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TOWN OF MAMOU, LOUISIANA

Financial Report

Year Ended December 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 7-21-04

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KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Conrad O. Chapman, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*

WEB SITE:
WWW.KCSRCPAS.COM

Robert S. Carter, CPA
Allen J. LaBry, CPA
Harry J. Clostio, CPA
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA
Cheryl L. Bartley, CPA, CVA

MEMBER OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

* A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

The Honorable Wilda Chamberlain, Mayor,
and Members of the Board of Aldermen
Town of Mamou, Louisiana

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 Town of Mamou, Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements of the Town's primary government as listed in the table of contents. These financial statements are the responsibility of the Town'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, and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations". 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 basic 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 Town of Mamou, Louisiana, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Town's legal entity. The financial statements do not include financial data for the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Town'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 Town of Mamou, Louisiana as of December 31, 2003, and the changes in its financial position and its cash flows, where applicable, for the year then 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 Town of Mamou, Louisiana, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

183 South Beadle
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

As described in Note 2 to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments, Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Statement No. 37, Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments: Omnibus, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated June 4, 2004, on our consideration of the Town of Mamou's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 41 through 42 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

The Town of Mamou has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mamou, Louisiana's basic financial statements. The other supplementary information on pages 43 through 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
June 4, 2004

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF MAMOU, LOUISIANA

Statement of Net Assets
December 31, 2003

	2003		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$2,149,332	\$ 45,132	\$2,194,464
Receivables, net	102,746	326,036	428,782
Internal balances	28,332	(28,332)	-
Due from other governmental units	2,969	-	2,969
Inventory	-	42,498	42,498
Prepaid items	1,289	5,625	6,914
Total current assets	2,284,668	390,959	2,675,627
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	675,000	405,767	1,080,767
Capital assets, net	3,005,397	2,952,582	5,957,979
Total noncurrent assets	3,680,397	3,358,349	7,038,746
Total assets	5,965,065	3,749,308	9,714,373
LIABILITIES			
Current liabilities:			
Accounts and other payables	121,977	115,311	237,288
Claims payable	160,173	-	160,173
Bonds and certificates payable	73,000	68,137	141,137
Accrued interest	3,645	4,052	7,697
Total current liabilities	358,795	187,500	546,295
Noncurrent liabilities:			
Customers deposits payable	-	219,514	219,514
Contingent liabilities	675,000	-	675,000
Bonds payable	170,000	185,211	355,211
Total noncurrent liabilities	845,000	404,725	1,249,725
Total liabilities	1,203,795	592,225	1,796,020
NET ASSETS			
Invested in capital assets, net of related debt	2,835,397	2,767,371	5,602,768
Restricted for debt service	63,032	-	63,032
Unrestricted	1,862,841	389,712	2,252,553
Total net assets	\$4,761,270	\$3,157,083	\$7,918,353

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MAMOU, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2003

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		Total
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
General government	\$ 895,503	\$ 108,497	\$ -	\$ -	\$ (787,006)	\$ (787,006)
Public safety:						
Police	703,909	68,456	30,698	3,175	(601,580)	(601,580)
Streets	542,676	-	4,605	73,077	(464,994)	(464,994)
Culture and recreation	317,037	43,845	-	23,666	(249,526)	(249,526)
Interest on long-term debt	15,630	-	-	-	(15,630)	(15,630)
Total governmental activities	<u>2,474,755</u>	<u>220,798</u>	<u>35,303</u>	<u>99,918</u>	<u>(2,118,736)</u>	<u>(2,118,736)</u>
Business-type activities:						
Gas	801,976	992,985	-	-	-	191,009
Water	324,327	489,045	-	-	-	164,718
Sewer	339,499	443,212	-	-	-	103,713
Total business-type activities	<u>1,465,802</u>	<u>1,925,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,440</u>
Total	<u>\$3,940,557</u>	<u>\$2,146,040</u>	<u>\$ 35,303</u>	<u>\$ 99,918</u>	<u>\$(2,118,736)</u>	<u>\$(1,659,296)</u>

General revenues:

Taxes -						
Ad valorem taxes, levied for general purposes				236,921	-	236,921
Sales and use taxes, levied for general purposes				385,506	-	385,506
Sales and use taxes, levied for capital improvements				157,057	-	157,057
Sales and use taxes, levied for industry and tourism inducement				28,556	-	28,556
Franchise taxes				174,158	-	174,158
Grants and contributions not restricted to specific programs -				-	-	-
Federal sources				63,313	-	63,313
State sources				9,676	-	9,676
Interest and investment earnings				60,665	9,728	70,393
Hospital lease revenue				900,000	-	900,000
Hospital receivable revenue				64,722	-	64,722
Miscellaneous				35,825	-	35,825
Transfers to component unit				(408,506)	-	(408,506)
Transfers				810,510	(810,510)	-
Total general revenues and transfers				<u>2,518,403</u>	<u>(800,782)</u>	<u>1,717,621</u>
Change in net assets				399,667	(341,342)	58,325
Net assets - January 1, 2003				4,361,603	3,498,425	7,860,028
Net assets - December 31, 2003				<u>\$ 4,761,270</u>	<u>\$ 3,157,083</u>	<u>\$ 7,918,353</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF MAMOU, LOUISIANA

Balance Sheet
Governmental Funds
December 30, 2003

	General	Sales Tax Special Revenue	Debt Service Fund	Total
ASSETS				
Cash	\$ 106,010	\$ -	\$ -	\$ 106,010
Interest-bearing deposits	1,477,889	418,011	139,677	2,035,577
Receivables:				
Taxes	93,125	-	-	93,125
Accrued interest	4,205	-	-	4,205
Due from other governmental units	2,969	-	-	2,969
Other	322	5,094	-	5,416
Prepaid expenses	1,289	-	-	1,289
Restricted cash:				
Interest-bearing deposits	<u>675,000</u>	<u>-</u>	<u>-</u>	<u>675,000</u>
Total assets	<u>\$2,360,809</u>	<u>\$423,105</u>	<u>\$ 139,677</u>	<u>\$2,923,591</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 93,132	\$ 1,137	\$ -	\$ 94,269
Retainage payable	-	10,187	-	10,187
Compensated absences payable	14,484	-	-	14,484
Due to other funds	124,096	-	-	124,096
Other	<u>3,037</u>	<u>-</u>	<u>-</u>	<u>3,037</u>
Total liabilities	<u>234,749</u>	<u>11,324</u>	<u>-</u>	<u>246,073</u>
Fund balances -				
Reserved for debt service	-	-	139,677	139,677
Unreserved, undesignated	<u>2,126,060</u>	<u>411,781</u>	<u>-</u>	<u>2,537,841</u>
Total fund balances	<u>2,126,060</u>	<u>411,781</u>	<u>139,677</u>	<u>2,677,518</u>
Total liabilities and fund balances	<u>\$2,360,809</u>	<u>\$423,105</u>	<u>\$ 139,677</u>	<u>\$2,923,591</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MAMOU, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2003

Total fund balances for governmental funds at December 31, 2003			\$ 2,677,518
Total net assets reported for governmental activities in the statement of net assets is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Land and construction in progress	\$ 198,000		
Buildings and improvements, net of \$308,401 accumulated depreciation	1,806,574		
Infrastructure, net of \$624,600 accumulated depreciation	840,548		
Equipment, furniture, and fixtures net of \$795,348 accumulated depreciation	106,072		
Vehicles, net of \$127,428 of accumulated depreciation	<u>54,203</u>	3,005,397	
Long-term liabilities at December 31, 2003:			
Bonds payable	(243,000)		
Contingent liability	(675,000)		
Accrued interest payable	<u>(3,645)</u>	<u>(921,645)</u>	
Total net assets of governmental activities at December 31, 2003			<u>\$ 4,761,270</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MAMOU, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds

For the Year Ended December 31, 2003

	General	Sales Tax Special Revenue	Debt Service Fund	Total
Revenues:				
Taxes	\$ 411,079	\$ 571,119	\$ -	\$ 982,198
Licenses and permits	108,497	-	-	108,497
Intergovernmental	135,133	-	-	135,133
Fines and forfeits	68,456	-	-	68,456
Miscellaneous	1,099,499	77,344	1,291	1,178,134
Total revenues	1,822,664	648,463	1,291	2,472,418
Expenditures:				
Current -				
General government:				
Administrative	848,949	32,862	-	881,811
Public safety:				
Police	692,552	-	-	692,552
Highways and streets	503,768	-	-	503,768
Culture and recreation	253,500	-	-	253,500
Capital outlay	45,112	202,759	-	247,871
Debt service -				
Principal retirement	-	-	70,000	70,000
Interest and fiscal charges	-	-	16,680	16,680
Total expenditures	2,343,881	235,621	86,680	2,666,182
Excess (deficiency) of revenues over expenditures	(521,217)	412,842	(85,389)	(193,764)
Other financing sources (uses):				
Transfers in	1,618,746	-	162,935	1,781,681
Transfers out	-	(971,171)	-	(971,171)
Transfers in (out) - component unit	(408,506)	-	-	(408,506)
Total other financing sources (uses)	1,210,240	(971,171)	162,935	402,004
Net changes in fund balances	689,023	(558,329)	77,546	208,240
Fund balances beginning	1,437,037	970,110	62,131	2,469,278
Fund balances, ending	\$2,126,060	\$ 411,781	\$ 139,677	\$2,677,518

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MAMOU, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2003

Total net changes in fund balances at December 31, 2003 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 208,240
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays 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. Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 247,871	
Depreciation expense for the year ended December 31, 2003	<u>(127,494)</u>	120,377
Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable balance on the state- ment of net assets		70,000
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		<u>1,050</u>
Total changes in net assets at December 31, 2003 per Statement of Activities		<u>\$ 399,667</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MAMOU, LOUISIANA

Proprietary Funds
Statement of Net Assets
December 31, 2003

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>2003</u>	<u>2003</u>
ASSETS		
Current assets:		
Cash	\$ 7	\$ 7,745
Interest-bearing deposits	45,125	-
Receivables:		
Accounts	196,099	-
Unbilled utility receivables	129,714	-
Accrued interest receivable	223	-
Due from other funds	-	152,428
Inventory - natural gas	42,498	-
Prepaid items	5,625	-
Total current assets	<u>419,291</u>	<u>160,173</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	405,767	-
Capital assets, net of accumulated depreciation	2,952,582	-
Total noncurrent assets	<u>3,358,349</u>	<u>-</u>
Total assets	<u>3,777,640</u>	<u>160,173</u>
LIABILITIES		
Current liabilities:		
Accounts and other payables	109,891	-
Compensated absences payable	5,420	-
Claims payable	-	160,173
Due to other funds	28,332	-
Payable from restricted assets -		
Certificates of indebtedness	26,000	-
Revenue bonds	42,137	-
Accrued interest payable	4,052	-
Total current liabilities	<u>215,832</u>	<u>160,173</u>
Noncurrent liabilities:		
Customers' deposits	219,514	-
Revenue bonds payable	185,211	-
Total noncurrent liabilities	<u>404,725</u>	<u>-</u>
Total liabilities	<u>620,557</u>	<u>160,173</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,767,371	-
Restricted for debt service	-	-
Unrestricted	389,712	-
Total net assets	<u>\$3,157,083</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MAMOU, LOUISIANA

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended December 31, 2003

	Business-type Activities- Enterprise Fund	Governmental Activities - Internal Service Fund
	2003	2003
Operating revenues:		
Charges for services	\$1,870,861	\$ 263,391
Permits, reconnections and penalties	41,616	-
Miscellaneous	12,765	-
Total operating revenues	1,925,242	263,391
Operating expenses:		
Gas department expenses	787,345	-
Water department expenses	226,627	-
Sewerage department expenses	254,216	-
Depreciation expense	179,060	-
Self insurance expenses	-	263,391
Total operating expenses	1,447,248	263,391
Operating income	477,994	-
Nonoperating revenues (expenses):		
Interest income	9,728	-
Interest expense	(18,554)	-
Total nonoperating revenues (expenses)	(8,826)	-
Income before contributions and transfers	469,168	-
Capital contributions	-	-
Transfers in (out):		
Transfers in	-	-
Transfers out	(810,510)	-
Total transfers in (out)	(810,510)	-
Change in net assets	(341,342)	-
Net assets, beginning	3,498,425	-
Net assets, ending	\$3,157,083	\$ -

The accompanying notes are an integral part of this statement.

TOWN OF MAMOU, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2003

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	<u>2003</u>	<u>2003</u>
Cash flows from operating activities:		
Receipts from customers	\$1,762,601	\$ 110,963
Payments to suppliers	(631,202)	(103,218)
Payments to employees	(266,464)	-
Other receipts	12,765	-
Net cash provided by operating activities	<u>877,700</u>	<u>7,745</u>
Cash flows from no capital financing activities:		
Transfers from other funds	-	-
Transfers to other funds	(810,510)	-
Net cash used by noncapital financing activities	<u>(810,510)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds payable	(40,961)	-
Principal paid on certificates of indebtedness	(24,000)	-
Interest and fiscal charges paid on revenue bonds and certificates	(19,380)	-
Net decrease in customer meter deposits	(39,818)	-
Acquisition of property, plant and equipment	(53,659)	-
Net cash used by capital and related financing activities	<u>(177,818)</u>	<u>-</u>
Cash flows from investing activities:		
Net maturities of interest-bearing deposits with maturity in excess of ninety days	52,241	-
Interest earned	10,880	-
Net cash provided by investing activities	<u>63,121</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	 (47,507)	 7,745
Cash and cash equivalents, beginning of period	<u>235,731</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 188,224</u>	<u>\$ 7,745</u>

TOWN OF MAMOU, LOUISIANA

Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2003

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	2003	2003
Reconciliation of operating loss to net cash used by operating activities:		
Operating income	\$ 477,994	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	179,060	-
Changes in current assets and liabilities:		
Increase in accounts receivable	(72,981)	-
Increase in provision for uncollectible accounts	52,819	-
Increase in unbilled utility receivables	(129,714)	-
Increase in inventory	(42,498)	-
Increase in prepaid items	(322)	-
(Increase) decrease in due from other funds	334,839	(152,428)
Decrease in due to other funds	(5,308)	-
Increase in accounts payable	78,391	-
Increase in compensated absences payable	5,420	-
Increase in claims payable	-	160,173
	<u>\$ 877,700</u>	<u>\$ 7,745</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 17	\$ -
Interest-bearing deposits - unrestricted	92,639	-
Interest-bearing deposits - restricted	457,991	-
Less: Interest-bearing deposits with maturity in excess of 90 days	(314,916)	-
Total cash and cash equivalents	<u>235,731</u>	<u>-</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	7	7,745
Interest-bearing deposits - unrestricted	45,125	-
Cash - restricted	-	-
Interest-bearing deposits - restricted	405,767	-
Less: Interest-bearing deposits with maturity in excess of 90 days	(262,675)	-
Total cash and cash equivalents	<u>188,224</u>	<u>7,745</u>
Net increase (decrease)	<u>\$ (47,507)</u>	<u>\$ 7,745</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Mamou (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before December 31, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Mamou was incorporated on January 4, 1911, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

As the municipal governing authority, for reporting purposes, the Town of Mamou is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (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, and (d) organizations that are closely related to, or financial integrated with the primary government.

Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by Statement No. 39 established criteria for determining which component units should be considered part of the Town of Mamou 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:

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.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship if all of the following conditions exist:
 - a. The economic resources received or held by the organization are entirely or almost entirely for the direct benefit for the primary government, its component units, or its constituents.
 - b. The primary government (or its component units) is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
 - c. The economic resources received or held by an individual organization that the specific primary government (or its component units) is entitled to, or has the ability to otherwise access, are significant to that primary government.
4. Organizations that are closely related to, or financial integrated with the primary government.

The following component units are not presented in the accompanying financial statements:

Savoy Cancer Center, Inc.

The Savoy Cancer Center, Inc. (a nonprofit organization), consisting of the Savoy Cancer Center Operations Fund and the Town of Mamou Cancer Center Building Fund was determined to be a component unit but is not presented in the accompanying financial statements. The Town of Mamou owns the cancer treatment health care facilities located in Mamou, Louisiana, which are operated by Savoy Cancer Center, Inc. (the Center). The Center is a nonprofit organization incorporated on June 29, 1998. The Center was formed for the purpose of operating and managing a facility for treating cancer patients and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The direction, administration and management of the Center is governed by a Board of Directors or Trustees of not less than six (6) nor more than ten (10) members. The members serve terms of one to three years.

On September 16, 1999, an agreement was entered into between the Town and the Center for a fifteen-year (15) term. The Town is the owner of the cancer treatment facility and retains the services of the Center to provide experience, skills, supervision and necessary personnel for the operation and management of the facility. Various reporting and accountability requirements must be performed and submitted to the Town by the Center on a periodic basis. The Center will provide all services specified in the agreement at no fee to the Town.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

The Town shall, on a monthly basis or intermittently, as determined by the Center, reimburse the Center for all operating expenses related to the operation and management of the facility. The Town is also required to maintain insurance coverage on behalf of the facility. This agreement may be terminated "for cause" by either party at any time during the term by giving written notice to the other. The Town has the right of termination without cause under specified circumstances in the agreement.

Complete financial statements for the component unit may be obtained at the entity's administrative office (Savoy Cancer Center, Inc., 803 Poinciana, Mamou, LA 70554).

Savoy Medical Center, Inc.

The Savoy Medical Center was determined to be a component unit but is not presented in the accompanying financial statements. The Town of Mamou owns the equipment and physical plant operated by Savoy Medical Center, Inc. The Town appoints five of the thirteen members of the governing board. The Town leases the premises, which includes the land, buildings, fixtures, improvements and equipment for hospital and nursing, to Savoy Medical Center for \$900,000 annually. The lessee agrees to pay all taxes, charges, costs and expenses including maintenance, repairs and utilities of the facility.

Complete financial statements for the component unit may be obtained at the entity's administrative office (Savoy Medical Center, Inc., 801 Poinciana, Mamou, LA 70554).

These primary government financial statements of the Town of Mamou do not include the financial data of the component units described above. These component units' financial data is necessary for reporting in conformity with generally accepted accounting principles.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

Governmental Funds -

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

The Sales Tax Special Revenue Fund is used to account for the proceeds of two separate one percent sales and use taxes that are legally restricted to expenditures for specific purposes.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

The P.I. Sales Tax Refunding Bonds Debt Service Fund accounts for the accumulation of monies for payment of the \$693,000 Public Improvement Sales Tax Refunding Bonds, Series 1995.

Additionally, the Town reports the following fund types:

Proprietary Funds –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows. The following are the Town's proprietary fund types:

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

Internal service funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency or other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Town's internal service is the Group Health Self Insurance Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as *their measure of available spendable financial resources at the end of the period.*
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

For the purpose of the proprietary funds statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2003, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for customers' utility receivables was \$71,497 at December 31, 2003. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Inventory

Inventory of the Utility Fund consists of natural gas being held as storage on behalf of the Town by the Louisiana Municipal Gas Authority and is valued at a price per MCF determined by the Louisiana Municipal Gas Authority.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the general fund and proprietary fund that are legally restricted as to their use. The restricted assets in the utility fund are related to the utility meter deposits and revenue bond accounts. The restricted assets in the general fund are related to contingent liabilities arising out of workman's compensation and malpractice claims in existence at the time the Town purchased the hospital.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the public improvement and revenue bonds payable, utility meter deposits payable, and contingent liabilities arising out of workman's compensation and malpractice claims in existence at the time the Town purchased the hospital.

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

Compensated Absences

Sick leave is earned at the rate of one day for each month worked, with a limit of twelve days per year. An employee may not carry over or accumulate more than forty-eight days of sick leave from one year to another. Sick leave is not payable at termination of employment. Vacation leave is earned over an anniversary year basis at the rate of one day for each month worked, with a limit of twelve days per year. An employee may not carry over or accumulate vacation leave from one employment anniversary date to another.

For fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4
Gas, water and sewer revenue	Debt service and utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Budget and Budgetary Accounting

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

1. The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not 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 a resolution 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 Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

H. Capitalization of Interest Expense

It is the policy of the Town of Mamou to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Fund. At December 31, 2003, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Changes in Accounting Principles

For the year ended December 31, 2003, the Town has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The City also implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, No. 37, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. At December 31, 2002, there was no effect on fund balance as a result of implementation of GASB Statement No. 33.

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2002 to be restated in terms of “net assets” as follows:

Total fund balances - Governmental Funds - at December 31, 2002		\$2,469,278
Add: Cost of capital assets at December 31, 2002	\$ 4,087,695	
Less: Accumulated depreciation at December 31, 2002	<u>(1,202,675)</u>	2,885,020
Less: Bond principal at December 31, 2002	(313,000)	
Contingent liabilities	(675,000)	
Accrued interest payable at December 31, 2002	<u>(4,695)</u>	<u>(992,695)</u>
Net assets at December 31, 2002		<u>\$4,361,603</u>

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2003, taxes of 19.49 mills were levied on property with assessed valuations totaling \$8,682,780 and were dedicated as follows:

General corporate purposes	7.38 mills
Streets and recreation maintenance	<u>12.11</u> mills
Total	<u>19.49</u> mills

Total taxes levied were \$169,227. Taxes receivable at December 31, 2003 were \$69,886.

(4) Sales and Use Tax

A. Proceeds of the 1% sales and use tax levied by the Town of Mamou (2003 collections \$285,560) are dedicated for any lawful corporate purposes of the Town.

B. Proceeds of the 1% sales and use tax levied by the Town of Mamou in 1991 (2003 collections \$285,559) are dedicated to the following purposes:

Thirty-five percent (35%) for any lawful corporate purposes of the Town; ten percent (10%) for inducing and attracting commerce, industry and tourism in the Town, including the acquisition and improvement of land and buildings there for; and fifty-five percent (55%) for constructing, acquiring, improving and /or extending any work of capital improvement for the Town.

(5) Cash, Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2003, the Town had cash and interest-bearing deposits (book balances) totaling \$3,275,231 as follows:

Demand deposits	\$ 113,762
Money market accounts	930,945
Time deposits	<u>2,230,524</u>
Total	<u>\$ 3,275,231</u>

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2003 were secured as follows:

Bank balances	<u>\$3,590,555</u>
Federal deposit insurance	\$ 481,387
Pledged securities (Category 3)	<u>3,109,168</u>
Total FDIC insurance and pledged securities	<u>\$3,590,555</u>

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

(6) Receivables

Receivables at December 31, 2003 of \$428,782 consist of the following:

	General	Sales Tax	Utility	Total
Accounts	\$ -	\$ -	\$267,596	\$ 267,596
Unbilled utility	-	-	129,714	129,714
Allowance for uncollectible accounts	-	-	(71,497)	(71,497)
Ad valorem	69,886	-	-	69,886
Franchise tax	23,239	-	-	23,239
Sales tax	-	-	-	-
Interest	4,205	-	223	4,428
Other	<u>322</u>	<u>5,094</u>	<u>-</u>	<u>5,416</u>
Totals	<u>\$97,652</u>	<u>\$ 5,094</u>	<u>\$326,036</u>	<u>\$ 428,782</u>

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

(7) Due from Other Governmental Units

Amounts due from other governmental units of \$2,969 at December 31, 2003 consisted of the following:

General Fund:

Amount due from the Louisiana Commission on Law Enforcement for the DARE Grant.	\$ 1,697
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending December 31, 2003	<u>1,272</u>
	<u>\$2,969</u>

(8) Restricted Assets

A. Restricted assets in the enterprise utility fund consisted of the following at December 31, 2003:

Customers' deposits	\$302,698
Sewer sinking fund	15,217
Water sinking fund	34,385
Water depreciation and contingency	<u>53,467</u>
Total enterprise utility fund restricted assets	<u>\$405,767</u>

B. Restricted assets in the general fund pertain to prior year hospital revenue claims and consisted of the following at December 31, 2003:

Worker's compensation claims deposits	\$550,000
Malpractice claims deposits	<u>125,000</u>
Total general fund restricted assets	<u>\$675,000</u>

TOWN OF MAMOU, LOUISIANA
Notes to Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	<u>Balance 01/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/03</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 198,000	\$ -	\$ -	\$ 198,000
Other capital assets:				
Buildings	2,112,600	2,375	-	2,114,975
Infrastructure	1,298,497	166,651	-	1,465,148
Equipment, furniture and fixtures	337,762	38,050	-	375,812
Vehicles	140,836	40,795	-	181,631
Totals	<u>4,087,695</u>	<u>247,871</u>	<u>-</u>	<u>4,335,566</u>
Less accumulated depreciation				
Buildings	254,280	54,122	-	308,402
Infrastructure	585,437	39,162	-	624,599
Equipment, furniture and fixtures	251,758	17,982	-	269,740
Vehicles	111,200	16,228	-	127,428
Total accumulated depreciation	<u>1,202,675</u>	<u>127,494</u>	<u>-</u>	<u>1,330,169</u>
Governmental activities, capital assets, net	<u>\$ 2,885,020</u>	<u>\$ 120,377</u>	<u>\$ -</u>	<u>\$ 3,005,397</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - sewer system	\$ 63,910	\$ -	\$ -	\$ 63,910
Other capital assets:				
Gas system	400,731	-	-	400,731
Water system	2,342,463	29,109	-	2,371,572
Sewer system	2,372,725	12,367	-	2,385,092
Machinery and equipment	1,348,975	12,182	-	1,361,157
Totals	<u>6,528,804</u>	<u>53,658</u>	<u>-</u>	<u>6,582,462</u>
Less accumulated depreciation				
Gas system	374,236	14,631	-	388,867
Water system	1,093,473	81,176	-	1,174,649
Sewer system	1,099,214	83,253	-	1,182,467
Machinery and equipment	883,897	-	-	883,897
Total accumulated depreciation	<u>3,450,820</u>	<u>179,060</u>	<u>-</u>	<u>3,629,880</u>
Business-type activities, capital assets, net	<u>\$ 3,077,984</u>	<u>\$ (125,402)</u>	<u>\$ -</u>	<u>\$ 2,952,582</u>

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 13,692
Police	11,357
Highways and streets	38,908
Culture and recreation	<u>63,537</u>
Total depreciation expense	<u>\$ 127,494</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 14,631
Water	81,176
Sewer	<u>83,253</u>
Total depreciation expense	<u>\$ 179,060</u>

(10) Accounts and Other Payables

The accounts and other payables consisted of the following at December 31, 2003:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 74,119	\$102,544	\$176,663
Salaries	20,187	6,129	26,316
Compensated absences	14,484	5,420	19,904
Retainage	10,187	-	10,187
Accrued liabilities	<u>3,000</u>	<u>1,218</u>	<u>4,218</u>
Totals	<u>\$ 121,977</u>	<u>\$115,311</u>	<u>\$237,288</u>

(11) Changes in Long-Term Debt

A. The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2003:

	Governmental Activities	Business-type Activities		Total
	Public Improvement	Revenue	Certificates of Indebtedness	
Long-term debt, January 1, 2003	\$313,000	\$268,309	\$ 50,000	\$631,309
Additions	-	-	-	-
Retirements	<u>(70,000)</u>	<u>(40,961)</u>	<u>(24,000)</u>	<u>(134,961)</u>
Long-term debt, December 31, 2003	<u>\$243,000</u>	<u>\$227,348</u>	<u>\$ 26,000</u>	<u>\$496,348</u>

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

Long-term debt payable at December 31, 2003 is comprised of the following individual issues:

Long-term debt -

\$693,000 Public Improvement Sales Tax Bonds Series 1995, due in annual installments of \$39,000 to \$89,000 through April 1, 2006; interest at 6.00 percent; payable from sales tax revenues	\$ 243,000
\$393,692 Water Revenue Refunding Bonds, Series 1998 due in annual installments of \$24,485 - \$51,557 through April 1, 2008; interest at 6.90 percent; secured by water fund revenues.	227,348
\$200,000 Certificates of Indebtedness, Series 1994 due in annual installments of \$15,000 - \$26,000 through June 1, 2004; interest at 6.00 percent; secured by sewer fund revenues.	<u>26,000</u>
	<u>\$ 496,348</u>

The bonds are due as follows:

Year ending December 2003	Governmental Activities		Business-type Activities	
	Principal payments	Interest payments	Principal payments	Interest payments
2004	\$ 73,000	\$ 12,390	\$ 68,137	\$ 15,014
2005	81,000	10,200	43,401	11,282
2006	89,000	5,340	50,058	8,057
2007	-	-	51,557	4,552
2008	<u>-</u>	<u>-</u>	<u>40,195</u>	<u>1,387</u>
Total	<u>\$ 243,000</u>	<u>\$ 27,930</u>	<u>\$ 253,348</u>	<u>\$ 40,292</u>

B. In 1999, the Town issued \$5,000,000 of revenue bonds for the construction of the Savoy Cancer Center facility. These bonds are reported on the financial statements of Savoy Cancer Center, Inc., a component unit of the Town (see Note 1). At December 31, 2003 there were \$4,160,000 of bonds outstanding.

(12) Flow of Funds; Restrictions on Use – Water Revenues

Under the terms of the \$393,692 Water Revenue Refunding Bonds, Series 1998, all income and revenues of every nature derived from the operation of the system are pledged and dedicated to the retirement of said bonds.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

Water Revenue Bond and Interest Sinking Fund

The Town is required to set aside into the Water Revenue Bond and Interest Sinking Fund 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 next interest payment date and a sum equal to 1/12th of the principal falling due on the next principal payment date. Funds deposited in this account are available only for the retirement of maturing bonds and interest.

Water Depreciation and Contingency Fund

The Town is required to maintain the Water Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the System, by transferring monthly in advance on or before the 20th day of each month a sum at least equal to 5% of the amount to be paid into the Sinking Fund. Funds deposited into this account may also be used to pay the principal of and interest on bonds for the payment of which there is not sufficient money in the Sinking Fund, but if used, such money must be replaced as soon as possible out of the earnings of the system after making the required monthly payments into the respective funds and accounts.

The Town violated the bond indenture by not making the required monthly deposits into the Water Depreciation and Contingency Fund.

Utility Rates

It is further understood that the Town shall adopt a rate ordinance which shall provide revenue in each year, after paying all reasonable and necessary expenses of operating and maintaining the water system in such year, at least equal to 130 percent of the largest amount of principal and interest maturing on the bonds in any future fiscal year. Said rate ordinance shall also provide for a 10 percent penalty charge for non-payment bills within fifteen days after the due date and discontinuance of service upon non-payment of bills within twenty-five days after the due date.

The Town violated the bond indenture requiring the discontinuance of service upon non-payment of bills within twenty-five days after the due date.

(13) Flow of Funds; Restrictions on Use – Sewer Revenues

Under the terms of the \$200,000 Certificates of Indebtedness, Series 1994, all excess annual revenues, derived from the operation of the system are pledged and dedicated to retirement of said certificates.

Town of Mamou, State of Louisiana, Certificates of Indebtedness, Series 1994, Sinking Fund

The Town is required to set aside into a Certificates of Indebtedness, Series 1994, Sinking Fund monthly in advance on or before the 20th day of each month a sum equal to 1/6th of the interest falling due on the next interest payment date and a sum equal to 1/12th of the principal falling due on the next principal payment date. Funds deposited in this account are available on for the payment of principal and interest on the certificates.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

(14) Employee Retirement

A. Social Security System

Employees of the Town of Mamou who are not eligible to participate in any other retirement system are members of the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the Town; 7.65 percent contributed by the employee). The Town's contributions during the years ending December 31, 2003 amounted to \$89,335.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The rate from January through June 2003 was 9.0% of annual covered payroll. The current rate, effective in July 2003, is 15.25% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the year ending December 31, 2003 were \$4,763 equal to the required contributions for each year.

(15) Litigation and Claims

At December 31, 2003, the Town is involved in several lawsuits claiming damages. In the opinion of the Town's legal counsel, the only exposure to the Town would be any costs in defense of the lawsuits with no liability to the Town in excess of insurance coverage. The Town also expects to settle old worker's compensation and malpractice claims within the next two years at an amount less than what it currently set aside for such claims. See also Note 17.

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

(16) Risk Management

A. Commercial Insurance Coverage

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

B. Group Self-Insurance

Effective July 1, 1998, the Town established a self-insurance health plan to account for and finance its uninsured risk of loss for commercial group health insurance. The plan is administered by Total Benefit Services, Inc., and the plan year ends on June 30 of each year. Under this plan, the International Insurance Agency Services, Inc. agreed to reimburse the Town for specific incurred claims related to any one covered employee or dependent which exceeds the retention by the Town, which is \$25,000. For the plan year ending June 30, 2004, the International Insurance Agency Services, Inc. will reimburse the Town for aggregate incurred claims during the period of insurance less any amounts paid with respect to the specific incurred claims, which exceeds the greater of \$177,055 or the total of monthly payments by the Town. Monthly payments are calculated based on the number of employees with single coverage multiplied by a funding factor of \$269 and the number of employees with family coverage multiplied by a funding factor of \$581. The Town currently fund the plan based upon actual claims incurred instead of the funding factors discussed above.

The General and Utility Funds of the Town participate in the program and make payments to the Self-Insurance Fund based upon amounts needed to pay prior and current year claims. The claims liability of \$160,173 reported in the fund at December 31, 2003 is based on the loss that is probable at the date of the financial statements and the amount of the loss that can be reasonably estimated. The Town currently does not discount its claims liabilities.

Reconciliation of Claims Liabilities

Claims payable, January 1, 2003	\$ -
Insurance claims incurred for year ended December 31, 2003	263,391
Payments made for the year ended December 31, 2003	<u>(103,218)</u>
Claims payable, December 31, 2003	<u>\$160,173</u>

TOWN OF MAMOU, LOUISIANA

Notes to Financial Statements (Continued)

Claims payable of \$160,173 at December 31, 2003 was determined as follows:

A. Claims incurred prior to December 31, 2003 and paid in January 1, 2004 through March 31, 2004	\$ 135,217
B. Provision for claims incurred but not reported	<u>24,956</u>
Total claims payable	<u>\$ 160,173</u>

The provision for claims incurred but not reported of \$24,956 was calculated utilizing historical information adjusted for current trends.

(17) Contingent Liabilities

At December 31, 2003, the Town had contingent liabilities in the amount of \$675,000 consisting of \$550,000 in workers' compensation claims and \$125,000 in malpractice claims, both of which are the result of the prior operations of the hospital facility owned by the Town. The Town has certificates of deposit totaling \$675,000 held as security for these claims.

(18) Segment Information for the Enterprise Fund

The Town of Mamou maintains one enterprise fund with three departments, which provide gas, water, sewerage, and sanitation services. Segment information for the year ended December 31, 2003, was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$992,985</u>	<u>\$489,045</u>	<u>\$443,212</u>	<u>\$1,925,242</u>
Operating expenses:				
Depreciation	14,631	81,176	83,253	179,060
Other	<u>787,345</u>	<u>226,627</u>	<u>254,216</u>	<u>1,268,188</u>
Total operating expenses	<u>801,976</u>	<u>307,803</u>	<u>337,469</u>	<u>1,447,248</u>
Operating income	<u>\$191,009</u>	<u>\$181,242</u>	<u>\$105,743</u>	<u>\$ 477,994</u>

TOWN OF MAMOU, LOUISIANA
Notes to Financial Statements (Continued)

(19) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2003 follows:

James Fontenot, Mayor	\$20,850
 Aldermen:	
Wilda Chamberlain	8,400
Ricky Fontenot	8,400
J.L. Saucier	8,400
Jody Soileau	8,400
Essie Holland	<u>8,400</u>
 Total	 <u>\$62,850</u>

See also Note 22.

(20) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at December 31, 2003 follows:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	\$ -	\$ 124,096
Proprietary funds:		
Enterprise Fund	-	28,332
Group Health Self-Insurance Internal Service Fund	<u>152,428</u>	<u>-</u>
 Total	 <u>\$ 152,428</u>	 <u>\$ 152,428</u>

The receivable in the Group Health Self-Insurance Fund is for amounts owed from various other funds for their share of health insurance premiums.

TOWN OF MAMOU, LOUISIANA
Notes to Financial Statements (Continued)

B. *Transfers consisted of the following at December 31, 2003:*

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 1,618,746	\$ -
Sales Tax Special Revenue Fund	-	971,171
P. I. Sales Tax Refunding Bonds Debt Service Fund	162,935	-
Total governmental funds	<u>1,781,681</u>	<u>971,171</u>
Proprietary funds:		
Enterprise Fund	-	810,510
Total	<u>\$ 1,781,681</u>	<u>\$ 1,781,681</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(21) Economic Dependency

The Town of Mamou owns a hospital facility within the Town. The hospital is leased to Columbia Health Care operating as Savoy Medical Center for \$900,000 per year. The lease revenue provides a significant portion of the Town's total revenues. If the Town were to cease receiving this lease revenue, the Town's ability to continue to provide services at present levels would be threatened.

(22) Subsequent Event

In 2004, the Mayor and Police Chief were indicted for malfeasance in office. Chief Herman Celestine resigned on March 17, 2004 as part of a plea agreement. Assistant Chief of Police Allen Noel was appointed to the Chief's position until a special election can be held. Mayor James Fontenot resigned from office on April 2, 2004 as part of a plea agreement. Wilda Chamberlain, District 2 councilwoman, was appointed to the Mayor's position and Randy Young was appointed to the District 2 council seat until a special election can be held. The special election is scheduled for September 18, 2004 with a runoff election, if necessary, to be held on November 2, 2004. The illegal acts committed by the Mayor and Police Chief were not material to the financial statements at December 31, 2003.

(23) Enterprise Fund Contracts

The Town of Mamou, under contract dated January 1, 1997, is required to purchase its natural gas from the Louisiana Municipal Gas Authority. The contract automatically renews annually unless notice is given in writing six months in advance. The Town purchased natural gas during the year ended December 31, 2003 in the amount of \$511,977 of which \$77,893 was owed for purchases for the month of December 2003.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2003

	2003			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 243,800	\$ 243,800	\$ 411,079	\$ 167,279
Licenses and permits	105,000	106,000	108,497	2,497
Intergovernmental	59,000	108,000	135,133	27,133
Fines and forfeits	65,000	32,000	68,456	36,456
Miscellaneous	<u>1,000,500</u>	<u>1,051,400</u>	<u>1,099,499</u>	<u>48,099</u>
Total revenues	<u>1,473,300</u>	<u>1,541,200</u>	<u>1,822,664</u>	<u>281,464</u>
Expenditures:				
Current:				
General government:				
Administrative	737,500	866,700	848,949	17,751
Public safety:				
Police	580,500	566,500	692,552	(126,052)
Highways and streets	486,700	515,600	503,768	11,832
Culture and recreation	286,750	239,350	253,500	(14,150)
Capital outlay	<u>66,000</u>	<u>49,000</u>	<u>45,112</u>	<u>3,888</u>
Total expenditures	<u>2,157,450</u>	<u>2,237,150</u>	<u>2,343,881</u>	<u>(106,731)</u>
Deficiency of revenues over expenditures	<u>(684,150)</u>	<u>(695,950)</u>	<u>(521,217)</u>	<u>174,733</u>
Other financing sources (uses):				
Transfers from -				
Utility Fund	250,000	810,000	810,510	(510)
Sales Tax Fund	340,000	810,000	808,236	1,764
Transfer to component unit	<u>(100,000)</u>	<u>(395,000)</u>	<u>(408,506)</u>	<u>13,506</u>
Total other financing sources (uses)	<u>490,000</u>	<u>1,225,000</u>	<u>1,210,240</u>	<u>14,760</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(194,150)	529,050	689,023	189,493
Fund balance, beginning	<u>1,437,037</u>	<u>1,437,037</u>	<u>1,437,037</u>	<u>-</u>
Fund balance, ending	<u>\$1,242,887</u>	<u>\$1,966,087</u>	<u>\$2,126,060</u>	<u>\$ 189,493</u>

TOWN OF MAMOU, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2003

	2003			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 555,000	\$ 600,000	\$ 571,119	\$ (28,881)
Miscellaneous -				
Interest	2,000	2,000	4,267	2,267
Appropriations:	-	-	-	-
Mamou Health Resources	-	-	57,077	57,077
Mamou Gravity Drainage District #5	-	-	16,000	16,000
Total revenues	<u>557,000</u>	<u>602,000</u>	<u>648,463</u>	<u>46,463</u>
Expenditures:				
Current:				
General government	27,100	29,100	32,862	(3,762)
Capital outlay	<u>150,000</u>	<u>202,000</u>	<u>202,759</u>	<u>(759)</u>
Total expenditures	<u>177,100</u>	<u>231,100</u>	<u>235,621</u>	<u>(4,521)</u>
Excess of revenues over expenditures	379,900	370,900	412,842	41,942
Other financing uses:				
Transfers out	<u>(448,000)</u>	<u>(970,000)</u>	<u>(971,171)</u>	<u>(1,171)</u>
Deficiency of revenues over expenditures and other uses	(68,100)	(599,100)	(558,329)	40,771
Fund balances, beginning	<u>970,110</u>	<u>970,110</u>	<u>970,110</u>	<u>-</u>
Fund balances, ending	<u>\$ 902,010</u>	<u>\$ 371,010</u>	<u>\$ 411,781</u>	<u>\$ 40,771</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2003

	2003			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Taxes:				
Ad valorem	\$ 125,000	\$ 125,000	\$ 236,921	\$ 111,921
Franchise -				
Electric	99,000	99,000	132,628	33,628
Telephone	15,500	15,500	13,586	(1,914)
Cable TV	4,300	4,300	27,944	23,644
Total taxes	<u>243,800</u>	<u>243,800</u>	<u>411,079</u>	<u>167,279</u>
Licenses and permits:				
Occupational licenses	105,000	106,000	106,845	845
Permits	-	-	1,652	1,652
Total licenses and permits	<u>105,000</u>	<u>106,000</u>	<u>108,497</u>	<u>2,497</u>
Intergovernmental:				
Federal grants -				
Federal Emergency Mgmt. Assistance	-	63,000	63,313	313
COPS Fast grant	12,000	35,000	29,001	(5,999)
Dept. of Justice police equipment grant	-	-	3,175	3,175
State of Louisiana -				
Beer taxes	10,000	10,000	9,676	(324)
Highway maintenance	-	-	4,605	4,605
Rural Development walking trails grant	25,000	-	23,666	23,666
DARE grant	12,000	-	1,697	1,697
Total intergovernmental	<u>59,000</u>	<u>108,000</u>	<u>135,133</u>	<u>27,133</u>
Fines and forfeits:				
Fines and court costs	<u>65,000</u>	<u>32,000</u>	<u>68,456</u>	<u>36,456</u>
Miscellaneous:				
Interest	10,000	24,000	55,107	31,107
Hospital lease revenue	900,000	900,000	900,000	-
Hospital receivable revenue	25,000	65,000	64,722	(278)
Insurance refund	-	-	7,277	7,277
Rentals	8,000	8,000	9,230	1,230
Recreation complex	47,500	41,000	34,615	(6,385)
Other sources	10,000	13,400	28,548	15,148
Total miscellaneous	<u>1,000,500</u>	<u>1,051,400</u>	<u>1,099,499</u>	<u>48,099</u>
Total revenues	<u>\$ 1,473,300</u>	<u>\$ 1,541,200</u>	<u>\$ 1,822,664</u>	<u>\$ 281,464</u>

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2003

	2003			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Current:				
General government:				
Administrative -				
Mayor and council salaries	\$ 51,000	\$ 68,250	\$ 68,250	\$ -
Other salaries and wages	221,310	216,585	228,778	(12,193)
Group insurance	80,000	95,500	95,045	455
Insurance	28,000	25,075	32,834	(7,759)
Payroll taxes	24,590	24,065	23,570	495
Materials and supplies	29,000	23,000	25,887	(2,887)
Advertisements and recordings	-	-	6,465	(6,465)
Legal fees	30,500	32,500	26,760	5,740
Accounting and auditing	160,000	73,325	68,710	4,615
Professional fees	-	8,000	7,891	109
Miscellaneous	10,000	30,500	33,453	(2,953)
Travel and conferences	5,200	8,000	6,519	1,481
Utilities and telephone	18,400	17,900	16,452	1,448
Repairs and maintenance	7,500	5,300	6,070	(770)
Equipment rental	-	-	442	(442)
Training	3,000	2,000	1,881	119
Legal settlement	-	56,700	56,700	-
Hospital workers' comp claims	69,000	180,000	143,242	36,758
Total administrative	<u>737,500</u>	<u>866,700</u>	<u>848,949</u>	<u>17,751</u>
Public safety:				
Police -				
Salaries	322,000	330,000	351,227	(21,227)
Payroll taxes	28,000	28,500	29,511	(1,011)
Retirement contribution	8,000	6,000	4,763	1,237
Group insurance	78,400	59,000	127,133	(68,133)
Utilities and telephone	22,000	29,900	29,544	356
Insurance	33,600	25,500	54,006	(28,506)
Auto	18,000	21,000	16,883	4,117
Gas and repairs	13,000	12,700	15,139	(2,439)
Professional fees	2,500	1,500	1,302	198
Miscellaneous	22,000	18,800	17,586	1,214
Supplies	24,000	26,500	38,296	(11,796)
Equipment rental	2,000	2,600	2,649	(49)
Training	7,000	4,500	4,513	(13)
Total police department	<u>580,500</u>	<u>566,500</u>	<u>692,552</u>	<u>(126,052)</u>

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
For the Year Ended December 31, 2003

	2003			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Highways and streets:				
Salaries	230,000	208,000	214,909	(6,909)
Payroll taxes	20,000	18,000	17,964	36
Maintenance and supplies	73,000	75,000	73,219	1,781
Lighting	45,000	49,000	48,738	262
Group insurance	47,200	66,500	59,781	6,719
Telephone	2,200	2,600	2,567	33
Insurance	32,800	46,000	41,258	4,742
Inmate labor	-	-	3,738	(3,738)
Miscellaneous	18,000	29,500	20,463	9,037
Auto	16,000	18,500	17,571	929
Equipment rental	-	-	1,311	(1,311)
Professional fees	2,500	2,500	1,527	973
Training	-	-	722	(722)
Total highways and streets	<u>486,700</u>	<u>515,600</u>	<u>503,768</u>	<u>11,832</u>
Culture and recreation -				
Salaries	108,500	77,000	84,754	(7,754)
Payroll taxes	9,500	6,400	6,646	(246)
Repairs and maintenance	17,000	20,000	20,250	(250)
Materials and supplies	30,500	33,600	38,498	(4,898)
Auto	4,000	3,200	2,889	311
Utilities and telephone	36,900	41,500	40,098	1,402
Insurance	50,000	36,000	35,487	513
Equipment rental	850	350	691	(341)
Group insurance	-	6,000	14,925	(8,925)
Miscellaneous	8,000	9,100	2,030	7,070
Professional fees	500	500	2,952	(2,452)
Concession purchases	12,000	3,000	2,483	517
Advertising	3,000	1,500	966	534
Cleaning and janitorial	6,000	1,200	831	369
Total culture and recreation	<u>286,750</u>	<u>239,350</u>	<u>253,500</u>	<u>(14,150)</u>

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
For the Year Ended December 31, 2003

	2003			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Capital outlay:				
General government:				
Equipment	5,000	3,000	2,100	900
Public Safety:				
Police -				
Autos	10,000	25,000	21,795	3,205
Equipment	5,000	4,000	2,428	1,572
Total police	15,000	29,000	24,223	4,777
Highways and streets:				
Equipment	32,000	3,500	-	3,500
Culture and recreation:				
Equipment	12,000	8,000	5,774	2,226
Building improvements	2,000	5,500	2,375	3,125
Irrigation system	-	-	10,640	(10,640)
Total culture and recreation	14,000	13,500	18,789	(5,289)
Total capital outlay	66,000	49,000	45,112	3,888
Total expenditures	<u>\$2,157,450</u>	<u>\$2,237,150</u>	<u>\$2,343,881</u>	<u>\$ (106,731)</u>

TOWN OF MAMOU, LOUISIANA
Special Revenue Fund
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2003

	2003			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 555,000	\$ 600,000	\$ 571,119	\$ (28,881)
Miscellaneous:				
Interest	2,000	2,000	4,267	2,267
Appropriation from -				
Mamou Health Reserouces	-	-	57,077	57,077
Mamou Gravity Drainage District #5	-	-	16,000	16,000
Total revenues	<u>557,000</u>	<u>602,000</u>	<u>648,463</u>	<u>46,463</u>
Expenditures:				
Current -				
General government -				
Audit and accounting	-	-	5,646	(5,646)
Miscellaneous	100	100	1,699	(1,599)
Industry and tourism inducement	<u>27,000</u>	<u>29,000</u>	<u>25,517</u>	<u>3,483</u>
Total general government	<u>27,100</u>	<u>29,100</u>	<u>32,862</u>	<u>3,762</u>
Capital outlay -				
General government:				
Equipment	-	14,000	17,108	(3,108)
Highways and streets:				
Street improvements	150,000	175,000	166,651	8,349
Vehicles	-	8,000	11,000	(3,000)
Culture and recreation:				
Vehicles	-	5,000	8,000	(3,000)
Total capital outlay	<u>150,000</u>	<u>202,000</u>	<u>202,759</u>	<u>759</u>
Total expenditures	<u>177,100</u>	<u>231,100</u>	<u>235,621</u>	<u>(4,521)</u>
Excess of revenues over expenditures	<u>379,900</u>	<u>370,900</u>	<u>412,842</u>	<u>41,942</u>
Other financing uses:				
Transfers to -				
Debt Service Fund	(88,000)	(160,000)	(162,935)	(2,935)
General Fund	<u>(360,000)</u>	<u>(810,000)</u>	<u>(808,236)</u>	<u>1,764</u>
Total other financing uses	<u>(448,000)</u>	<u>(970,000)</u>	<u>(971,171)</u>	<u>(1,171)</u>
Deficiency of revenues over expenditures and other uses	(68,100)	(599,100)	(558,329)	40,771
Fund balance, beginning	<u>970,110</u>	<u>970,110</u>	<u>970,110</u>	-
Fund balance, ending	<u>\$ 902,010</u>	<u>\$ 371,010</u>	<u>\$ 411,781</u>	<u>\$ 40,771</u>

TOWN OF MAMOU, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2003

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 2003:

<u>Department</u>	<u>2003</u>
Gas (metered)	1209
Water	1,660
Sewerage	1,260

TOWN OF MAMOU, LOUISIANA

Schedule of Insurance In Force
(Unaudited)
December 31, 2003

Description of Coverage	Coverage Amounts
Workmen's compensation - Employer's liability	Statutory \$ 500,000
Surety bonds -	
Fidelity bond	30,000
Notary public bond	5,000
Commercial general liability -	
Premises/operations	500,000
Products/completed operations	500,000
Medical payments per person	1,000
Medical payments per accident	10,000
Fire legal liability	50,000
Law enforcement officers' comprehensive liability	500,000
Automobile liability	500,000
Public officials' errors and omissions liability	500,000
Commercial fire and extended coverage -	
Buildings	4,620,000
Contents	2,646,000
Physical damage to equipment	139,000
Physical damage to vehicles	181,000

TOWN OF MAMOU, LOUISIANA

Combined Schedule of Interest-Bearing Deposits and Investments - All Funds
December 31, 2003

		Interest Rate	Maturity Date	Total Book Value
Major Governmental Funds:				
General Fund -				
Certificate of Deposit - Worker's Comp Security	(C)	2.40%	05/11/04	\$ 550,000
Certificate of Deposit - Malpractice Claims	(B)	1.00%	05/06/04	125,000
Certificate of Deposit - Hospital Revenue Fund	(C)	1.05%	01/16/04	501,757
Certificate of Deposit - CTC Bond Security	(C)	2.05%	05/08/04	750,000
Savings Account - Hospital Revenue	(G)	1.00%	N/A	110,775
Interest-bearing checking - General	(G)	0.75%	N/A	64,934
Interest-bearing checking - Payrol	(G)	0.75%	N/A	49,594
Interest-bearing checking-Law Enforcement Grants	(H)	0.95%	N/A	56
Interest-bearing checking - Insurance Contengency	(H)	0.95%	N/A	773
Total General Fund				2,152,889
 Special Revenue Funds -				
Sales Tax Fund				
Interest-bearing checking - Sales Tax Fund	(H)	0.95%	N/A	404,086
Interest-bearing checking - Construction Account	(H)	0.95%	N/A	13,925
Total Sales Tax Fund				418,011
 Nonmajor Governmental Funds:				
Debt Service Fund -				
Sales Tax Bond Reserve Fund:				
Interest-bearing checking	(H)	0.95%	N/A	78,170
Sales Tax Bond Sinking Fund:				
Interest-bearing checking	(H)	0.95%	N/A	61,507
Total Debt Service Fund				139,677
Total Governmental Funds				\$2,710,577

(continued)

TOWN OF MAMOU, LOUISIANA

Combined Schedule of Interest-Bearing Deposits and Investments - All Funds (Continued)
December 31, 2003

	Interest Rate	Maturity Date	Total Book Value	
Proprietary Fund:				
Utility Fund:				
Operating Account -				
Interest-bearing checking	(C)	0.85%	N/A	16,221
Water Revenue Fund -				
Interest-bearing checking	(H)	0.95%	N/A	28,904
Meter Deposit Fund -				
Certificate of Deposit	(H)	1.00%	07/28/04	152,968
Certificate of Deposit	(G)	2.00%	03/26/04	40,023
Interest-bearing checking	(G)	0.75%	N/A	109,707
Sewer Rehab Sinking Fund -				
Interest-bearing checking	(H)	0.95%	N/A	15,217
Water Revenue & Interest Sinking Fund -				
Interest-bearing checking	(H)	0.95%	N/A	34,385
Water Depreciation & Contengency Fund -				
Interest-bearing checking	(H)	0.95%	N/A	53,467
Total Proprietary Fund			450,892	
Total Interest-bearing Deposits and Investments - All Funds			\$ 3,161,469	

Certificates of deposit, savings account and
interest-bearing checking accounts with ---

- (B) Bank One, Bedford, Texas
- (C) Citizens Bank, Ville Platte, Louisiana
- (G) Guaranty Bank, Mamou, Louisiana
- (H) Hancock Bank, Gulfport, Mississippi

TOWN OF MAMOU, LOUISIANA
Enterprise Fund
Utility Fund

Departmental Analysis of Revenues and Expenses
Years Ended December 31, 2003

	<u>Total</u>	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues:				
Customers service charges	\$1,870,861	\$ 966,673	\$ 472,159	\$ 432,029
Permits, reconnections and penalties	41,616	20,035	14,953	6,628
Miscellaneous	<u>12,765</u>	<u>6,277</u>	<u>1,933</u>	<u>4,555</u>
Total operating revenues	<u>1,925,242</u>	<u>992,985</u>	<u>489,045</u>	<u>443,212</u>
Operating expenses:				
Salaries	257,877	107,219	53,372	97,286
Payroll taxes	20,136	8,230	4,276	7,630
Group Insurance	83,539	37,312	15,604	30,623
Gas purchased	511,977	511,977	-	-
Maintenance and supplies	130,397	49,147	38,426	42,824
Safe water drinking fee	8,237	-	8,237	-
Lab fees	5,550	-	-	5,550
Depreciation expense	179,060	14,631	81,176	83,253
Utilities	83,178	5,259	46,785	31,134
Telephone	3,655	2,411		1,244
Truck operation	12,281	4,708	3,050	4,523
Bad debts	52,818	25,881	26,937	-
Insurance	57,136	16,393	19,255	21,488
Miscellaneous	6,509	3,399	252	2,858
Professional fees	32,814	15,409	9,234	8,171
Training	<u>2,084</u>	<u>-</u>	<u>1,199</u>	<u>885</u>
Total operating expenses	<u>1,447,248</u>	<u>801,976</u>	<u>307,803</u>	<u>337,469</u>
Net operating income	<u>\$ 477,994</u>	<u>\$ 191,009</u>	<u>\$ 181,242</u>	<u>\$ 105,743</u>

**COMPLIANCE
AND
INTERNAL CONTROL**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Conrad O. Chapman, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*

WEB SITE:
WWW.KCSRCPAS.COM

Robert S. Carter, CPA
Allen J. LaBry, CPA
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Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
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Kenneth J. Rachal, CPA
Cheryl L. Bartley, CPA, CVA

MEMBER OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

* A Professional Accounting Corporation

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

The Honorable Wilda Chamberlain, Mayor
and Members of the Board of Aldermen
Town of Mamou, Louisiana

We have audited the basic financial statements of the Town of Mamou, Louisiana's (the Town) primary government as of and for the year ended December 31, 2003, and have issued our report thereon dated June 4, 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 Town'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 three instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying summary schedule of current and prior year audit findings as items 03-2 (C) through 03-3 (C).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings as item 03-1 (IC).

183 South Beadle
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

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

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Town in a separate letter dated June 4, 2004.

This report is intended solely for the information of the Town's 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. Although the intended use of this report maybe limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
June 4, 2004

TOWN OF MAMOU, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 2003

<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>CURRENT YEAR (12/31/03) --</u>					
<u>Internal Control</u>					
03-1(IC)	Unknown Due to the small number of employees, the Town did not have adequate segregation of duties within the accounting system.	N/A	No response is considered necessary.	Guy Pucheu, Town Clerk	N/A
<u>Compliance</u>					
03-2 (C)	2003 The required monthly transfer to the water depreciation and contingency fund was not made.	No	Town officials will make the required monthly transfers.	Guy Pucheu, Town Clerk	Dec-04
03-3 (C)	2003 The Town has been disconnecting service to water customers when they became 60 days delinquent. The water bond covenant requires customers to be disconnected after becoming 25 days delinquent.	No	The Town will start disconnecting service to customers when they become 25 days delinquent.	Guy Pucheu, Town Clerk	Dec-04
<u>Management Letter:</u>					
03-4 (ML)	2003 Consideration should be given to purchasing a software package that would make it easier for the Town employees to produce accurate financial information in a timely manner so that it could be utilized by management in financial decision-making.	No	Town officials will consider these recommendations and will implement these procedures in the future.	Guy Pucheu, Town Clerk	Dec-04
03-5 (ML)	2003 The Town does not have complete and accurate records for customer deposits. A system of controls should be developed to ensure that an accurate listing is maintained.	No	Efforts will be made to maintain a complete and accurate listing.	Guy Pucheu, Town Clerk	Dec-04
03-6 (ML)	2003 The utility receivable subsidiary listing should be reconciled to the general ledger control account on a monthly basis.	No	The utility receivable account will be reconciled monthly.	Guy Pucheu, Town Clerk	Dec-04

(continued)

TOWN OF MAMOU, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended December 31, 2003

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
03-7 (ML)	2003	Minutes of the town meetings need to be signed and filed in a record book in a timely manner.	No	The Town Clerk will ensure that all minutes are signed and filed in a timely manner.	Guy Pucheu, Town Clerk	Dec-04
03-8 (ML)	2003	Supporting documentation was not maintained for some credit card charges. A credit card policy should be implemented to ensure that all supporting documentation is submitted in a timely manner. It was also noted that controls over the credit card were not completely effective. The Town should consider designating one employee to be responsible for maintaining control over the credit card.	No	Efforts will be made to ensure that all credit card charges have proper documentation.	Guy Pucheu, Town Clerk	Dec-04
PRIOR YEAR (12/31/02) --						
<u>Internal Control:</u>						
02-1 (IC)	Unknown	There was a lack of controls over police tickets issued and turned in.	Yes			
<u>Management Letter:</u>						
02-2 (ML)	Unknown	There was a lack of adequate documentation of police receipts issued for the collection of court fines and bond payments.	Yes			
<u>Compliance:</u>						
02-3 (C)	Unknown	The Town did not comply with LRS 38:2212 requiring quotes to be obtained for items purchased costing between \$7,500 and \$15,000.	Yes			
02-4 (C)	Unknown	The Town did not comply with LRS 39:1306 requiring that budgets be amended when actual plus projected expenditures exceed the budgeted amount by more than 5%. The General Fund's actual expenditures exceeded budgeted amounts in excess of 5%.	Yes			

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P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*

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WEB SITE:
WWW.KCSRCPAS.COM

Robert S. Carter, CPA
Allen J. LaBry, CPA
Harry J. Clostio, CPA
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MANAGEMENT LETTER

The Honorable Wilda Chamberlain, Mayor
and Members of the Board of Aldermen
Town of Mamou, Louisiana

We have completed our audit of the basic financial statements of the Town of Mamou, Louisiana for the year ended December 31, 2003, and submit the following recommendations for your consideration.

- (1) Consideration should be given to purchasing a software package that would make it easier for the Town employees to produce accurate financial information in a timely manner so that it could be utilized by management in financial decision-making.
- (2) The Town does not have complete and accurate records for customer deposits. A system of controls should be developed to ensure that an accurate listing is maintained.
- (3) The utility receivable subsidiary listing should be reconciled to the general ledger control account on a monthly basis.
- (4) Minutes of the town meetings need to be signed and filed in a record book in a timely manner.
- (5) Supporting documentation was not maintained for some credit card charges. A credit card policy should be implemented to ensure that all supporting documentation is submitted in a timely manner. It was also noted that controls over the credit card were not completely effective. The Town should consider designating one employee to be responsible for maintaining control over the credit card.

Compliance findings:

- (6) The required monthly transfer to the water depreciation and contingency fund should be made.

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Oberlin, LA 70655
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- (7) The Town has been disconnecting service to water customers when they became 60 days delinquent. The Town should comply with the water bond covenant by disconnecting service to water customers when they become 25 days delinquent.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
June 4, 2004