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**TOWN OF MARINGOUIN**  
MARINGOUIN, LOUISIANA  
SEPTEMBER 30, 1998

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

Release Date 6881 L 2 8710 7 1999

**L.A. CHAMPAGNE & CO., L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS  
4911 BENNINGTON AVENUE  
BATON ROUGE, LOUISIANA 70808-3153  
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GENERAL PURPOSE FINANCIAL STATEMENTS

# L.A. CHAMPAGNE & CO., L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS  
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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the Board of Aldermen  
for the Town of Maringouin, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Town of Maringouin, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Because of the inadequacy of property records relating to general fixed assets and property, plant and equipment of the proprietary fund acquired and held prior to January 1, 1995, we were unable to form an opinion regarding the amounts at which such property, plant and equipment and related accumulated depreciation are recorded in the proprietary fund and the amounts at which property and equipment are recorded in the general fixed asset account group. At September 30, 1998, assets reported in the proprietary fund that were acquired and held prior to January 1, 1995, reflect an aggregate cost of \$1,153,201, accumulated depreciation of \$885,905 and current depreciation expense of \$17,614. Assets reported in the general fixed asset account group that were acquired and held prior to January 1, 1995, reflect an aggregate cost of \$501,925.

*Continued . . .*

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- the additional stages of work necessary for making computer systems and other electronic equipment year 2000-compliant.

The Town of Maringouin, Louisiana has omitted such disclosures. We do not provide assurance that the Town of Maringouin, Louisiana is or will be year 2000 ready, that the efforts of the Town of Maringouin, Louisiana will be successful in whole or in part, or that parties with which the Town of Maringouin, Louisiana does business will be year 2000 ready.

In our opinion, except for the effects of such adjustment, if any, that might have been determined to be necessary had property records been adequate and except for the omission of the information relating to the year 2000 issue, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Maringouin, Louisiana, as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 29, 1999, on our consideration of the Town of Maringouin, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

  
January 29, 1999

**TOWN OF MARINGOUIN, LOUISIANA  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS**

September 30, 1998

	Governmental Fund Types			Proprietary		Account Groups			Totals (Memorandum Only)
	General	Special Revenue		Utility Enterprise	General Fixed Assets	General Long-Term Debt			
<b>ASSETS AND OTHER DEBITS</b>									
Cash and cash equivalents.....	\$ 155,511	\$ 32,412	\$	230,139	\$	-	\$	\$	418,062
Other time deposits.....	-	-	-	129,500	-	-	-	-	129,500
Accounts receivable - net of allowance for uncollectible accounts.....	41,222	5,200	-	69,146	-	-	-	-	115,568
Property, plant and equipment - net of accumulated depreciation where applicable.....	-	-	-	2,895,782	1,296,268	-	-	-	4,192,050
Construction in progress.....	-	-	-	61,320	-	-	-	-	61,320
Amount to be provided from general government resources.....	-	-	-	-	-	60,184	-	60,184	60,184
Amount to be provided for retirement of general long- term obligations.....	-	-	-	-	-	239,696	-	239,696	239,696
	\$ 196,733	\$ 37,612	\$	\$ 3,385,887	\$ 1,296,268	\$	\$ 299,880	\$	\$ 5,216,380

Continued...

	Governmental Fund Types		Proprietary		Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Utility Enterprise	General Fixed Assets	General Long-Term Debt		
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>							
<b>LIABILITIES</b>							
Accounts payable.....	\$ 5,954	\$ 846	\$ 11,820	\$ -	\$ -	\$ -	18,620
Payroll tax and retirement plan withholdings and accruals..	8,936	-	-	-	-	-	8,936
Sales taxes payable.....	-	-	981	-	-	-	981
Judicial appearance bonds.....	2,025	-	-	-	-	-	2,025
Customer meter deposits.....	-	-	37,015	-	-	-	37,015
Claims payable.....	-	-	-	-	60,184	-	60,184
Loans payable.....	-	-	-	-	239,696	-	239,696
Revenue bonds payable.....	-	-	1,113,721	-	-	-	1,113,721
	16,915	846	1,163,537	-	299,880	-	1,481,178
<b>EQUITY AND OTHER CREDITS</b>							
Contributed capital.....	-	-	1,556,603	-	-	-	1,556,603
Investment in general fixed asset group.....	-	-	-	1,296,268	-	-	1,296,268
Fund balances:							
Reserved.....	-	-	-	-	-	-	-
Unreserved.....	179,818	36,766	-	-	-	-	216,584
Retained earnings:							
Reserved.....	-	-	28,392	-	-	-	28,392
Unreserved.....	-	-	637,355	-	-	-	637,355
	179,818	36,766	2,222,350	1,296,268	-	-	3,735,202
	\$ 196,733	\$ 37,612	\$ 3,385,887	\$ 1,296,268	\$ 299,880	\$ -	\$ 5,216,380

See accompanying notes

**TOWN OF MARINGOUIN, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS**

*Year Ended September 30, 1998*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>REVENUES</b>			
Taxes:			
Property and ad valorem.....	\$ 20,551	\$ -	\$ 20,551
Sales and use.....	348,574	76,100	424,674
Municipal insurance premium.....	22,028	-	22,028
	391,153	76,100	467,253
License, permit, and franchise fees.....	58,074	-	58,074
Intergovernmental revenue:			
State of Louisiana:			
Tobacco, beer and video poker revenue.....	14,644	-	14,644
Rural development.....	25,000	-	25,000
Parish of Iberville - fire protection.....	-	3,710	3,710
	39,644	3,710	43,354
Court fines.....	7,740	-	7,740
Interest income.....	8,610	-	8,610
Other revenue.....	1,884	596	2,480
	507,105	80,406	587,511
<b>EXPENDITURES</b>			
Current:			
General government.....	142,145	-	142,145
Public safety - police protection.....	100,268	-	100,268
Public safety - fire protection.....	-	50,063	50,063
Roads and streets.....	144,519	-	144,519
Capital outlay.....	499,262	17,635	516,897
Debt service - principal and interest.....	36,000	29,136	65,136
	922,194	96,834	1,019,028
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES.....</b>	<b>(415,089)</b>	<b>(16,428)</b>	<b>(431,517)</b>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from general obligation debt.....	175,000	-	175,000
<b>DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES.....</b>			
Fund balance - beginning of year.....	419,907	53,194	473,101
Fund balance - end of year.....	\$ 179,818	\$ 36,766	\$ 216,584

See accompanying notes



**TOWN OF MARINGOUIN, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL - GOVERNMENTAL FUNDS**

Year Ended September 30, 1998

	-----General Fund-----		-----Special Revenue Fund-----		
	Budget	Actual	Budget	Actual	Variance- Favorable (Unfavor- able)
<b>REVENUES</b>					
<b>Taxes:</b>					
Property and ad valorem.....	\$ 20,000	\$ 20,551	\$ -	\$ -	-
Sales and use.....	343,000	348,574	75,000	76,100	1,100
Municipal insurance premium.....	22,000	22,028	-	-	-
	385,000	391,153	75,000	76,100	1,100
License, permit, and franchise fees.....	64,000	58,074	-	-	(5,926)
Intergovernmental revenue:					
Federal assistance.....	-	-	-	-	-
State of Louisiana:					
Tobacco, beer and video poker revenue.....	13,000	14,644	-	-	1,644
Rural development.....	25,000	25,000	-	-	-
Parish of Iberville - fire protection.....	-	-	3,700	3,710	10
	38,000	39,644	3,700	3,710	10
Court fines.....	7,500	7,740	-	-	240
Interest income.....	5,000	8,610	-	-	3,610
Other revenue.....	500	1,884	500	596	96
	500,000	507,105	79,200	80,406	1,206

Continued...

	-----General Fund-----		-----Special Revenue Fund-----	
	Budget	Actual	Budget	Actual
				Variance- Favorable (Unfavor- able)
<b>EXPENDITURES</b>				
Current:				
General government.....	152,965	142,145	-	-
Public safety - police.....	100,800	100,268	-	-
Public safety - fire.....	-	-	53,925	50,063
Roads and streets.....	145,300	144,519	-	-
Capital outlay.....	500,100	499,262	17,000	17,635
Debt service.....	36,000	36,000	29,200	29,136
	935,165	922,194	100,125	96,834
				3,291
	(435,165)	(415,089)	(20,925)	(16,428)
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES.....</b>				4,497
<b>OTHER FINANCING SOURCES</b>				
Proceeds from general obligation debt.....	175,000	175,000	-	-
	\$ (260,165)	(240,089)	\$ (20,925)	(16,428)
				\$ 4,497
<b>DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES.....</b>				
Fund balances - beginning of year.....		419,907		53,194
Fund balances - end of year...		\$ 179,818		\$ 36,766

See accompanying notes

**TOWN OF MARINGOUIN, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN RETAINED EARNINGS**  
**PROPRIETARY PUBLIC UTILITY ENTERPRISE FUND**

Year Ended September 30, 1998

**OPERATING REVENUES**

Gas sales.....	\$ 249,140	
Water sales.....	278,247	
Sewer user fees.....	9,352	
Utility service connection fees.....	5,250	
Late payment charges.....	19,431	
Interest income.....	1,328	
Other operating revenue.....	1,082	
	-----	\$ 563,830
		-----

**OPERATING EXPENSES**

Gas purchased.....	124,947	
Salaries and related taxes and benefits....	89,779	
Depreciation.....	92,602	
Repairs and maintenance of systems and equipment.....	50,217	
Insurance.....	9,126	
Professional services.....	31,180	
Billing supplies and expense.....	2,366	
Postage.....	2,786	
Utilities.....	13,577	
Telephone.....	1,493	
Vehicle expense.....	2,920	
Rentals and leases.....	1,000	
Uniforms.....	1,583	
Fuel - equipment.....	1,125	
Taxes, licenses and permits.....	540	
Cash shortages.....	44	
Other operating expenses.....	723	
	-----	426,008
		-----
<b>OPERATING INCOME.....</b>		<b>137,822</b>

Continued...

**NON OPERATING REVENUE**

Interest income.....	\$	608	
		-----	
			\$ 608
			-----

**NON OPERATING EXPENSES**

Interest on bond indebtedness.....		62,935	
		-----	
			62,935
			-----

**NET INCOME.....** 75,495

Retained earnings - beginning of year			
As previously reported.....		523,293	
Adjustment for overstatement of			
revenue bonds payable.....		5,808	
		-----	
As restated.....			529,101
Reserved under bond indenture.....			(7,952)
Amortization of contributed capital.....			40,711
			-----
Retained earnings - end of year.....			\$ 637,355
			=====

*See accompanying notes*

**TOWN OF MARINGOUIN, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL**  
**PROPRIETARY PUBLIC UTILITY ENTERPRISE FUND**

*Year Ended September 30, 1998*

	Budget	Actual	Variance- Favorable (Unfavor- able)
	-----	-----	-----
<b>OPERATING REVENUES</b>			
Gas sales.....	\$ 252,000	\$ 249,140	\$ (2,860)
Water sales.....	278,000	278,247	247
Sewer user fees.....	9,000	9,352	352
Utility service connection fees.....	5,000	5,250	250
Late payment charges.....	18,500	19,431	931
Interest income.....	1,200	1,328	128
Other operating income.....	750	1,082	332
	-----	-----	-----
	564,450	563,830	(620)
	-----	-----	-----
<b>OPERATING EXPENSES</b>			
Gas purchased.....	126,000	124,947	1,053
Salaries and fringe benefits.....	88,350	89,779	(1,429)
Depreciation.....	100,000	92,602	7,398
Repairs and maintenance of systems and equipment.....	50,500	50,217	283
Bad debts.....	1,500	-	1,500
Insurance.....	9,400	9,126	274
Professional services.....	38,200	31,180	7,020
Billing supplies and expense.....	2,000	2,366	(366)
Postage.....	3,000	2,786	214
Utilities.....	15,500	13,577	1,923
Telephone.....	1,900	1,493	407
Vehicle expense.....	2,900	2,920	(20)
Rentals and leases.....	1,100	1,000	100
Uniforms.....	1,600	1,583	17
Fuel - equipment.....	1,100	1,125	(25)
Taxes, licenses and permits.....	700	540	160
Cash shortages.....	150	44	106
Other operating expenses.....	1,000	723	277
	-----	-----	-----
	444,900	426,008	18,892
	-----	-----	-----
<b>OPERATING INCOME.....</b>	<b>119,550</b>	<b>137,822</b>	<b>18,272</b>
	-----	-----	-----
<b>NON OPERATING REVENUE</b>			
Interest income.....	3,000	608	(2,392)
	-----	-----	-----

Continued...

	Budget	Actual	Variance Favorable (Unfavor- able)
	-----	-----	-----
<b>NON OPERATING EXPENSES</b>			
Interest on bond indebtedness.....	\$ 63,400	\$ 62,935	\$ 465
	-----	-----	-----
<b>NET INCOME.....</b>	<b>\$ 59,150</b>	<b>75,495</b>	<b>\$ 16,345</b>
	=====	-----	=====
Retained earnings - beginning of year			
As previously reported.....		523,293	
Adjustment for overstatement of revenue bonds payable.....		5,808	
		-----	
As restated.....		529,101	
Reserved under bond indenture.....		(7,952)	
Amortization of contributed capital.....		40,711	
		-----	
Retained earnings - end of year.....		\$ 637,355	
		=====	

See accompanying notes

**TOWN OF MARINGOUIN, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY PUBLIC UTILITY ENTERPRISE FUND**  
*Year Ended September 30, 1998*

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income.....		\$ 137,822
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	\$ 92,602	
Decrease in accounts receivable.....	2,813	
Decrease in accounts payable.....	(3,210)	
Decrease in sales taxes payable.....	(197)	
	-----	92,008
Net cash provided by operating activities..		----- 229,830

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Net increase in customer meter deposits....	3,422	
	-----	
Net cash provided by noncapital financing activities.....		3,422

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Equipment acquisition.....	(798)	
Additions to sewer system under construction.....	(61,320)	
Principal paid on revenue bonds.....	(9,208)	
Interest paid on revenue bonds.....	(63,276)	
Contributed capital - grants.....	61,214	
	-----	
Net cash used in capital and related financing activities.....		(73,388)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of time deposits.....	(100,000)	
Interest income on reserve funds.....	608	
	-----	
Net cash used in investing activities.....		(99,392)

**NET INCREASE IN CASH.....**

		60,472
Cash and cash equivalents - beginning of year.....		169,667
		-----
Cash and cash equivalents - end of year....		\$ 230,139
		=====

See accompanying notes

# TOWN OF MARINGOUIN, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

September 30, 1998

### A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *General information*

The Town of Maringouin, Louisiana, was incorporated in 1907 under the provisions of the "Lawrason 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.

#### *Financial reporting entity*

As the municipal governing authority, for reporting purposes, the Town of Maringouin 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 Standard Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Maringouin 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.



A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As required by generally accepted accounting principles, these financial statements present the Town of Maringouin 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.

*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 this report as follows:

Governmental funds:

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.

Proprietary funds:

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Basis of accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds, including General and Special Revenue 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 sources) and decreases (expenditures and other uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. 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 tobacco, beer and video poker taxes are recorded in the period collected by the State. Licenses, permits, fines, 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 judgements, 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.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The public utility enterprise fund bills for services on a monthly basis and accounts for that revenue when billed. The normal billing date falls two or three days before the end of the month. This billing method does not capture all amounts receivable by the Town at the end of each fiscal year. The unbilled amounts and the variance between such amounts at September 30, 1998 and 1997 are not material and have not been recorded.

*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 tobacco, beer and 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 same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
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 holding of 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

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

*Encumbrances*

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting (under which purchase orders, contracts, and other commitments for expenditures of resources are recorded to reserve that portion of the applicable appropriations) is not utilized by the Town. Encumbrances at year end, even if utilized, would not be considered expenditures in the financial statements presented on the GAAP basis.

*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 other time deposits.

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 and time deposit 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.

*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.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Receivables and payables between the primary government and discretely presented component units if any, are disclosed separately from interfund balances as due to/from component units.

*Advances to other funds*

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

*Other interfund transactions*

Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as operating transfers in/out. Transfers between the primary government and discretely presented component units are reported separately from interfund transfers as transfers to/from component units.

*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 funds 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	13 - 40 years
Equipment	5 - 10 years
Furniture and fixtures	10 years
Vehicles	5 years

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

*Compensated absences*

GASB 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.

GASB 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 payments for absences 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 those funds.

*Total columns on combined statements*

Total columns on the combined statements are captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does 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 column.

**B: CASH, CASH EQUIVALENTS AND INVESTMENTS**

The following is a summary of cash, cash equivalents and investments at book value as of September 30, 1998:

Cash and cash equivalents:	
Cash on hand.....	\$ 300
Demand deposits.....	114,405
Interest-bearing savings and time deposits.....	303,357
	-----
	418,062
	-----
Other time deposits	
Certificates of deposits.....	129,500
	-----
Total cash, cash equivalents and other time deposits.....	\$ 547,562
	=====

Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by and held in the name of the depositary 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, 1998, are summarized by collateral categories as follows:

	Carrying Amount	Bank Balance
	-----	-----
Category 1.....	\$ 131,724	\$ 132,689
Category 2.....	-	-
Category 3.....	415,538	455,062
	-----	-----
	\$ 547,262	\$ 587,751
	=====	=====

The Town's bank balance of deposits at September 30, 1998, 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.

**B: CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Although deposits secured by pledged securities are considered uncollateralized in Category 3, LRS 39:1229 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 J. Following is a schedule of restricted cash and investment balances at September 30, 1998:

Proprietary Fund	Amount
-----	-----
Cash and cash equivalents.....	\$ 28,392
	=====

**C: PROPERTY TAXES**

The 1974 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 cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding 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 47:1957). 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 A 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 fiscal year ended September 30, 1998, taxes of 5.88 mills were levied on property with assessed valuations totaling \$3,452,070, and were dedicated for general municipal purposes.

Total taxes of \$20,298 were levied on November 1, 1997, and were due and payable prior to December 31, 1997. Uncollected amounts at September 30, 1998 are not considered material.



**D: RECEIVABLES**

Receivables as of September 30, 1998 are scheduled as follows:

	General Fund	Special Revenue Funds	Proprietary fund
Taxes, licenses and fees			
Sales and use tax.....	\$ 24,063	\$ 5,200	\$ -
Utility franchise fees.....	14,358	-	-
	-----	-----	-----
	38,421	5,200	-
	-----	-----	-----
Intergovernmental			
State of Louisiana:			
Tobacco tax.....	1,494	-	-
Beer tax.....	700	-	-
Video poker.....	607	-	-
	-----	-----	-----
	2,801	-	-
	-----	-----	-----
Utility billings.....	-	-	87,853
Less allowance for uncollectable accounts.....	-	-	(18,814)
	-----	-----	-----
	-	-	69,039
	-----	-----	-----
Other.....	-	-	107
	-----	-----	-----
	\$ 41,222	\$ 5,200	\$ 69,146
	=====	=====	=====

**E: FIXED ASSETS**

Changes in general fixed assets for 1998 are as follows:

	Balance 09-30-97	Additions	Deletions	Balance 09-30-98
General Fixed Assets				
Land.....	\$ 90,415	\$ 50,000	\$ -	\$ 140,415
Buildings and improvements.....	531,764	-	-	531,764
Equipment.....	113,530	9,119	-	122,649
Vehicles.....	17,606	14,770	-	32,376
Furniture and fixtures.....	26,056	-	-	26,056
Infrastructure - roads and streets.....	-	443,008	-	443,008
	-----	-----	-----	-----
	\$ 779,371	\$ 516,897	\$ -	\$ 1,296,268
	=====	=====	=====	=====

**E: FIXED ASSETS (Continued)**

A schedule of proprietary utility fund property, plant and equipment as of September 30, 1998, follows:

	Balance 09-30-97	Additions	Deletions	Balance 09-30-98
<b>Proprietary Fund</b>				
Land.....	\$ 8,851	\$ -	\$ -	\$ 8,851
Buildings and improvements.....	51,981	-	-	51,981
Gas distribution system.....	296,197	-	-	296,197
Water plant and distribution system.....	2,626,590	-	-	2,626,590
Sewer system.....	773,475	-	-	773,475
Equipment.....	148,845	798	-	149,643
Vehicles.....	35,875	-	-	35,875
Furniture and fixtures.....	9,991	-	-	9,991
	3,951,805	798	-	3,952,603
<i>Less accumulated depreciation..</i>	<i>(964,219)</i>	<i>(92,602)</i>	<i>-</i>	<i>(1,056,821)</i>
	\$2,987,586	\$ (91,804)	\$ -	\$ 2,895,782

Prior to fiscal year 1997, interest costs of \$24,104 had been capitalized into the water plant and distribution system.

Construction in progress for the proprietary utility fund as of September 30, 1998, is composed of the following:

	Balance 09-30-97	Additions	Projects Completed	Balance 09-30-98
Improvements to wastewater collection system.....	\$ -	\$ 61,320	\$ -	\$ 61,320

**F: 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, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Plan members are required by state statute to contribute 9.25% of their annual covered salary and the Town

**F: EMPLOYEES' RETIREMENT AND PENSIONS (Continued)**

of Maringouin is required to contribute at an actuarially determined rate. The rate is 5.75% 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 not 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, 1998, 1997 and 1996, were \$9,948, \$9,818 and \$10,627, respectively, which was equal to the required contributions for each year.

**G: LEASES**

The Town rents its phone system on a month-to-month basis since the term of the original lease has been completed. Rentals amounted to \$697 in 1998. Future obligations do not extend beyond the Town's next fiscal year.

**H: 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 09-30-97	Additions	Payments	Balance 09-30-98
	-----	-----	-----	-----
General long-term debt account group				
-----				
General obligation bank loan...	\$ 122,457	\$ -	\$ 21,761	\$ 100,696
General obligation loan - Iberville Parish.....	-	175,000	36,000	139,000
Claims payable (Note M).....	60,184	-	-	60,184
	-----	-----	-----	-----
	182,641	175,000	57,761	299,880
	-----	-----	-----	-----

H: LONG-TERM DEBT (Continued)

	Balance 09-30-97	Additions	Payments	Balance 09-30-98
	-----	-----	-----	-----
Proprietary Fund				
-----				
1995 Waterworks Revenue Bond				
As previously reported.....	\$1,129,078			
Adjustment for understatement of amount applied to principal.....	5,808			
	-----			
As restated.....	1,123,270	\$ -	\$ 9,549	\$ 1,113,721
	-----	-----	-----	-----
	\$1,305,911	\$ 175,000	\$ 67,310	\$ 1,413,601
	=====	=====	=====	=====

The proceeds of the general obligation bank loan were used for the construction of a new fire station. The loan dated May 6, 1993 in the original principal amount of \$210,025 is payable over ten years in monthly installments of \$2,428 including principal and variable interest at 1% over the six month U. S. Treasury Bill rate established annually on the loan anniversary date. The interest rate at September 30, 1998 was 5.96%. The loan is a general obligation of the Town secured by its full faith and credit.

The claims payable is further discussed in Note M.

The loan payable to the Iberville Parish Police Jury is described further in Note K.

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 forty 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 \$6,040 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 B and J. 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, 1998, and interest requirements to maturity for all outstanding debt:

	Debt Payable 09-30-98	Interest to Maturity	Total
	-----	-----	-----
Intergovernmental Payable			
Claims payable - FEMA.....	\$ 60,184	\$ -	\$ 60,184
	-----	-----	-----

H: LONG-TERM DEBT (Continued)

	Debt Payable 09-30-98	Interest to Maturity	Total
General Obligation Debt			
Loan payable - local bank.....	\$ 100,696	\$ 13,787	\$ 114,483
Loan payable - Iberville Parish.....	139,000	-	139,000
	239,696	13,787	253,483
Revenue Bonds			
1995 Waterworks Revenue Bond.....	1,113,721	1,452,504	2,566,225
	\$1,413,601	\$1,466,291	\$2,879,892

The annual requirements to amortize outstanding debt principal and interest as of September 30, 1998 are as follows:

Year Ending September 30,	General Obligation Debt	Intergovernmental Payable	Revenue Bonds	Total
1999.....	\$ 101,136	\$ 60,184	\$ 72,484	\$ 233,804
2000.....	96,136	-	72,484	168,620
2001.....	29,136	-	72,484	101,620
2002.....	27,075	-	72,484	99,559
2003.....	-	-	72,484	72,484
2004-2008.....	-	-	362,420	362,420
2009-2013.....	-	-	362,420	362,420
2014-2018.....	-	-	362,420	362,420
2019-2023.....	-	-	362,420	362,420
2024-2028.....	-	-	362,420	362,420
2029-2033.....	-	-	362,420	362,420
2034-2035.....	-	-	29,285	29,285
	\$ 253,483	\$ 60,184	\$2,566,225	\$2,879,892

I: INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS

There were no interfund receivables or payables outstanding as of September 30, 1998. Also, there were no operating transfers between funds in fiscal 1998.

J: CAPITAL CHANGES AND RESERVED RETAINED EARNINGS

The proprietary utility fund receives 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.

**J: CAPITAL CHANGES AND RESERVED RETAINED EARNINGS (Continued)**

The 1998 changes in contributed capital are as follows:

Source of Contributed Capital	Con-tributed Capital 09-30-97	Capital Con-tributed	Amor-tization	Con-tributed Capital 09-30-98
Farmers' Home Administration - Grant:				
Waterworks system.....	\$ 788,744	\$ -	\$ 20,395	\$ 768,349
Equipment.....	12,985	-	1,320	11,665
Sewer system.....	-	61,214	-	61,214
State of Louisiana Community Development Block Grant - sewer system.....	722,408	-	18,683	703,725
State of Louisiana Rural Development Grant - gas pipeline relocation.....	11,963	-	313	11,650
	<u>\$1,536,100</u>	<u>\$ 61,214</u>	<u>\$ 40,711</u>	<u>\$ 1,556,603</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. Following is a schedule of activity related to reserved retained earnings of the proprietary public utility enterprise fund:

	Balance 09-30-97	Additions	Reductions	Balance 09-30-98
1995 Waterworks Revenue Bond				
Reserve fund.....	9,902	3,932	-	13,834
Contingency fund.....	10,538	4,020	-	14,558
	<u>\$ 20,440</u>	<u>\$ 7,952</u>	<u>\$ -</u>	<u>\$ 28,392</u>

**K: INTERGOVERNMENTAL PAYABLE**

In a cooperative effort, the Iberville Parish Police Jury advanced the town \$175,000 against the costs incurred for street improvements under the 1998 street improvement program. The advance is to be repaid \$6,000 monthly, beginning April, 1998, under the terms of the non-interest bearing loan agreement. See also Note H.

**L: 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 \$450 per month. The following, presented in compliance with Louisiana House concurrent resolution No. 54 of 1979, is a schedule of compensation paid board members in fiscal 1998:

**L: COMPENSATION - MEMBERS OF THE TOWN GOVERNING BOARD (Continued)**

Board Member -----	Compensation -----
Letha Butler.....	\$ 5,400
Samuel C. Collura.....	5,400
Cherise D. Gougisha.....	5,400
Walter Harris.....	2,700
Manuel J. Scott.....	5,400
Thomas M. Tillman.....	1,800
	-----
	\$ 26,100
	=====

**M: 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 coverages. 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 \$60,184 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.

**N: COMMITMENTS**

The Town was awarded a Louisiana Community Development Block Grant (LCDBG) administered by the State of Louisiana. The grant is to fund \$687,000 in improvements to the wastewater collection system. The project began in September, 1998 and is expected to be completed in March, 1999. See also Note E.

**O: RESTATEMENT**

In 1998, management learned that the holder of its 1995 Waterworks Revenue Bonds had in past years allocated payments to interest and principal differently than called for on the initial bond amortization schedule. As of September 30, 1997, according to the bond holders calculations, the reported principal balance should be

O: **RESTATEMENT** (Continued)

reduced by \$5,808. Therefore, the balance of the revenue bonds payable as of September 30, 1997 has been reduced and unrestricted retained earnings have been increased by this amount.



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the Board of Aldermen  
for the Town of Maringouin, Louisiana

We have audited the general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1998, and have issued our report thereon dated January 29, 1999, which was qualified due to the inadequacy of property records relating to general fixed assets and property, plant and equipment of the proprietary fund acquired and held prior to January 1, 1995 and the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Town of Maringouin, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 97-1 and 97-2.

### 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

Continued . . .

to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Town of Maringouin's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 97-2 and 97-3.

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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 97-2 to be a material weakness.

This report is intended for the information of the management and governing body of the town of Maringouin, Louisiana and the Legislative Auditor of the State of Louisiana.

*L.A. Champagne & Co., L.P.*  
January 29, 1999

**SCHEDULE OF FINDINGS**

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS**

*Year Ended September 30, 1998*

**INTERNAL CONTROL STRUCTURE AND COMPLIANCE MATTERS REPORTABLE UNDER  
GOVERNMENT AUDITING STANDARDS**

**97-1. Delinquent Utility Accounts**

Criteria - Louisiana Attorney General Opinion 75-1660 provides that delinquent accounts receivable may not be forgiven and that all steps must be taken to collect the delinquent accounts, including the reduction of said accounts to judgement. Chapter 3, Article A, Section 3.10 and Article 13, Section 3.30 of the Town of Maringouin's Code of Ordinances provide that water and gas may be shut off from any premises for which the bill remains unpaid for a period of ten days after the bill is rendered and mailed. These articles also state that water and gas charges shall be a lien upon the premises and property shall be sold for nonpayment.

Condition - The Town of Maringouin continues to have problems collecting delinquent water and gas accounts. At September 30, 1998, of the \$87,853 gross accounts receivable due from utility customers, \$51,572 has been in delinquent status for 30 days or more. Of this amount, \$31,121 has been outstanding for more than 90 days. Approximately \$21,000 of the amount over 90 days originated prior to January 21, 1995, the date that the current administration assumed office.

Effect - By not collecting utility service fees on a timely basis, the Town is losing revenues. This results in inequities in customer billings and service.

Cause - Efforts by the Town to collect these outstanding amounts have not been successful. Most of these accounts were for occupants of rental properties who no longer have service and no longer live in the Town. Location of these individuals with the Town's limited resources has not been worthwhile.

Recommendation - The Town should monitor those procedures regarding delinquent accounts that were adopted in November 1997. All accounts delinquent for more than 90 days should be submitted to the Attorney for the Town. These accounts should also be monitored by the Town so as not to restore or transfer services to these customers until the accounts are brought current.

Management response - Mayor Carriere states that while the Town submits the delinquent accounts to the Attorney for collection, most efforts by the Attorney to collect these amounts have not been successful. Many of these customers cannot be located because they no longer live in the vicinity. We have requested that the Attorney seek a judgement for the payment of these accounts. Once the judgement is obtained, these accounts will be removed from the inactive ledger and the receivables balance will be cleared.

*Continued . . .*

## **97-2. General Fixed Assets and Property, Plant and Equipment**

Criteria - Louisiana Revised Statute (LSA-R.S.) 24:515 requires the Town to maintain records of all fixed assets and movable property to include the date of purchase, initial cost, and disposition of such property, if applicable. Furthermore, good business practices require that a proper fixed asset and movable property accounting system be developed to ensure that all assets are accounted for when received and safeguarded against loss or misuse.

Condition - The Town of Maringouin has not maintained adequate records of its general fixed assets and movable property. The Town has not adopted written fixed asset and movable property policies and procedures; an inventory of the Town's fixed assets and movable property has not been performed; and the assets are not tagged.

Effect - Failure to maintain an adequate inventory system subjects the Town to noncompliance with local government laws and regulations and increases the risks that assets could be lost, destroyed, or misplaced and the Town would have no record or description of the asset; assets could be subjected to loss or damage arising from unauthorized use; and assets may not be adequately insured. In addition, financial reporting in accordance with generally accepted accounting principles is not possible without fixed asset records.

Cause - The current administration has not yet completed the procedures necessary to comply with the laws requiring fixed asset records to be maintained.

Recommendation - A complete inventory and tagging of all Town property and equipment should be undertaken and the asset inventory management system and general ledger balances should be updated and adjusted to reflect all inventoried items.

Management response - The Town has begun updating its fixed asset records and can document all additions and deletions since January 1, 1995. According to Mayor Carriere, the Town has purchased inventory tags and plans to take a complete inventory of all Town property and equipment. The asset inventory management system and general ledger balances will then be updated and adjusted to reflect all inventoried items. With the limited number of personnel available, the Town has not been able to complete this task. As personnel are available, we will continue to work on the tagging and inventorying of all Town property.

## **97-3. Lack of Segregation of Duties**

Criteria - 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 possibility exists that unintentional or intentional errors or fraud could exist and not be promptly detected.

*Continued . . .*

Condition - With respect to cash receipts, one employee, while substituting for the assistant clerk, receives cash and issues cash receipts, while her normal duties include authorizing credits on utility accounts and reviewing daily deposits.

Effect - This concentration of duties increases the risk that intentional or unintentional errors could be made and not detected within the scope of normal operations.

Cause - There is a limited number of available personnel in certain administrative areas of the Town's operations.

Management response - According to Mayor Carriere, the Town Clerk authorizes credits on utility accounts and only collects cash when the assistant clerk is out of the office. The credits, utility accounts receivable, and cash accounts are monitored on a monthly basis by the Mayor, the Treasurer, and the Board of Aldermen. The Mayor feels it would not be cost effective to hire an additional employee to separate these small tasks.

**SUPPLEMENTARY INFORMATION**

**TOWN OF MARINGOUIN, LOUISIANA**  
**UTILITY ENTERPRISE FUND**  
*Year Ended September 30, 1998*

**AGED UTILITY ACCOUNTS RECEIVABLE**

0 - 30	30 - 60	60 - 90	Over 90	Total
-----	-----	-----	-----	-----
\$ 36,281	\$ 13,474	\$ 6,877	\$ 31,221	\$ 87,853

**SCHEDULE OF WATER RATES**

Residential - inside municipality  
 \$8.00 - 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 next 8,000 gallons  
 \$.15 per 100 gallons thereafter

**SCHEDULE OF GAS RATES**

Residential & Commercial  
 \$6.60 for first 2 mcf (minimum)  
 \$4.55 for next 118 mcf  
 \$4.20 for next 130 mcf  
 \$3.60 for next 250 mcf  
 \$3.50 thereafter  
 \*Plus cost of fuel adjustment

**NUMBER OF UTILITY CUSTOMERS**

Residential water inside municipality.....	424
Residential water outside municipality.....	618
Commercial water.....	45
Commercial water tax-exempt.....	9
Water for schools.....	2
Residential gas.....	572
Commercial gas.....	5
Industrial gas.....	1
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	1,676
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**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF INSURANCE**

Year Ended September 30, 1998

Policy #	Company	Policy Period	Policy Type/Coverage
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YN 0964	Bouanchaud Insurance Agency	10/31/97 - 10/31/98	Commercial Package
LB505B Fund 100 Group 68	LA Municipal Risk Management	05/01/97 - 05/01/98 05/01/98 - 05/01/99	Automobile Liability no deductible \$500,000 limit Commercial General Liability no deductible \$500,000 premises/operations \$500,000 aggregate \$1,000 per person medical \$10,000 per accident \$50,000 per occurrence fire liability 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
68413779	Iberville Trust & Savings Bank	02/08/97 - 02/08/98 02/08/98 - 02/08/99	Bond - Public Employee
68363019	Iberville Trust & Savings Bank	05/05/97 - 05/05/98 05/05/98 - 05/05/99	Bond - Public Employee

