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**CITY OF MORGAN CITY, LOUISIANA**

**Financial Report**

For the 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

## TABLE OF CONTENTS

	Page
I. INDEPENDENT AUDITOR'S REPORT	1-2
II. BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	5
Statement of activities	6
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net assets	10
Statement of revenues, expenditures, and changes in fund balances- governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities	12
Statement of net assets - proprietary fund	14
Reconciliation of the proprietary funds balance sheet to the statement of net assets	15
Statement of revenues, expenses, and changes in fund net assets - proprietary fund	16
Reconciliation of the statement of revenues, expenditures, and changes in net assets balances of proprietary funds to the statement of activities	17
Statement of cash flows - proprietary fund	18-19
Statement of fiduciary net assets	20
Statement of changes in fiduciary net assets	21
Notes to basic financial statements	22-54
III. REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	56
IV. OTHER SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund -	
Revenues	58-59
Expenditures	60-66
Nonmajor Governmental Funds:	
Combining balance sheet	67
Combining statement of revenues, expenditures, and changes in fund balances	68

(continued)

TABLE OF CONTENTS (continued)

	Page
<b>Special Revenue Funds:</b>	
Combining balance sheet	71-74
Combining statement of revenues, expenditures, and changes in fund balances	75-78
<b>Debt Service Funds:</b>	
Combining balance sheet	80
Combining statement of revenues, expenditures, and changes in fund balances	81
<b>Capital Project Funds:</b>	
Combining balance sheet	83
Combining statement of revenues, expenditures, and changes in fund balances	84
<b>Internal Service Funds:</b>	
Combining balance sheet	86-87
Combining statement of revenues, expenditures, and changes in fund balances	88
<b>Fiduciary Funds:</b>	
Combining balance sheet	89-90
<b>Special Purpose Trusts:</b>	
Combining balance sheet	91-92
Combining statement of revenues, expenditures, and changes in fund balances	93-94
Schedule of compensation paid to council members and mayor	95
Schedule of expenditures of federal awards	96
Notes to expenditures of federal awards	97
Schedule of number of utility customers	98
<b>V. COMPLIANCE AND INTERNAL CONTROL</b>	
Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with <u>Government Auditing Standards</u>	100-101
Report on Compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	102-103
Schedule of findings and questioned costs	104
Summary schedule of prior audit findings	105
Corrective action plan for current year findings	106

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Tim Tregle, Mayor  
and Members of the City Council  
City of Morgan City, 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 City of Morgan City, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of City of Morgan City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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In accordance with Government Auditing Standards, we have also issued a report dated May 19, 2004 on our consideration of the City of Morgan City'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.

As described in Note 2, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of December 31, 2003.

The City of Morgan City, Louisiana 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 City of Morgan City's basic financial statements. The other supplementary information on pages 56 through 98 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City. This information 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

Morgan City, Louisiana  
May 19, 2004

**BASIC FINANCIAL STATEMENTS**

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

CITY OF MORGAN CITY, LOUISIANA

Statement of Net Assets  
December 31, 2003

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 3,689,606	\$ 1,581,179	\$ 5,270,785
Investments	1,165,290	-	1,165,290
Receivables, net	703,642	2,398,929	3,102,571
Due from other governmental units	811,795	-	811,795
Internal balances	(1,431,230)	1,431,230	-
Inventory	53,065	858,246	911,311
Prepaid expenses	72,218	241,269	313,487
Total current assets	<u>5,064,386</u>	<u>6,510,853</u>	<u>11,575,239</u>
Noncurrent assets:			
Restricted assets	-	12,616,971	12,616,971
Capital assets, net	11,529,359	17,640,264	29,169,623
Total noncurrent assets	<u>11,529,359</u>	<u>30,257,235</u>	<u>41,786,594</u>
Total assets	<u>16,593,745</u>	<u>36,768,088</u>	<u>53,361,833</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	779,289	1,196,860	1,976,149
Deferred revenue	173,262	-	173,262
Bonds payable	390,000	405,714	795,714
Total current liabilities	<u>1,342,551</u>	<u>1,602,574</u>	<u>2,945,125</u>
Noncurrent liabilities:			
Accrued liabilities	288,960	196,608	485,568
Customers' deposits payable	-	840,006	840,006
Bonds payable	1,455,000	9,255,000	10,710,000
Total noncurrent liabilities	<u>1,743,960</u>	<u>10,291,614</u>	<u>12,035,574</u>
Total liabilities	<u>3,086,511</u>	<u>11,894,188</u>	<u>14,980,699</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	9,684,359	8,385,264	18,069,623
Restricted for:			
Capital projects	1,145,618	-	1,145,618
Debt service	1,108,210	1,904,660	3,012,870
Other purposes	1,090,098	-	1,090,098
Unrestricted	478,949	14,583,976	15,062,925
Total net assets	<u>\$ 13,507,234</u>	<u>\$ 24,873,900</u>	<u>\$ 38,381,134</u>

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



CITY OF MORGAN CITY, LOUISIANA

Statement of Activities  
For the Year Ended December 31, 2003

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 2,032,071	\$ 206,672	\$ -	-	\$ (1,825,399)	\$ -	\$ (1,825,399)
Culture and recreation	1,853,443	557,999	187,055	421,712	(686,677)	-	(686,677)
Public safety	4,529,131	252,833	-	7,747	(4,268,551)	-	(4,268,551)
Public works	1,052,330	77,745	-	141,518	(833,067)	-	(833,067)
Interest on long-term debt	124,104	-	-	-	(124,104)	-	(124,104)
Total governmental activities	<u>9,591,079</u>	<u>1,095,249</u>	<u>187,055</u>	<u>570,977</u>	<u>(7,737,798)</u>	<u>-</u>	<u>(7,737,798)</u>
<b>Business-type activities:</b>							
Electric, gas, and water	15,787,586	18,888,821	-	-	-	3,101,235	3,101,235
Sanitation and sewer	2,127,243	1,603,421	-	-	-	(523,822)	(523,822)
Interest on long-term debt	467,141	-	-	-	-	(467,141)	(467,141)
Total business-type activities	<u>18,381,970</u>	<u>20,492,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,110,272</u>	<u>2,110,272</u>
<b>Total</b>	<b>\$27,973,049</b>	<b>\$21,587,491</b>	<b>\$ 187,055</b>	<b>\$570,977</b>	<b>(7,737,798)</b>	<b>2,110,272</b>	<b>(5,627,526)</b>
<b>General revenues:</b>							
Taxes -							
Property taxes					2,816,112	-	2,816,112
Sales and use taxes					2,239,206	-	2,239,206
Licenses and permits					650,293	-	650,293
Grants and contributions not restricted to specific programs -							
State sources					344,244	-	344,244
Federal sources					131,885	125,811	257,696
Other					95,887	-	95,887
Interest and investment earnings					93,742	190,431	284,173
Miscellaneous					24,584	-	24,584
Transfers					661,200	(661,200)	-
Total general revenues and transfers					<u>7,057,153</u>	<u>(344,958)</u>	<u>6,712,195</u>
Change in net assets					(680,645)	1,765,314	1,084,669
Net assets - January 1, 2003					14,187,879	23,108,586	37,296,465
Net assets - December 31, 2003					<u>\$ 13,507,234</u>	<u>\$ 24,873,900</u>	<u>\$ 38,381,134</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUNDS' DESCRIPTIONS**

### **GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF MORGAN CITY, LOUISIANA

Balance Sheet  
Governmental Funds  
December 31, 2003

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 17,959	\$ 158,284	\$ 176,243
Interest-bearing deposits	815,257	2,612,117	3,427,374
Investments		1,161,841	1,161,841
Receivables:			
Taxes	477,333	9,592	486,925
Accounts	113,685	2,496	116,181
Interest	-	2,206	2,206
Due from other funds	574,646	1,281,361	1,856,007
Due from other governmental units	436,668	375,127	811,795
Other	82,874	15,456	98,330
Inventory	41,943	4,876	46,819
Prepaid expenses	66,667	5,551	72,218
Total assets	<u>\$2,627,032</u>	<u>\$ 5,628,907</u>	<u>\$ 8,255,939</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 58,028	\$ 18,485	\$ 76,513
Accrued liabilities	218,360	386,785	605,145
Due to other funds	1,998,675	1,288,564	3,287,239
Deferred revenue	17,512	5,750	23,262
Total liabilities	<u>2,292,575</u>	<u>1,699,584</u>	<u>3,992,159</u>
Fund balances:			
Reserved for inventory	-	4,876	4,876
Reserved for debt service	-	1,108,210	1,108,210
Reserved for capital improvements	-	869,101	869,101
Reserved for perpetual care	-	511,449	511,449
Unreserved	334,457	1,435,687	1,770,144
Total fund balances	<u>334,457</u>	<u>3,929,323</u>	<u>4,263,780</u>
Total liabilities and fund balances	<u>\$2,627,032</u>	<u>\$ 5,628,907</u>	<u>\$ 8,255,939</u>

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

CITY OF MORGAN CITY, 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 \$ 4,263,780

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	\$ 1,759,335	
Buildings, net of \$3,286,248 accumulated depreciation	4,442,253	
Improvements, net of \$2,290,024 accumulated depreciation	3,070,749	
Equipment, furniture, and fixtures net of \$1,755,844 accumulated depreciation	879,426	
Construction in progress	<u>1,377,596</u>	11,529,359

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. (58,500)

Long-term liabilities, including bonds payable not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds payable	(1,845,000)	
Accrued interest payable	(31,828)	
Compensated absences	<u>(350,577)</u>	<u>(2,227,405)</u>

Total net assets of governmental activities at December 31, 2003 \$ 13,507,234

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

CITY OF MORGAN CITY, LOUISIANA

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

For the Year Ended December 31, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Taxes	\$3,472,132	\$ 1,565,702	\$5,037,834
Licenses and permits	688,549	-	688,549
Intergovernmental	491,915	824,909	1,316,824
Charges for services	23,879	592,731	616,610
Donations	100,000	73,055	173,055
Fines and forfeits	158,551	15,311	173,862
<b>Investment income:</b>			
Interest	-	79,720	79,720
Net change in fair value of investments	-	7,436	7,436
Miscellaneous	132,025	22,186	154,211
<b>Total revenues</b>	<u>5,067,051</u>	<u>3,181,050</u>	<u>8,248,101</u>
<b>Expenditures:</b>			
<b>Current -</b>			
<b>General government</b>			
Administrative	1,701,280	-	1,701,280
Purchasing	99,360	-	99,360
Planning and zoning	126,792	-	126,792
<b>Public safety:</b>			
Police	2,461,554	307,227	2,768,781
Fire	1,541,780	-	1,541,780
<b>Public works:</b>			
Streets and drainage	787,297	30,297	817,594
Cemetery	110,826	44,674	155,500
Culture and recreation	181,185	1,443,059	1,624,244
Capital outlay	144,769	1,153,107	1,297,876
<b>Debt service -</b>			
Principal retirement	-	370,000	370,000
Interest and fiscal charges	-	126,792	126,792
<b>Total expenditures</b>	<u>7,154,843</u>	<u>3,475,156</u>	<u>10,629,999</u>
<b>Deficiency of revenues over expenditures</b>	<u>(2,087,792)</u>	<u>(294,106)</u>	<u>(2,381,898)</u>
<b>Other financing sources (uses):</b>			
Transfers in	2,430,000	1,457,790	3,887,790
Transfers out	(915,780)	(2,317,885)	(3,233,665)
<b>Total other financing sources (uses)</b>	<u>1,514,220</u>	<u>(860,095)</u>	<u>654,125</u>
<b>Net changes in fund balances</b>	<u>(573,572)</u>	<u>(1,154,201)</u>	<u>(1,727,773)</u>
<b>Fund balances, beginning</b>	<u>908,029</u>	<u>5,083,524</u>	<u>5,991,553</u>
<b>Fund balances, ending</b>	<u>\$ 334,457</u>	<u>\$ 3,929,323</u>	<u>\$4,263,780</u>

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

CITY OF MORGAN CITY, 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 \$(1,727,773)

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 Statement of Revenues, Expenditures and Changes in Fund Balances	\$1,297,876	
Depreciation expense for the year ended June 30, 2003	<u>(554,197)</u>	743,679

Governmental funds report bonded debt repayments, including interest, as  
expenditures. However, principal repayments do not appear in the statement  
of activities since the payment is applied against the bond payable balance  
on the statement of net assets 372,688

Internal service funds are used by management to charge the costs of  
certain activities to individual funds. The net revenue (expense) of certain  
internal service funds is reported with governmental activities. (67,417)

Some expenses reported in the statement of activities, such as compensated  
absences, do not require the use of current financial resources and are not  
reported as expenditures in governmental funds (1,822)

Total changes in net assets at June 30, 2003 per Statement of Activities \$ (680,645)

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

**ENTERPRISE FUNDS**  
**(UTILITY FUNDS)**

**Electric, Gas and Water Utility Fund**

To account for the provision of electric, gas and water services to residents of the City. All activities necessary to provide such services to residents are accounted for in this fund, including but not limited to, administration, operations, maintenance.

**Sanitation and Sewer Utility Fund**

To account for the provision of sanitation and sewer services to residents of the City. All activities necessary to provide such services to residents are accounted for in this fund, including, but not limited to, administration, operations, maintenance.



CITY OF MORGAN CITY, LOUISIANA

Statement of Net Assets  
Proprietary Funds  
December 31, 2003

	Enterprise Funds		Totals	Governmental
	Electric, Gas, and Water	Sanitation and Sewer		Activities - Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and Interest-bearing deposits	\$ 437,584	\$ 1,143,595	\$ 1,581,179	\$ 85,991
Investments	-	-	-	3,449
Receivables, net	2,292,272	106,657	2,398,929	-
Due from other funds	1,906,684	4,481,165	6,387,849	-
Prepaid expenses	211,686	29,583	241,269	-
Inventory	850,444	7,802	858,246	6,246
Total current assets	<u>5,698,670</u>	<u>5,768,802</u>	<u>11,467,472</u>	<u>95,686</u>
Noncurrent assets:				
Restricted assets -				
Cash and Interest-bearing deposits	6,925,793	-	6,925,793	-
Investments	5,526,603	-	5,526,603	-
Advances to other funds	-	2,000,000	2,000,000	-
Capital assets, net of accumulated depreciation	12,085,821	5,554,443	17,640,264	7,591
Unamortized bond issuance cost	164,575	-	164,575	-
Total noncurrent assets	<u>24,702,792</u>	<u>7,554,443</u>	<u>32,257,235</u>	<u>7,591</u>
Total assets	<u>30,401,462</u>	<u>13,323,245</u>	<u>43,724,707</u>	<u>103,277</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,062,163	45,124	1,107,287	-
Accrued liabilities	50,436	39,137	89,573	4,186
Deferred revenue	-	-	-	150,000
Due to other funds	4,899,019	-	4,899,019	57,600
Payable from restricted assets -				
Revenue bonds	375,000	-	375,000	-
Accrued interest payable	29,838	-	29,838	-
Unamortized bond premium	876	-	876	-
Total current liabilities	<u>6,417,332</u>	<u>84,261</u>	<u>6,501,593</u>	<u>211,786</u>
Noncurrent liabilities:				
Accrued liabilities	130,886	65,722	196,608	-
Advances from other funds	2,000,000	-	2,000,000	-
Payable from restricted assets -				
Revenue bonds and notes payable	9,255,000	-	9,255,000	-
Customers' deposits payable	840,006	-	840,006	-
Total noncurrent liabilities	<u>12,225,892</u>	<u>65,722</u>	<u>12,291,614</u>	<u>-</u>
Total liabilities	<u>18,643,224</u>	<u>149,983</u>	<u>18,793,207</u>	<u>211,786</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,830,821	5,554,443	8,385,264	-
Restricted for debt services	1,904,660	-	1,904,660	-
Unrestricted	7,022,757	7,618,819	14,641,576	(108,509)
Total net assets	<u>\$ 11,758,238</u>	<u>\$ 13,173,262</u>	<u>\$24,931,500</u>	<u>\$ (108,509)</u>

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

CITY OF MORGAN CITY, LOUISIANA

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

Total net assets for proprietary funds at December 31, 2003	\$ 24,931,500
Total net assets reported for business-type activities in the statement of net assets is different because:	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the business-type activities in the statement of net assets.	<u>(57,600)</u>
Total net assets of business-type activities at December 31, 2003	<u>\$ 24,873,900</u>
The accompanying notes are an integral part of the basic financial statements.	

CITY OF MORGAN CITY, LOUISIANA

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

	Enterprise Funds		Totals	Governmental Activities - Internal Service Fund
	Electric, Gas, and Water	Sanitation and Sewer		
Operating revenues:				
Charges for services -				
Customers	\$ 18,248,171	\$ 1,536,729	\$ 19,784,900	\$ -
Other	640,650	66,692	707,342	197,769
Total operating revenues	<u>18,888,821</u>	<u>1,603,421</u>	<u>20,492,242</u>	<u>197,769</u>
Operating expenses:				
Personnel services	1,375,886	626,262	2,002,148	70,683
Supplies and materials	510,948	97,957	608,905	-
Fuel cost	11,162,719	-	11,162,719	-
Contractual services	1,005,000	633,623	1,638,623	-
Repairs and maintenance	564,819	201,758	766,577	234,030
Other charges	56,384	-	56,384	-
Depreciation	1,090,657	555,157	1,645,814	2,340
Total operating expenses	<u>15,766,413</u>	<u>2,114,757</u>	<u>17,881,170</u>	<u>307,053</u>
Operating income (loss)	<u>3,122,408</u>	<u>(511,336)</u>	<u>2,611,072</u>	<u>(109,284)</u>
Nonoperating revenues (expenses):				
Interest income	180,858	9,573	190,431	1,133
Interest and fiscal charges	(467,141)	-	(467,141)	-
Other	125,811	-	125,811	-
Total nonoperating revenues (expenses)	<u>(160,472)</u>	<u>9,573</u>	<u>(150,899)</u>	<u>1,133</u>
Income (loss) before operating transfers	2,961,936	(501,763)	2,460,173	(108,151)
Transfers in	950,000	1,184,800	2,134,800	37,075
Transfers out	<u>(2,796,000)</u>	<u>-</u>	<u>(2,796,000)</u>	<u>(30,000)</u>
Change in net assets	1,115,936	683,037	1,798,973	(101,076)
Net assets, beginning as restated	<u>10,642,302</u>	<u>12,490,225</u>	<u>23,132,527</u>	<u>(7,433)</u>
Net assets, ending	<u>\$ 11,758,238</u>	<u>\$ 13,173,262</u>	<u>\$ 24,931,500</u>	<u>\$ (108,509)</u>

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

CITY OF MORGAN CITY, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Net Assets of Proprietary Funds  
to the Statement of Activities  
For the Year Ended December 31, 2003

Total net changes in net assets at December 31, 2003 per Statement of Revenues, Expenditures and Changes in net assets	\$ 1,798,973
The change in net assets reported for governmental activities in the statement of activities is different because:	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with business-type activities.	<u>(33,659)</u>
Total changes in net assets at December 31, 2003 per Statement of Activities	<u>\$ 1,765,314</u>
The accompanying notes are an integral part of the basic financial statements.	

CITY OF MORGAN CITY, LOUISIANA

Statement of Cash Flows  
Proprietary Funds

For the Year Ended December 31, 2003

	Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Electric, Gas, and Water	Sanitation and Sewer			
Cash flows from operating activities:					
Receipts from customers	\$18,256,134	\$1,606,095		\$19,862,229	\$ 197,769
Payments to suppliers	(13,678,661)	(914,075)		(14,592,736)	(234,843)
Payments to employees	(1,375,406)	(616,462)		(1,991,868)	(70,683)
Other receipts	640,837	-		640,837	-
Net cash provided by operating activities	<u>3,842,904</u>	<u>75,558</u>		<u>3,918,462</u>	<u>(107,757)</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	950,000	1,184,800		2,134,800	64,675
Proceeds from meter deposits	16,023	-		16,023	-
Transfers to other funds	(2,880,847)	(988,639)		(3,869,486)	-
Net cash used by noncapital financing activities	<u>(1,914,824)</u>	<u>196,161</u>		<u>(1,718,663)</u>	<u>64,675</u>
Cash flows from capital and related financing activities:					
Acquisition of property, plant and equipment	(1,363,625)	(184,942)		(1,548,567)	-
Insurance proceeds	125,811	-		125,811	-
Interest and fiscal charges paid	(459,266)	-		(459,266)	-
Principal paid on bonds	(370,000)	-		(370,000)	-
Net cash used by capital and related financing activities	<u>(2,067,080)</u>	<u>(184,942)</u>		<u>(2,252,022)</u>	<u>-</u>
Cash flows from investing activities:					
Proceeds of investments and interest-bearing deposits	(5,050,000)	-		(5,050,000)	127,873
Purchase of investments and interest-bearing deposits	171,841	9,573		181,414	1,133
Interest on investments	(4,878,159)	9,573		(4,868,586)	129,006
Net cash used by investing activities	<u>(5,017,159)</u>	<u>96,350</u>		<u>(4,920,809)</u>	<u>85,924</u>
Net increase (decrease) in cash and cash equivalents					
Cash and cash equivalents, beginning of period	<u>12,271,914</u>	<u>1,047,245</u>		<u>13,319,159</u>	<u>3,516</u>
Cash and cash equivalents, end of period	<u>\$ 7,254,755</u>	<u>\$ 1,143,595</u>		<u>\$ 8,398,350</u>	<u>\$ 89,440</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA

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

	Enterprise Funds			Governmental
	Electric, Gas, and Water	Sanitation and Sewer	Totals	Activities - Internal Service Fund
Reconciliation of operating loss to net cash used by operating activities:				
Operating income	\$ 3,122,408	\$ (511,336)	\$ 2,611,072	\$ (109,284)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	1,090,657	555,157	1,645,814	2,340
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	8,150	2,674	10,824	-
(Increase) decrease in inventory	(363,744)	744	(363,000)	(234)
(Increase) decrease in prepaid expenses	(26,481)	-	(26,481)	-
Increase (decrease) in accounts payable	11,434	18,519	29,953	-
Increase (decrease) in accrued liabilities	4,331	9,800	14,131	(579)
Increase (decrease) in compensated absences	(3,851)	-	(3,851)	-
Net cash provided by operating activities	\$ 3,842,904	\$ 75,558	\$ 3,918,462	\$ (107,757)
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash - unrestricted	\$ 145,704	\$1,047,245	1,192,949	\$ 3,516
Cash - restricted	12,234,832	-	12,234,832	-
Less: Interest bearing deposits with maturity in excess of ninety days	(108,622)	-	(108,622)	-
Total cash and cash equivalents	12,271,914	1,047,245	13,319,159	3,516
Cash and cash equivalents, end of period -				
Cash - unrestricted	\$ 437,584	\$1,143,595	1,581,179	\$ 89,440
Cash - restricted	6,925,793	-	6,925,793	-
Less: Interest bearing deposits with maturity in excess of ninety days	(108,622)	-	(108,622)	-
Total cash and cash equivalents	7,254,755	1,143,595	8,398,350	89,440
Net increase (decrease)	\$ (5,017,159)	\$ 96,350	\$ (4,920,809)	\$ 85,924

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

CITY OF MORGAN CITY, LOUISIANA

Statement of Fiduciary Net Assets  
December 31, 2003

	Police Pension and Relief Trust	Special Purpose Trusts	Agency
ASSETS			
Cash	\$ 5,234	\$ 220,149	\$ 243,863
Interest-bearing deposits	50,459	191,300	-
Receivables:			
Accrued interest	722	-	-
Other receivables	-	19,766	57,969
Prepaid insurance	-	6,197	-
Inventory	-	5,578	-
Total assets	<u>56,415</u>	<u>442,990</u>	<u>301,832</u>
LIABILITIES			
Liabilities:			
Accounts payable	-	64,679	127,954
Accrued liabilities	1,078	2,789	173,878
Total liabilities	<u>1,078</u>	<u>67,468</u>	<u>301,832</u>
Net assets:			
Held in trust for pension benefits and other purposes	<u>\$ 55,337</u>	<u>\$ 375,522</u>	<u>\$ -</u>

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

CITY OF MORGAN CITY, LOUISIANA  
Fiduciary Funds

Statement of Changes in Fiduciary Net Assets  
For the Year Ended December 31, 2003

	<u>Police Pension and Relief Trust</u>	<u>Special Purpose Trusts</u>
Additions:		
Contributions:		
Employer	\$ 29,851	\$ -
Charges for services	-	8,542
Donations	-	310,926
Intergovernmental	-	8,755
Total contributions	<u>29,851</u>	<u>328,223</u>
Investment earnings:		
Interest	<u>2,213</u>	<u>2,894</u>
Total additions	<u>32,064</u>	<u>331,117</u>
Deductions:		
Benefits	29,851	-
Administrative	-	156,504
Payments in accordance with trust agreement	-	180,020
Total deductions	<u>29,851</u>	<u>336,524</u>
Change in net assets	2,213	(5,407)
Net assets - beginning	<u>53,124</u>	<u>380,929</u>
Net assets - ending	<u>\$ 55,337</u>	<u>\$ 375,522</u>



## CITY OF MORGAN CITY, LOUISIANA

### Notes to Financial Statements

#### (1) Summary of Significant Accounting Policies

The City of Morgan City (City) was incorporated under charter in 1871. Effective June 8, 1987, the City adopted a Home Rule Charter and operates under an elected Mayor-Council, administrative/legislative form of government. The City's operations include police and fire protection, streets and drainage, parks and recreation, certain social services (including urban redevelopment and housing) and general administration services. The City owns and operates two enterprise activities: a utilities system which generates and distributes electricity and provides gas and water services and a utilities system which provides sanitation and sewer services.

The accounting and reporting policies of the City of Morgan City conform to generally accepted accounting principles (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

#### A. Financial Reporting Entity

Governmental Accounting Standards Board Statement 14 established criteria for determining which component units should be considered part of the City of Morgan City, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the City 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 City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of the above criteria, entities that were determined to be component units of the City, but have not been included in these financial statements, include the City Court of the City of Morgan City and the City Marshal of the City of Morgan City. Each of these entities issues their own separate financial statements. Complete financial statements for each of the individual component units may be obtained from the entity's administrative offices.

## CITY OF MORGAN CITY, LOUISIANA

### Notes to Financial Statements (Continued)

The City's officials are also responsible for appointing the members of the boards of other organization, but the City's accountability for these organizations does not extend beyond making the appointments. These related organizations include the Housing Authority of the City of Morgan City and the St. Mary Public Trust Financing Authority.

#### 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 and 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.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental and business-type 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 (FFS)

The accounts of the City 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.

## CITY OF MORGAN CITY, LOUISIANA

### Notes to Financial Statements (Continued)

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

Governmental funds are those through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City's only major governmental fund is as follows:

#### General fund

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

Proprietary 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. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

The City has presented the following major proprietary funds:

Electric, Gas and Water Utility Fund

The Electric, Gas and Water Utility Fund is used to account for the provision of electric, gas and water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sanitation and Sewer Utility Fund

The Sanitation and Sewer Utility Fund is used to account for the provision of garbage collection and debris removal, and sewerage collection and treatment, including the operation and maintenance of the sewerage treatment facility, sewerage pumping stations and collection lines.

Additionally, the City reports the following fund types:

Governmental Funds -

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service funds

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

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Permanent funds

Permanent funds are used to account for resources that are legally restricted to the extent that only the earnings, and not principal, may be used as support for the programs.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

Proprietary Funds -

Internal service funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds -

Trust and agency funds

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include pension trusts, private-purpose trusts, and agency funds. Pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Private-purpose trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

## CITY OF MORGAN CITY, 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 fund utilizes 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

D. Assets, Liabilities and Net Assets or 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 City. Interest-bearing deposits are stated at cost, which approximates market.

Under state law, the City may deposit funds with a fiscal agent 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 City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Investments are stated at fair market value as determined by quoted market prices. If quoted market prices are not available, fair value is estimated by determining the fair value of investments possessing similar yield, maturity, repayment and risk characteristics. At December 31, 2003, there were no investments whose fair values were required to be estimated.

For the purpose of the proprietary fund 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.

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.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are charged off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

Inventory and Prepaids

Inventory is valued at the lower of cost (first-in, first-out) or market and consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed or used. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available expendable financial resources" even though they are a component of net current assets.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

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 City 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.

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	25 - 40 years
Equipment	4 - 20 years
Utilities systems and improvements	25 - 30 years
Infrastructure	20 - 50 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.



## CITY OF MORGAN CITY, LOUISIANA

### Notes to Financial Statements (Continued)

GASB Statement No. 34 requires the City to report and depreciate infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, sidewalks, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The City has elected to implement the general provisions of GASB Statement No. 34 in the current year and is in the process of implementing the retroactive infrastructure provisions. The process for implementing the retroactive infrastructure will be complete by the fiscal year ending December 31, 2006.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

#### 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 compensated absences payable, bonds payable and utility meter deposits payable.

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.

## CITY OF MORGAN CITY, LOUISIANA

### Notes to Financial Statements (Continued)

#### Compensated Absences

Vacation is provided to all full-time employees and is earned based on length of service. Employees with one to five complete years of service earn two calendar weeks (ten working days). Employees with six to ten complete years of service earn two calendar weeks plus two additional working days (twelve working days). Employees with over ten complete years earn three calendar weeks plus one additional day for each year over ten years of employment not to exceed thirty calendar days (twenty-two working days). Vacation is recorded as an expenditure of the period in which it is paid. Vacation must be taken in the year earned and cannot be carried over. Sick leave is earned by employees based upon length of service. For example, employees with one to ten years of service earn fourteen days sick leave per year. Employees with over ten years earn fourteen days plus one additional day for each year of employment over ten years up to twenty-two days. Sick leave is cumulative from year to year. Unused sick leave, at the termination of employment by either retirement or separation "in good standing", shall be paid according to a specific schedule as set forth in the City's employee leave policy. The schedule sets forth that employees with zero to nine years of employment shall receive payment for none of their accumulated unused sick leave upon separation. Employees with ten to nineteen years of service shall receive payment for 33 percent of their accumulated unused sick leave up to a maximum of 60 days. Employees with twenty to twenty-four years of service shall receive 66 percent of their accumulated unused sick leave up to a maximum of 90 days. Employees with at least 25 years of service shall receive 100 percent of their accumulated unused sick leave up to a maximum of 120 days. Upon the death of an employee eligible for retirement, the designated beneficiary of the employee shall receive one-half of the accrued sick leave due to the employee.

#### Bond Discount and Bond Issue Costs

Bond discount and bond issue costs are being amortized by the straight-line method over the life of the related bond issue.

## CITY OF MORGAN CITY, LOUISIANA

### Notes to Financial Statements (Continued)

#### 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.
- 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 governmental funds' financial statements, expenditures are classified by character. In the proprietary funds', as operating or nonoperating.

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

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.

F. Budget and Budgetary Accounting

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

1. At least ninety (90) days prior to the beginning of each fiscal year, the Mayor submits a proposed operating budget to the Council.
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 (10) days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance at least fifteen (15) days prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers 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 City Council.
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). Budgets for the debt service and capital projects funds are adopted in total by fund type rather than by individual funds. Budgeted amounts are as originally adopted or as amended from time to time by the City Council. Such amendments were not material in relation to the original appropriations.
8. Budgetary control is exercised at the fund level.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

G. Capitalization of Interest Expense

It is the policy of the City of Morgan City to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Report Classification

Certain previously reported amounts for the year ended December 31, 2002 have been reclassified to conform to the December 31, 2003 classifications.

(2) Changes in Accounting Principles

For the year ended December 31, 2003, the City 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. 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

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, as restated - Governmental Funds - at December 31, 2002		\$ 5,991,553
Add: Cost of capital assets	\$17,518,856	
Less: Accumulated depreciation	<u>(6,740,225)</u>	10,778,631
Add: Internal service fund net assets		15,966
Less: Bond principal	(2,215,000)	
Compensated absences	(348,755)	
Accrued interest payable	<u>(34,516)</u>	<u>(2,598,271)</u>
Net assets at December 31, 2002		<u>\$14,187,879</u>

(3) Cash and Interest-Bearing Deposits

Under state law, the City 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 City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2003, the City has cash and interest-bearing deposits (book balances) totaling \$12,907,583, as follows:

Demand deposits	\$ 891,838
Money market interest-bearing demand deposits	10,912,856
Certificates of deposit	<u>1,102,889</u>
Total	<u>\$12,907,583</u>

CITY OF MORGAN CITY, 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 are as follows:

Bank balances	<u>\$13,051,026</u>
The deposits are secured as follows:	
Federal deposit insurance	439,589
Pledged securities (Category 3)	<u>12,611,437</u>
Total federal deposit insurance and pledged securities	<u>\$13,051,026</u>

Pledged securities in Category 3 is comprised of uninsured and unregistered investments with securities held by the pledging institution, or by its trust department or agent, but not in the City'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 City that the fiscal agent has failed to pay deposited funds upon demand.

(4) Investments

The City can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The City's investments are categorized to give an indication of the level of risk assumed. The categories are described as follows:

Category A – Insured, registered, or securities held by the City or its agent in the City's name.

Category B – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category C – Uninsured and unregistered, with securities held by the counterparty or its trust department or agent but not in the City's name.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

At year end, investment balances are as follows:

	Risk Category			Reported Amount/ Fair Value
	A	B	C	
<b>Governmental Activities:</b>				
U.S. Government Agency securities	\$ 43,182	\$ -	\$ -	\$ 43,182
<b>Investments not subject to risk categorization:</b>				
<b>Governmental activities</b>				
State government investment pool				486,692
Mutual Funds				635,416
<b>Business-type activities</b>				
State government investment pool				5,526,603
	<u>\$ 43,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,691,893</u>

Investments held by the City include \$6,013,295 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in A Investment grade (A-1/P-1) commercial paper of domestic United States corporations. Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.



CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

The dollar weighted average portfolio maturity at LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(5) Receivables

At December 31, 2003, the City has receivables totaling \$3,558,149 as follows:

<u>Receivable Class</u>	<u>Governmental</u>	<u>Business-Type Activities</u>		<u>Fiduciary</u>	<u>Total</u>
	<u>Activities</u>	<u>Electric, Gas</u>	<u>Sanitation and</u>	<u>Pension</u>	
	<u>General</u>	<u>and Water</u>	<u>Sewer</u>	<u>Trust</u>	
Taxes:					
Ad valorem	\$ 486,925	\$ -	\$ -	\$ -	\$ 486,925
Intergovernmental:					
Federal	166,622	-	-	-	166,622
State	645,173	-	-	-	645,173
Accounts	116,181	2,234,292	75,447	-	2,425,920
Other	100,536	57,980	31,210	722	190,448
	<u>\$ 1,515,437</u>	<u>\$ 2,292,272</u>	<u>\$ 106,657</u>	<u>\$ 722</u>	<u>\$ 3,915,088</u>

Ad Valorem Taxes and Tax Calendar

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

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

For the year ended December 31, 2003, taxes of 20.65 mills were levied on property with assessed valuations totaling \$69,424,362 and were dedicated as follows:

<u>Purpose</u>	<u>Mill</u>
General government	16.02
Auditorium maintenance	2.00
Auditorium bond	2.45

The Auditorium Maintenance Tax is dedicated to paying the maintenance and other such expenses of the Morgan City Municipal Auditorium. The Auditorium Bond Tax is dedicated to paying the interest and principal due on the bonds issued by the City for the Auditorium.

Total taxes levied in 2003 were \$1,420,292.

(6) Interfund Receivables/Payables

Interfund receivables/payables at December 31, 2003 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>				<u>Total</u>
	<u>Governmental Activities</u>			<u>Business-Type</u>	
	<u>General</u>	<u>Other</u>	<u>Internal</u>	<u>Activities</u>	
	<u>Governmental</u>	<u>Nonmajor</u>	<u>Service</u>	<u>Electric, Gas</u>	
				<u>and Water</u>	
<b>Governmental Activities:</b>					
General	\$ -	\$ 574,646	\$ -	\$ -	\$ 574,646
Other nonmajor governmental	400,074	381,287	-	500,000	1,281,361
<b>Business-type Activities:</b>					
Electric, Gas and Water	1,516,455	332,629	57,600	-	1,906,684
Sanitation and Sewer	82,146	-	-	4,399,019	4,481,165
	<u>\$ 1,998,675</u>	<u>\$ 1,288,562</u>	<u>\$ 57,600</u>	<u>\$ 4,899,019</u>	<u>\$ 8,243,856</u>
<b>Advances:</b>					
Sanitation and Sewer	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

(7) Restricted Assets

Certain proceeds of the City's utility revenue refunding bonds, as well as resources set aside for their repayment, are classified as restricted on the balance sheet because their use is limited to construction authorized by applicable bond covenants. Restricted assets consisted of the following at December 31, 2003:

	<u>Business-Type Activities</u>		
	<u>Cash and Interest-Bearing Deposits</u>	<u>Investments</u>	<u>Total</u>
Proprietary fund-			
Electric, Gas and Water			
Revenue bond sinking	\$ 117,719	\$ 72,516	\$ 190,235
Revenue bond reserve	1,073,064	-	1,073,064
Capital additions and contingencies	1,688,007	400,264	2,088,271
Revenue bond construction	<u>4,047,003</u>	<u>5,053,823</u>	<u>9,100,826</u>
	<u>\$ 6,925,793</u>	<u>\$ 5,526,603</u>	<u>\$ 12,452,396</u>

The "revenue bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account. The "capital additions and contingencies" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "revenue bond construction" account is used to report those proceeds of the revenue refunding bonds that are restricted for use in construction.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

(8) Capital Assets

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

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 1,759,335	\$ -	\$ -	\$ -	\$ 1,759,335
Construction in progress	<u>1,286,504</u>	<u>101,959</u>	<u>(10,867)</u>	<u>-</u>	<u>1,377,596</u>
	<u>3,045,839</u>	<u>101,959</u>	<u>(10,867)</u>	<u>-</u>	<u>3,136,931</u>
Capital assets, being depreciated					
Buildings	7,487,394	242,838	-	(1,731)	7,728,501
Improvements other than buildings	4,503,940	814,572	-	42,261	5,360,773
Equipment	<u>4,347,521</u>	<u>149,375</u>	<u>-</u>	<u>(1,861,626)</u>	<u>2,635,270</u>
	<u>16,338,855</u>	<u>1,206,785</u>	<u>-</u>	<u>(1,821,096)</u>	<u>15,724,544</u>
Less: accumulated depreciation for					
Buildings	(3,093,147)	(193,101)	-	-	(3,286,248)
Improvements other than buildings	(2,125,492)	(164,532)	-	-	(2,290,024)
Equipment	<u>(1,559,280)</u>	<u>(196,564)</u>	<u>-</u>	<u>-</u>	<u>(1,755,844)</u>
	<u>(6,777,919)</u>	<u>(554,197)</u>	<u>-</u>	<u>-</u>	<u>(7,332,116)</u>
Governmental Activities Capital Assets, net	<u>\$ 12,606,775</u>	<u>\$ 754,547</u>	<u>\$ (10,867)</u>	<u>\$ (1,821,096)</u>	<u>\$ 11,529,359</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

Capital asset activity for the business-type activities for the year ended December 31, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance
<b>Business-Type Activities:</b>					
<b>Capital assets, not being depreciated</b>					
Land	\$ 11,290	\$ -	\$ -	\$ -	\$ 11,290
Construction in progress	-	-	-	1,235,556	1,235,556
	<u>11,290</u>	<u>-</u>	<u>-</u>	<u>1,235,556</u>	<u>1,246,846</u>
<b>Capital assets, being depreciated</b>					
Buildings	86,242	-	-	-	86,242
<b>Infrastructure and related equipment</b>					
Electric power generation and transmission	28,399,620	1,087,686	-	(953,609)	28,533,697
Gas distribution	8,657,914	-	-	-	8,657,914
Water treatment and distribution	8,891,548	588,838	-	(533,906)	8,946,480
Wastewater collection and treatment	10,923,044	46,442	-	(59,744)	10,909,742
Sanitation	1,869,217	-	-	23,776	1,892,993
Other equipment and furniture	1,755,330	-	-	29,688	1,785,018
	<u>60,582,915</u>	<u>1,722,966</u>	<u>-</u>	<u>(1,493,795)</u>	<u>60,812,086</u>
<b>Less: accumulated depreciation for</b>					
Buildings	(62,573)	(1,565)	-	-	(64,138)
<b>Infrastructure and related equipment</b>					
Electric power generation and transmission	(23,854,399)	(541,457)	-	-	(24,395,856)
Gas distribution	(4,626,194)	(321,666)	-	-	(4,947,860)
Water treatment and distribution	(6,060,178)	(204,687)	-	-	(6,264,865)
Wastewater collection and treatment	(5,462,985)	(397,809)	-	-	(5,860,794)
Sanitation	(1,344,690)	(157,348)	-	3,593	(1,498,445)
Other equipment and furniture	(1,293,276)	(113,750)	-	20,316	(1,386,710)
	<u>(42,704,295)</u>	<u>(1,738,282)</u>	<u>-</u>	<u>23,909</u>	<u>(44,418,668)</u>
<b>Business-Type Activities, Capital Assets, net</b>	<u>\$ 17,889,910</u>	<u>\$ (15,316)</u>	<u>\$ -</u>	<u>\$ (234,330)</u>	<u>\$ 17,640,264</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 82,545
Culture and recreation	238,901
Public safety	178,147
Public works	<u>54,604</u>
Total depreciation expense - governmental activities	<u>\$ 554,197</u>
Business-Type Activities:	
Electric, gas and water	\$ 1,090,657
Sanitation and sewer	<u>555,157</u>
Total depreciation expense - business-type activities	<u>\$ 1,645,814</u>

(9) Long-Term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City also issues bonds where the income derived from the acquired or constructed assets are pledged to pay debt service. General obligation bonds and revenue bonds outstanding at December 31, 2003 are summarized as follows:

General Obligation Bonds:

\$2,145,000 Sales Tax Revenue Bonds, Series 1994, due in annual installments of \$290,000 to \$340,000 through December 1, 2004; interest at 5.57 percent; secured by a pledge of the City's 3/4 percent sales tax.	340,000
\$1,600,000 Property Tax Revenue Bonds, Series 2000 due in annual installments of \$45,000 to \$140,000 through March 1, 2020; interest at 5.15 to 7.50 percent; secured by a pledge of the City's ad valorem taxes.	<u>1,505,000</u>
Total	<u>\$ 1,845,000</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

Utility Revenue Bonds:

\$10,000,000 Utility Revenue Refunding Bonds, Series 2002, due in annual installments of \$370,000 to \$705,000 through December 1, 2022; interest at 2.0 to 4.7 percent.

	<u>9,630,000</u>
Total	9,630,000
Less: Unamortized bond discount and deferred amount on refunding	<u>163,699</u>
Net utility revenue bonds payable	<u>\$9,466,301</u>

The annual requirements to amortize all bonded debt outstanding as of December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		<u>Utility Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 390,000	\$ 84,418	\$ 375,000	\$ 362,035
2005	55,000	80,480	385,000	354,535
2006	60,000	76,168	395,000	346,835
2007	60,000	72,118	405,000	336,960
2008	65,000	68,644	415,000	325,822
2009-2013	400,000	284,837	2,275,000	1,420,748
2014-2018	545,000	157,723	2,735,000	962,598
2019-2022	270,000	15,780	2,645,000	312,987
	<u>\$1,845,000</u>	<u>\$ 840,168</u>	<u>\$ 9,630,000</u>	<u>\$ 4,422,520</u>

The various bond indentures contain significant limitations and restrictions as to annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages (see Note 10). The City is in compliance with all such significant limitations and restrictions at December 31, 2003.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

Changes in Long-Term Liabilities:

During year ended December 31, 2003, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>					
Compensated absences	\$ 348,755	\$ 1,822	\$ -	\$ 350,577	\$ 61,617
General obligation debt	<u>2,215,000</u>	<u>-</u>	<u>(370,000)</u>	<u>1,845,000</u>	<u>390,000</u>
	<u>\$ 2,563,755</u>	<u>\$ 1,822</u>	<u>\$ (370,000)</u>	<u>\$ 2,195,577</u>	<u>\$ 451,617</u>
<i>Business-Type Activities:</i>					
Utility revenue bonds	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ (370,000)</u>	<u>\$ 9,630,000</u>	<u>\$ 375,000</u>

(10) Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of the bond indentures on outstanding Utilities System bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utilities System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Revenue Bond Sinking Fund" an amount constituting 1/12 of the next maturing principal payment and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Revenue Bond Reserve Fund" an amount equal to the highest combined principal and interest requirements on the bonds for any succeeding fiscal year. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Depreciation and Contingencies Fund" in an amount equal to 5 percent of the gross revenues of the Utilities system for the preceding month, excluding fuel adjustment. Funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$250,000 must be maintained for the making of emergency repairs or replacements.

All revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.



CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

(11) Dedication of Proceeds and Flow of Funds - Sales and Use Taxes

The City of Morgan City collects sales taxes under three sales tax levies as follows:

- A. Proceeds of a 1% sales and use tax levied by the City in 1966 (2003 collections \$1,398,456; 2002 collections \$1,336,001) are accounted for in the General Fund and are dedicated to the following purposes:

Construction, acquisition, maintenance, and repair of streets; capital improvements; public works and buildings including fixtures and equipment; payment of all obligations which have been or may be issued; paying or supplementing salaries of all municipal employees; operation of recreational facilities; and acquisition, maintenance, and operating expenses of equipment.

- B. Proceeds of a 3/4% sales and use tax levied by the City in 1973 (2003 collections \$1,256,750; 2002 collections \$1,198,832) are accounted for in the Pollution Abatement Fund - a special revenue fund - and are authorized for the following usage:

Construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works and other facilities for pollution control and abatement in St. Mary Parish; and to pay debt service requirements on bonds issued for sewerage or solid waste collection purposes.

- C. Proceeds of a 3/10% sales and use tax levied by the City in 1981 (2003 collections \$570,402; 2002 collections \$546,386) are accounted for in the General Fund and are dedicated as follows:

For any lawful purpose of the City as established by the then current budgets of the City adopted in compliance with law.

- D. Proceeds of a 1/2% sales and use tax levied by the City in 2000 (2003 collections \$412,055; 2002 collections \$397,656) are accounted for in the General Fund and are dedicated to the following purposes:

For any lawful law enforcement purpose including operating and maintaining the police department, upgrading equipment, salaries and other law enforcement department expenditures.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

(12) Retirement Commitments

Eligible employees of the City participate in one of the following retirement systems: Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System, Firefighters' Retirement System, Parochial Employees' Retirement System, Federal Social Security System or Morgan City Police Pension and Relief Fund. Each of these retirement systems is controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

A. Municipal Employees' Retirement System

Plan members are required to contribute 9.25 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 8 percent through June 30 and increased to 11 percent as of July 1, 2002 of the total annual covered salary. The City's contributions to the system for the years ended December 31, 2003, 2002 and 2001 were \$282,833, \$234,706, and \$201,173, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

B. Municipal Police Employees' Retirement System

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 9 percent of the total annual covered salary through June, 2003 and increased to 15.25 percent beginning July, 2003. The City's contributions to the system for the years ended December 31, 2003, 2002 and 2001 were \$173,076, \$118,548, and \$122,768, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-2250.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

C. Firefighters' Retirement System

Plan members are required to contribute 8.0 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 18.25 percent of the total annual covered salary through June, 2003 and increased to 25.25 percent beginning July, 2003. The City is paying 21 percent of the total annual covered salaries under protest. The City's contributions to the system for the years ended December 31, 2003, 2002 and 2001 were \$185,548, \$113,440, and \$97,653, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Baton Rouge, Louisiana 70804.

D. Parochial Employees' Retirement System

Plan members are required to contribute 9.5 percent of their annual covered salary to the system while the City is required to contribute the statutory rate of 7.75 percent of the total annual covered salary. The City's contributions to the system for the years ended December 31, 2003, 2002 and 2001 were \$11,555, \$9,677, and \$9,584, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619.

E. Morgan City Police Pension and Relief Fund

In 1977, Morgan City policemen joined the State of Louisiana Municipal Police Employees' Retirement System. However, the City is still responsible for paying retirement benefits from City funds to eligible retired members, in accordance with the policies, terms, and rates of the Morgan City Police Pension and Relief Fund, a single - employer pension employee's retirement system (PERS) which was in effect prior to joining the State System, until the retired member reaches the age of 50. Upon attaining age 50, retirement benefits will be paid exclusively by the state system. The City is obligated to pay pension benefits when they become payable to the retired employees. An actuarial study has not been performed to determine the City's unfunded pension benefit obligation. Generally accepted accounting principles require that the provision for pension expense be computed using an acceptable actuarial cost method.

The City's contributions to the Morgan City Police Pension and Relief Fund for the years ended December 31, 2003, 2002 and 2001 were \$29,851, \$29,851, and \$30,351, respectively.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

(13) Long-Term Lease Commitments

The City leases land under operating lease agreements as follows:

- A. A lease commencing December 11, 1974, for land to be used for a sewerage treatment facility. The annual rental for the first ten years was \$29,664 per year, payable yearly in advance. The rental for the four ten-year renewal periods is fixed at ten percent of the appraised value of the leased premises. It is the City's intention to pay this rental from the Sanitation and Sewer Utility Fund. Based on 1990 projections of population, the St. Mary Parish Council will reimburse the City for 31.06% of the rental fee. The City has exercised its option to renew the lease for an additional 10 year period ending December 11, 2004 at a rental of \$29,664 per year.
- B. A lease commencing December 1, 1983, for land to be used for the construction, maintenance and operation of a sewerage collection station with an annual rental of \$1,200. The rental is for a period of 40 years.
- C. A lease commencing January 1, 1979, for land to be used for recreational purposes with an annual rental of \$8,000. The primary term of this lease is for fourteen (14) years expiring December 31, 2000. Current annual rental on the lease is \$8,890.
- D. A lease commencing January 1, 1998, for land to be used for storage purposes. The primary term is for five (5) years expiring December 31, 2003. The lease contains an option to extend the term for a second five-year term. Current annual rental on the lease is \$7,347.
- E. A lease commencing January 1, 1998 for land to be subleased to the Environmental Treatment Team. The original lease term will expire on December 31, 2003. The City has the option to renew the lease for five additional five-year periods. The annual base rental for the original term shall be \$25,000 for 1999; \$26,500 for 2000; \$28,000 for 2001; \$29,500 for 2002, and \$31,000 for 2003.
- F. A lease for land to be subleased to *Cal Dive International*. The original lease term will expire December 31, 2007. The annual base rental will be \$99,000 through December 31, 2003. The annual base rental is subject to an adjustment upwards based on the Consumer Price Index for All Urban Consumers. The annual base rental for the remaining five years of the primary term starting January 1, 2003, shall be the greater of the annual base rental for the previous year or \$135,000. The City has the option to renew for 3 additional five-year periods.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2003 for each of the next five years and in the aggregate are:

<u>Year Ended December 31,</u>	<u>Amount</u>
2004	\$ 165,864
2005	136,200
2006	136,200
2007	<u>155,400</u>
	<u>\$ 593,664</u>

(14) Interfund Transfers

Interfund transfers for the year ended December 31, 2003 are as follows:

<u>Receiving Fund</u>	<u>Transferring Fund</u>				<u>Total</u>
	<u>Governmental Activities</u>			<u>Business -Type</u>	
	<u>General</u>	<u>Other Nonmajor Governmental</u>	<u>Internal Service</u>	<u>Electric, Gas and Water</u>	
<b>Governmental Activities:</b>					
General	\$ -	\$ -	\$ 30,000	\$ 2,400,000	\$ 2,430,000
Other nonmajor governmental	693,705	464,085	-	300,000	1,457,790
Internal service funds	37,075	-	-	-	37,075
<b>Business-type Activities:</b>					
Electric, Gas and Water	-	950,000	-	-	950,000
Sanitation and Sewer	<u>185,000</u>	<u>903,800</u>	<u>-</u>	<u>96,000</u>	<u>1,184,800</u>
	<u>\$ 915,780</u>	<u>\$ 2,317,885</u>	<u>\$ 30,000</u>	<u>\$ 2,796,000</u>	<u>\$ 6,059,665</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

(15) Special Purpose Trust Fund

The H & B Young Fund, a charitable foundation, has made cash contributions to the City, for specific purposes, which will be administered under one fund called the Morgan City Young Fund. At December 31, 2003, there was a balance in this fund which amounted to \$165,637, detailed as follows:

Swamp Garden/Tourist Center annual operations	\$ 6,868
Gathright House restoration	(103)
Morgan City Recreation Complex	4,453
Morgan City Municipal Auditorium	35,321
Lake End Park	2,083
Main Street Project	61,771
Morgan City Archives	(2,695)
Industrial Park Marker	2,000
Morgan City Fire Department	(14,223)
Morgan City Police Department	13,732
Museum House	1,051
City of Morgan City (asphalt road)	56,000
Turn of the Century House	(621)
	<u>\$165,637</u>

(16) Natural Gas Purchases

The City purchased natural gas for resale from Texaco Natural Gas, Inc. during 2002 in the amount of \$1,192,511. These purchases were made pursuant to a natural gas sales and purchase contract dated November 1, 2000, which expires on October 31, 2005.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

(17) Louisiana Energy and Power Authority

On October 1, 1982, the City entered into a power sales contract for electricity with Louisiana Energy and Power Authority (LEPA). LEPA, a political subdivision of the State of Louisiana, is to provide a 20 percent ownership interest in a power station for the generation and transmission of electric power for its members, one of which is the City. Each member is required to purchase its respective entitlement share of generated electricity. The aggregate entitlement shares of all members equals 100%, of which the City's share is 21%. Each member is required to pay on a monthly basis for its entitlement share of power capability project energy scheduled by the member and its share of project energy-related costs.

The power sales contract will continue in effect until all bonds issued by LEPA have been provided for or the date the agreement is terminated and settlement completed. However, in no event will the contract continue beyond July 1, 2032. The City's share of power (capital) costs and energy (fuel) costs for the year ended December 31, 2003 was \$3,347,420 and \$2,842,430, respectively.

On October 1, 1989, the following three additional agreements became effective between the City of Morgan City and LEPA:

- A. The power supply agreement requires the City to purchase all electric power and energy from LEPA. Each month the City is billed a demand charge for billing demand and an energy charge for all energy used. For the fiscal year ended December 31, 2003, the City's demand and energy charges were \$3,305,422 and \$6,664,786, respectively. These costs are included in operating expenses - fuel costs in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance - Proprietary Fund Types and Similar Trust Fund.
- B. The capacity purchase and operating agreement requires that the City sell and make available to LEPA the purchased capacity of the member's generating facilities. LEPA pays \$.50 per month for each kilowatt of purchased capacity, which amounted to \$384,102 for the year ended December 31, 2003.
- C. The agreement for the purchase of Rodemacher Unit No. 2 dependable capacity requires the City to sell to LEPA the output from its entitlement share of project capability, as required to be purchased under the power sales contract dated October 1, 1982. During the year ended December 2002, the City's entitlement share of power (capital) costs and energy (fuel) costs which was sold to LEPA was \$3,347,420 and \$2,842,430, respectively.

The three above-mentioned agreements are effective from October 1, 1997 through December 31, 2005.

(18) Pending Litigation

There are several lawsuits presently pending against the City of Morgan City as of December 31, 2003. In the suits pending, legal counsel and elected officials are of the opinion that any unfavorable outcome in these cases would be within the limits of the City's insurance coverage.

CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

(19) Fund Deficits

The following individual fund deficits which are not apparent from the face of the combined financial statements require disclosure:

Special Revenue Funds:

City Recreation Program	\$ 5,429
Municipal Auditorium	23,468
Lake End Park Concession	29,541
Wharf	4,056

Debt Service:

Sales Tax Revenue Bond Sinking Fund, Series 1993	12,025
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Capital Project:

Lake End Park Construction	59,138
Auditorium Construction	131,098

Internal Service:

Self Insurance	118,160
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It is anticipated that the deficits will be funded by excess revenues in subsequent periods or by appropriations from the General Fund or Utility Funds.

(20) Segment Information

The City of Morgan City maintains two enterprise funds with departments which provide electric, gas, water, sanitation and sewer services.

Segment information for the year ended December 31, 2003 was as follows:

	<u>Electric, Gas and Water Departments</u>	<u>Sanitation and Sewer Department</u>	<u>Total Enterprise Funds</u>
Net working capital	\$ (718,662)	\$ 5,684,541	\$ 4,965,879
Plant and equipment, net of accumulated depreciation	12,085,821	5,554,443	17,640,264
Total assets	30,401,462	13,323,245	43,724,707
Bonds and other long-term liabilities	12,225,892	65,722	12,291,614
Net assets	11,758,238	13,173,262	24,931,500
Operating transfers in (out)	(1,846,000)	1,184,800	(661,200)
Change in net assets	1,115,936	983,037	2,098,973



CITY OF MORGAN CITY, LOUISIANA

Notes to Financial Statements (Continued)

Operating results of individual utility departments accounted for in the Enterprise Funds for the year ended December 31, 2003 were as follows:

	Electric Department	Gas Department	Water Department	Sanitation and Sewer Department	Total Enterprise Funds
Operating revenues	<u>\$ 14,416,452</u>	<u>\$ 2,685,935</u>	<u>\$ 1,786,434</u>	<u>\$ 1,603,421</u>	<u>\$ 20,492,242</u>
Operating expenses:					
Depreciation	532,516	306,754	198,918	555,157	1,593,345
Other	<u>11,426,824</u>	<u>1,700,478</u>	<u>1,600,923</u>	<u>1,559,600</u>	<u>16,287,825</u>
Total operating expenses	<u>11,959,340</u>	<u>2,007,232</u>	<u>1,799,841</u>	<u>2,114,757</u>	<u>17,881,170</u>
Operating income (loss)	2,457,112	678,703	(13,407)	(511,336)	2,611,072
Nonoperating revenues (expenses)	<u>(25,328)</u>	<u>(140,297)</u>	<u>5,152</u>	<u>9,573</u>	<u>(150,900)</u>
Income (loss) before operating transfers	<u>\$ 2,431,784</u>	<u>\$ 538,406</u>	<u>\$ (8,255)</u>	<u>\$ (501,763)</u>	<u>\$ 2,460,172</u>

(21) Prior Period Adjustments

In previous years, inter-fund activities were recorded as receivables and payables. However, there was no intent for the repayment of the balances. Proper reflection of the amounts as transfers results in a decrease in the fund balance of the Self Insurance Internal Service Fund by \$50,000.

Also, during the current year, the City changes its capitalization threshold to \$1,000 and removed items below the capitalization threshold for financial reporting. This change resulted in a decrease in the fund balance in the Sanitation and Sewer Enterprise Fund by \$53,357.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF MORGAN CITY, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$3,296,500	\$3,423,810	\$3,472,132	\$ 48,322
Licenses and permits	733,500	696,000	688,549	(7,451)
Intergovernmental	387,510	408,446	491,915	83,469
Charges for services	20,000	25,000	23,879	(1,121)
Fines and forfeits	200,000	155,000	158,551	3,551
Miscellaneous	129,900	129,060	132,025	2,965
<b>Total revenues</b>	<u>4,767,410</u>	<u>4,837,316</u>	<u>4,967,051</u>	<u>129,735</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Administrative	1,605,250	1,649,104	1,701,280	(52,176)
Purchasing	105,723	99,896	99,360	536
Planning and zoning	128,521	127,640	126,792	848
<b>Public safety:</b>				
Police	2,446,831	2,480,226	2,461,554	18,672
Fire	1,676,351	1,681,927	1,541,780	140,147
<b>Public works:</b>				
Streets and drainage	749,142	772,777	787,297	(14,520)
Cemetery	111,709	107,225	110,826	(3,601)
Culture and recreation	175,626	170,485	169,185	1,300
Capital outlay	40,500	99,000	144,769	(45,769)
<b>Total expenditures</b>	<u>7,039,653</u>	<u>7,188,280</u>	<u>7,142,843</u>	<u>45,437</u>
<b>Deficiency of revenues     over expenditures</b>	<u>(2,272,243)</u>	<u>(2,350,964)</u>	<u>(2,175,792)</u>	<u>175,172</u>
<b>Other financing sources:</b>				
Operating Transfers in	2,795,000	2,795,549	2,530,000	(265,549)
Operating Transfers out	(659,500)	(639,500)	(927,780)	(288,280)
<b>Total other financing sources</b>	<u>2,135,500</u>	<u>2,156,049</u>	<u>1,602,220</u>	<u>(553,829)</u>
<b>Net changes in fund balances</b>	(136,743)	(194,915)	(573,572)	(378,657)
Fund balance, beginning	<u>908,029</u>	<u>908,029</u>	<u>908,029</u>	<u>-</u>
Fund balance, ending	<u>\$ 771,286</u>	<u>\$ 713,114</u>	<u>\$ 334,457</u>	<u>\$ (378,657)</u>

**OTHER  
SUPPLEMENTARY INFORMATION**

CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Taxes:</b>				
Ad valorem	\$1,010,000	\$1,060,000	\$1,091,220	\$ 31,220
Sales	2,286,500	2,363,810	2,380,912	17,102
Total taxes	<u>3,296,500</u>	<u>3,423,810</u>	<u>3,472,132</u>	<u>48,322</u>
<b>Licenses and permits:</b>				
Liquor and beer licenses	30,000	27,000	28,939	1,939
Occupational licenses	660,000	620,000	610,412	(9,588)
Building permits	25,000	27,000	29,688	2,688
Chain store	11,000	11,000	10,615	(385)
Other	7,500	11,000	8,895	(2,105)
Total licenses and permits	<u>733,500</u>	<u>696,000</u>	<u>688,549</u>	<u>(7,451)</u>
<b>Intergovernmental:</b>				
State of Louisiana -				
Beer taxes	22,600	24,000	20,563	(3,437)
Video poker	150,000	172,536	151,931	(20,605)
Indian gaming mitigation	25,000	25,000	25,000	-
Department of the Transportation	5,800	5,800	5,874	74
Other	1,200	7,200	12,746	5,546
St. Mary Parsh Council:				
Fre insurance tax	28,910	28,910	31,620	2,710
Other	59,000	57,000	59,278	2,278
U.S. Department of Justice				
Family strengthening grant	-	-	10,401	10,401
Develop accountability grant	-	-	24,422	24,422
Counciling program grant	-	-	1,785	1,785
D.A.R.E. program	25,000	23,000	25,742	2,742
FEMA	-	-	51,783	51,783
Law enforcement block grant	36,000	33,000	36,373	3,373
Morgan City Housing Authority:				
Special police patrol	34,000	32,000	34,397	2,397
Total intergovernmental	<u>387,510</u>	<u>408,446</u>	<u>491,915</u>	<u>83,469</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for services-				
Swamp Garden	\$ 20,000	\$ 25,000	\$ 23,879	\$ (1,121)
	<u>20,000</u>	<u>25,000</u>	<u>23,879</u>	<u>(1,121)</u>
Fines and forfeits:				
Fines and forfeits	200,000	155,000	158,551	3,551
	<u>200,000</u>	<u>155,000</u>	<u>158,551</u>	<u>3,551</u>
Miscellaneous:				
Property rentals	10,800	12,000	11,395	(605)
Cemetery lot sales	60,000	70,000	74,802	4,802
Donation	2,000	-	-	-
Notice fees	5,200	7,000	6,869	(131)
Sales of Capital Assets	2,000	1,000	-	(1,000)
Subpoena collections	10,400	8,500	9,085	585
Interest earned	11,000	5,560	4,193	(1,367)
Other sources	28,500	25,000	25,681	681
Total miscellaneous	<u>129,900</u>	<u>129,060</u>	<u>132,025</u>	<u>2,965</u>
Total revenues	<u>\$4,767,410</u>	<u>\$4,837,316</u>	<u>\$4,967,051</u>	<u>\$ 130,856</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT -</b>				
<b>Administrative</b>				
Personnel services				
Salaries and wages:				
Administration	\$ 527,521	\$ 540,930	\$ 554,241	\$ (13,311)
City Court	194,385	214,680	222,476	(7,796)
Hospitalization	80,611	82,592	110,910	(28,318)
Retirement and unemployment	63,233	72,402	55,092	17,310
Total general government	<u>865,750</u>	<u>910,604</u>	<u>942,719</u>	<u>(32,115)</u>
Supplies and materials				
Auto expense	4,000	5,000	6,761	(1,761)
Miscellaneous	30,500	25,500	31,606	(6,106)
Office	20,000	15,000	21,177	(6,177)
Uniforms	1,000	2,000	-	2,000
	<u>55,500</u>	<u>47,500</u>	<u>59,544</u>	<u>(12,044)</u>
Contractual services-				
Engineering, inspection, zoning, civil defense, and public relations	60,000	65,000	51,612	13,388
Insurance and bonds	160,000	170,000	175,366	(5,366)
Intergovernmental contributions	25,000	15,000	500	14,500
Professional fees	140,000	135,000	115,814	19,186
Publishing council proceedings	12,000	20,000	22,845	(2,845)
Atchafalaya gateway initiative	-	-	-	-
Shrimp festival contribution	-	-	-	-
Telephone expense	12,000	11,000	10,578	422
Utilities	250,000	250,000	288,203	(38,203)
	<u>659,000</u>	<u>666,000</u>	<u>664,918</u>	<u>1,082</u>
Repairs and maintenance	<u>25,000</u>	<u>25,000</u>	<u>34,099</u>	<u>(9,099)</u>
Total administrative	<u>1,605,250</u>	<u>1,649,104</u>	<u>1,701,280</u>	<u>(52,176)</u>

CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Purchasing:</b>				
Personnel services-				
Salaries	74,976	74,870	75,573	(703)
Hospitalization	9,199	9,298	9,298	-
Retirement and unemployment	6,548	7,678	7,118	560
	<u>90,723</u>	<u>91,846</u>	<u>91,989</u>	<u>(143)</u>
Supplies and materials -				
Miscellaneous	1,000	1,000	181	819
Office	3,500	1,000	1,376	(376)
	<u>4,500</u>	<u>2,000</u>	<u>1,557</u>	<u>443</u>
Contractual services-				
Telephone	1,500	1,200	1,058	142
Utilities	7,000	2,500	3,033	(533)
	<u>8,500</u>	<u>3,700</u>	<u>4,091</u>	<u>(391)</u>
Repairs and maintenance	<u>2,000</u>	<u>2,350</u>	<u>1,723</u>	<u>627</u>
Total purchasing	<u>105,723</u>	<u>99,896</u>	<u>99,360</u>	<u>536</u>
<b>Planning and zoning</b>				
Personnel services-				
Salaries	97,432	96,322	96,964	(642)
Hospitalization	13,369	12,364	12,902	(538)
Retirement and unemployment	8,420	8,504	9,130	(626)
Other	-	-	75	(75)
	<u>119,221</u>	<u>117,190</u>	<u>119,071</u>	<u>(1,881)</u>
Supplies and materials -				
Office	1,000	500	684	(184)
Auto expense	2,000	1,200	1,337	(137)
Miscellaneous	2,000	3,500	3,449	51
Small tools	200	-	-	-
	<u>5,200</u>	<u>5,200</u>	<u>5,470</u>	<u>(270)</u>



CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Contractual services-				
Dues and subscriptions	600	500	-	500
Special services - planning and zoning	-	3,000	1,000	2,000
Training	1,000	1,000	936	64
	<u>1,600</u>	<u>4,500</u>	<u>1,936</u>	<u>2,564</u>
Repairs and maintenance	<u>2,500</u>	<u>750</u>	<u>315</u>	<u>435</u>
Total planning and zoning	<u>128,521</u>	<u>127,640</u>	<u>126,792</u>	<u>848</u>
Public safety-				
Police:				
Personnel services-				
Salaries	1,712,304	1,835,912	1,827,480	8,432
Hospitalization	188,341	185,367	189,688	(4,321)
Pension and relief fund	29,851	29,851	29,851	-
Retirement - state plan	146,810	201,246	173,066	28,180
Retirement and unemployment	-	-	12,332	(12,332)
Subpoena expense	1,000	1,000	750	250
	<u>2,078,306</u>	<u>2,253,376</u>	<u>2,233,167</u>	<u>20,209</u>
Supplies and materials -				
Auto and truck	95,000	90,000	93,982	(3,982)
Guns and ammunition	5,000	5,000	2,435	2,565
Miscellaneous	20,000	15,000	17,180	(2,180)
Office	9,000	8,000	8,872	(872)
Photo	3,000	2,000	206	1,794
Small tools	500	500	20	480
Traffic signs	10,000	6,000	5,570	430
Uniforms and equipment	30,000	20,000	23,343	(3,343)
	<u>172,500</u>	<u>146,500</u>	<u>151,608</u>	<u>(5,108)</u>
Contractual services-				
Professional fees	8,000	8,000	4,364	3,636
Autopsy reports	15,000	10,000	4,426	5,574
Small animal warden	8,000	3,000	3,453	(453)
Telephone	16,000	15,000	15,903	(903)
Training schools and conventions	35,000	12,000	10,389	1,611
Utilities	52,000	13,350	21,906	(8,556)
Insurance	42,025	-	880	(880)
	<u>176,025</u>	<u>61,350</u>	<u>61,321</u>	<u>29</u>

CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Repairs and maintenance	<u>20,000</u>	<u>19,000</u>	<u>15,458</u>	<u>3,542</u>
Total police	<u>2,446,831</u>	<u>2,480,226</u>	<u>2,461,554</u>	<u>18,672</u>
Fire:				
Personnel services-				
Salaries	1,186,437	1,154,156	1,131,394	22,762
Hospitalization	198,792	140,950	135,998	4,952
Retirement and unemployment	<u>128,622</u>	<u>236,321</u>	<u>185,548</u>	<u>50,773</u>
	<u>1,513,851</u>	<u>1,531,427</u>	<u>1,452,940</u>	<u>78,487</u>
Supplies and materials -				
Uniforms	7,000	7,000	3,965	3,035
Fire fighting equipment	26,000	26,000	15,994	10,006
Miscellaneous	7,500	7,500	8,522	(1,022)
Office	6,000	6,000	3,199	2,801
Small tools/supplies	12,000	12,000	5,633	6,367
Truck expense	10,000	10,000	10,324	(324)
Fire prevention supplies	<u>4,000</u>	<u>4,000</u>	<u>3,956</u>	<u>44</u>
	<u>72,500</u>	<u>72,500</u>	<u>51,593</u>	<u>20,907</u>
Contractual services-				
Insurance - volunteer fire department	1,000	1,000	-	1,000
Professional services	-	6,000	9,374	(3,374)
Telephone	8,000	8,000	7,295	705
Training schools and conventions	18,000	18,000	5,622	12,378
Utilities	20,000	15,000	14,725	275
Water charge - fire hydrants	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>60,000</u>	<u>48,000</u>	<u>37,016</u>	<u>10,984</u>
Repairs and maintenance	<u>30,000</u>	<u>30,000</u>	<u>231</u>	<u>29,769</u>
Total fire	<u>1,676,351</u>	<u>1,681,927</u>	<u>1,541,780</u>	<u>140,147</u>
Total public safety	<u>4,123,182</u>	<u>4,162,153</u>	<u>4,003,334</u>	<u>158,819</u>

CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works -				
Streets and drainage:				
Personnel services-				
Salaries	444,091	384,598	392,507	(7,909)
Hospitalization	58,830	59,154	61,175	(2,021)
Retirement and unemployment	33,921	38,625	34,290	4,335
Other	1,500	1,550	-	1,550
	<u>538,342</u>	<u>483,927</u>	<u>487,972</u>	<u>(4,045)</u>
Supplies and materials -				
Fill, shells, concrete, and asphalt	40,000	35,000	28,632	6,368
Gasoline, oil and supplies - truck	35,000	27,000	23,779	3,221
Miscellaneous	25,000	20,000	20,651	(651)
Small tools	5,500	15,000	10,844	4,156
Chemicals	8,000	10,000	12,486	(2,486)
	<u>113,500</u>	<u>107,000</u>	<u>96,392</u>	<u>10,608</u>
Contractual services-				
Telephone	1,800	1,800	1,651	149
Utilities	12,500	7,000	7,787	(787)
	<u>14,300</u>	<u>8,800</u>	<u>9,438</u>	<u>(638)</u>
Repairs and maintenance -				
Drainage pumpbs and systems	23,000	83,650	93,713	(10,063)
Trucks, equipment and buildings	60,000	89,400	99,782	(10,382)
	<u>83,000</u>	<u>173,050</u>	<u>193,495</u>	<u>(20,445)</u>
Total streets and drainage	<u>749,142</u>	<u>772,777</u>	<u>787,297</u>	<u>(14,520)</u>
Cemetery:				
Personnel services-				
Salaries	70,082	69,945	70,512	(567)
Hospitalization	9,129	9,228	9,228	-
Retirement and unemployment	6,398	7,452	6,428	1,024
	<u>85,609</u>	<u>86,625</u>	<u>86,168</u>	<u>457</u>

CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Supplies and materials -				
Gasoline and oil - truck	2,500	2,000	2,174	(174)
Miscellaneous	9,000	5,000	4,952	48
Small tools	500	800	301	499
	<u>12,000</u>	<u>7,800</u>	<u>7,427</u>	<u>373</u>
Contractual services-				
Telephone	600	300	318	(18)
Utilities	3,500	3,500	3,785	(285)
	<u>4,100</u>	<u>3,800</u>	<u>4,103</u>	<u>(303)</u>
Repairs and maintenance	<u>10,000</u>	<u>9,000</u>	<u>13,128</u>	<u>(4,128)</u>
Total cemetery	<u>111,709</u>	<u>107,225</u>	<u>110,826</u>	<u>(3,601)</u>
Total public works	<u>860,851</u>	<u>880,002</u>	<u>898,123</u>	<u>(18,121)</u>
Culture and recreation-				
Swamp Garden:				
Personnel services-				
Salaries	95,494	95,870	95,528	342
Hospitalization	14,598	10,120	11,153	(1,033)
Retirement and unemployment	8,834	8,845	6,209	2,636
Other	-	-	-	-
	<u>118,926</u>	<u>114,835</u>	<u>112,890</u>	<u>1,945</u>
Supplies and materials -				
Gasoline and oil - trucks and equipment	4,000	3,500	3,648	(148)
Miscellaneous	20,000	24,800	21,161	3,639
Petting zoo	7,000	7,000	6,036	964
Gift shop supplies	6,000	5,000	5,399	(399)
Office supplies	1,000	200	370	(170)
Small tools	2,000	1,000	838	162
	<u>40,000</u>	<u>41,500</u>	<u>37,452</u>	<u>4,048</u>
Contractual services-				
Advertising	1,500	1,700	2,587	(887)
Telephone	1,700	1,200	1,019	181
Travel	-	-	-	-
Utilities	12,000	6,000	6,753	(753)
	<u>15,200</u>	<u>8,900</u>	<u>10,359</u>	<u>(1,459)</u>

CITY OF MORGAN CITY, LOUISIANA  
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Repairs and maintenance	<u>1,500</u>	<u>5,250</u>	<u>8,484</u>	<u>(3,234)</u>
Total culture and recreation	<u>175,626</u>	<u>170,485</u>	<u>169,185</u>	<u>1,300</u>
Capital outlay:				
General government :				
General administrative - equipment	-	1,000	1,862	(862)
Planning and zoning	-	-	1,024	(1,024)
Purchasing	-	-	-	-
Public safety :				
Police	-	46,500	52,074	(5,574)
Fire	40,500	25,000	22,348	2,652
Public works:				
Streets and drainage-				
Equipment			20,239	(20,239)
Parks		20,000	-	20,000
Cemetery -				
Improvements		1,500	7,500	(6,000)
Culture and recreation:				
Building improvements		5,000	39,722	(34,722)
Equipment	-	-	-	-
Total capital outlay	<u>40,500</u>	<u>99,000</u>	<u>144,769</u>	<u>(45,769)</u>
Total expenditures	<u>\$ 7,039,653</u>	<u>\$ 7,188,280</u>	<u>\$ 7,142,843</u>	<u>\$ 45,437</u>

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
December 31, 2003

With Comparative Totals for December 31, 2002

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals	
					2003	2002
<b>ASSETS</b>						
Cash	\$ 143,817	\$ 725	\$ 89	\$ 13,653	\$ 158,284	\$ 188,539
Interest-bearing deposits	1,563,919	661,071	387,127	-	2,612,117	3,450,224
Investments	139,826	43,182	483,243	495,590	1,161,841	650,842
Receivables:						
Accounts	2,496	-	-	-	2,496	171,091
Interest				2,206	2,206	
Taxes	211,302	6,795	-	-	218,097	150,014
Due from other funds	452,639	411,937	432,241	-	1,296,817	940,004
Due from other governmental units	-	-	166,622	-	166,622	-
Inventory	4,876	-	-	-	4,876	211,488
Prepaid items	5,551	-	-	-	5,551	9,930
Total assets	<u>\$2,524,426</u>	<u>\$1,123,710</u>	<u>\$1,469,322</u>	<u>\$ 511,449</u>	<u>\$5,628,907</u>	<u>\$5,772,132</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 7,287	\$ -	\$ -	\$ -	\$ 7,287	\$ 4,448
Deferred revenue	5,750	-	-	-	5,750	9,499
Deposits held	200	-	-	-	200	-
Accrued liabilities	381,378	-	437	-	381,815	293,790
Due to inmates	4,770	-	-	-	4,770	4,693
Due to other funds	684,478	15,500	599,784	-	1,299,762	878,692
Total liabilities	<u>1,083,863</u>	<u>15,500</u>	<u>600,221</u>	<u>-</u>	<u>1,699,584</u>	<u>1,191,122</u>
Fund balances -						
Reserved for inventory	4,876	-	-	-	4,876	4,876
Reserved for debt service	-	1,108,210	-	-	1,108,210	2,016,477
Reserved for capital improvements	-	-	869,101	-	869,101	592,005
Reserved for perpetual care	-	-	-	511,449	511,449	1,967,652
Unreserved, undesignated	1,435,687	-	-	-	1,435,687	1,967,652
Total fund balances	<u>1,440,563</u>	<u>1,108,210</u>	<u>869,101</u>	<u>511,449</u>	<u>3,929,323</u>	<u>4,581,010</u>
Total liabilities and fund balances	<u>\$2,524,426</u>	<u>\$1,123,710</u>	<u>\$1,469,322</u>	<u>\$ 511,449</u>	<u>\$5,628,907</u>	<u>\$5,772,132</u>

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2003  
With Comparative Actual Amounts for the Year Ended December 31, 2002

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals	
					2003	2002
<b>Revenues:</b>						
Taxes	\$1,395,605	\$ 170,097	\$ -	\$ -	\$1,565,702	\$1,497,851
Intergovernmental	327,630	-	497,279	-	824,909	1,413,950
Charges for services	589,788	-	-	2,943	592,731	529,604
Donations	32,555	-	-	-	32,555	1,955
Fines and forfeitures	15,311	-	-	-	15,311	13,198
<b>Investment income:</b>						
Interest	14,429	33,001	9,877	22,413	79,720	81,635
Net change in fair value of investments	33,082	(21,335)	-	(4,311)	7,436	(12,446)
Miscellaneous	22,186	-	-	-	22,186	27,636
<b>Total revenues</b>	<b>2,430,586</b>	<b>181,763</b>	<b>507,156</b>	<b>21,045</b>	<b>3,140,550</b>	<b>3,553,383</b>
<b>Expenditures:</b>						
Public safety - police and fire	307,227	-	-	-	307,227	257,584
Public works	70,183	-	-	4,788	74,971	169,479
Culture and recreation	1,443,059	-	-	-	1,443,059	1,325,671
Supporting services	-	-	-	-	-	166,000
Capital outlay	698,047	-	455,060	-	1,153,107	1,829,901
Principle retirement	-	370,000	-	-	370,000	500,000
Interest and fiscal charges	-	126,792	-	-	126,792	156,475
<b>Total Expenditures</b>	<b>2,518,516</b>	<b>496,792</b>	<b>455,060</b>	<b>4,788</b>	<b>3,475,156</b>	<b>4,405,110</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(87,930)</b>	<b>(315,029)</b>	<b>52,096</b>	<b>16,257</b>	<b>(334,606)</b>	<b>(851,727)</b>
<b>Other financing sources:</b>						
Operating transfers in	841,527	356,762	300,000	-	1,498,289	1,214,162
Operating transfers out	(1,285,562)	(950,000)	(75,000)	(7,322)	(2,317,884)	(1,461,458)
<b>Total other financing sources</b>	<b>(444,035)</b>	<b>(593,238)</b>	<b>225,000</b>	<b>(7,322)</b>	<b>(819,595)</b>	<b>(247,296)</b>
<b>Excess (deficiency) of revenues and other sources over expenditures</b>	<b>(531,965)</b>	<b>(908,267)</b>	<b>277,096</b>	<b>8,935</b>	<b>(1,154,201)</b>	<b>(1,099,023)</b>
<b>Fund balances (deficit), beginning</b>	<b>1,972,528</b>	<b>2,016,477</b>	<b>592,005</b>	<b>502,514</b>	<b>5,083,524</b>	<b>5,680,033</b>
<b>Fund balances (deficit), ending</b>	<b>\$1,440,563</b>	<b>\$1,108,210</b>	<b>\$869,101</b>	<b>\$511,449</b>	<b>\$3,929,323</b>	<b>\$4,581,010</b>

## NONMAJOR SPECIAL REVENUE FUNDS

### **City Recreation Program Fund**

Monies in this fund are received from recreation programs sponsored and transfers from the General Fund. The costs of the recreation department are accounted for in this fund.

### **Library Commission Fund**

Monies in this fund are received from St. Mary Parish, private donations, and transfers from the General Fund and Morgan City Young Fund. The costs of the library are accounted for in this fund.

### **Municipal Auditorium Fund**

Monies in this fund are received from auditorium rentals, concessions, and transfers from the General Fund. The costs of the municipal auditorium are accounted for in this fund.

### **Pollution Abatement Fund**

This fund accounts for the receipt and disbursements of the proceeds from a 3/4% sales and use tax, which are dedicated to the improvement of sanitation and sewer disposal in the City.

### **Housing Initiative**

This fund accounts for the receipt and subsequent expenditures of funds to provide new housing on existing lots within the City to first time homebuyers at low interest rates.

### **Road and Royalty Fund**

This fund accounts for receipts and subsequent expenditures of St. Mary Parish Council donations designated for street improvements.

### **Cemetery Fund**

Monies in this fund are received from sales of mausoleum crypts. The cost of maintenance and improvements to the mausoleum and surrounding cemetery grounds are accounted for in this fund.

### **Fire Apparatus Purchase Fund**

General Fund transfers are made to this fund to dedicate monies for fire equipment purchases.

### **Lake End Park Concession Fund**

Monies in this fund are received from gate and space rental receipts, St. Mary Parish, and transfers from the General Fund. The costs of operating Lake End Park are accounted for in this fund.



## **SPECIAL REVENUE FUNDS (CONTINUED)**

### **Morgan City Archives Fund**

Monies in this fund are received from grants, donations and transfers from the General Fund and the Morgan City Young Fund. These funds are dedicated to the preservation of Morgan City historical documents.

### **Main Street Fund**

This fund accounts for monies received from federal and state sources for the development and operation of the Main Street Program.

### **State Prisoners' Fund**

Monies in this fund are received from neighboring parishes and cities and transfers from the General Fund. The costs of prisoners' meals, medical expenses and supplies are accounted for in this fund.

### **Wharf Fund**

This fund accounts for monies received from wharf rentals and for costs incurred to maintain the wharves.

### **Real Estate Acquisition Fund**

This fund accounts for the purchases and sales of various real estate.

### **Lake End Park Marina Fund**

This fund accounts for the monies received from operation of the marina and expenditures incurred relative to the maintenance of the marina.

### **Emergency Management Fund**

This fund accounts for the federal and state monies received and expended for damages sustained as a result of Hurricane Andrew.

### **Seafood Processing Grant Fund**

This fund accounts for the federal monies received and expended for experimentation concerning seafood processing.

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Balance Sheet  
December 31, 2003  
With Comparative Totals for December 31, 2002

	<u>City Recreation Program</u>	<u>Library Commission</u>	<u>Municipal Auditorium</u>	<u>Pollution Abatement</u>
<b>ASSETS</b>				
Cash	\$ 16,151	\$ 4,982	\$ 7,694	\$ 8
Interest-bearing deposits	92,297	15,019	180,446	208
Investments at fair value	-	-	-	-
Receivables:				
Accounts	-	-	2,496	-
Taxes	-	-	2,797	208,505
Due from other funds	7,612	75,066	1,631	-
Inventory, at cost	-	-	4,876	-
Prepaid items	-	-	-	5,551
Total assets	<u>\$ 116,060</u>	<u>\$ 95,067</u>	<u>\$ 199,940</u>	<u>\$ 214,272</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,311	\$ 590	\$ 2,466	\$ -
Deferred revenue	-	-	5,750	-
Deposits held	-	-	-	-
Accrued liabilities	8,410	1,732	7,485	-
Due to inmates	-	-	-	-
Due to other funds	111,768	85,373	207,707	11,100
Total liabilities	<u>121,489</u>	<u>87,695</u>	<u>223,408</u>	<u>11,100</u>
Fund balances -				
Reserved for inventory	-	-	4,876	-
Unreserved, undesignated	(5,429)	7,372	(28,344)	203,172
Total fund balances	<u>(5,429)</u>	<u>7,372</u>	<u>(23,468)</u>	<u>203,172</u>
Total liabilities and fund balances	<u>\$ 116,060</u>	<u>\$ 95,067</u>	<u>\$ 199,940</u>	<u>\$ 214,272</u>

<u>Road and Royalty</u>	<u>Cemetery</u>	<u>Fire Apparatus Purchase</u>	<u>Lake End Park Concession</u>	<u>Morgan City Archives</u>	<u>State Prisoners'</u>	<u>Real Estate Acquisiton</u>
\$ 19	\$ 44	\$ 18	\$ 8,070	\$ 255	\$ 105,551	\$ -
573,156	148,747	106,549	109,549	218,714	-	5,251
-	-	-	-	139,826	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
33,083	15,000	-	43,409	20,563	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 606,258</u>	<u>\$ 163,791</u>	<u>\$ 106,567</u>	<u>\$ 161,028</u>	<u>\$ 379,358</u>	<u>\$ 105,551</u>	<u>\$ 5,251</u>
\$ 2,487	\$ 238	\$ -	\$ -	\$ 195	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
327,254	25,160	-	9,772	685	-	-
-	-	-	-	-	4,770	-
-	-	30,000	180,797	3,001	-	-
<u>329,741</u>	<u>25,398</u>	<u>30,000</u>	<u>190,569</u>	<u>3,881</u>	<u>4,770</u>	<u>-</u>
-	-	-	-	-	-	-
276,517	138,393	76,567	(29,541)	375,477	100,781	5,251
<u>276,517</u>	<u>138,393</u>	<u>76,567</u>	<u>(29,541)</u>	<u>375,477</u>	<u>100,781</u>	<u>5,251</u>
<u>\$ 606,258</u>	<u>\$ 163,791</u>	<u>\$ 106,567</u>	<u>\$ 161,028</u>	<u>\$ 379,358</u>	<u>\$ 105,551</u>	<u>\$ 5,251</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Balance Sheet (Continued)  
December 31, 2003

With Comparative Totals for December 31, 2002

	Wharf	Lake End Park Marina	Emergency Management	Seafood Processing Grant
<b>ASSETS</b>				
Cash	\$ 10	\$ 485	\$ 33	\$ 27
Interest-bearing deposits	7,618	75,929	19	141
Investments at fair value	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Inventory, at cost	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 7,628	\$ 76,414	\$ 52	\$ 168
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Deposits held	-	200	-	-
Accrued liabilities	-	-	-	-
Due to inmates	-	-	-	-
Due to other funds	11,684	42,720	-	-
Total liabilities	11,684	42,920	-	-
Fund balances -				
Reserved for inventory	-	-	-	-
Unreserved, undesignated	(4,056)	33,494	52	168
Total fund balances	(4,056)	33,494	52	168
Total liabilities and fund balances	\$ 7,628	\$ 76,414	\$ 52	\$ 168

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Totals</u>	
		<u>2003</u>	<u>2002</u>
\$ 470	\$ -	\$ 143,817	\$ 156,805
30,276	-	1,563,919	1,632,671
-	-	139,826	108,392
-	-	2,496	36,091
-	-	211,302	65,344
6,275	250,000	452,639	277,267
-	-	4,876	211,488
-	-	5,551	9,930
<u>\$ 37,021</u>	<u>\$ 250,000</u>	<u>\$ 2,524,426</u>	<u>\$ 2,497,988</u>
\$ -	\$ -	\$ 7,287	\$ 4,448
-	-	5,750	9,499
-	-	200	-
880	-	381,378	26,791
-	-	4,770	4,693
328	-	684,478	480,029
<u>1,208</u>	<u>-</u>	<u>1,083,863</u>	<u>525,460</u>
-	-	4,876	4,876
<u>35,813</u>	<u>250,000</u>	<u>1,435,687</u>	<u>1,967,652</u>
<u>35,813</u>	<u>250,000</u>	<u>1,440,563</u>	<u>1,972,528</u>
<u>\$ 37,021</u>	<u>\$ 250,000</u>	<u>\$ 2,524,426</u>	<u>\$ 2,497,988</u>

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2003  
With Comparative Actual Amounts for the Year Ended December 31, 2002

	<u>City Recreation Program</u>	<u>Library Commission</u>	<u>Municipal Auditorium</u>	<u>Pollution Abatement</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 138,855	\$1,256,750
Intergovernmental	2,000	12,000	4,535	-
Charges for services	152,001	546	140,230	-
Donations	-	4,510	-	-
Fines and forfeitures	-	-	-	-
<b>Investment income:</b>				
Interest	447	19	1,454	216
Net change in fair value of investments	-	-	-	-
Miscellaneous	<u>5,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>159,697</u>	<u>17,075</u>	<u>285,074</u>	<u>1,256,966</u>
<b>Expenditures:</b>				
Public safety - police and fire	-	-	-	-
Public works	-	-	-	10,604
Culture and recreation	598,332	125,227	350,323	-
Capital outlay	<u>-</u>	<u>56,601</u>	<u>5,150</u>	<u>-</u>
Total Expenditures	<u>598,332</u>	<u>181,828</u>	<u>355,473</u>	<u>10,604</u>
Excess (deficiency) of revenues over expenditures	<u>(438,635)</u>	<u>(164,753)</u>	<u>(70,399)</u>	<u>1,246,362</u>
<b>Other financing sources:</b>				
Operating transfers in	425,750	153,000	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,260,562)</u>
Total other financing sources	<u>425,750</u>	<u>153,000</u>	<u>-</u>	<u>(1,260,562)</u>
Excess (deficiency) of revenues and other sources over expenditures	(12,885)	(11,753)	(70,399)	(14,200)
Fund balances (deficit), beginning	<u>7,456</u>	<u>19,125</u>	<u>46,931</u>	<u>217,372</u>
Fund balances (deficit), ending	<u>\$ (5,429)</u>	<u>\$ 7,372</u>	<u>\$ (23,468)</u>	<u>\$ 203,172</u>

<u>Road and Royalty</u>	<u>Cemetery</u>	<u>Fire Apparatus Purchase</u>	<u>Lake End Park Concession</u>	<u>Morgan City Archives</u>	<u>State Prisoners'</u>	<u>Real Estate Acquisiton</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
85,000	-	-	-	-	224,095	-
-	56,518	-	211,422	-	-	-
-	-	-	-	2,391	-	-
					15,311	
4,757	1,524	1,225	745	3,277	-	37
-	-	-	-	33,082	-	-
-	2,520	-	850	140	13,427	-
<u>89,757</u>	<u>60,562</u>	<u>1,225</u>	<u>213,017</u>	<u>38,890</u>	<u>252,833</u>	<u>37</u>
-	-	-	-	-	307,227	-
-	44,674	-	-	-	-	-
-	-	-	255,069	66,450	-	-
<u>432,269</u>	<u>128,720</u>	<u>57,150</u>	<u>11,548</u>	<u>-</u>	<u>6,609</u>	<u>-</u>
<u>432,269</u>	<u>173,394</u>	<u>57,150</u>	<u>266,617</u>	<u>66,450</u>	<u>313,836</u>	<u>-</u>
<u>(342,512)</u>	<u>(112,832)</u>	<u>(55,925)</u>	<u>(53,600)</u>	<u>(27,560)</u>	<u>(61,003)</u>	<u>37</u>
40,000	22,322	20,000	60,000	45,000	45,455	-
-	-	-	-	-	-	-
<u>40,000</u>	<u>22,322</u>	<u>20,000</u>	<u>60,000</u>	<u>45,000</u>	<u>45,455</u>	<u>-</u>
(302,512)	(90,510)	(35,925)	6,400	17,440	(15,548)	37
<u>579,029</u>	<u>228,903</u>	<u>112,492</u>	<u>(35,941)</u>	<u>358,037</u>	<u>116,329</u>	<u>5,214</u>
<u>\$ 276,517</u>	<u>\$ 138,393</u>	<u>\$ 76,567</u>	<u>\$ (29,541)</u>	<u>\$ 375,477</u>	<u>\$ 100,781</u>	<u>\$ 5,251</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)  
For the Year Ended December 31, 2003  
With Comparative Actual Amounts for the Year Ended December 31, 2002

	<u>Wharf</u>	<u>Lake End Park Marina</u>	<u>Emergency Management</u>	<u>Seafood Processing Grant</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	7,540	21,531	-	-
Donations	-	-	-	-
Fines and forfeitures				
Investment income:				
Interest	42	477	-	5
Net change in fair value of investments	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>7,582</u>	<u>22,008</u>	<u>-</u>	<u>5</u>
<b>Expenditures:</b>				
Public safety - police and fire	-	-	-	-
Public works	14,520	-	-	385
Culture and recreation	-	956	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>14,520</u>	<u>956</u>	<u>-</u>	<u>385</u>
Excess (deficiency) of revenues over expenditures	<u>(6,938)</u>	<u>21,052</u>	<u>-</u>	<u>(380)</u>
<b>Other financing sources:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	(25,000)	-	-
Total other financing sources	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	(6,938)	(3,948)	-	(380)
Fund balances (deficit), beginning	<u>2,882</u>	<u>37,442</u>	<u>52</u>	<u>548</u>
Fund balances (deficit), ending	<u>\$ (4,056)</u>	<u>\$ 33,494</u>	<u>\$ 52</u>	<u>\$ 168</u>



<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Totals</u>	
		<u>2003</u>	<u>2002</u>
\$ -	\$ -	\$1,395,605	\$1,331,726
-	-	327,630	344,559
-	-	589,788	529,604
25,654	-	32,555	1,955
-	-	15,311	13,198
204	-	14,429	32,452
-	-	33,082	(16,561)
-	-	22,186	27,636
<u>25,858</u>	<u>-</u>	<u>2,430,586</u>	<u>2,264,569</u>
-	-	307,227	257,584
-	-	70,183	169,479
46,702	-	1,443,059	1,325,671
-	-	698,047	748,678
<u>46,702</u>	<u>-</u>	<u>2,518,516</u>	<u>2,501,412</u>
<u>(20,844)</u>	<u>-</u>	<u>(87,930)</u>	<u>(236,843)</u>
30,000	-	841,527	722,897
-	-	(1,285,562)	(1,281,458)
<u>30,000</u>	<u>-</u>	<u>(444,035)</u>	<u>(558,561)</u>
9,156	-	(531,965)	(795,404)
<u>26,657</u>	<u>250,000</u>	<u>1,972,528</u>	<u>2,767,932</u>
<u>\$ 35,813</u>	<u>\$250,000</u>	<u>\$1,440,563</u>	<u>\$1,972,528</u>

## **NONMAJOR DEBT SERVICE FUNDS**

### **Sewerage System Improvement Bonds Dated 3/01/60**

To account for monies remaining after payment of the \$400,000 General Obligation Bonds.

### **Sales Tax Revenue Refunding Bonds, Series 1994**

To accumulate monies for payment of the \$2,145,000 Public Improvement Bonds, Series 1994, which are due in annual installments ranging from \$245,000 to \$340,000 through December 1, 2004. Financing is to be provided from a dedication of a portion on the City's 3/4 percent sales tax.

### **Sales Tax Revenue Refunding Bonds, Series 1993**

To accumulate monies for payment of the \$1,130,000 Sales Tax Bonds which are due in annual installments ranging from \$115,000 to \$145,000 through November 1, 2002. Financing is to be provided from a dedication of a portion of the City's 1 percent sales tax.

### **Ordinances H, I, J, K, L, M, LR, N, O, P, R, U, 8, T & SW9**

To account for monies remaining after the payment of various paving assessment certificates.

### **Sidewalk Assessment**

To account for monies remaining after payment of the costs for sidewalk repairs in certain areas within the City.

### **Auditorium Bond #1**

To accumulate monies for payment of the \$1,600,000 Property Tax Revenue Bond, Series 2000, which are due in annual installments ranging from \$45,000 to \$140,000 through March 1, 2020. Financing is to be provided from a dedication of a portion of the City's property tax.

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Debt Service Funds

Combining Balance Sheet  
December 31, 2003  
With Comparative Totals for December 31, 2002

		Sewerage System Improvement Bonds 3/1/1960	Auditorium Bonds #1	Sales Tax Revenue Refunding Bonds Series 1993	Sales Tax Revenue Refunding Bonds Series 1994	Ordinances H, I, J, K, L, M, LR, NO, O, P, R, U, 8 T & SW9	Sidewalk Assessment	Totals
								2003      2002
Cash	\$	5	\$ 41	\$ 5	\$ 45	\$ 217	\$ 412	\$ 725      \$ 707
Interest-bearing deposits		4,362	31,453	2,970	604,078	1,804	16,404	661,071      1,420,322
Investments at fair value		-	-	-	43,182	-	-	43,182      64,517
Taxes receivable		-	6,795	-	-	-	-	6,795      84,670
Due from other funds		-	211,937	-	200,000	-	-	411,937      530,661
Total assets	\$	<u>4,367</u>	<u>\$ 250,226</u>	<u>\$ 2,975</u>	<u>\$ 847,305</u>	<u>\$ 2,021</u>	<u>\$ 16,816</u>	<u>\$ 1,123,710</u> <u>\$ 2,100,877</u>

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities:								
Due to other funds	\$	-	\$ 500	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,500      \$ 84,400
Fund balances -		4,367	249,726	(12,025)	847,305	2,021	16,816	1,108,210      2,016,477
Reserved for debt service								
Total liabilities and fund balances	\$	<u>4,367</u>	<u>\$ 250,226</u>	<u>\$ 2,975</u>	<u>\$ 847,305</u>	<u>\$ 2,021</u>	<u>\$ 16,816</u>	<u>\$ 1,123,710</u> <u>\$ 2,100,877</u>

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2003  
With Comparative Actual Amounts for the Year Ended December 31, 2002

	Sewerage System Improvement Bonds 3/1/1960	Auditorium Bonds #1	Sales Tax Revenue Refunding Bonds Series 1993	Sales Tax Revenue Refunding Bonds Series 1994	Ordinances H, I, J, K, L, M, LR, NO, O, P, R, U, 8 T & SW9	Sidewalk Assessment	Totals
	2003	2003	2003	2003	2003	2003	2002
<b>Revenues:</b>							
Taxes	\$ -	\$ 170,097	\$ -	\$ -	\$ -	\$ -	\$ 170,097
Investment income:							
Interest	32	471	3,498	28,872	11	117	30,668
Net change in fair value of investments	-	-	-	(21,335)	-	-	4,115
Total revenues	<u>32</u>	<u>170,568</u>	<u>3,498</u>	<u>7,537</u>	<u>11</u>	<u>117</u>	<u>200,908</u>
<b>Expenditures:</b>							
Principle retirement	-	50,000	-	320,000	-	-	500,000
Interest and fiscal charges	-	89,205	-	37,587	-	-	156,475
Total expenditures	-	<u>139,205</u>	-	<u>357,587</u>	-	-	<u>656,475</u>
Excess (deficiency) of revenues over expenditures	<u>32</u>	<u>31,363</u>	<u>3,498</u>	<u>(350,050)</u>	<u>11</u>	<u>117</u>	<u>(455,567)</u>
Other financing sources:							
Operating transfers in	-	-	-	356,762	-	-	491,265
Operating transfers out	-	-	(950,000)	-	-	-	-
Total other financing sources	-	-	<u>(950,000)</u>	<u>356,762</u>	-	-	<u>491,265</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>32</u>	<u>31,363</u>	<u>(946,502)</u>	<u>6,712</u>	<u>11</u>	<u>117</u>	<u>35,698</u>
Fund balances (deficit), beginning	<u>4,335</u>	<u>218,363</u>	<u>934,477</u>	<u>840,593</u>	<u>2,010</u>	<u>16,699</u>	<u>1,980,779</u>
Fund balances (deficit), ending	<u>\$ 4,367</u>	<u>\$ 249,726</u>	<u>\$ (12,025)</u>	<u>\$ 847,305</u>	<u>\$ 2,021</u>	<u>\$ 16,816</u>	<u>\$ 2,016,477</u>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

### **Lake End Park Construction Fund**

To account for the financing and construction of improvements at Lake End Park. Grants and donations provide funding for the projects.

### **City Hall Complex Construction Fund**

To account for the financing and construction of renovations to the city hall. General revenues and

### **Economic Development Fund**

To account for the receipt and expenditure of proceeds from a \$614,000 grant from the Louisiana Economic Development Commission. The City is the sponsoring entity for Cal Dive International, the recipient of the grant. Funds flow through the City to finance improvements to the Cal Dive facility.

### **LCDBG Fund**

To account for expenditures related to projects for the renovation of housing for low-income citizens and for demolition of abandoned housing within certain target areas of the City. Financing was provided by Louisiana Community Development Block Grant.

### **LCDBG Fund**

To account for the receipt and expenditure of proceeds from a Louisiana Community Development Block Grant.

### **Auditorium Construction Fund**

To account for the financing of the addition and rehabilitation of the Auditorium. The construction and maintenance is financed with \$1,600,000 Certificate of Indebtedness.

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Capital Projects Funds

Combining Balance Sheet  
December 31, 2003  
With Comparative Totals for December 31, 2002

	Lake End Park Construction Fund	City Hall Complex Construction Fund	Auditorium Construction Fund	Economic Development Fund	LCDBG Fund	Totals 2003	Totals 2002
Cash	\$ 43	\$ 46	\$ -	\$ -	\$ -	\$ 89	\$ 31,027
Interest-bearing deposits	164,130	220,147	-	2,850	-	387,127	397,231
Investments at fair value	-	483,243	-	-	-	483,243	477,933
Accounts receivable	-	-	-	-	-	-	135,000
Due from other funds	1,340	430,901	-	-	-	432,241	132,076
Due from other governmental units	166,622	-	-	-	-	166,622	-
Total assets	<u>\$ 332,135</u>	<u>\$ 1,134,337</u>	<u>\$ -</u>	<u>\$ 2,850</u>	<u>\$ -</u>	<u>\$ 1,469,322</u>	<u>\$ 1,173,267</u>

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities:							
Accrued liabilities	\$ -	\$ -	\$ 437	\$ -	\$ -	\$ 437	\$ 266,999
Due to other funds	391,273	75,000	130,661	2,850	-	599,784	314,263
Total liabilities	391,273	75,000	131,098	2,850	-	600,221	581,262
Fund balances -							
Unreserved, undesignated	(59,138)	1,059,337	(131,098)	-	-	869,101	592,005
Total liabilities and fund balances	<u>\$ 332,135</u>	<u>\$ 1,134,337</u>	<u>\$ -</u>	<u>\$ 2,850</u>	<u>\$ -</u>	<u>\$ 1,469,322</u>	<u>\$ 1,173,267</u>

CITY OF MORGAN CITY, LOUISIANA  
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2003  
With Comparative Actual Amounts for the Year Ended December 31, 2002

	Lake End Park Construction Fund	City Hall Complex Construction Fund	Auditorium Construction Fund	Economic Development Fund	LCDBG Fund	Totals 2003	2002
Revenues:							
Intergovernmental	\$ 421,712	\$ -	\$ -	\$ -	\$ 75,567	\$ 497,279	\$ 1,069,391
Interest	553	9,324	-	-	-	9,877	18,515
Total revenues	<u>422,265</u>	<u>9,324</u>	<u>-</u>	<u>-</u>	<u>75,567</u>	<u>507,156</u>	<u>1,087,906</u>
Expenditures:							
Supporting services	-	-	-	-	-	-	166,000
Capital outlay	320,617	58,876	-	-	75,567	455,060	1,081,223
Total Expenditures	<u>320,617</u>	<u>58,876</u>	<u>-</u>	<u>-</u>	<u>75,567</u>	<u>455,060</u>	<u>1,247,223</u>
Excess (deficiency) of revenues over expenditures	<u>101,648</u>	<u>(49,552)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,096</u>	<u>(159,317)</u>
Other financing sources:							
Operating transfers in	-	300,000	-	-	-	300,000	-
Operating transfers out	-	(75,000)	-	-	-	(75,000)	(180,000)
Total other financing sources	<u>-</u>	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>(180,000)</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>101,648</u>	<u>175,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,096</u>	<u>(339,317)</u>
Fund balances (deficit), beginning	<u>(160,786)</u>	<u>883,889</u>	<u>(131,098)</u>	<u>-</u>	<u>-</u>	<u>592,005</u>	<u>931,322</u>
Fund balances (deficit), ending	<u>\$ (59,138)</u>	<u>\$ 1,059,337</u>	<u>\$ (131,098)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,101</u>	<u>\$ 592,005</u>

## INTERNAL SERVICE FUNDS

### **Central Garage Fund**

To account for the purchase of gas, oil and other materials necessary for the maintenance and repair of municipal vehicles and equipment. These materials and services are provided to the City's various departments on a cost-reimbursement basis. This fund

### **Self-Insurance Fund**

To account for monies accumulated to provide self-insurance against any possible future claims.



CITY OF MORGAN CITY, LOUISIANA  
Internal Service Funds

Combining Balance Sheet  
December 31, 2003  
With Comparative Totals for December 31, 2002

	Central Garage Fund	
	2003	2002
<b>ASSETS</b>		
Current assets:		
Cash	\$ -	\$ -
Interest-bearing deposits, at cost	-	-
Investments, at fair value	-	-
Due from other funds	-	-
Inventory	<u>6,246</u>	<u>6,012</u>
Total current assets	<u>6,246</u>	<u>6,012</u>
Equipment, at cost, net of accumulated depreciation (2003 \$37,694; 2002 \$35,354)	<u>7,591</u>	<u>9,930</u>
Total assets	<u>\$13,837</u>	<u>\$15,942</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accrued liabilities	\$ 4,186	\$ 4,765
Deferred revenues	-	-
Due to other funds	-	-
Total liabilities	<u>4,186</u>	<u>4,765</u>
Fund equity:		
Retained earnings -		
Unreserved:		
Designated for self-insurance claims	-	-
Undesignated	<u>9,651</u>	<u>11,177</u>
Total fund equity	<u>9,651</u>	<u>11,177</u>
Total liabilities and fund equity	<u>\$13,837</u>	<u>\$15,942</u>

Self Insurance Fund		Totals	
2003	2002	2003	2002
\$ 369	\$ 48	\$ 369	\$ 48
85,622	3,468	85,622	3,468
3,449	127,874	3,449	127,874
-	50,000	-	50,000
-	-	6,246	6,012
<u>89,440</u>	<u>181,390</u>	<u>95,686</u>	<u>187,402</u>
-	-	7,591	9,930
<u>\$ 89,440</u>	<u>\$ 181,390</u>	<u>\$ 103,277</u>	<u>\$ 197,332</u>
\$ -	\$ -	\$ 4,186	\$ 4,765
150,000	150,000	150,000	150,000
57,600	-	57,600	-
<u>207,600</u>	<u>150,000</u>	<u>211,786</u>	<u>154,765</u>
(118,160)	31,390	(118,160)	31,390
-	-	9,651	11,177
<u>(118,160)</u>	<u>31,390</u>	<u>(108,509)</u>	<u>42,567</u>
<u>\$ 89,440</u>	<u>\$ 181,390</u>	<u>\$ 103,277</u>	<u>\$ 197,332</u>

CITY OF MORGAN CITY, LOUISIANA  
Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings  
For the Year Ended December 31, 2003  
With Comparative Actual Amounts for the Year Ended December 31, 2002

	Central Garage Fund	Self Insurance Fund	Totals	
			<u>2003</u>	<u>2002</u>
Operating revenues:				
Charges for services	<u>\$ 197,769</u>	<u>\$ -</u>	<u>\$ 197,769</u>	<u>\$ 238,088</u>
Operating expenses:				
Central garage expenses	236,370	-	236,370	249,177
Self-insurance fund expenses	<u>-</u>	<u>70,683</u>	<u>70,683</u>	<u>58,782</u>
Total operating expenses	<u>236,370</u>	<u>70,683</u>	<u>307,053</u>	<u>307,959</u>
Operating income (loss)	(38,601)	(70,683)	(109,284)	(69,871)
Non-operating revenues:				
Interest income	<u>-</u>	<u>1,133</u>	<u>1,133</u>	<u>8,683</u>
Loss before operating transfers	(38,601)	(69,550)	(108,151)	(61,188)
Operating transfers in (out)	<u>37,075</u>	<u>(30,000)</u>	<u>7,075</u>	<u>(54,791)</u>
Net income (loss)	(1,526)	(99,550)	(101,076)	(115,979)
Retained earnings, beginning as restated	<u>11,177</u>	<u>(18,610)</u>	<u>(7,433)</u>	<u>158,546</u>
Retained earnings, ending	<u>\$ 9,651</u>	<u>\$ (118,160)</u>	<u>\$ (108,509)</u>	<u>\$ 42,567</u>

CITY OF MORGAN CITY, LOUISIANA  
Fiduciary Funds

Combining Balance Sheet  
December 31, 2003  
With Comparative Totals for December 31, 2002

	<u>Police Pension and Relief Trust</u>	<u>Special Purpose Trusts</u>
<b>ASSETS</b>		
Cash	\$ 5,234	\$ 220,149
Interest-bearing deposits, at cost	50,459	191,300
Investments, at fair value	-	-
Receivables:		
Accrued interest	722	-
Due from other governmental entities	-	-
Due from other funds	-	19,766
Prepaid insurance	-	6,197
Inventory	-	5,578
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 56,415</u>	<u>\$ 442,990</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ -
Accrued liabilities	1,078	2,789
Cash overdraft	-	-
Due to other funds	-	64,679
	<u>          </u>	<u>          </u>
Total liabilities	<u>1,078</u>	<u>67,468</u>
Fund balances:		
Reserved for inventory	-	-
Reserved for perpetual care	-	-
Unreserved -		
Designated for specific purposes	<u>55,337</u>	<u>375,522</u>
Total fund balances	<u>55,337</u>	<u>375,522</u>
	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 56,415</u>	<u>\$ 442,990</u>

Agency Funds		Totals	
Payroll Fund	Disbursement Fund	2003	2002
\$ 175,881	\$ 67,982	\$ 469,246	\$ 411,746
-	-	241,759	254,919
-	-	-	489,841
-	-	722	3,465
-	-	-	-
54,315	3,654	77,735	367,334
-	-	6,197	6,197
-	-	5,578	5,578
<u>\$ 230,196</u>	<u>\$ 71,636</u>	<u>\$ 801,237</u>	<u>\$ 1,539,080</u>
\$ -	\$ -	\$ -	\$ 3,304
173,878	-	177,745	171,554
-	-	-	294,301
56,318	71,636	192,633	133,354
<u>230,196</u>	<u>71,636</u>	<u>370,378</u>	<u>602,513</u>
-	-	-	-
-	-	-	502,514
-	-	430,859	434,053
-	-	430,859	936,567
<u>\$ 230,196</u>	<u>\$ 71,636</u>	<u>\$ 801,237</u>	<u>\$ 1,539,080</u>

CITY OF MORGAN CITY, LOUISIANA  
 Fiduciary Funds  
 Special Purpose Trusts  
 Combining Balance Sheet  
 December 31, 2003  
 With Comparative Totals for December 31, 2002

	<u>Morgan City Young Fund</u>	<u>Swamp Garden Fund</u>	<u>Morgan City Beautification Fund</u>
<b>ASSETS</b>			
Cash	\$ 217,888	\$ -	\$ 172
Interest-bearing deposits, at cost	-	-	30,132
Accrued interest receivable	-	-	-
Due from other governmental entities	-	-	-
Due from other funds	7,944	-	11,175
Prepaid insurance	-	-	-
Inventory	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 225,832</u>	<u>\$ -</u>	<u>\$ 41,479</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	383
Due to other funds	60,672	-	-
Total liabilities	<u>60,672</u>	<u>-</u>	<u>383</u>
Fund balances:			
Reserved for inventory	-	-	-
Unreserved -			
Designated for specific purposes	165,160	-	41,096
Total fund balances	<u>165,160</u>	<u>-</u>	<u>41,096</u>
Total liabilities and fund balances	<u>\$ 225,832</u>	<u>\$ -</u>	<u>\$ 41,479</u>

Morgan City Museum House	Schreier House Fund	Total	
		2003	2002
\$ 2,079	\$ 10	\$220,149	\$224,132
159,131	2,037	191,300	205,155
-	-	-	-
-	-	-	-
647	-	19,766	6,717
6,197	-	6,197	6,197
5,578	-	5,578	5,578
<u>\$173,632</u>	<u>\$ 2,047</u>	<u>\$442,990</u>	<u>\$447,779</u>
\$ -	\$ -	\$ -	\$ 3,304
2,406	-	2,789	1,510
2,622	1,385	64,679	62,036
<u>5,028</u>	<u>1,385</u>	<u>67,468</u>	<u>66,850</u>
-	-	-	-
168,604	662	375,522	380,929
<u>168,604</u>	<u>662</u>	<u>375,522</u>	<u>380,929</u>
<u>\$173,632</u>	<u>\$ 2,047</u>	<u>\$442,990</u>	<u>\$447,779</u>

CITY OF MORGAN CITY, LOUISIANA  
 Fiduciary Funds  
 Special Purpose Trusts

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Year Ended December 31, 2003  
 With Comparative Actual Amounts for the Year Ended December 31, 2002

	<u>Morgan City Young Fund</u>	<u>Swamp Garden Fund</u>	<u>Morgan City Beautification Fund</u>
Revenues:			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Miscellaneous -			
Interest	-	-	278
Contributions	<u>306,435</u>	<u>-</u>	<u>1,000</u>
Total revenues	<u>306,435</u>	<u>-</u>	<u>1,278</u>
Expenditures:			
Culture and recreation	77,229	-	15,680
Capital outlay	<u>42,091</u>	<u>-</u>	<u>6,000</u>
Total expenditures	<u>119,320</u>	<u>-</u>	<u>21,680</u>
Excess (deficiency) of revenues over expenditures	187,115	-	(20,402)
Other financing sources (uses):			
Operating transfers in (out)	<u>(190,500)</u>	<u>-</u>	<u>12,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,385)	-	(8,402)
Fund balances, beginning	<u>168,545</u>	<u>-</u>	<u>49,498</u>
Fund balances, ending	<u>\$ 165,160</u>	<u>\$ -</u>	<u>\$ 41,096</u>



Morgan City Museum House	Schreier House Fund	Totals	
		2003	2002
\$ 8,542	\$ -	\$ 8,542	\$ 2,353
8,755	-	8,755	-
		-	-
2,585	31	2,894	3,411
3,491	-	310,926	353,950
<u>23,373</u>	<u>31</u>	<u>331,117</u>	<u>359,714</u>
63,378	217	156,504	94,478
3,429	-	51,520	28,876
<u>66,807</u>	<u>217</u>	<u>208,024</u>	<u>123,354</u>
(43,434)	(186)	123,093	236,360
<u>50,000</u>	<u>-</u>	<u>(128,500)</u>	<u>(132,239)</u>
6,566	(186)	(5,407)	104,121
<u>162,038</u>	<u>848</u>	<u>380,929</u>	<u>276,808</u>
<u>\$ 168,604</u>	<u>\$ 662</u>	<u>\$ 375,522</u>	<u>\$ 380,929</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Compensation Paid to Members of Governing Board  
For the Year Ended December 31, 2003

<u>Name and Office Held</u>	<u>Compensation</u>
Dr. Tim J. Tregle, Mayor	\$ 36,000
Sharon Howell, Councilwoman	7,200
William Bradford, Councilman	7,200
Logan Fromenthal, Councilman	7,200
Jarrold Longman, Councilman	7,200
Ronald Ratcliff, Councilman	<u>7,200</u>
Total	<u>\$ 72,000</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2003

Federal Grantor/Pass-Through Grantor/ Program Title	Project Number	CFDA Number	Award Amount	Expenditures
U. S. Department of Justice:				
Direct Program:				
Office of Justice Programs - Bike patrol	2001-LB-BX-1550	16.592	24,065	14,839
Office of Justice Programs - Bike patrol	2002-LB-BX-1550	16.592	18,861	18,861
Office of Justice Programs - Bike patrol	2003-LB-BX-1550	16.592	17,512	-
Passed through Louisiana Commission of Law Enforcement				
Office of Justice Programs - Development Accountability	A00-8-056	165.23	12,000	4,500
Office of Justice Programs - Development Accountability	A01-8-056	165.23	19,922	19,922
Office of Justice Programs - Development Accountability	A02-8-056	165.23	17,969	4,493
Office of Justice Programs - Family Strengthening Program	J01-4-011	16.540	4,000	1,000
Office of Justice Programs - Family Strengthening Program	J02-4-002	16.540	5,000	5,000
Office of Justice Programs - Family Strengthening Program	J03-4-001	16.540	5,601	2,857
Office of Justice Programs - Counseling Program	W02-4-002	16.548	22,155	6,141
Office of Justice Programs - DARE	E02-4-002	16.580	57,614	25,742
Total U. S. Department of Justice			<u>204,699</u>	<u>103,355</u>
U. S. Department of Transportation				
Pass through Louisiana Department of Transportation and Development				
Bicycle/Pedestrian Improvement Program	774-51-0009	20.205	621,000	232,593
U. S. Department of Housing and Urban Development:				
Passed through Louisiana Division of Administration:				
Community Development Block Grant Program -	CFMS 0577327	14.228	572,150	75,567
Totals			<u>1,397,849</u>	<u>411,515</u>

## CITY OF MORGAN CITY

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2003

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Morgan City (the City). The City reporting entity is defined in Note 1 to the financial statements for the year ended December 31, 2003. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The Louisiana Department of Transportation and Development – Highway Planning and Construction, passed through the United States Department of Transportation was considered the only major federal program of the City.

(2) Basis of Accounting

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

(3) Relationship to Financial Statements

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

CITY OF MORGAN CITY, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2003 and 2002

Records maintained by the City indicated the following number of customers were being serviced during the months of December, 2003 and 2002:

<u>Department</u>	<u>2003</u>	<u>2002</u>
Electric	6,284	6,257
Water	6,075	6,035
Gas	4,363	4,386

**COMPLIANCE  
AND  
INTERNAL CONTROL**

**KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC**  
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**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 Dr. Timothy Tregle, Mayor  
and Members of the City Council  
City of Morgan City, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Morgan City, Louisiana ("City"), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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This report is intended solely for the information of the Mayor and City Council, management, others within the organization 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. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

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

Morgan City, Louisiana  
May 19, 2004



# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

The Honorable Tim Tregle, Mayor  
and Members of the City Council  
City of Morgan City, Louisiana

### Compliance

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

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

### Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, 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. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

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

Morgan City, Louisiana  
May 19, 2004

CITY OF MORGAN CITY, LOUISIANA

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2003

Part I. Summary of Auditor's Results:

1. A unqualified opinion was issued on the basic financial statements.
2. No reportable conditions in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance were disclosed by the audit of the basic financial statements.
4. No reportable conditions in internal control over the major program were disclosed by the audit of the basic financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was:

United States Department of Transportation – Highway Planning and Construction (Bicycle/Pedestrian Improvement Program); passed through the Louisiana Department of Transportation and Development (CFDA No 20.205).
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

- A. Compliance Findings -

There were no findings to be reported under this section.
- B. Internal Control Findings-

There were no findings to be reported under this section.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There were no findings to be reported under this section.

CITY OF MORGAN CITY, LOUISIANA

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2003

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned
<b>PRIOR YEAR (12/31/02) --</b>				
<u>Compliance:</u>				
There were no findings previously reported in this section				
<u>Internal Control:</u>				
00-1(IC)	12/31/2000	The City has interfund borrowings, which were not repaid on a timely basis.	Partial	The City has begun a systematic repayment plan covering subsequent fiscal years.
00-2(IC)	12/31/2000	The City does not maintain a complete and accurate listing of general fixed assets.	Yes	N/A
00-4(IC)	12/31/2000	Numerous miscodings occurred in all funds.	Yes	N/A
01-1(IC)	12/31/2000	The City does not conduct an annual inventory of general fixed assets.	Yes	N/A
01-2(IC)	12/31/2000	The City does not have formal policies regarding the use of City vehicles, cellular telephone usage, personnel hiring (I.e. reference checks, qualifications verification, and criminal checks), and tax collection.	Yes	N/A
02-1	12/31/2002	The City was not reporting the correct amount of sales for Swamp Gardens.	Yes	N/A
02-2 **	12/31/2002	Signatures were found on blank checks.	Yes	N/A
02-3 **	12/31/2002	Voided checks were not properly mutilated.	Yes	N/A

\*\* material weaknesses

CITY OF MORGAN CITY, LOUISIANA

Corrective Action Plan for Current Year Findings  
For the Year Ended December 31, 2003

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
----------	--	------------------------	---------------------------	------------------------	-----------------------------

CURRENT YEAR (12/31/03) --

Compliance:

There are no findings to be reported under this section

Internal Control:

There are no findings to be reported under this section