewer	258
Commercial sewer	14
	<u>1,992</u>

TOWN OF SLARINGDUIN, LOUISIANA

SCHEDULE OF INSURANCE

Year ended September 30, 2003

<u>Policy #</u>	<u>Company</u>	<u>Policy Period</u>	<u>Policy Type/Coverage</u>
YN01070	Lloyds, London/ Reinsured Insurance Agency	10/11/02-10/31/03	Commercial Package \$378,000 building, \$1,000 deductible \$121,895 mobile equipment, \$500 deductible under \$10,000 and \$1,000 deductible for \$10,000 or greater
LD900-000700 Group 00	LA Municipal Risk Management Agency	01/01/03-01/01/06	Automobile Liability \$500,000 limit, no deductible Commercial General Liability \$500,000 premises/operations, no deductible \$500,000 aggregate Medical Payments \$1,000 per person/\$ 10,000 per accident Fire Liability - \$50,000 per occurrence Law Enforcement Officers' Comprehensive Liability \$1,000 deductible per occurrence \$500,000 personal injury Public Officials' Errors & Omissions \$1,000 deductible per occurrence \$500,000 errors & omissions
00413778	Western Surety Company/ Borville Trust & Savings Bank	01/06/03-01/08/04	Bond - Public Employees/Officers scheduled by position \$100,000 liability
00303819	Western Surety Company/ Borville Trust & Savings Bank	05/05/03-05/05/04	Bond - Public Employee \$100,000 penalty limit