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CITY OF PLAQUEMINE, LOUISIANA

ANNUAL FINANCIAL REPORT

OCTOBER 31, 2003

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

Release Date 5.5.04

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HFB

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The Honorable Mark A. Gulotta, Mayor
and Members of the Board of Selectmen
City of Plaquemine, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Plaquemine, Louisiana as of and for the year ended October 31, 2003, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these 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.

The financial statements referred to above include only the primary government of the City of Plaquemine, Louisiana which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component unit, the City Court of Plaquemine, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Plaquemine, Louisiana, as of October 31, 2003 and the changes in its financial position and its cash flows, where applicable, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Plaquemine, Louisiana as of October 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

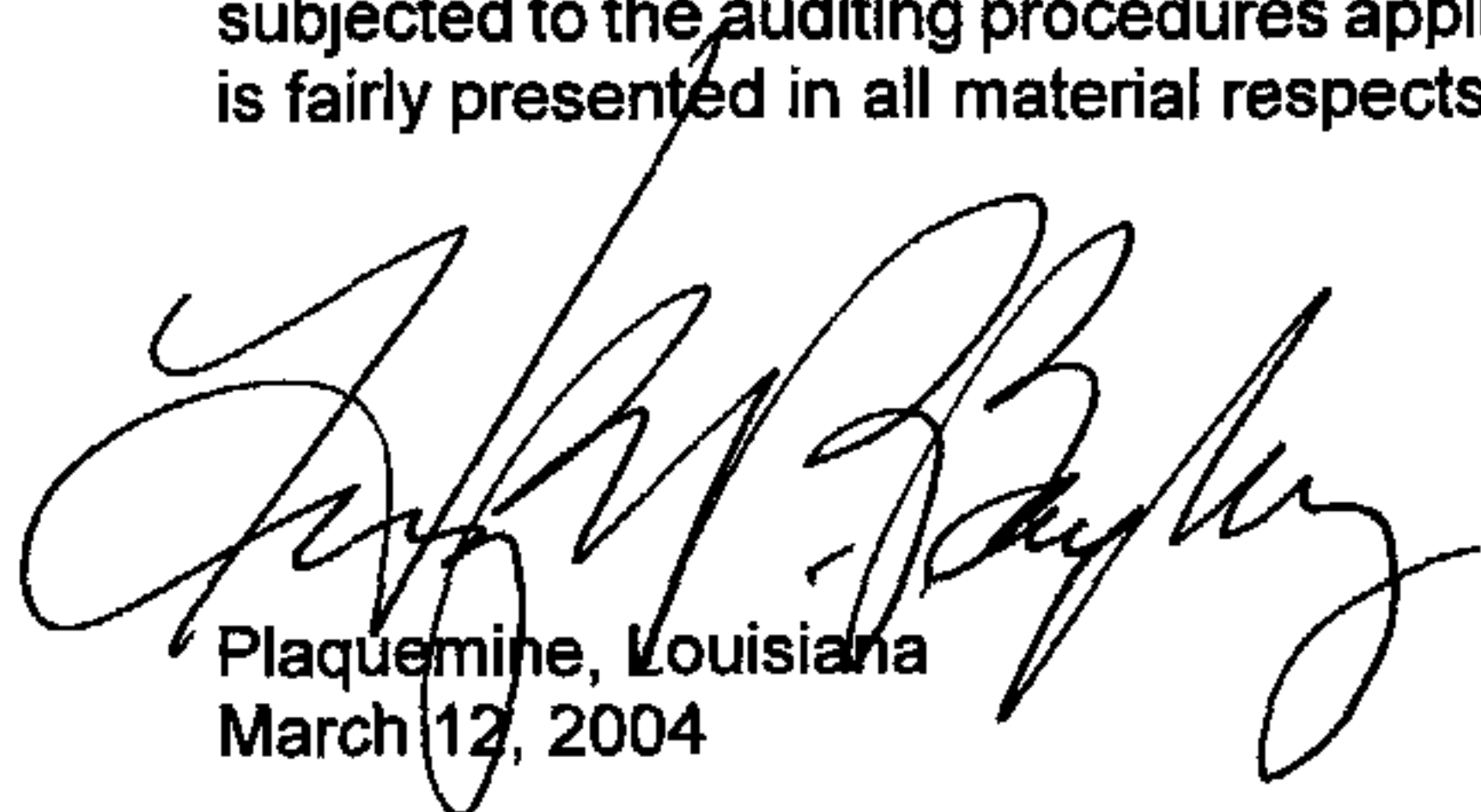
In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2004 on our consideration of City of Plaquemine, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This 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.

INDEPENDENT AUDITORS' REPORT (continued)

As described in Note A to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements*, as of November 1, 2002. This results in a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis and the other required supplementary information on pages 4 through 13 and 44 through 64, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Plaquemine, Louisiana's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of City of Plaquemine, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Plaquemine, Louisiana
March 12, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF PLAQUEMINE, LOUISIANA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Plaquemine, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Plaquemine for the fiscal year ended October 31, 2003. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions or conditions. It is intended to provide readers with a broad overview of the City's finances.

This is the first year the City of Plaquemine has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement Number 34. This new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this MD&A.

Financial Highlights

- The assets of the City of Plaquemine exceeded its liabilities at the close of the most recent fiscal year by \$26,766,554 (*net assets*). Of this amount, \$4,949,015 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. The City's net assets increased by \$402,119.
- As of the close of the current fiscal year, the City of Plaquemine's governmental funds reported combined ending fund balances of \$2,622,025, an increase of \$12,467 in comparison with the prior year. The unrestricted fund balance in the general fund, \$544,995, is *available for spending* at the government's discretion (*unreserved fund balance*). All other fund balances are restricted for the purpose for which the fund was created.
- At the end of the current fiscal year, unreserved fund balance for the general fund was 12 percent of the total general fund expenditures and transfers out.
- The City of Plaquemine's total debt decreased by \$422,376.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City of Plaquemine that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Plaquemine included general government, city court, police, fire, public works, recreation, public health, HUD and debt service. The business-type activities of the City of Plaquemine include an electric, gas, water and sewer department. All business-type activities are included in a single enterprise fund, City Light & Water.

The government-wide financial statements include not only the City of Plaquemine itself (known as the *primary government*), but also a legally separate City Court of Plaquemine for which the City of Plaquemine is financially accountable. Financial information for this *component unit* is reported separately from the financial information for the primary government itself.

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

The City of Plaquemine maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the sales tax fund, both of which are considered to be major funds. Data for the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Plaquemine adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-18 of this report.

Proprietary funds. The City of Plaquemine maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Plaquemine uses an enterprise fund to account for its utilities (electric, gas, water, and sewer).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 20-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the *financial statements* can be found on pages 23-43 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Plaquemine's budgetary comparison schedules for its major governmental funds. The required supplementary information can be found on pages 45-47 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary comparison schedules. Combining and individual fund statements and schedules can be found on pages 49-64 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Plaquemine, assets exceed liabilities by \$26,766,554 at the close of the most recent fiscal year. The following is a summary of the City of Plaquemine's net assets:

CITY OF PLAQUEMINE Net Assets

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Current and other assets	2,897,864	7,037,471	9,935,335
Capital assets	10,265,857	14,420,996	24,686,853
Total assets	<u>13,163,721</u>	<u>21,458,467</u>	<u>34,622,188</u>
Long-term liabilities outstanding	4,045,000	2,079,925	6,124,925
Other liabilities	343,798	1,386,911	1,730,709
Total liabilities	<u>4,388,798</u>	<u>3,466,836</u>	<u>7,855,634</u>
Net Assets:			
Invested in capital assets, net of related debt	6,220,857	12,341,071	18,561,928
Restricted	2,009,071	1,246,540	3,255,611
Unrestricted	544,995	4,404,020	4,949,015
Total net assets	<u>8,774,923</u>	<u>17,991,631</u>	<u>26,766,554</u>

By far the largest portion of the City of Plaquemine's net assets (69%) reflects its investment in capital assets (e.g., land buildings, machinery, equipment, and utility plant) less any related debt used to acquire those assets that is still outstanding. The City of Plaquemine uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Plaquemine's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Plaquemine's net assets (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$4,949,015) may be used to meet the government's on-going obligations to citizens and creditors. At the end of the current fiscal year, the City of Plaquemine is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net assets increased, by \$402,119, during the current fiscal year. This is the result of the degree in which increases in ongoing revenues have outstripped similar increases in ongoing expenses for City Light and Water Plant. Additionally, management implemented cost controls to retain costs.

CITY OF PLAQUEMINE
Changes in Net Assets

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Revenues:			
Program revenues:			
Charges for services	67,959	11,754,817	11,822,776
Operating grants and contributions	631,643	26,849	658,492
Capital grants and Contributions	229,306	0	229,306
General revenues:			
Sales taxes	2,809,470	0	2,809,470
Other taxes	293,846	0	293,846
Other general revenues	654,966	83,384	738,350
Total revenues	4,687,190	11,865,050	16,552,240
Expenses:			
General government	897,711	0	897,711
City court	301,053	0	301,053
Police department	1,558,078	0	1,558,078
Fire department	861,640	0	861,640
Public works	1,039,355	0	1,039,355
Recreation	104,150	0	104,150
Public health	8,363	0	8,363
HUD	435,119	0	435,119
Debt service	188,010	0	188,010
City light & water plant	0	10,756,642	10,756,642
Total expenses	5,393,479	10,756,642	16,150,121
Increase (decrease) in net assets before transfers	(706,289)	1,108,408	402,119
Transfers	1,411,218	(1,411,218)	0
Increase(decrease) in net assets	704,929	(302,810)	402,119
Net assets 11/1/02(restated)	8,069,994	18,294,441	26,364,435
Net assets 10/31/03	8,774,923	17,991,631	26,766,554

Governmental activities. Governmental activities increased the City of Plaquemine's net assets by \$704,929. The key element of this increase is transfers in from business-type activities. Prior to transfer from business-type activities, the governmental activities decreased the City of Plaquemine's net assets by \$706,289.

Business-type activities. Business-type activities decreased the City of Plaquemine's net assets by \$302,810. The key element of this decrease is transfers out to governmental activities. Prior to transfer out to governmental activities, the business-type activities increased the City of Plaquemine's net assets by \$1,108,408. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by 13.5 percent. Electric increase by 17.5 percent. Gas increased by 11.5 percent. Water increased by 1 percent. Sewer decreased by 2 percent. The increases are the result of increase cost of fuel and modest consumption increases in gas and water.
- Cost cutting measures implemented by management resulted in only a 10.5 percent increase in operating expenses.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Plaquemine's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Plaquemine's financial requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Plaquemine's governmental funds reported combined ending fund balances of \$2,622,025, an increase of \$12,467 in comparison with the prior year. Approximately 28% of this total amount (\$746,859) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$1,836,220) and 2) capital projects (\$38,946).

The general fund is the chief operating fund of the City of Plaquemine. At the end of the current fiscal year, unreserved fund balance of the general fund was \$544,995. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 12 percent of total general fund expenditures.

The fund balance of the City of Plaquemine's general fund increased, by \$10,530, during the current fiscal year. Key factors in this growth are as follows:

- Increase in transfers in from other funds by \$784,019. This increase is the result in an 11.5 percent decrease in sales tax and \$500,000 for the Bayou Plaquemine Fresh Water Project.
- Decrease in operating expenditures as a result of cost controls implemented by management.

The sales tax fund has a total fund balance of \$1,836,220, all of which is restricted for payment of debt service or reserved for road improvements. The net increase in fund balance during the current fiscal year was \$149,041. The key factor in this growth is sales tax collections exceeding funds utilized for debt service and road improvements.

Proprietary fund. The City of Plaquemine's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of City Light and Water Plant (Electric, Natural Gas, Water and Sewerage) at the end of the current fiscal year amounted to \$4,404,020. The decrease in net assets was \$302,810. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Plaquemine's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were as follows:

Revenues/Transfers In:

- Taxes increased over projected receipts by \$87,230. This is mainly due to an increase in projected sales tax due to an exceptionally large month for the month of November 2002.
- Licenses and permits increased over projected receipts by \$47,850. This is due to an increase in occupational licenses
- Intergovernmental revenues decreased by \$287,479 because of a delay in the Water Front Park Project resulting in a delay of related grants.
- Charges for services decreased by \$6,775 as a result of a 26% decrease in summer camp attendance.
- Fines and forfeits decreased by \$7,000 because of less traffic citations being issued.
- Miscellaneous revenues increased by \$62,900. The primary reason for this was a donation for the City's Water Front Park Project.
- Transfers in increased by \$326,258. This is mainly from Building Maintenance Fund for elevator replacement and from City Light and Water Plant for the Bayou Plaquemine Fresh Water Project.

Expenditures:

- General government decreased by \$163,240. The primary reason for this decrease is the delay in the Water Front Park Project.
- City Court increased by \$87,259 due to the City of Plaquemine being required to pick additional expenditures from its component unit, City Court of Plaquemine.
- Police department increased by \$38,229 due primarily to an increase in salaries for FASTCOP positions being added to the budget.

- Fire department decreased by \$16,072 because retirement was budgeted for an increase that was overturned by a court of law.
- Public works decreased by \$8,824 as a result of an equipment rental agreement expiring.
- Recreation increased by \$6,685 as a result of the COPAC camp being budgeted for two weeks and two weeks being added during the year.

Capital Asset and Debt Administration

Capital Assets. The City of Plaquemine's investment in capital assets for its governmental and business type activities as of October 31, 2003, amounts to \$24,686,853 (net of depreciation). This investment in capital assets includes land, buildings, improvements (other than buildings), equipment, furniture and fixtures and utility plant and equipment. The total decrease in the City of Plaquemine's investment in capital assets for the current fiscal year was 1.5% (a 0.3% increase for the governmental activities and a 2.8% decrease for business-type activities).

CITY OF PLAQUEMINE Capital Assets (net of depreciation)

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Land	301,093	132,867	433,960
Buildings	1,247,521	46,176	1,293,697
Improvements (other than buildings)	7,931,275	0	7,931,275
Equipment	784,691	444,222	1,228,913
Furniture and Fixtures	1,277	5,357	6,634
Utility plant and equipment	0	13,792,374	13,792,374
Total	10,265,857	14,420,996	24,686,853

Major capital asset events during the current fiscal year included the following:

- The last piece of Nadler Property was purchased for the Water Front Park Project.
- Department of Motor Vehicle new building renovations were completed at a cost of \$99,895.
- The 2002 Road Improvement Project was completed in the current year at a cost of \$155,781.
- New police cars were purchased at a cost of \$80,226.
- The fire department purchased \$142,200 in new equipment with the help of a \$110,660 FEMA grant.
- A City-wide computer system (Incode) was purchased at a cost of \$149,872.
- Improvements and expansions were made to the City's utility systems in the amount of \$339,885.

Additional information on the City of Plaquemine's capital assets can be found in Note E on pages 34-35 of this report.

Long-term debt. At the end of the current fiscal year, the City of Plaquemine had total debt outstanding of \$6,124,925. Of this amount, \$3,840,000 is secured by a levy and collection of two-thirds of one percent sales tax, \$205,000 is backed by the full faith and credit of the government and \$2,079,925 is excess revenue debt for which the government is liable.

CITY OF PLAQUEMINE
General Obligation and Revenue Bonds

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
General Obligation:			
Bonds	3,840,000	0	3,840,000
Certificate of Indebtedness	205,000	0	205,000
Revenue Bonds	0	2,079,925	2,079,925
Total	4,045,000	2,079,925	6,124,925

Additional information on the City of Plaquemine's long-term debt can be found in Note F on pages 36-37 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Plaquemine region (Iberville Parish) for 2002 was 8.8% which is slightly higher than the national rate of 5.8% and the Louisiana rate of 6.1%. All rates increased since 2001. Early indicators for 2003 predict a slight increase in the unemployment rates.
- The City of Plaquemine's sales taxes are heavily dependent upon the chemical industry, which is experiencing slight declines since September 11, 2001 and because of high natural gas prices.

All of these factors were considered in preparing the City of Plaquemine's budget for the 2003-2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased slightly to \$544,995. The City of Plaquemine Council has appropriated \$246,633 of this amount for spending in the 2003-2004 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2003-2004 fiscal year.

The City of Plaquemine's proprietary fund will increase its water and sewer rates in March 2004 as follows:

	Current Rate	New Rate
Water		
In Town	1.45/1,000 gal	1.60/1,000 gal
Out of Town	1.45/1,000 gal	1.70/1,000 gal
Sewer		
In Town	1.55/1,000 gal water usage	1.65/1,000 gal
Out of Town	1.00-1.55/1,000 gal water usage	1.75/1,000 gal

Requests for Information

This financial report is designed to provide a general overview of the City of Plaquemine's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Plaquemine, P.O. Box 777, Plaquemine, Louisiana, 70765.

BASIC FINANCIAL STATEMENTS

CITY OF PLAQUEMINE, LOUISIANA
STATEMENT OF NET ASSETS
OCTOBER 31, 2003

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 3,201,598	\$ 2,570,027	\$ 5,771,625
Receivables (net of allowance for uncollectibles)	189,520	1,357,169	1,546,689
Prepaid expenses	4,780	-	4,780
Internal balances	(498,034)	498,034	-
Inventories	-	646,963	646,963
Restricted assets:			
Cash and cash equivalents	-	1,965,278	1,965,278
Capital assets (net of accumulated depreciation):			
Land	301,093	132,867	433,960
Buildings	1,247,521	46,176	1,293,697
Improvements (other than buildings)	7,931,275	-	7,931,275
Equipment	784,691	444,222	1,228,913
Furniture and fixtures	1,277	5,357	6,634
Utility plant and equipment	-	13,792,374	13,792,374
TOTAL ASSETS	\$ 13,163,721	\$ 21,458,467	\$ 34,622,188
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 275,837	\$ 562,163	\$ 838,000
Accrued expenses	32,559	19,148	51,707
Customer deposits	-	620,039	620,039
Accumulated leave privileges	-	158,181	158,181
General obligation bonds payable	4,045,000	-	4,045,000
Revenue bonds payable	-	2,079,925	2,079,925
Non-current liabilities:			
Due in one year	35,402	-	35,402
Due in more than one year	-	27,380	27,380
TOTAL LIABILITIES	4,388,798	3,466,836	7,855,634
NET ASSETS			
Invested in capital assets, net of related debt	6,220,857	12,341,071	18,561,928
Restricted for special revenue	133,905	-	133,905
Restricted for capital improvements	38,946	-	38,946
Restricted for debt service	1,836,220	-	1,836,220
Restricted for bonds	-	216,516	216,516
Restricted for expansion & renewal	-	1,030,024	1,030,024
Unrestricted	544,995	4,404,020	4,949,015
TOTAL NET ASSETS	\$ 8,774,923	\$ 17,991,631	\$ 26,766,554

The accompanying notes are an integral part of this statement.

EXHIBIT B

CITY OF PLAQUEMINE, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2003

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-type Activities		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 897,711	\$ 14,733	\$ 29,314	\$ 81,545	\$ (772,119)	\$ -	\$ (772,119)
City Court	301,053	-	48,037	-	(253,016)	-	(253,016)
Police Department	1,558,078	28,784	72,289	37,101	(1,421,904)	-	(1,421,904)
Fire Department	861,640	-	49,100	110,860	(701,880)	-	(701,880)
Public Works	1,039,355	10,222	-	-	(1,029,133)	-	(1,029,133)
Recreation	104,150	16,220	-	-	(87,930)	-	(87,930)
Public Health	8,363	-	-	-	(8,363)	-	(8,363)
Housing and Urban Development	435,119	-	432,903	-	(2,216)	-	(2,216)
Debt Service	188,010	-	-	-	(188,010)	-	(188,010)
Total Governmental Activities	5,393,479	67,959	631,643	229,306	(4,464,571)	-	(4,464,571)
Business-type Activities:							
City Light and Water Plant	10,756,642	11,754,817	26,849	-	-	1,025,024	1,025,024
Total Business-type Activities	10,756,642	11,754,817	26,849	-	-	1,025,024	1,025,024
Total Primary Government	16,150,121	11,822,776	658,492	229,306	(4,464,571)	1,025,024	(3,439,547)
General Revenues:							
Property taxes					277,714		277,714
Sales taxes					2,809,470		2,809,470
Franchise taxes					16,132		16,132
License and permits					342,335		342,335
Intergovernmental revenues					160,950		160,950
Unrestricted investment earnings					80,796	38,674	119,470
Miscellaneous revenues					67,822	42,296	110,118
Gain on sale of capital asset					3,063	2,414	5,477
Transfers (from) to governmental activities					1,411,218	(1,411,218)	-
Total general revenues and transfers					5,169,500	(1,327,834)	3,841,666
Change in net assets					704,929	(302,810)	402,119
NET ASSETS, Beginning					8,069,994	17,707,332	25,777,326
Prior Period Adjustment					-	587,109	587,109
NET ASSETS, Beginning (restated)					8,069,994	18,294,441	26,364,435
NET ASSETS, Ending					8,774,923	17,991,631	26,766,554

The accompanying notes are an integral part of this statement.

**CITY OF PLAQUEMINE, LOUISIANA
COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2003**

	General Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 907,545	\$ 2,006,996	\$ 287,057	\$ 3,201,598
Receivables (net of allowance for uncollectibles)	185,263	4,224	33	189,520
Due from other funds	55,513	-	176,682	232,195
Prepaid items	4,780	-	-	4,780
Inventories	-	-	-	-
Other assets	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Capital assets (net of accumulated depreciation):				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements (other than buildings)	-	-	-	-
Equipment	-	-	-	-
Furniture and fixtures	-	-	-	-
Utility plant and equipment	-	-	-	-
TOTAL ASSETS	\$ 1,153,101	\$ 2,011,220	\$ 463,772	\$ 3,628,093
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 106,424	\$ -	\$ 169,413	275,837
Other payable	-	-	-	-
Accrued expenses	-	-	-	-
Certificate of indebtedness	-	-	-	-
Customer deposits	-	-	-	-
Accumulated leave privileges	-	-	-	-
Due to other funds	501,682	175,000	53,549	730,231
General obligation bonds payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Total Liabilities	608,106	175,000	222,962	1,006,068
Fund balance:				
Investments in general fixed assets	-	-	-	-
Fund balance:				
Reserved for debt service	-	1,836,220	-	1,836,220
Unreserved—designated for capital improvements	-	-	38,946	38,946
Unreserved—(deficit)	544,995	-	201,864	746,859
Total Fund Balance	544,995	1,836,220	240,810	2,622,025
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,153,101	\$ 2,011,220	\$ 463,772	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				10,265,857
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.				(4,112,959)
Net assets of governmental activities				\$ 8,774,923

The notes to the financial statements are an integral part of this statement.

CITY OF PLAQUEMINE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2003

	General Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,823,400	\$ 1,040,043	\$ 239,873	\$ 3,103,316
Licenses and permits	341,690	-	645	342,335
Intergovernmental	547,845	-	432,903	980,748
Charges for services	25,480	-	14,732	40,212
Fines and forfeits	18,897	-	-	18,897
Miscellaneous revenue	118,792	70,138	12,751	201,681
TOTAL REVENUES	2,876,104	1,110,181	700,904	4,687,189
EXPENDITURES				
General Government	1,177,221	-	36,705	1,213,926
City Court	307,244	-	-	307,244
Police Department	1,559,967	-	-	1,559,967
Fire Department	906,449	-	-	906,449
Public Works	558,672	-	451,949	1,010,621
Recreation	110,989	-	-	110,989
Public Health	8,363	-	-	8,363
Housing and Urban Development	-	-	430,373	430,373
Debt Service	-	511,140	26,869	538,009
TOTAL EXPENDITURES	4,628,905	511,140	945,896	6,085,941
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,752,801)	599,041	(244,992)	(1,398,752)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,790,201	-	484,000	2,274,201
Operating transfers out	(26,870)	(450,000)	(386,113)	(862,983)
TOTAL OTHER FINANCING SOURCES (USES)	1,763,331	(450,000)	97,887	1,411,218
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	10,530	149,041	(147,105)	12,466
FUND BALANCE (DEFICIT), Beginning	534,465	1,687,179	387,915	2,609,559
FUND BALANCE (DEFICIT), Ending	\$ 544,995	\$ 1,836,220	\$ 240,810	\$ 2,622,025

The accompanying notes are an integral part of this statement.

**CITY OF PLAQUEMINE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2003**

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net Change in fund balances – Total governmental funds (page 18)	\$	12,465
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		410,424
The net effect of prior year and current year salary accrual		67,711
The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability.		(135,671)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		<u>350,000</u>
Change in net assets of governmental activities (page 16)	\$	<u><u>704,929</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF PLAQUEMINE, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
OCTOBER 31, 2003**

	City Light & Water
ASSETS	
Cash	\$ 2,570,027
Accounts receivable	1,357,169
Due from other funds	498,034
Inventory, at cost	646,963
Restricted assets:	
Cash	1,965,278
Land	132,867
Buildings	200,693
Equipment	1,630,165
Furniture and fixtures	842,423
Utility plant and equipment	34,145,518
Less: accumulated depreciation	<u>(22,530,670)</u>
TOTAL ASSETS	<u>\$ 21,458,467</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current liabilities (payable from current assets)	
Accounts payable	\$ 562,163
Accrued expenses	19,148
Accumulated leave privileges	158,181
Current liabilities (payable from restricted assets)	
Revenue bonds payable	2,079,925
Customer deposits	620,039
Non - current liabilities:	
Due in more than one year	<u>27,380</u>
Total Liabilities	<u>3,466,836</u>
Net Assets	
Investments in general fixed assets, net of related debt	12,341,071
Restricted for bonds	216,516
Restricted for expansion & renewal	1,030,024
Unrestricted	<u>4,404,020</u>
Total Net Assets	<u>17,991,631</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,458,467</u>

The accompanying notes are an integral part of this statement.

EXHIBIT G

**CITY OF PLAQUEMINE, LOUISIANA
 PROPRIETARY FUND
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
 YEAR ENDED OCTOBER 31, 2003**

	City Light & Water
OPERATING REVENUES	
Metered sales to general customers	\$ 11,054,383
Billings to municipality and utilities	249,516
Other operating revenue	28,820
	11,332,719
 OPERATING EXPENSES	 10,660,403
OPERATING INCOME	 672,316
 NONOPERATING REVENUES (EXPENSES)	
Interest on investments:	
Restricted assets	17,776
Other	20,898
Miscellaneous	20,621
Rent	24,088
Finance charges	154,229
FEMA	26,849
LEPA revenue	267,870
Interest expense:	
Bonds issued in 2000 and 2001	(95,239)
Paying agent fee	(1,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	 436,092
INCOME BEFORE TRANSFERS	 1,108,408
 TRANSFERS	
Transfers out	(1,411,218)
TOTAL TRANSFERS	 (1,411,218)
CHANGE IN NET ASSETS	 (302,810)
 NET ASSETS - Beginning	 17,707,332
Prior period adjustment	587,109
NET ASSETS - Beginning (Restated)	18,294,441
NET ASSETS - Ending	\$ 17,991,631

The accompanying notes are an integral part of this statement.

**CITY OF PLAQUEMINE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED OCTOBER 31, 2003**

	<u>City Light & Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 11,068,916
Receipts from interfund	3,665
Payments to suppliers	(7,896,291)
Payments to employees	(1,672,349)
Payments to interfund	(87,021)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,416,920</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Net operating transfers out to other funds	(1,411,218)
Non-operating receipts	491,244
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(919,974)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(554,694)
Principal paid on revenue bond maturities	(72,376)
Interest paid on revenue bonds and bond anticipation note	(95,239)
Paying agent fees	(1,000)
Disposal of capital assets	2,414
Customer deposits	20,210
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(700,685)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	38,674
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>38,674</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(165,065)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,700,370</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,535,305</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 672,316
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	952,207
Increase (decrease) in assets and liabilities:	
(Increase) in accounts receivable	(153,328)
(Increase) in inventory	(38,122)
Decrease in other funds	3,665
Decrease in prepaid	5,694
Increase in accounts payable	88,872
(Decrease) in due to other funds	(87,021)
(Decrease) in accrued expenses	(44,834)
Increase in accrued leave privileges	17,471
Total adjustments	<u>744,604</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,416,920</u>

The accompanying notes are an integral part of this statement.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The City of Plaquemine was incorporated in 1878, under the provisions of Act 109 of the 1878 General Assembly. The City operates under a Mayor-Board of Selectmen form of government.

The accounting and reporting practices of the City of Plaquemine, Louisiana, conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the City of Plaquemine, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) the organizations for which the primary government is financially accountable, and (c) other organizations for which 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 City of Plaquemine, Louisiana for 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. These criteria include the following:

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 financial 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.

CITY OF PLAQUEMINE, LOUISIANA NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

As required by generally accepted accounting principles, these financial statements present the City of Plaquemine, Louisiana (the primary government) and its component units. The component units included in the accompanying financial statements are discretely presented.

Discretely Presented Component Units

Component units that are legally separate from the municipality but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented. The "Component Units" column of the combined financial statements includes the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the municipality.

The following component unit is usually discretely presented in the accompanying financial statements: City Court of Plaquemine, Louisiana.

The City Court of Plaquemine was created under the provisions of Louisiana Revised Statute 13:2488,61. The City Judge and Marshal are elected by the voters of the City of Plaquemine and serve a term of six years as provided by Louisiana Revised Statutes 13:1872 and 13:1879, respectively. The City Court of Plaquemine has a December 31, 2002 year end.

City Court Judges and City Marshals are independently elected officials and are part of the operations of the City Court system. The City Court system is fiscally dependent on the municipality for office space and courtrooms. The substance of the relationship between the City Court system and the municipality is that the municipality has approval authority over its capital budget. In addition, the nature and significance of the relationship between the City Court system and the municipality is such that exclusion from the municipality's financial statements would render the financial statements incomplete or misleading. We conclude that City Court is component unit of the City of Plaquemine, Louisiana.

The December 31, 2002 audit report of the City Court of Plaquemine is not shown in discrete presentation in the October 31, 2003 audit report of the City of Plaquemine, Louisiana. The component unit, the City Court of Plaquemine, is not shown in the audit report due to the fact that they did not implement the requirements of Governmental Accounting Standards Board Statement 34.

Fund Accounting

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

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

The various funds are grouped in the financial statements in this report into three generic fund types as follows:

A. Governmental Funds

1. General Fund

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

2. Special Revenue Funds

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

3. Debt Service Funds

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

4. Capital Projects Fund

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust Funds.

B. Proprietary Fund

Enterprise Fund

Enterprise Funds are used to account for operations:

(a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or

(b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF PLAQUEMINE, LOUISIANA NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

C. Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the municipality. Fiduciary funds include:

Agency Funds

Agency Funds account for assets that the municipality holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City of Plaquemine and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the City of Plaquemine is reported separately from certain legally separate *component units* for which the City of Plaquemine is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

CITY OF PLAQUEMINE, LOUISIANA NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claim and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

City of Plaquemine, Louisiana reports the following governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Sales Tax Fund* is the City's primary fund for maintenance and outlay of roads and bridges throughout the city. This fund is supported by parish-wide sales tax revenue.

The government reports the following major proprietary fund:

The *Utility Department Fund* accounts for the sale of electricity, water, gas and sewer to customers within the City of Plaquemine.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's utility department and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. "Measurable" meaning the amount of the transaction can be determined and "available" meaning collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenue available if collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when obligations are expected to be liquidated with expendable available financial resources. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual funds use the following practices in recording revenues and expenditures:

A. Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Federal and state grants are recorded when the City is entitled to the funds.

Interest income on time deposits are recorded when the time deposits have matured and the income is available.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Sales and use tax revenues are recorded in the month collected by the City.

Substantially all other revenues are recorded when received.

B. Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt are recognized when due and compensated absences which are recognized when paid. Encumbrances are not recorded in the accounting records since no material amounts exist at year-end.

C. Other Financing Sources (Uses)

Transfers between funds, which are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Transfers are recorded when received or paid.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Basis of Presentation

The accompanying financial statements of the City of Plaquemine, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Assets, Liabilities, and Net Assets or Equity

A. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

B. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business type activities are reported in the government-wide financial statements as "internal balances."

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

C. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

D. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and estimated useful lives in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment for the primary government, as well as the component units and enterprise funds, is depreciated using the straight line method using the following useful lives:

<u>Asset Class</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Buildings	40 Years	25-50 Years
Water/Gas/Sewerage Systems	N/A	5-50 Years
Furniture and Fixtures	5 -10 Years	3-15 Years
Vehicles	5 Years	4-8 Years

City of Plaquemine, Louisiana is a phase 2 government with revenues over \$10 million per year. Phase 2 governments are required to report infrastructure for years beginning after June 15, 2006.

E. Investments

Investments are stated at cost.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

F. Interest Receivable

Interest receivable on restricted assets and interest earned during the year are restricted and reported as such.

G. Interest Cost

Interest costs are not capitalized.

H. Inventory

Engine fuel and gasoline inventory is stated at cost (FIFO) based on an estimated number of gallons unused at year end.

I. Vacation and Sick Leave

It is the City's policy to permit employees to accumulate earned but unused vacation (unlimited) and sick pay (60 days) benefits. No liability is recorded for unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and recorded as a liability. For governmental fund types the City's liability has been recorded on the Statement of Net Assets.

J. Amortization

Bond expenses associated with outstanding bond issues are being amortized over the life of each respective issue.

K. Allocation of Administrative and General Expenses

Administrative and general expenses are allocated to each individual utility system based on the percentage of each system's operating revenues to the total operating revenues for the entire Enterprise Fund.

L. Long Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issue costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds Payable are reported net of applicable bond premium discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF PLAQUEMINE, LOUISIANA NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balance

Designated fund balances represent tentative plans for future use of financial resources.

Budget and Budgetary Accounting

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

1. The City Accountant prepares a proposed budget and submits same to the Mayor and Board of Selectmen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after 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 an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Selectmen.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

The chief executive or administrative officer must advise the governing authority when:

Total revenue collection by budgeted fund plus projected revenue collections for the remainder of the year fail to meet the estimated annual budgeted revenues by fund by more than 5%.

Total actual expenditures by budgeted fund plus projected expenditures for the remainder of the year exceed the total estimated budgeted expenditures by fund by more than 5%.

Actual beginning fund balance fails to meet the estimated beginning fund balance by more than 5%.

6. All budgetary appropriations lapse at the end of each fiscal year.
7. A budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Selectmen. A budget for the enterprise fund was prepared.

Budgets for the Debt Service Funds and Recreation Fund were not prepared for the year ended October 31, 2003.

Budgets for the Housing Assistance Program are approved by the Department of Housing and Urban Development and not formally adopted by the City of Plaquemine.

Budgetary data for discretely presented component units are not presented in Combined Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual.

NOTE B: AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property in June of each year. Taxes are levied by the City in October or November and are actually billed to the taxpayers in December. Billed taxes become delinquent on March 1 of the following calendar year. Revenues are budgeted in the fiscal year billed.

The Iberville Parish Sheriff's Office bills and collects property taxes using the assessed values determined by the tax assessor or Iberville Parish. For the year ended October 31, 2003, the City levied taxes of 11.65 mills on property assessed valuations totaling \$24,354,055. These were dedicated as follows:

General corporate purposes	5.45 mills
Building maintenance	3.10 mills
Police equipment	3.10 mills

Total taxes levied were \$283,731, of which approximately \$277,714 were collected for the fiscal year ended October 31, 2003. The Iberville Parish Sheriff's Office received a commission of \$5,587.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE C: INTERFUND TRANSFERS

The following is an analysis of interfund transfers at October 31, 2003.

<u>Transfers In</u>	<u>Primary Government Transfers Out:</u>				<u>Total</u>
	<u>Utility Department</u>	<u>General</u>	<u>Sales Tax Dept.</u>	<u>Non Major Governmental</u>	
Non Major Governmental	\$ 7,130	\$ 26,870	\$ 450,000	\$ -	\$ 484,000
General	1,404,088	-	-	386,113	1,790,201
	<u>\$ 1,411,218</u>	<u>\$ 26,870</u>	<u>\$ 450,000</u>	<u>\$ 386,113</u>	<u>\$ 2,274,201</u>

NOTE D: DUE FROM OTHER GOVERNMENTAL UNITS

	<u>General Fund</u>
Louisiana Department of Motor Vehicles	\$ 2,775
Lead Task Force	27,264
Sales taxes due from Iberville Parish	134,827
Beer barrel tax from Louisiana Department of Revenue	8,141
Video poker taxes from Louisiana State Treasurer's Office	10,910
Fines	1,316
Property taxes	30
	<u>\$ 185,263</u>

NOTE E: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Primary Government</u>				<u>Balance 10/31/2003</u>
	<u>Balance 10/31/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass- ification</u>	
Land	\$ 134,965	\$ 156,728	\$ -	\$ 9,400	\$ 301,093
Buildings	1,773,264	101,107	(77,334)	(6,934)	1,790,103
Improvements other than buildings	12,996,495	331,535	(516)	(11,321)	13,316,193
Equipment	3,392,473	342,031	(296,908)	1,921	3,439,517
Furniture and fixtures	119,737	-	(2,753)	6,934	123,918
Total Capital Assets	<u>\$ 18,416,934</u>	<u>\$ 931,401</u>	<u>\$ (377,511)</u>	<u>\$ -</u>	<u>\$ 18,970,824</u>

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE E: CAPITAL ASSETS, continued

	Primary Government				Capital Assets Net of Accumulated Depreciation
	Accumulated Depreciation Balance			Accumulated Depreciation Balance	
	10/31/2002	Additions	Deletions	10/31/2003	
Land	\$ -	\$ -	\$ -	\$ -	\$ 301,093
Buildings	491,020	51,562	-	542,582	1,247,521
Improvements other than buildings	5,105,694	279,224	-	5,384,918	7,931,275
Equipment	2,466,179	188,647	-	2,654,826	784,691
Furniture and fixtures	121,097	1,544	-	122,641	1,277
Total Accumulated Depreciation	\$ 8,183,990	\$ 520,977	\$ -	\$ 8,704,967	\$ 10,265,857

A summary of proprietary type property, plant and equipment at October 31, 2003 as follows:

	Balance	Depreciation Rate
Electric and distribution system	\$ 21,489,034	2%
Water pumping and distribution system	6,096,790	2%
Sewerage system	5,357,204	2%
Natural gas distribution system	1,202,490	5%
Automobile and trucks	1,119,953	10.0 - 53.3%
Land	132,867	NA
Warehouse	200,693	2%
Furniture, fixtures, and equipment	842,423	10.0 - 20.0%
Data processing system	510,211	10%
Utility Plant in Service	\$ 36,951,665	

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE F: CHANGES IN LONG-TERM OBLIGATION

The following is a summary of long-term bond transactions for the year ended October 31, 2003:

	<u>General Obligation Bonds</u>		<u>Revenue</u>	<u>Total</u>
	<u>Bonds</u>	<u>Certificates of Indebtedness</u>		
Long-term bonds payable 11-1-02	\$ 4,170,000	\$ 225,000	\$ 2,152,301	\$ 6,547,301
Bond proceeds	-	-	-	-
Bonds retired or transferred to current liabilities	<u>(330,000)</u>	<u>(20,000)</u>	<u>(72,376)</u>	<u>(422,376)</u>
Long-term bonds payable 10-31-03	<u>\$ 3,840,000</u>	<u>\$ 205,000</u>	<u>\$ 2,079,925</u>	<u>\$ 6,124,925</u>

Bonds payable at October 31, 2003 are comprised of the following individual issues:

GENERAL OBLIGATION BONDS

\$4,325,000 Sales Tax Refunding bonds dated 4-1-98; due in annual installments of \$50,000--\$520,000 through December 1, 2011. Interest at 3.85% to 4.65%, payable semiannually. This issue is secured by a levy and collection of two-thirds of one percent sales tax collected by the Parish of Iberville. \$ 3,840,000

GENERAL OBLIGATION CERTIFICATE OF INDEBTEDNESS

\$225,000 Certificates of Indebtedness dated 9-26-02; due in annual installments of \$7,000 - \$26,000 through Feb. 1, 2012. Interest at 4.50%, payable semiannually. \$ 205,000

REVENUE BONDS

\$1,250,000 Water, Sewer, Electric, & Natural Gas Revenue bonds dated 4-1-00; due in annual installments of \$35,000--\$100,000 through April 1, 2020. Interest at 4.40% to 5.65% payable semiannually. \$ 1,135,000

\$1,025,000 Water, Sewer Electric & Natural Gas Revenue bonds dated 4-1-01; due in annual installments of \$65,825 through April 1, 2030. Interest at 4.75% payable semiannually. 944,925
\$ 2,079,925

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE F: CHANGES IN LONG-TERM OBLIGATION, continued

The annual requirements to amortize all debt outstanding as of October 31, 2003 including interest payments of \$2,312,031 are as follows:

<u>Year Ending October 31</u>	<u>General Obligation Bonds</u>	<u>Certificate of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Total</u>
2004	\$ 512,808	\$ 27,290	\$ 170,531	\$ 710,629
2005	512,701	27,435	168,292	708,428
2006	516,668	27,872	166,031	710,571
2007	514,640	27,558	168,620	710,818
2008	516,650	26,905	166,064	709,619
2009	517,620	26,892	168,366	712,878
2010	527,137	26,835	170,389	724,361
2011	525,053	26,732	167,255	719,040
2012	531,830	26,585	168,957	727,372
2013	-	-	165,480	165,480
2014	-	-	166,800	166,800
2015	-	-	167,850	167,850
2016	-	-	168,645	168,645
2017	-	-	169,127	169,127
2018	-	-	169,292	169,292
2019	-	-	169,135	169,135
2020	-	-	168,661	168,661
2021	-	-	65,825	65,825
2022	-	-	65,825	65,825
2023	-	-	65,825	65,825
2024	-	-	65,825	65,825
2025	-	-	65,825	65,825
2026	-	-	65,825	65,825
2027	-	-	65,825	65,825
2028	-	-	65,825	65,825
2029	-	-	65,825	65,825
2030	-	-	65,825	65,825
	<u>\$ 4,675,107</u>	<u>\$ 244,104</u>	<u>\$ 3,517,745</u>	<u>\$ 8,436,956</u>

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE G: FLOW OF FUNDS & RESTRICTIONS ON USE

All of the income and revenues earned or derived from the operation of the System shall be deposited daily as the same may be collected in the "Utilities System Revenue Fund," (the "Revenue Fund") which may, at the option of the Issuer, contain separate sub-accounts for the waterworks plant and system, the sewerage system, the natural gas system and electric plant and system.

The Revenue Fund shall be maintained and administered in the following order of priority and for the following express purposes:

- 1) The payment of all reasonable and necessary expenses of operating and maintaining the System as are not provided for from other lawfully available sources shall first be paid from the Revenue Fund.
- 2) The establishment and maintenance of a separately identifiable fund or account designated as the "Utilities Revenue Bond Sinking Fund" (the "Sinking Fund") sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds and any Additional Parity Bonds, as they severally become due and payable, by transferring from funds in the Revenue Fund after making the payments required by (a) above to the Sinking Fund to be held by the fiscal agent of the Issuer, monthly in advance on or before the 20th day of each month of each year, a sum equal to 1/6th of the interest falling due on the Series 2000 Bonds on the next Interest Payment Date and payment date, together with such additional proportionate monthly sum as may be required to pay said principal and interest as the same become due. If Additional Parity Bonds are hereafter issued by the Issuer as provided by this Resolution, the Issuer shall make such monthly payments as required in the resolution providing for their issuance. The Issuer shall transfer from said Sinking Fund to the paying agent bank or banks for all Bonds payable from the Sinking Fund at least three (3) days in advance of each Interest Payment Date, funds fully sufficient to pay promptly the principal and interest so falling due on such date.
- 3) The establishment and maintenance of a separately identifiable fund or account designated as the "Utilities Revenue Bond Debt Service Reserve Fund" (the "Reserve Fund"), by transferring from the Utilities Fund to the regularly designated fiscal agent bank of the Issuer (or such other bank designated by the Issuer with the approval of the Government) monthly in advance on or before the 20th day of each month, a sum at least equal to twenty percent (20%) of the amount to be paid monthly into the Sinking Fund, the payments into the Reserve Fund to continue until such time there has been accumulated therein a sum equal to the Reserve Fund Requirement, the money in the Reserve Fund to be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default. In the event that Additional Parity Bonds are issued hereafter in the manner provided by this Resolution and the establishment of the Reserve Fund is required in connection therewith, there shall be transferred from the Revenue Fund (after making all required payments from said fund as hereinabove described), or from the proceeds of such obligations, into the Reserve Fund monthly or annually, such amount (as may be designated in the Resolution authorizing the issuance of such Additional Parity Bonds) as will increase the total amount on deposit in the Reserve Fund within a period not exceeding five (5) years to a sum equal to the Reserve Fund Requirement on the Bonds and such Additional Parity Bonds.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE G: FLOW OF FUNDS & RESTRICTIONS ON USE

- 4) The establishment and maintenance of a separately identifiable fund or account designated "Additions and Contingencies Fund" (the "Contingencies Fund"), to care for extensions, additions, improvement, renewals and replacements necessary to properly operate the System, by transferring from funds in the Revenue Fund after making the payments required by (a), (b) and (c) above to the Contingencies Fund monthly on or before the 20th day of each month of the year, a sum equal to five percent (5%) of the amount to be paid monthly into the Sinking Fund, provided that such sum is available after provision is made for the payments required under paragraphs (a), (b) and (c) above. Upon the Reserve Fund being funded to the Reserve Fund Requirement, the monthly deposit into the Contingencies Fund shall increase to a sum equal to ten percent (10%) of the amount to be paid for such month into the Sinking Fund. In addition to caring for extensions, additions, improvement, renewals and replacements necessary to properly operate the System, the money in the Contingencies Fund may also be used to pay the principal of and the interest on the Bonds, including any Additional Parity Bonds, for the payment of which there is not sufficient money in the Sinking Fund and Reserve Fund described in paragraphs (b) and (c) above, but the money in said Contingencies Fund shall never be used for the making of improvements and extensions to the System if the use of said money will leave in said Contingencies Fund for the making of emergency repairs or replacements less than the sum of Fifty Thousand Dollars (\$50,000).

NOTE H: RETIREMENT COMMITMENTS

Employees of the City of Plaquemine, Louisiana (approximately 122) are members of the Municipal Employees Retirement System, the Police Retirement System, or the Fire Fighters Retirement System.

Contributions to the systems are made by both the employees and the City of Plaquemine as a percentage of salaries. The employee contribution to the Municipal, Fire, Police, and LASERS Retirement Systems are 9.25%, 8%, 7.5%, and 11.5% respectively. The employer contributions to the Municipal, Fire, Police, and LASERS Retirement changed to 11%, 9%, 15.25% and 15.8%, respectively effective July 1, 2003. The following is a recap of the City's contributions:

	2003
Municipal Employees Retirement System	\$ 149,516
Fire Fighters Retirement System	41,478
Police Retirement System	88,631
LASERS	<u>14,651</u>
 Total Contributions	 <u><u>\$ 294,276</u></u>

Data concerning the actuarial status of the systems are not available.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE I: LITIGATION

There are 16 pending lawsuits in which the City of Plaquemine is currently involved. The City Attorney estimates that the potential claim against the City is adequately covered by insurance except for the following two lawsuits, which are currently undeterminable:

- 1.) Construction Specialists, Inc. vs. City of Plaquemine – The employer of Andrew Lumpkin notified the City of its subrogation rights and their intent to pursue the City for damages to their insured equipment from the January 18, 1999 gas explosion. The case has been referred to the City's indemnity carrier while an investigation is being conducted. The City's indemnity carrier has returned the case to the City for defense.
- 2.) Edward Hollins III vs. City of Plaquemine – The plaintiff, an employer of Construction Specialist, Inc. claims personal injuries as a result of the January 18, 1999 natural gas explosion on Marshall Street. The case has been referred to the City's indemnity carrier while an investigation is being conducted. The plaintiff has responded to discovery requests regarding his personal injuries, among other matters. Counsel will assess and estimate the plaintiff's injuries once a transcript of his deposition is received.

NOTE J: CONTINGENT LIABILITIES

The City has participated in federally assisted grant program, Section 8 Low-income Housing Program. This program is subject to program compliance audits by the grantors or their representatives. The audit of this program for the year prior to October 31, 2003 has not yet been completed. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE K: HOUSING ASSISTANCE PROGRAM FUND, AND PLAQUEMINE MARKET DEPOT

The City of Plaquemine, Louisiana administers a Housing Assistance Program for qualified applicants through the Department of Housing and Urban Development.

The following analysis details the expenditures for the Section 8 Housing Assistance Program and Plaquemine Market Depot.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE K: HOUSING ASSISTANCE PROGRAM FUND AND PLAQUEMINE MARKET DEPOT,
continued

	Section 8 For Year Ended 10/31/2003	Plaquemine Market Depot For Year Ended 10/31/2003
Advertising	\$ -	\$ 1,213
Contract labor	16,320	6,927
Utilities	-	7,130
Housing assistance programs	362,757	-
Administrative salaries & related benefits	35,655	8,246
Accounting and audit	4,500	-
Rent	2,400	1,568
Maintenance	-	3,503
Other general	6,335	8,118
Travel	2,406	-
	<u>430,373</u>	<u>36,705</u>
Total Expenditures	<u>\$ 430,373</u>	<u>\$ 36,705</u>

NOTE L: ACCRUED LEAVE PRIVILEGES

The following is a summary of changes in accumulated leave privileges for the year ended October 31, 2003:

	Governmental Activities	Business-type Activities
Balance at 10-31-02	\$ 111,375	\$ 140,710
Increase (decrease) in accumulated sick leave	<u>24,296</u>	<u>17,471</u>
Balance at 10-31-03	<u>\$ 135,671</u>	<u>\$ 158,181</u>

NOTE M: CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits and certificates of deposit. Under state law, the City of Plaquemine, may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, or any other state in the Union, or the laws of the United States. Further, the City of Plaquemine may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: CASH AND CASH EQUIVALENTS, continued

For the year ended October 31, 2003, the City of Plaquemine entered into a fiscal agency contract with four (4) commercial banks domiciled within Iberville Parish. The contract provided that all deposits of the participating units (see below) are to be in Super NOW (negotiable orders of withdrawal) accounts paying a market rate of interest which approximates the interest rate on 13 week U.S. Treasury Bills. The contract called for participation by the banks in the ratio of their relative capital and surplus at October 31, 2003. The names of the banks and their participation percentages in the fiscal agency contract are as follows:

Iberville Trust & Savings Bank	43.01%
Citizens Bank & Trust Company	27.63%
Plaquemine Bank & Trust Company	21.24%
First Financial Bank & Trust Company	8.12%

Under the contract, Plaquemine Bank acted as the servicing bank or agent for the other banks and served as a clearinghouse for all deposits and withdrawals of the City. Each participating bank is to maintain an account in the name of the City and is required to pledge securities in excess of federal deposit (FDIC) insurance to protect the deposits of the City.

It has not been determined whether these component units have fiscal agency agreements of their own. Consequently, the information that follows refers only to the City's fiscal agency agreement.

At October 31, 2003, the City of Plaquemine and the component units listed have bank balances totaling \$7,946,243.

Each of the four banks participating in the fiscal agency contract maintains an account in the name of the City of Plaquemine, and thus has separate federal deposit insurance for that account in the amount of \$100,000 for checking and savings accounts for a total of \$400,000 FDIC insurance. Any excess of deposits over federal deposit insurance must be secured under state law by the pledge of bank owned securities. The market value of the pledged securities plus the federal deposit insurance must at all times be at least equal to the amount on deposit with the banks. The pledged securities are held in the name of the pledging banks in an independent custodial bank that is mutually acceptable to the parties involved.

The following is a summary of cash and cash equivalents of the City of Plaquemine and included component units in the fiscal agency contract at October 31, 2003, with the related federal deposit insurance and pledged securities:

	Bank Balances 10/31/2003	FDIC Insurance	Balances Uninsured
Cash	\$ 7,946,243	\$ 400,000	\$ 7,546,243
Uncollateralized Securities pledged and held by custodial banks in the name of fiscal agent banks, at fair market value, at 10-31-03			<u>9,096,906</u>
Excess of FDIC insurance and pledged securities over cash at 10-31-03			<u>\$ 1,550,663</u>

**CITY OF PLAQUEMINE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: CASH AND CASH EQUIVALENTS, continued

At December 31, 2002, the carrying amount of the City Court's deposits was \$93,160. The entire bank balance was covered by federal depository insurance.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial banks to advertise and sell the pledged securities within ten (10) days of being notified by the City that the fiscal agency bank(s) has (have) failed to pay deposited funds upon demand.

NOTE N: AGREEMENT WITH LEPA

A capacity purchase and operating agreement between Louisiana Energy and Power Authority and the City of Plaquemine was entered into as of September 27, 1989. The term of the agreement ends April 30, 2005. The agreement had the impact of contributing \$267,870 to the income of the utility system during the current year.

NOTE O: RELATED PARTY TRANSACTIONS

Salaries of the City Marshal, City Court Clerk, City Prosecutor, and other City Court employees are to be paid by the City of Plaquemine. Retirement systems contributions for eligible employees are paid by the City of Plaquemine. The Judge's salary is paid by the State Judiciary Department, the City of Plaquemine, and the Iberville Parish Council. The Public Defender's salary is paid by the City of Plaquemine. The City is reimbursed out of the Public Defender Fund for the Public Defender's salary.

The City of Plaquemine insures the General Fixed Assets of the City Court against any loss or damage. In addition, the City provides facilities, liability insurance, and services to the court at no cost to the court.

NOTE P: RESTATEMENT OF BEGINNING NET ASSETS- BUSINESS TYPE ACTIVITIES

	Net Assets
Balance, beginning of year	\$ 17,707,332
Add:	
Inventory beginning balance	587,109
Balance, beginning of year (restated)	\$ 18,294,441

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PLAQUEMINE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED OCTOBER 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 1,687,600	\$ 1,774,830	\$ 1,823,400	\$ 48,570
License and permits	293,900	341,750	341,690	(60)
Intergovernmental	843,220	555,741	547,845	(7,896)
Charges for services	31,500	24,725	25,480	755
Fines and forfeits	25,000	18,000	18,897	897
Miscellaneous	55,500	118,400	118,792	392
TOTAL REVENUES	<u>2,936,720</u>	<u>2,833,446</u>	<u>2,876,104</u>	<u>42,658</u>
EXPENDITURES				
General Government	1,336,435	1,173,195	1,177,221	(4,026)
City Court	220,657	307,916	307,244	672
Police Department	1,522,405	1,560,634	1,559,967	667
Fire Department	936,680	920,608	906,449	14,159
Public Works	557,325	548,501	558,672	(10,171)
Recreation	104,480	111,165	110,989	176
Public Health	8,364	8,364	8,363	1
TOTAL EXPENDITURES	<u>4,686,346</u>	<u>4,630,383</u>	<u>4,628,905</u>	<u>1,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,749,626)	(1,796,937)	(1,752,801)	44,136
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,523,392	1,849,650	1,790,201	(59,449)
Operating transfers out	(26,870)	(26,870)	(26,870)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,496,522</u>	<u>1,822,780</u>	<u>1,763,331</u>	<u>(59,449)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(253,104)	25,843	10,530	(15,313)
FUND BALANCES - BEGINNING	<u>534,465</u>	<u>534,465</u>	<u>534,465</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 281,361</u>	<u>\$ 560,308</u>	<u>\$ 544,995</u>	<u>\$ (15,313)</u>

The accompanying notes are an integral part of this statement.

EXHIBIT J

**CITY OF PLAQUEMINE, LOUISIANA
DEBT SERVICE FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
SALES TAX
FOR THE YEAR ENDED OCTOBER 31, 2003**

	Sales Tax
REVENUES	
Sales tax revenue	\$ 1,040,043
Interest income	68,322
Gain (Loss) on investments	1,816
TOTAL REVENUES	1,110,181
 EXPENDITURES	
Principal retirement	330,000
Interest	177,005
Other	4,135
TOTAL EXPENDITURES	511,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	599,041
 OTHER FINANCING SOURCES (USES)	
Transfers to other funds	(450,000)
TOTAL OTHER FINANCING SOURCES (USES)	(450,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	149,041
 FUND BALANCES, BEGINNING	1,687,179
 FUND BALANCES, ENDING	\$ 1,836,220

The accompanying notes are an integral part of this statement.

**CITY OF PLAQUEMINE, LOUISIANA
ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2003**

	City Light & Water
OPERATING REVENUES	
Metered sales to general customers	\$ 11,054,383
Billings to municipality and utilities	249,516
Other operating revenue	28,820
TOTAL OPERATING REVENUES	11,332,719
OPERATING EXPENSES	10,660,403
OPERATING INCOME	672,316
NONOPERATING REVENUES (EXPENSES)	
Interest on investments:	
Restricted assets	17,776
Other	20,898
Miscellaneous	20,621
Rent	24,088
Finance charges	154,229
FEMA	26,849
LEPA revenue	267,870
Interest expense:	
Bonds issued in 2000 and 2001	(95,239)
Paying agent fee	(1,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	436,092
INCOME BEFORE TRANSFERS	1,108,408
TRANSFERS	
Transfers in	
Transfers out	(1,411,218)
TOTAL TRANSFERS	(1,411,218)
CHANGE IN NET ASSETS	(302,810)
NET ASSETS - Beginning	17,707,332
Prior period adjustment	587,109
NET ASSETS - Beginning (restated)	18,294,441
NET ASSETS - Ending	\$ 17,404,522

The accompanying notes are an integral part of this statement.

**NON MAJOR FUND
COMBINING STATEMENTS**

**CITY OF PLAQUEMINE, LOUISIANA
COMBINING FUND BALANCE SHEET- NON MAJOR FUNDS
OCTOBER 31, 2003**

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 257,736	\$ 2,302	\$ 27,019	\$ 287,057
Accounts receivable	33	-	-	33
Due from other funds	-	-	176,682	176,682
TOTAL ASSETS	<u>\$ 257,769</u>	<u>\$ 2,302</u>	<u>\$ 203,701</u>	<u>\$ 463,772</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 4,869	\$ -	\$ 164,544	\$ 169,413
Due to other funds	53,338	-	211	53,549
Fund balances	199,562	2,302	38,946	240,810
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 257,769</u>	<u>\$ 2,302</u>	<u>\$ 203,701</u>	<u>\$ 463,772</u>

CITY OF PLAQUEMINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL - NON MAJOR FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2003

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES				
Taxes	\$ 239,873	\$ -	\$ -	\$ 239,873
Licenses and permits	645	-	-	645
Intergovernmental	432,903	-	-	432,903
Charges for services	14,732	-	-	14,732
Miscellaneous	12,587	83	81	12,751
TOTAL REVENUES	700,740	83	81	700,904
EXPENDITURES				
General Government	36,705	-	-	36,705
Housing and Urban Development	430,373	-	-	430,373
Public Works	-	-	451,949	451,949
Debt service	-	26,869	-	26,869
TOTAL EXPENDITURES	467,078	26,869	451,949	945,896
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	233,662	(26,786)	(451,868)	(244,992)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	7,131	-	450,000	457,131
Operating transfers out	(303,250)	(55,993)	-	(359,243)
TOTAL OTHER FINANCING SOURCES (USES)	(296,119)	(55,993)	450,000	97,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(62,457)	(82,779)	(1,868)	(147,104)
FUND BALANCES - BEGINNING	262,019	85,081	40,814	387,914
FUND BALANCES - ENDING	\$ 199,562	\$ 2,302	\$ 38,946	\$ 240,810

NON MAJOR SPECIAL REVENUE FUNDS

Housing Assistance Program Fund

To account for the receipts and expenditure of funds received specifically for Housing Assistance from the U.S. Housing and Urban Development Department.

Building Maintenance Tax

To account for taxes received from 3.10 mills that were levied on property.

Police Equipment Tax

To account for taxes received from 3.10 mills that were levied on property.

Fire Department Capital Improvements

To account for the funds received from the Iberville Parish Council which are designated for the specific purpose of fire department capital expenditures.

Plaquemine Market Depot

To account for the receipts and expenditures of funds generated through booth and table rental at the Plaquemine Market Depot.

CITY OF PLAQUEMINE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
OCTOBER 31, 2003

	Housing Assistance Program	Building Maintenance Tax	Police Equipment Tax	Fire Department	Plaquemine Market Depot	Totals 2003
ASSETS						
Cash	\$ 64,717	\$ 27,600	\$ 73,471	\$ 87,188	\$ 4,760	\$ 257,736
Accounts receivable	17	16				33
Due from other governmental entities	-	-	-	-	-	-
TOTAL ASSETS	\$ 64,717	\$ 27,617	\$ 73,487	\$ 87,188	\$ 4,760	\$ 257,769
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 4,500	-	\$ -	\$ -	\$ 369	\$ 4,869
Due to other funds	225	21,423	-	31,690	-	53,338
Fund balances	59,992	6,194	73,487	55,498	4,391	199,562
TOTAL LIABILITIES AND FUND BALANCES	\$ 64,717	\$ 27,617	\$ 73,487	\$ 87,188	\$ 4,760	\$ 257,769

EXHIBIT M-2

CITY OF PLAQUEMINE, LOUISIANA
 SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED OCTOBER 31, 2003

	Housing Assistance Program	Building Maintenance Tax	Police Equipment Tax	Fire Department	Plaquemine Market Depot	Totals 2003
REVENUES						
Taxes - Ad valorem	\$ -	\$ 73,468	\$ 73,468	\$ 92,937	\$ -	\$ 239,873
Licenses and permits	-	-	-	-	645	645
Intergovernmental	432,903	-	-	-	-	432,903
Charges for services	-	-	-	-	14,732	14,732
Miscellaneous income	484	1,165	9,823	1,094	21	12,587
TOTAL REVENUES	433,387	74,633	83,291	94,031	15,398	700,740
EXPENDITURES						
	430,373	-	-	-	36,705	467,078
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,014	74,633	83,291	94,031	(21,307)	233,662
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	7,131	7,131
Operating transfers out	-	(148,670)	(51,670)	(102,910)	-	(303,250)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	3,014	(74,037)	31,621	(8,879)	(14,176)	(62,457)
FUND BALANCE, BEGINNING	56,978	80,231	41,866	64,377	18,567	262,019
FUND BALANCE, ENDING	\$ 59,992	\$ 6,194	\$ 73,487	\$ 55,498	\$ 4,391	\$ 199,562

CITY OF PLAQUEMINE, LOUISIANA
SPECIAL REVENUE FUNDS
HOUSING ASSISTANCE PROGRAM FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental revenues-			
Contribution from HUD	\$ 432,960	\$ 432,903	\$ (57)
Interest income	450	484	34
TOTAL REVENUES	<u>433,410</u>	<u>433,387</u>	<u>(23)</u>
EXPENDITURES	<u>435,160</u>	<u>430,373</u>	<u>4,787</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,750)	3,014	4,764
FUND BALANCE, BEGINNING	<u>56,978</u>	<u>56,978</u>	-
FUND BALANCE, ENDING	<u>\$ 55,228</u>	<u>\$ 59,992</u>	<u>\$ 4,764</u>

**CITY OF PLAQUEMINE, LOUISIANA
SPECIAL REVENUE FUNDS
BUILDING MAINTENANCE TAX
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes - Ad valorem	\$ 73,150	\$ 73,468	\$ 318
Interest income	1,400	1,165	(235)
TOTAL REVENUES	<u>74,550</u>	<u>74,633</u>	<u>83</u>
EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>74,550</u>	<u>74,633</u>	<u>83</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(145,500)	(148,670)	(3,170)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(145,500)</u>	<u>(148,670)</u>	<u>(3,170)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>(70,950)</u>	<u>(74,037)</u>	<u>(3,087)</u>
FUND BALANCE, BEGINNING	<u>80,231</u>	<u>80,231</u>	-
FUND BALANCE, ENDING	<u>\$ 9,281</u>	<u>\$ 6,194</u>	<u>\$ (3,087)</u>

**CITY OF PLAQUEMINE, LOUISIANA
SPECIAL REVENUE FUNDS
POLICE EQUIPMENT TAX
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes - Ad valorem	\$ 73,400	\$ 73,468	\$ 68
Interest income	700	779	79
Miscellaneous revenue	9,000	9,044	44
TOTAL REVENUES	<u>83,100</u>	<u>83,291</u>	<u>191</u>
EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>83,100</u>	<u>83,291</u>	<u>191</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(51,670)	(51,670)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(51,670)</u>	<u>(51,670)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>31,430</u>	<u>31,621</u>	<u>191</u>
FUND BALANCE, BEGINNING	<u>41,866</u>	<u>41,866</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 73,296</u>	<u>\$ 73,487</u>	<u>\$ 191</u>

The accompanying notes are an integral part of this statement.

**CITY OF PLAQUEMINE, LOUISIANA
SPECIAL REVENUE FUNDS
FIRE DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental revenues--			
Fire tax from Parish	\$ 92,900	\$ 92,937	\$ 37
Interest income	1,000	1,094	94
TOTAL REVENUES	<u>93,900</u>	<u>94,031</u>	<u>131</u>
EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>93,900</u>	<u>94,031</u>	<u>131</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(98,895)	(102,910)	(4,015)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(98,895)</u>	<u>(102,910)</u>	<u>4,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(4,995)	(8,879)	(3,884)
FUND BALANCE, BEGINNING	<u>64,377</u>	<u>64,377</u>	-
FUND BALANCE, ENDING	<u>\$ 59,382</u>	<u>\$ 55,498</u>	<u>\$ (3,884)</u>

The accompanying notes are an integral part of this statement.

**CITY OF PLAQUEMINE, LOUISIANA
SPECIAL REVENUE FUNDS
PLAQUEMINE MARKET DEPOT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Building and permit	\$ 600	\$ 645	\$ 45
Rental income	12,960	12,960	-
Interest earned	25	20	(5)
Vendor sales commission	1,770	1,773	3
TOTAL REVENUES	<u>15,355</u>	<u>15,398</u>	<u>43</u>
EXPENDITURES			
Other expenditures	35,485	36,705	(1,220)
TOTAL EXPENDITURES	<u>35,485</u>	<u>36,705</u>	<u>(1,220)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,130)</u>	<u>(21,307)</u>	<u>(1,177)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	7,500	7,131	(369)
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,500</u>	<u>7,131</u>	<u>(369)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>(12,630)</u>	<u>(14,176)</u>	<u>(1,546)</u>
FUND BALANCE, BEGINNING	<u>18,567</u>	<u>18,567</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ 5,937</u></u>	<u><u>\$ 4,391</u></u>	<u><u>\$ (1,546)</u></u>

NON MAJOR DEBT SERVICE FUNDS

Certificate of Indebtedness (9-26-02)

To accumulate monies for the payment of a certificate of indebtedness, Series 2002 due in annual installments, plus interest due semiannually, through maturity in 2012. Proceeds were used to purchase a sweeper. Debt service is financed by transfers from the Enterprise Fund.

**CITY OF PLAQUEMINE, LOUISIANA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
OCTOBER 31, 2003**

	Certificate Of Indebtedness 2002
ASSETS	
Cash	\$ 2,302
TOTAL ASSETS	\$ 2,302
LIABILITIES AND FUND BALANCE	
Liabilities:	
Due to Street Improvement	\$ -
Total liabilities	-
Fund balance:	
Reserved for debt service	\$ 2,302
Total fund balance	2,302
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,302

**CITY OF PLAQUEMINE, LOUISIANA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Certificate Of Indebtedness 2002</u>
REVENUES	
Sales tax revenue	\$ -
Interest income	83
	<hr/>
TOTAL REVENUES	83
	<hr/>
EXPENDITURES	
Principal retirement	20,000
Interest	6,869
	<hr/>
TOTAL EXPENDITURES	26,869
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,786)
	<hr/>
OTHER FINANCING SOURCES (USES)	
Transfers to other funds	(55,993)
	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(55,993)
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(82,779)
	<hr/>
FUND BALANCES, BEGINNING	85,081
	<hr/>
FUND BALANCES, ENDING	\$ 2,302
	<hr/> <hr/>

NON MAJOR CAPITAL PROJECTS FUND

Street Improvements

To account for the receipts and expenditures to maintain and improve streets.

**CITY OF PLAQUEMINE, LOUISIANA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
OCTOBER 31, 2003**

	<u>Street Improvements</u>
ASSETS	
Cash	\$ 27,019
Due from other funds	<u>176,682</u>
TOTAL ASSETS	<u>\$ 203,701</u>
 LIABILITIES AND FUND BALANCE	
Accounts payable	\$ 156,755
Due to other funds	211
Retainage payable	<u>7,789</u>
TOTAL LIABILITIES	<u>164,755</u>
 FUND BALANCES	
Unreserved designated for capital improvements	<u>38,946</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 203,701</u>

**CITY OF PLAQUEMINE, LOUISIANA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Street Improvements</u>
REVENUES	
Interest	\$ 81
TOTAL REVENUES	<u>81</u>
EXPENDITURES	
Capital outlay-current expenditures	191,730
Other expenditures	260,219
TOTAL EXPENDITURES	<u>451,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(451,868)</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers in	450,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>450,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	<u>(1,868)</u>
FUND BALANCE, BEGINNING	<u>40,814</u>
FUND BALANCE, ENDING	<u>\$ 38,946</u>

SUPPLEMENTARY INFORMATION

SCHEDULE 1

CITY OF PLAQUEMINE, LOUISIANA
GENERAL GOVERNMENTAL DATA
FOR LAST TEN FISCAL YEARS

	FYE 10-31-94	FYE 10-31-95	FYE 10-31-96	FYE 10-31-97	FYE 10-31-98	FYE 10-31-99	FYE 10-31-00	FYE 10-31-01	FYE 10-31-02	FYE 10-31-03
REVENUES BY SOURCE										
Taxes	\$ 87,580	\$ 87,559	\$ 86,966	\$ 91,985	\$ 93,740	\$ 95,393	\$ 108,291	\$ 122,214	\$ 127,881	\$ 130,778
License and permits	266,394	252,218	327,335	270,088	292,218	288,528	297,997	299,975	319,308	341,690
Intergovernmental	1,335,264	1,370,832	1,968,916	1,884,371	1,867,545	1,681,475	1,734,026	1,986,955	2,651,249	2,240,467
Charges for services	-	-	14,425	22,328	27,741	26,964	25,444	21,631	30,742	25,480
Fines and forfeits	17,604	36,070	35,753	34,958	42,705	43,131	24,918	27,783	30,321	18,897
Miscellaneous	82,767	82,131	95,576	75,047	72,961	172,655	92,201	107,252	173,651	118,792
Other financing sources	1,100,132	1,558,525	1,093,304	1,230,149	1,323,077	1,395,489	1,896,175	1,532,435	1,006,182	1,763,331
TOTALS	\$ 2,889,741	\$ 3,387,335	\$ 3,622,275	\$ 3,608,926	\$ 3,719,987	\$ 3,703,635	\$ 4,179,052	\$ 4,098,245	\$ 4,339,334	\$ 4,639,436

	FYE 10-31-94	FYE 10-31-95	FYE 10-31-96	FYE 10-31-97	FYE 10-31-98	FYE 10-31-99	FYE 10-31-00	FYE 10-31-01	FYE 10-31-02	FYE 10-31-03
EXPENDITURES BY FUNCTION										
General Government	\$ 568,260	\$ 628,184	\$ 587,171	\$ 595,982	\$ 696,067	\$ 687,718	\$ 949,830	\$ 964,217	\$ 944,608	\$ 1,177,221
City Court	-	-	102,790	131,793	155,904	176,577	196,312	182,617	225,690	307,244
Police Department	1,084,966	1,620,661	1,545,797	1,474,055	1,576,908	1,445,878	1,569,490	1,409,496	1,626,100	1,559,967
Fire Department	640,313	595,029	651,425	655,756	652,472	671,489	767,579	674,371	778,708	906,449
Public Works	423,271	483,838	535,068	649,972	514,585	583,438	591,680	613,541	618,251	558,672
Public Health	8,483	7,908	9,839	7,405	8,076	8,148	8,280	8,280	8,280	8,363
Recreation	-	-	75,942	178,634	73,333	213,383	92,000	71,513	117,418	110,989
Transfers to Debt Service Fund	-	-	-	-	-	-	-	-	-	-
TOTALS	\$ 2,726,313	\$ 3,335,620	\$ 3,508,032	\$ 3,693,597	\$ 3,677,345	\$ 3,786,631	\$ 4,175,171	\$ 3,924,035	\$ 4,319,055	\$ 4,628,905

CITY OF PLAQUEMINE, LOUISIANA
 ASSESSED VALUE AND PROPERTY TAX REVENUES
 FOR LAST TEN FISCAL YEARS

	FYE 10-31-94	FYE 10-31-95	FYE 10-31-96	FYE 10-31-97	FYE 10-31-98	FYE 10-31-99	FYE 10-31-00	FYE 10-31-01	FYE 10-31-02	FYE 10-31-03
ASSESSED VALUE										
Assessed value of land and improvements	\$ 16,496,330	\$ 16,161,870	\$ 15,910,360	\$ 20,674,700	\$ 20,662,700	\$ 20,678,650	\$ 19,371,120	\$ 24,165,624	\$ 23,706,685	\$ 24,354,055
Assessed value of all other property	-	-	-	-	-	-	-	-	-	-
	<u>\$ 16,496,330</u>	<u>\$ 16,161,870</u>	<u>\$ 15,910,360</u>	<u>\$ 20,674,700</u>	<u>\$ 20,662,700</u>	<u>\$ 20,678,650</u>	<u>\$ 19,371,120</u>	<u>\$ 24,165,624</u>	<u>\$ 23,706,685</u>	<u>\$ 24,354,055</u>
PROPERTY TAX REVENUE GENERAL FUND										
General property taxes	\$ 87,580	\$ 87,559	\$ 86,611	\$ 91,569	\$ 93,366	\$ 95,393	\$ 108,291	\$ 122,214	\$ 127,881	\$ 130,778
SPECIAL REVENUE FUND										
Ad valorem taxes:										
Building maintenance tax	-	-	-	-	52,965	53,125	60,043	68,948	71,169	73,468
Police equipment tax	-	-	-	-	52,965	53,110	60,043	68,948	71,169	73,468
DEBT SERVICE FUND										
Drainage Bonds	50,732	49,786	49,257	293	-	-	-	-	-	-
Sewerage Bonds	50,732	49,786	49,257	293	-	-	-	-	-	-
	<u>101,464</u>	<u>99,572</u>	<u>98,514</u>	<u>586</u>	<u>105,930</u>	<u>106,235</u>	<u>120,086</u>	<u>137,896</u>	<u>142,338</u>	<u>146,936</u>
TOTAL PROPERTY TAX REVENUES	<u>\$ 189,044</u>	<u>\$ 187,131</u>	<u>\$ 185,125</u>	<u>\$ 92,155</u>	<u>\$ 199,296</u>	<u>\$ 201,628</u>	<u>\$ 228,377</u>	<u>\$ 260,110</u>	<u>\$ 270,219</u>	<u>\$ 277,714</u>

SCHEDULE 3

**CITY OF PLAQUEMINE, LOUISIANA
ENTERPRISE FUND
SCHEDULE OF BONDS OUTSTANDING
OCTOBER 31, 2003**

Date Issued: 4-1-2000 4-1-2001
Original Amount: \$1,250,000 \$1,025,000

Description of Bonds:

Due on 4/1	Utilities Revenue Bond		Utility Revenue Bond		Total Maturities
	Interest Rate (Percentage)	Maturities	Interest Rate (Percentage)	Maturities	
2004	4.950	\$ 45,000	4.750	\$ 18,802	\$ 63,802
2005	5.000	45,000	4.750	19,696	64,696
2006	5.050	45,000	4.750	20,631	65,631
2007	5.100	50,000	4.750	21,611	71,611
2008	5.125	50,000	4.750	22,638	72,638
2009	5.150	55,000	4.750	23,713	78,713
2010	5.200	60,000	4.750	24,839	84,839
2011	5.250	60,000	4.750	26,019	86,019
2012	5.300	65,000	4.750	27,255	92,255
2013	5.400	65,000	4.750	28,550	93,550
2014	5.500	70,000	4.750	29,906	99,906
2015	5.400	75,000	4.750	31,327	106,327
2016	5.450	80,000	4.750	32,815	112,815
2017	5.500	85,000	4.750	34,374	119,374
2018	5.550	90,000	4.750	36,006	126,006
2019	5.600	95,000	4.750	37,717	132,717
2020	5.650	100,000	4.750	39,508	139,508
2021	-	-	4.750	41,385	41,385
2022	-	-	4.750	43,351	43,351
2023	-	-	4.750	45,410	45,410
2024	-	-	4.750	47,568	47,568
2025	-	-	4.750	49,827	49,827
2026	-	-	4.750	52,194	52,194
2027	-	-	4.750	54,673	54,673
2028	-	-	4.750	57,270	57,270
2029	-	-	4.750	59,991	59,991
2030	-	-	4.750	17,849	17,849
Total		1,135,000		944,925	2,079,925
Less: Current Maturities		(45,000)		(18,802)	(63,802)
Long-term		\$ 1,090,000		\$ 926,123	\$ 2,016,123

SCHEDULE 5

**CITY OF PLAQUEMINE, LOUISIANA
ENTERPRISE FUND
OPERATING INCOME
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>Total</u>	<u>Electricity</u>	<u>Water</u>	<u>Sewerage</u>	<u>Gas</u>
OPERATING REVENUE					
Metered sales to general customers (less return and allowances)	\$ 11,054,383	\$ 7,704,729	\$ 973,480	\$ 710,893	\$ 1,665,281
Billings to municipality and utilities system	249,516	233,377	8,825	-	7,314
Other operating revenue	<u>28,820</u>	<u>15,824</u>	<u>6,932</u>	<u>3,985</u>	<u>2,079</u>
TOTAL OPERATING REVENUE	<u>11,332,719</u>	<u>7,953,930</u>	<u>989,237</u>	<u>714,878</u>	<u>1,674,674</u>
OPERATING EXPENSES					
	<u>10,660,403</u>	<u>7,623,222</u>	<u>656,309</u>	<u>837,945</u>	<u>1,542,927</u>
OPERATING INCOME	<u>\$ 672,316</u>	<u>\$ 330,708</u>	<u>\$ 332,928</u>	<u>\$ (123,067)</u>	<u>\$ 131,747</u>
PERCENT OF TOTAL OPERATING INCOME	100%	49%	50%	-18%	19%

SCHEDULE 6

CITY OF PLAQUEMINE, LOUISIANA
 ENTERPRISE FUND
 OPERATING EXPENSES
 FOR THE YEAR ENDED OCTOBER 31, 2003

	Electric Distribution	Water Distribution	Sewerage	Gas Distribution	Total
Salaries and wages	\$ 356,861	\$ 52,874	\$ 197,375	\$ 121,303	\$ 728,413
Maintenance of lines and equipment	197,794	159,884	77,149	35,947	470,774
Supplies	21,737	33,403	77,509	7,296	139,945
Compensation and liability insurance	72,751	15,398	16,192	20,109	124,450
Other insurance and retirement	78,687	26,687	58,060	28,048	191,482
Utilities	1,472	73,576	118,799	274	194,121
Engineer and other professional fees	-	-	42,249	7,891	50,140
Current purchased	5,417,987	-	-	-	5,417,987
Sludge disposal	-	-	20,339	-	20,339
Natural gas purchased	-	-	-	1,105,073	1,105,073
All other	8,428	7,933	12,357	3,017	31,735
Depreciation	496,083	165,737	130,607	9,439	801,866
	<u>6,651,800</u>	<u>535,492</u>	<u>750,636</u>	<u>1,338,397</u>	<u>9,276,325</u>
General and administrative expenses	971,422	120,817	87,309	204,530	1,384,078
TOTAL OPERATING EXPENSES	\$ 7,623,222	\$ 656,309	\$ 837,945	\$ 1,542,927	\$ 10,660,403

SCHEDULE 7

**CITY OF PLAQUEMINE, LOUISIANA
ENTERPRISE FUND
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2003**

	<u>2003</u>
GENERAL AND ADMINISTRATIVE	
Salaries-office, warehouse and superintendent	\$ 534,563
Payroll taxes, retirement and compensated absences	89,651
Other professional fees	77,370
Outsourcing	30,830
Bad debts (net of recoveries)	110,475
Insurance	92,645
Depreciation:	
Automobile and trucks	41,132
Furniture and fixtures	5,896
Warehouse	14,935
Other equipment and computer system	88,378
Automobile and truck expense	12,754
Supplies and expense	38,964
Utilities	51,996
Postage and telephone	36,499
Rent	55,280
Audit fee	18,000
Dues	4,557
Repairs and maintenance on building and equipment	42,147
Uniforms	2,502
Travel and conventions	14,344
Advertising	2,818
All other	18,342
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u><u>\$ 1,384,078</u></u>

	<u>Percent</u>	<u>Amount</u>
Electricity	70.2%	\$ 971,423
Water	8.7%	120,817
Sewerage	6.3%	87,309
Gas	14.8%	204,530
	<u>100.0%</u>	<u>\$1,384,078</u>

Based on a percent of total operating revenue as shown on Exhibit K-6

CITY OF PLAQUEMINE, LOUISIANA
 CHANGES IN UTILITY PLANT IN SERVICE
 FOR THE YEAR ENDED OCTOBER 31, 2003

	PLANT IN SERVICE				ACCUMULATED DEPRECIATION			
	BALANCE 10/31/2002	ADDITIONS	SALES OR RETIREMENT	BALANCE 10/31/2003	BALANCE 10/31/2002	ADDITIONS	DEDUCTIONS	BALANCE 10/31/2003
Electric generation and distribution system	\$ 21,314,471	\$ 174,563	\$ -	\$ 21,489,034	\$ 13,161,942	\$ 496,083	\$ -	\$ 13,658,025
Water pumping and distribution system	5,982,324	114,466	-	6,096,790	2,818,591	165,737	-	2,984,328
Sewerage system	5,297,526	59,678	-	5,357,204	2,517,821	130,606	-	2,648,427
Natural gas distribution system	1,199,741	2,749	-	1,202,490	1,052,924	9,440	-	1,062,364
Automobiles and trucks	1,089,270	30,683	-	1,119,953	965,417	41,132	-	1,006,549
Land	118,961	13,906	-	132,867	-	-	-	-
Warehouse	190,360	10,333	-	200,693	139,582	14,936	-	154,518
Furniture, fixtures and equipment	802,403	40,020	-	842,423	722,794	33,951	-	756,745
Data processing system	401,916	108,295	-	510,211	199,392	60,322	-	259,714
UTILITY PLANT IN SERVICE	\$ 36,386,972	\$ 554,693	\$ -	\$ 36,951,665	\$ 21,578,463	\$ 952,207	\$ -	\$ 22,530,670

SCHEDULE 9

**CITY OF PLAQUEMINE, LOUISIANA
ENTERPRISE FUND
UTILITY UNITS PROVIDED AND ACCOUNTED FOR
FOR THE YEAR ENDED OCTOBER 31, 2003**

ELECTRICITY	<u>2003</u>
KWH purchased (invoiced) and available	<u>97,079,100</u>
KWH metered to customers:	
Residential	51,948,092
Commercial	4,134,109
Industrial	31,583,930
KWH metered to municipality and utilities system:	<u>3,241,747</u>
KWH accounted for	<u>90,907,878</u>
KWH unaccounted for	6,171,222
Percentage unaccounted for	6.36%
Cost per KWH utilized	\$0.083857
NATURAL GAS	
MCF purchased and available	<u>200,188</u>
MCF metered to customers	197,950
MCF metered to municipality	<u>1,232</u>
MCF accounted for	<u>199,182</u>
MCF loss	<u>1,006</u>
Percentage unaccounted for	0.50%
Cost per MCF utilized	\$7.746298
AVERAGE NUMBER OF BILLINGS PER MONTH	
Electric	4,312
Gas	3,092
Water	4,469
AVERAGE METERED BILLINGS PER MONTH	
Electric	\$148.91
Gas	\$44.89
Water	\$18.15

**CITY LIGHT & WATER PLANT
CITY OF PLAQUEMINE
UTILITY RATES**

SCHEDULE 10

**Effective March 2001
Plaquemine, Louisiana**

Residential Electrical Rates

Energy Charge: 7.8 Cents per kWh
plus
Customer Charge: Outside City \$8.00 per month
plus
Power Cost Adjustment*

**Commercial Electrical Rates
(Less or equal to 15 kW Demand)**

Energy Charge: 8.1 Cents per kWh
plus
Demand Charge: \$5.20 per kW
(All kW over 15)
plus
Customer Charge: Inside City \$5.00 per month
Outside City \$6.00 per month
plus
Power Cost Adjustment*

**Industrial Electric Rates
(More than 15 kW Demand)**

Energy Charge: 5.7 Cents per kWh
plus
Demand Charge: \$5.10 per kW
First 300 kW
plus
Off-Peak: \$1.50 per kW
Excess kW off-peak
plus
Customer Charge: Inside City \$10.00 per month
Outside City \$11.00 per month
plus
Power Cost Adjustment*

Security Lighting Service

100 & 175 Watt Lamp \$6.00 per month
250 & 400 Watt Lamp \$12.00 per month

***POWER COST ADJUSTMENT**

All kWh will be charged (or credited) a Power cost Adjustment equal to the amount the cost of purchased power adjusted for system losses exceeded (or was less than) 4.888 cents per kWh in the previous month.

General Gas Rates

Commodity Charge: \$4.85 per mcf
plus
Customer Charge: Inside City \$5.00 per month
Outside City \$6.00 per month
plus
Natural Gas Cost Adjustment**

**All mcf will be charged (or credited) a Natural Gas Cost Adjustment equal to the amount the cost of natural gas adjusted for system losses exceeded (or was less than) \$2.00 per mcf in the previous month.

General Water Rates

Commodity Charge: \$1.45 per 1,000 gallons
Plus
Customer Charge: Inside City \$5.00 per month
Outside City \$8.00 per month

Sewerage Rates

Plaquemine Detail and District 1 Customers:
Commodity Charge: \$1.55 per 1,000 gallons
actual water usage
(September-May)
\$1.55 per 1,000 gallons
9 month average water usage
(June-August)
plus
Special Salary Fund \$3.00 per month
(Plaquemine Customers only)

District 2 Customers:
Commodity Charge: \$1.00 per 1,000 gallons
actual water usage
(September-May)
\$1.00 per 1,000 gallons
9 month average water usage
(June-August)
\$5.00 customer charge

District 3 Customers:
Bay Subdivision
Commodity Charge: \$1.55 per 1,000 gallons
actual water usage
(September-May)
\$1.55 per 1,000 gallons
9 month average water usage
(June-August)
\$5.00 customer charge

North Plaquemine Sewer:
Commodity Charge: \$1.55 per 1000 gallons
actual water usage
(Sept - May)
\$1.55 per 1000 gallons
9 - month average
(June - May)

SCHEDULE 11

CITY OF PLAQUEMINE, LOUISIANA
 ENTERPRISE FUND
 INSURANCE IN FORCE
 OCTOBER 31, 2003
 (Unaudited)

Insurance	Type of Coverage	Amount	Policy Inception Date	Term in Months
Ferd Marks Insurance Co.	Boiler and machinery	\$20,000,000 per occurrence with deductible	6/1/2003	12
LA Municipal Risk Management Agency	Comprehensive general liability; auto liability; Police Professional Liability; Errors and Omissions Liability	BI and PD combined \$1,100,000 per occurrence; same for auto*	5/1/2003	12
LA Municipal Risk Management Agency	Workmen's Compensation	Statutory	1/1/2003	12
Aetna Casualty and Surety Company	Fire Insurance	Buildings at replacement value except Fire Station on Church St. Co-insurance-90%	10/25/2003	12

*Includes vehicles owned by General Government.

The above schedule of insurance coverage is intended only as a descriptive summary and the independent accountants express no opinion as to the adequacy of such coverage.

SCHEDULE 12

CITY OF PLAQUEMINE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED OCTOBER 31, 2003

Program	CFDA#	Grant Period	Total Expenditures
U.S. Department of Housing & Urban Development Housing Assistance Program Department of Housing and Urban Development LA 179 VO	14.856	10/1/02 - 9/30/03	\$ 430,373
Total U.S. Department of Housing & Urban Development			430,373
U.S. Department of Justice Department of Justice Local Law Enforcement Block Grant Grant # 2001-LB-BX-1464	16.592	10/26/01 - 10/25/03	36,093
Department of Justice - Office of Community Oriented Policing Service Grant #95-CF-WX-4419	16.710	3/1/95 - 9/30/03	1,579
Department of Justice - Domestic Violence Prosecution Grant # M01-5-010	16.588	3/1/02-2/28/03	9,645
Prosecution Grant # M02-5-009	16.588	3/1/03 - 2/28/04	11,187
Prosecution Grant # P03-5-011		7/1/02 - 6/30/03	1,008
Prosecution Grant # A01-8-022	16.523	10/1/02 - 9/30/03	25,570
Prosecution Grant # A00-8-022	16.523	10/1/01 - 9/30/02	629
Prosecution Grant #P03-5-012		7/1/02-6/30/03	1,006
Total U.S. Department of Justice			86,717
U.S. Department of Military Affairs Federal Emergency Management Agency #O47-60880-00	-	2003	139,974
Federal Emergency Management Agency		2003	26,849
Total U.S. Department of Military Affairs			166,823
Total Expenditures of Federal Awards			\$ 683,913

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Plaquemine, Louisiana and is presented on the cash basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

**CITY OF PLAQUEMINE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2003**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? _____ yes X no
- Reportable condition identified that are not considered to be material weaknesses? _____ yes X no
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes X no
- Reportable conditions identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are not required to be reported in accordance with section 501(a) of Circular A-133? _____ yes X no

Identification of major programs:

CFDA Number(s):
14.856

Name of Federal Program or Cluster:
U.S. Department of Housing & Urban Development -
Housing Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000
Auditee qualified as low-risk auditee? X yes _____ no



HUGH F. BAXLEY, CPA
A Professional Accounting Corporation

Hugh F. Baxley, CPA/PFS/CVA
Margaret A. Pritchard, CPA
Terrell D. Martin, CPA

The Honorable Mark A. Gulotta, Mayor
and Members of the Board of Selectmen
City of Plaquemine, Louisiana

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

We have audited the financial statements of the City of Plaquemine, Louisiana as of and for the year ended October 31, 2003, and have issued our report thereon dated March 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

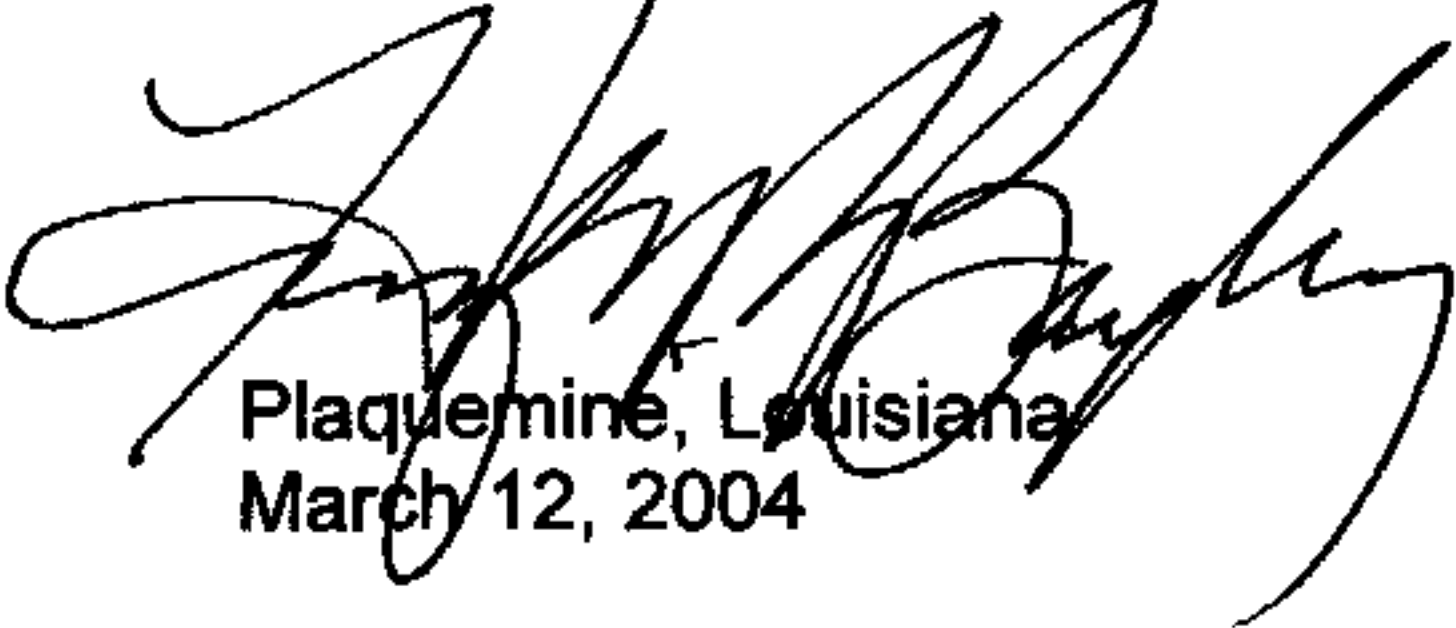
As part of obtaining reasonable assurance about whether the City of Plaquemine, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Plaquemine, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

This report is intended solely for the information and use of the City Council, management, and 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.



Plaquemine, Louisiana
March 12, 2004

HFB

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The Honorable Mark A. Gulotta, Mayor
and Members of the Board of Selectmen
City of Plaquemine, Louisiana

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

Compliance

We have audited the compliance of City of Plaquemine, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended October 31, 2003. City of Plaquemine, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Plaquemine, Louisiana's management. Our responsibility is to express an opinion on City of Plaquemine, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Plaquemine, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Plaquemine, Louisiana's compliance with those requirements.

In our opinion, City of Plaquemine, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2003. However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

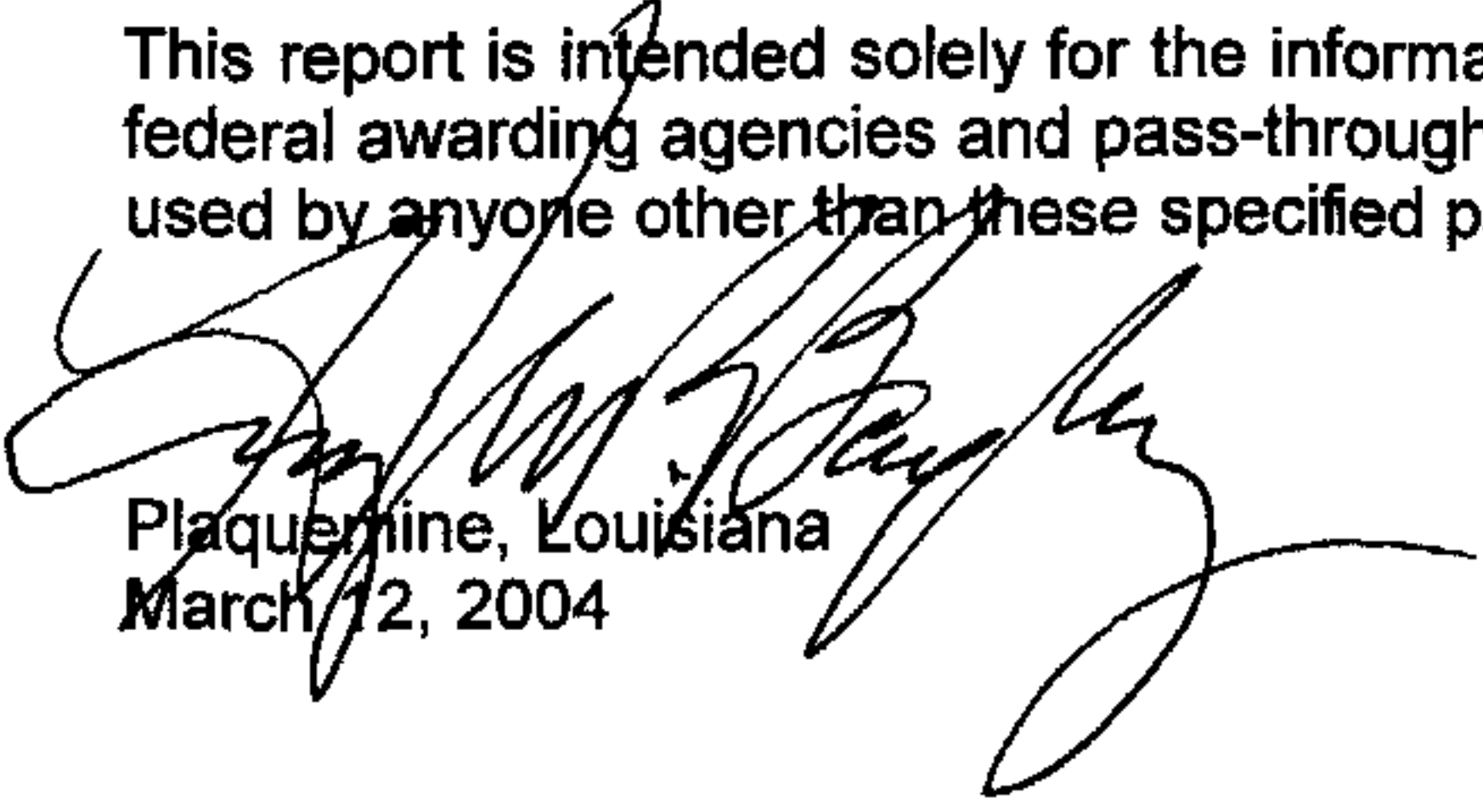
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)

Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the City Council, management, and 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.



Plaquemine, Louisiana
March 12, 2004