

Financial Report
City of Thibodaux
December 31, 2003

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Release Date 6-23-04

TABLE OF CONTENTS

City of Thibodaux

December 31, 2003

	<u>Exhibit</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 2
Management's Discussion and Analysis		3 - 11
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	12
Statement of Activities	2	13 - 14
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	3	15 - 16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4	17
Statement of Revenues, Expenditures and Changes in Fund Balances	5	18 - 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund	7	21 - 27
Sales Tax Fund	8	28 - 32
Grant Fund	9	33
Proprietary Funds:		
Statement of Net Assets	10	34 - 35
Statement of Revenues, Expenses and Changes in Fund Net Assets	11	36
Statement of Cash Flows	12	37 - 38
Notes to the Financial Statements	13	39 - 73
	<u>Statement</u>	
Supplementary Information Section		
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
		74
Combining Balance Sheet	A-1	75 - 76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	A-2	77 - 78
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Fire Department Fund	A-3	79
Street Improvement and Maintenance Fund	A-4	80
Police Forfeiture Fund	A-5	81
Certificate of Indebtedness, Series 1998 Sinking Fund	A-6	82
Capital Projects Fund:		
Schedule of Revenues, Expenses and Changes in Fund Balances - Budget and Actual - Street Improvement Fund	B	83
Capital Assets Used in the Operation of Governmental Funds:		
Schedule By Source	C-1	84
Schedule By Function and Activity	C-2	85
Schedule of Changes By Function and Activity	C-3	86

TABLE OF CONTENTS

City of Thibodaux

December 31, 2002

	<u>Schedule</u>	<u>Page Number</u>
Other Supplementary Information Section		
Schedule of Compensation Paid to Council	1	87
Statement of Revenues and Expenses:		
Municipal Waterworks, Electric and Power Plant System Fund	2	88
Municipal Gas and Sewer System Fund	3	89
Schedule of Utility Customers	4	90
Schedule of Insurance in Force	5	91
 Special Reports of Certified Public Accountants		
 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		92 - 93
 Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.		94 - 95
 Schedule of Expenditures of Federal Awards		96 - 97
 Notes to Schedule of Expenditures of Federal Awards		98
 Schedule of Findings and Questioned Costs		99 - 100
 Reports By Management		
 Schedule of Prior Year Findings and Questioned Costs		101 - 103
 Management's Corrective Action Plan		104 - 106

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Mayor and the
Thibodaux City Council,
Thibodaux, Louisiana.

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Thibodaux, Louisiana (the 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 the City of Thibodaux, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

As described in Note 1e, to the basic financial statements, 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 January 1, 2003.

In accordance with Government Auditing Standards, we have also issued our report dated April 15, 2004 on our consideration of the City of Thibodaux, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management’s Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thibodaux, Louisiana’s basic financial statements. The introductory section, supplementary information section (combining and individual nonmajor fund financial statements) and other supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 of Thibodaux, Louisiana. The accompanying financial information listed in the supplementary information section and other supplementary information section and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
April 15, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Thibodaux, Louisiana

The Finance Department, Accounting Division is responsible for the overview and analysis of the financial activities of the City of Thibodaux, Louisiana (the City) for the year ended December 31, 2003. The narrative provided is designed to introduce the financial highlights and offer an overview of our financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and facts known to date. This narrative includes a government-wide financial analysis of revenues, expenses and changes in the net assets. Further detail offers our readers a financial analysis of the City's funds consisting of the governmental fund types and proprietary funds.

FINANCIAL HIGHLIGHTS

Assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 39.7 million (net assets). Of this amount, \$6.9 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$2.2 million during 2003. The business-type net assets decreased by approximately \$.7 million in 2003.

At the end of our current fiscal year, the City's governmental funds reported combined ending fund balances of \$8.8 million, an increase of \$.3 million in comparison with the prior year. Approximately 60% of this total amount, \$5.3 million, is available for spending at the City's discretion (unreserved, undesignated fund balance). Reserved fund balance consists of \$.8 million reserved for commitments under capital projects in process at year-end. The unreserved, designated amount of \$2.7 million represents 2004 budgeted deficits whose liquidation will require the use of fund balance at December 31, 2003.

At year-end, unreserved, undesignated fund balance for the general fund was \$1.9 million, or 26% of total 2003 general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

For the year ending December 31, 2003, the City adopted the changes required by the implementation of Governmental Accounting Standards Board Statement No. 34. The new statements focus on the government as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and will enhance the City's accountability.

Government-Wide Financial Statements

The government-wide financial statements reported in Exhibits 1 and 2 are designed to be similar to private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements, for the first time, combine governmental fund's current financial resources with capital assets and long-term obligations. Infrastructure for the years 1980 to 1997 will be included in the future. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government.

The Statement of Net Assets reported in Exhibit 1 presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities reported in Exhibit 2 presents information showing how the government's net assets changed during the most recent fiscal year. All changes in the assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities reflect the City's basic services include the financial activities of the City Administration (Executive and Legislative Branches), Public Works (Government Buildings, Drainage, Roads and Streets), Utilities (Water, Gas, Solid Waste and Liquid Wastewater), Public Safety (City Police and Fire), Human Resources, Finance, Parks and Recreation, Civic Center and Legal. The business-type activities of the City include a water production and distribution operation, natural gas distribution, a sewerage collection and treatment system and solid waste collection and disposal.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Fund presentation in Exhibits 3 through 9 is presented on a sources and uses of liquid resources basis. This is the manner in which the financial budget is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The City has presented the following major funds: General Fund, Sales Tax Fund, Grant Fund and Street Improvement Fund.

All non-major governmental funds are presented in one column, titled Other Governmental Funds. Combining financial statements of the non-major funds can be found in the Combining and Individual Fund Statements and Schedules that follow the basic financial statements.

Proprietary Funds report both Enterprise and Internal Service funds on the fund financial statements illustrated in Exhibits 10 through 12. *Enterprise funds* are used to account for operations financed and operated in a manner similar to private business enterprises. These Enterprise Funds are presented as major funds and consist of the Municipal Waterworks, Electric and Power Plant System Fund, Municipal Gas and Sewerage System Fund and Garbage Collection Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges. The *Internal Service Fund* is used to account for the financing of goods or services provided by Risk Management (self-insurance) to other funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities section in the government-wide financial statements.

Infrastructure Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure and all other tangible assets that are used in operations and that exceed the City's capitalization threshold explained in Note 1d), Exhibit 13. All projects completed and acquisitions occurring in calendar year ended December 31, 2003 and infrastructure assets for the years 1998 through 2002 have been capitalized. All infrastructure assets have not been capitalized in this financial presentation for the years 1980 through 1997. Governmental Accounting Standards Board Statement No. 34 allows the City a transitional period for reporting infrastructure assets up to June 15, 2006. The City plans to record all material infrastructure assets prior to the deadline imposed. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time based on the date of acquisition and the life span of the asset in the 2003 financial statements.

Other Information

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit 13 of this report.

Supplementary Information

The combining statements referred to earlier in connection with the non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules include Statements A-1 through C-3 of the report.

Other supplementary financial information can be found in Schedules 1 through 5 of this report.

Also included in the report is the Office of Management and Budget A-133 Single Audit auditor reports, findings and schedules.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets for 2003. Prior year data is not presented in the implementation year but will be included in future years for comparison purposes.

	City of Thibodaux Condensed Statement of Net Assets December 31, 2003 (in millions)		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current and Other Assets	\$ 10.3	\$ 4.8	\$ 15.1
Restricted Assets	-	2.5	2.5
Capital Assets	16.8	12.0	28.8
Total Assets	<u>27.1</u>	<u>19.3</u>	<u>46.4</u>
Liabilities:			
Current Liabilities	1.3	1.2	2.5
Long-term Liabilities	.3	3.9	4.2
Total Liabilities	<u>1.6</u>	<u>5.1</u>	<u>6.7</u>
Net Assets:			
Invested in Capital Assets Net of Debt	16.8	8.2	25.0
Restricted	5.9	1.9	7.8
Unrestricted	2.8	4.1	6.9
Total Net Assets	<u>\$ 25.5</u>	<u>\$ 14.2</u>	<u>\$ 39.7</u>

For more detailed information see Exhibit 1, Statement of Net Assets.

Approximately 63% of the City's net assets as of December 31, 2003, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets that is still outstanding. The City government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 20% of the government's net assets are subject to external restrictions as to their use.

The remaining unrestricted net assets of 17% are available for future use as directed by the Mayor and the City Council to meet ongoing obligations of the government to citizens and creditors.

The table below provides a summary of the changes in net assets for the year ended December 31, 2003:

City of Thibodaux
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2003
(in millions)

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenue:			
Charges for services	\$ 1.2	\$ 5.6	\$ 6.8
Operating Grants and Contributions	1.1	-	1.1
Capital Grants and Contributions	2.1	-	2.1
General Revenues:			
Property Taxes	.6	-	.6
Sales Taxes	6.3	-	6.3
Other Taxes	0.3	-	0.3
Grants and Contributions not Restricted to Specific Programs	0.2	-	0.2
Other	0.2	0.2	0.4
Total Revenues	12.0	5.8	17.8
Expenses:			
General Government	2.0	-	2.0
Public Safety	4.1	-	4.1
Public Works	1.7	-	1.7
Health and Welfare	0.8	-	0.8
Economic Development and Assistance	0.1	-	0.1
Culture and Recreation	1.1	-	1.1
Waterworks, Electric & Power Plant	-	1.2	1.2
Gas & Sewerage	-	3.7	3.7
Garbage Collection	-	0.9	0.9
Total Expenses	9.8	5.8	15.6
Increase in Net Assets Before Transfers	2.2	-	2.2
Transfers	0.7	(0.7)	-
Increase (Decrease) in Net Assets	2.9	(0.7)	2.2
Net Assets, January 1, 2003	22.6	14.9	37.5
Net Assets, December 31, 2003	\$ 25.5	\$ 14.2	\$ 39.7

The government's net assets increased by \$2.2 million during the current fiscal year.

Governmental Activities net assets increased \$ 2.9 million in 2003, primarily due to:

1. Investments in capital assets which include land, buildings and system improvements, machinery and equipment. Increases in sales tax revenues, property taxes, gas user fees and various grant revenue and transfers in from business-type activities also contributed to the increase.
2. Another reason for the increase in net assets is a result of the addition of infrastructure type capital assets which are now required for GASB No. 34 compliance.

Business-Type Activities net assets decreased by \$.7 million in 2003, primarily due to:

1. Net operational losses in the Gas & Sewer Fund of approximately \$370,000 and transfers out of assets to other funds (governmental activities) of approximately \$660,000. In addition, transfers for some capital improvements were made from the Sales Tax Fund rather than the Gas & Sewer Fund or the Waterworks, Electric & Power Plant Fund. Therefore, those assets would be reflected in net assets for Governmental Activities.

Financial Analysis of the Government's Funds

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

The combined fund balances of the City's governmental funds at December 31, 2003 was \$8.8 million as compared to \$8.5 million at December 31, 2002 (restated), an increase of \$.3 million. Approximately 60% of this total amount (\$5.3 million) constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved and/or unreserved designated to indicate that it is not available for new spending because it has already been committed to capital projects (\$.8 million) or subsequent year's expenditures (\$2.7 million).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$1.9 million, while the total fund balance reached \$3.1 million. Compared with total fund balance of \$3.0 million at the end of 2002, the fund balance increased by approximately \$.1 million.

Other major funds, including the Sales Tax Fund, Grant Fund and Street Improvement Fund had a net increase in the fund balances of \$.2 million.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Municipal Waterworks, Electric & Power Plant System Fund at December 31, 2003, reflected \$1.6 million. This fund is used to account for water services to all areas of the City and the receipt of electric franchise fees. This fund is self-supporting from program revenues. This fund encompasses all assets associated with potable water production and distribution. Investment in capital assets at the end of the current fiscal year totaled \$4.3 million.

The Municipal Gas & Sewerage System Fund of the City had unrestricted net assets of \$2.3 million at December 31, 2003. This fund encompasses all assets associated with sewerage and natural gas operations, maintenance and capital improvements held by the City. Investment in capital assets at the end of the current fiscal year totaled \$7.7 million.

The Garbage Collection Fund had \$.2 million in unrestricted net assets at December 31, 2003. This fund encompasses all assets associated with garbage collection. Investment in capital assets at the end of the current fiscal year totaled \$11,000.

General Fund Budgetary Highlights

The major difference between the original general fund budget and the final amended budget was additional grants received and an increase in appropriations associated with an increase in the City's required contributions to the Municipal Employees Retirement System and the Police Employees Retirement System.

Material differences between actual results and budgeted amounts in the general fund are as follows:

- Sales and use taxes had favorable collection variances of approximately \$350,000 which will be used for unforeseen future or non-recurring expenditures.

Capital Asset and Debt Administration

Capital Assets: The City of Thibodaux's investment in capital assets for its governmental and business-type activities as of December 31, 2003, amounts to \$28.9 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, furnishings and equipment, gas and water utility systems, sewer system facilities, roads, highways and drainage systems. The total increase in the City's investment in capital assets (net of depreciation) for the current fiscal year was \$3.7 million, a 20% increase for governmental activities and a 9% increase for business-type activities.

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

- 2003 Street Improvement Project - \$610,000
- FEMA Goode Street Drainage Improvement Project – \$563,000
- FEMA Rienzi Area Drainage Improvement Project - \$372,000
- Thibodaux Water Reservoir Project - \$895,000
- FEMA Arms Street Drainage Improvement Project - \$275,000
- Rienzi Drive Intersection Signalization - \$396,000
- Sewer Plant Trickling Filter Renovations - \$296,000
- South Thibodaux Gas Improvement Project - \$1,200,000

City of Thibodaux
Capital Assets
(Net of Depreciation)
December 31, 2003
(in millions)

	Governmental Activities	Business-type Activities	Total
Land	\$ 3.5	\$ 0.2	\$ 3.7
Infrastructure	4.8	-	4.8
Buildings & Improvements	4.1	-	4.1
Furnishings & Equipment	1.4	-	1.4
Water Production & Distribution System	-	3.3	3.3
Sewer System & Equipment	-	3.7	3.7
Gas Distribution System	-	3.2	3.2
Construction in progress	3.0	1.6	4.6
Total	\$ 16.8	\$ 12.0	\$ 28.8

Additional information on the City's capital assets can be found in Note 8, Exhibit 13 of this report.

Long-term Debt: At the end of the current fiscal year, the City had total bonded debt outstanding of \$3.8 million.

City of Thibodaux
Summary of Outstanding Debt at Year-end
December 31, 2003
(in millions)

	Business-type Activities
Utilities Revenue Refunding Bonds Series 1996	\$ 2.0
Utilities Revenue Bond Series 1997	1.8
Total Outstanding	\$ 3.8

The bond issues are serviced by user fees assessed for sewer collection and treatment. The revenue bond issues are backed by the full faith and credit of the City.

Economic Factors and Next Year's Budget and Rates

- The budget planning began with the assumption that some of our revenues would produce little or no growth. In the years past, these revenues have shown significant highs and lows. With this in mind, it has been our practice to budget 0% increase for these proceeds.
- Sales Tax collections support the operations of the General Fund, Sales Tax Fund and Street Improvement Fund. The City experienced a 2.35% growth in sales tax collections from 2002 to 2003. For prudent planning the City budgeted 2004 collections to be 96.5% of the 2003 projections.
- Ad Valorem taxes are proposed at 0% growth for 2004 although there is an expectation for a nominal increase.
- Interest earnings on investments are naturally a disappointment. Thus, for 2004 we are proposing interest earnings at the same level as those projected 2003.
- An increase in the monthly garbage collection fee from \$14.05 to \$14.41 was enacted in May 2003, due to the annual CPI adjustment made in conjunction with the SWDI Contract. However, with contract negotiations under way for 2005 for garbage collections, this Administration will remain attentive in the oversight of the Sanitation finances.
- Sewer and water rates were not increased for 2003.

Requests for Information

This financial report is designed to provide a general overview of the City of Thibodaux's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Council Administrator, P. O. Box 5418, Thibodaux, La. 70302. General information relating to the City can be found at the City website, www.ci.thibodaux.la.us.

STATEMENT OF NET ASSETS**City of Thibodaux**

December 31, 2003

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,661,758	\$ 991,113	\$ 2,652,871
Investments	6,383,351	3,165,044	9,548,395
Receivables (net)	344,423	709,675	1,054,098
Internal balances	121,869	(121,869)	-
Due from other governmental units	1,828,088	-	1,828,088
Other assets	1,592	11,098	12,690
Restricted assets:			
Cash and cash equivalents	-	683,407	683,407
Investments	-	1,824,265	1,824,265
Capital assets:			
Non-depreciable	6,504,677	1,818,846	8,323,523
Depreciable, net:	<u>10,301,246</u>	<u>10,234,415</u>	<u>20,535,661</u>
Total assets	<u>27,147,004</u>	<u>19,315,994</u>	<u>46,462,998</u>
LIABILITIES			
Accounts payable and other current liabilities	1,286,732	781,446	2,068,178
Accrued interest payable	-	50,727	50,727
Deferred revenue	36,142	87,948	124,090
Liabilities payable from restricted assets	-	290,752	290,752
Non-current liabilities:			
Due within one year	160,908	356,797	517,705
Due in more than one year	<u>148,100</u>	<u>3,585,661</u>	<u>3,733,761</u>
Total liabilities	<u>1,631,882</u>	<u>5,153,331</u>	<u>6,785,213</u>
NET ASSETS			
Invested in capital assets, net of related debt	16,805,923	8,215,562	25,021,485
Restricted for:			
Street and drainage projects	5,620,996	-	5,620,996
Debt service	-	1,886,196	1,886,196
Other purposes	312,872	-	312,872
Unrestricted	<u>2,775,331</u>	<u>4,060,905</u>	<u>6,836,236</u>
Total net assets	<u>\$ 25,515,122</u>	<u>\$ 14,162,663</u>	<u>\$ 39,677,785</u>

STATEMENT OF ACTIVITIES

City of Thibodaux

For the year ended December 31, 2003

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,979,450	\$ 28,001	\$ 13,874	\$ 9,656
Public safety	4,064,446	105,701	284,829	101,599
Public works	1,751,947	-	13,395	1,455,329
Health and welfare	775,961	74,753	747,782	-
Economic development and assistance	108,978	725,668	56,930	258,177
Culture and recreation	1,089,115	233,308	28,172	288,916
Interest on long-term debt	11,809	-	-	-
Total governmental activities	<u>9,781,706</u>	<u>1,167,431</u>	<u>1,144,982</u>	<u>2,113,677</u>
Business-type activities:				
Waterworks, Electric & Power Plant	1,201,225	1,257,250	-	-
Gas & Sewerage	3,775,768	3,404,833	-	450
Garbage Collection	907,556	896,166	-	-
Total business-type activities	<u>5,884,549</u>	<u>5,558,249</u>		<u>450</u>
Total	<u>\$ 15,666,255</u>	<u>\$ 6,725,680</u>	<u>\$ 1,144,982</u>	<u>\$ 2,114,127</u>

General revenues:

Taxes:

 Property

 Sales taxes

 Franchise taxes

 Grants and contributions not restricted to specific programs

 Unrestricted investment earnings

 Miscellaneous

 Transfers (to) from other funds

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements.

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,927,919)		\$ (1,927,919)
(3,572,317)		(3,572,317)
(283,223)		(283,223)
46,574		46,574
931,797		931,797
(538,719)		(538,719)
<u>(11,809)</u>		<u>(11,809)</u>
<u>(5,355,616)</u>		<u>(5,355,616)</u>
	\$ 56,025	56,025
	(370,485)	(370,485)
	<u>(11,390)</u>	<u>(11,390)</u>
	<u>(325,850)</u>	<u>(325,850)</u>
<u>(5,355,616)</u>	<u>(325,850)</u>	<u>(5,681,466)</u>
619,125	-	619,125
6,257,130	-	6,257,130
310,938	-	310,938
214,499	-	214,499
80,057	212,095	292,152
164,110	-	164,110
<u>662,773</u>	<u>(662,773)</u>	<u>-</u>
<u>8,308,632</u>	<u>(450,678)</u>	<u>7,857,954</u>
2,953,016	(776,528)	2,176,488
<u>22,562,106</u>	<u>14,939,191</u>	<u>37,501,297</u>
<u>\$ 25,515,122</u>	<u>\$ 14,162,663</u>	<u>\$ 39,677,785</u>

**BALANCE SHEET
GOVERNMENTAL FUNDS**

City of Thibodaux

December 31, 2003

	General Fund	Sales Tax Fund	Grant Fund
Assets			
Cash and cash equivalents	\$ 649,917	\$ 354,131	\$ 190,168
Investments	1,916,545	4,466,806	
Receivable (net, where applicable of allowances for uncollectibles):			
Property taxes	89,124	-	-
Accounts	-	3,822	-
Assessments	-	-	-
Other	147,987	-	11
Due from other funds	106,638	26,478	-
Due from other governmental units	722,781	559,883	13,172
Other current assets	1,592	-	-
	\$ 3,634,584	\$ 5,411,120	\$ 203,351
Liabilities			
Accounts payable and accrued expenditures	\$ 352,383	\$ 128,612	\$ 5,698
Contracts and retainage payable	-	9,123	-
Deferred revenues	27,620	-	-
Due to other funds	739	1,356	9,652
Compensated absences payable	155,273	-	5,635
	536,015	139,091	20,985
Fund Balances			
Reserved:			
Capital projects	-	819,721	-
Unreserved, designated for:			
Subsequent years' expenditures	1,218,580	1,343,394	60,644
Unreserved, reported in:			
General Fund	1,879,989	-	-
Special Revenue Funds	-	3,108,914	121,722
Capital Projects Fund	-	-	-
	3,098,569	5,272,029	182,366
	\$ 3,634,584	\$ 5,411,120	\$ 203,351

See notes to financial statements.

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,074	\$ 391,373	\$ 1,596,663
-	-	6,383,351
-	78,085	167,209
-	-	3,822
8,522	-	8,522
-	-	147,998
-	500	133,616
532,252	-	1,828,088
-	-	1,592
<u>\$ 551,848</u>	<u>\$ 469,958</u>	<u>\$ 10,270,861</u>
\$ 21,203	\$ 1,742	\$ 509,638
750,397	-	759,520
8,522	-	36,142
-	-	11,747
-	-	160,908
<u>780,122</u>	<u>1,742</u>	<u>1,477,955</u>
-	-	819,721
-	62,675	2,685,293
-	-	1,879,989
-	405,541	3,636,177
<u>(228,274)</u>	<u>-</u>	<u>(228,274)</u>
<u>(228,274)</u>	<u>468,216</u>	<u>8,792,906</u>
<u>\$ 551,848</u>	<u>\$ 469,958</u>	<u>\$ 10,270,861</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

City of Thibodaux

For the year ended December 31, 2003

Fund Balances - Governmental Funds **\$ 8,792,906**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 22,641,282	
Accumulated depreciation	<u>(5,835,359)</u>	16,805,923

Other assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.

Accrued interest receivable		16,872
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated absences payable		(148,100)
------------------------------	--	-----------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and purchasing functions, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

		<u>47,521</u>
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Net Assets of Governmental Activities		<u>\$ 25,515,122</u>
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See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

City of Thibodaux

For the year ended December 31, 2003

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Grant Fund</u>
Revenues			
Taxes	\$ 3,754,447	\$ 3,128,565	\$ -
Licenses and permits	800,421	-	-
Intergovernmental	574,086	217,577	1,019,018
Charges for services	226,584	-	-
Fines and forfeitures	93,371	-	-
Miscellaneous	268,417	229,160	1,287
Total revenues	<u>5,717,326</u>	<u>3,575,302</u>	<u>1,020,305</u>
Expenditures			
Current:			
General government	1,675,015	130,204	-
Public safety	3,502,884	132,549	-
Public works	1,160,463	48,149	-
Health and welfare	-	-	775,965
Economic development and assistance	35,631	12,919	56,349
Culture and recreation	806,584	81,474	-
Debt service:			
Principal retirement	-	33,105	-
Interest and fiscal charges	-	1,930	-
Capital outlay	-	709,109	253,543
Total expenditures	<u>7,180,577</u>	<u>1,149,439</u>	<u>1,085,857</u>
Excess (deficiency) of revenues over expenditures	<u>(1,463,251)</u>	<u>2,425,863</u>	<u>(65,552)</u>
Other Financing Sources (Uses)			
Proceeds of general fixed assets dispositions	27,578	-	-
Operating transfers in	1,933,975	41,683	-
Operating transfers out	(383,505)	(2,131,435)	-
Total other financing sources (uses)	<u>1,578,048</u>	<u>(2,089,752)</u>	<u>-</u>
Net Change in Fund Balances	<u>114,797</u>	<u>336,111</u>	<u>(65,552)</u>
Fund Balances			
Beginning of year, as previously reported	2,643,195	4,656,788	247,918
Prior period adjustments	340,577	279,130	-
Beginning of year, restated	<u>2,983,772</u>	<u>4,935,918</u>	<u>247,918</u>
End of year	<u>\$ 3,098,569</u>	<u>\$ 5,272,029</u>	<u>\$ 182,366</u>

See notes to financial statements.

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 289,124	\$ 7,172,136
-	-	800,421
1,444,271	3,688	3,258,640
-	-	226,584
-	-	93,371
<u>2,388</u>	<u>7,133</u>	<u>508,385</u>
<u>1,446,659</u>	<u>299,945</u>	<u>12,059,537</u>
-	-	1,805,219
-	7,181	3,642,614
-	161,896	1,370,508
-	-	775,965
-	-	104,899
-	-	888,058
-	240,000	273,105
-	13,687	15,617
<u>2,546,200</u>	<u>-</u>	<u>3,508,852</u>
<u>2,546,200</u>	<u>422,764</u>	<u>12,384,837</u>
<u>(1,099,541)</u>	<u>(122,819)</u>	<u>(325,300)</u>
-	-	27,578
1,054,622	211,718	3,241,998
-	(119,285)	(2,634,225)
<u>1,054,622</u>	<u>92,433</u>	<u>635,351</u>
<u>(44,919)</u>	<u>(30,386)</u>	<u>310,051</u>
(183,355)	498,602	7,863,148
-	-	619,707
<u>(183,355)</u>	<u>498,602</u>	<u>8,482,855</u>
<u>\$ (228,274)</u>	<u>\$ 468,216</u>	<u>\$ 8,792,906</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

City of Thibodaux

For the year ended December 31, 2003

Net Change in Fund Balance - Total Governmental Funds **\$ 310,051**

Amounts reported for governmental activities in the statement activities are 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	\$ 3,508,852	
Depreciation expense	<u>(724,640)</u>	2,784,212

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to increase net assets.		(22,354)
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Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

Interest revenue		2,943
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments		273,105
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Decrease in accrued interest payable	3,808	
Increase in compensated absences payable	<u>(17,576)</u>	(13,768)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, human resources, purchasing, information systems and fleet maintenance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

		<u>(381,173)</u>
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Change in Net Assets of Governmental Activities

\$ 2,953,016

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 325,350	\$ 325,350	\$ 330,001	\$ 4,651
Sales and use	2,776,200	2,776,200	3,128,565	352,365
Franchise:				
Cable TV franchise	140,000	140,000	155,676	15,676
Telephone franchise	120,000	120,000	107,575	(12,425)
Bell South Mobility	10,800	11,680	11,680	-
Crown Communications	12,285	12,285	8,230	(4,055)
Nextel Communications	14,490	-	-	-
Voice Steam, Inc.	16,200	16,200	12,720	(3,480)
	<u>3,415,325</u>	<u>3,401,715</u>	<u>3,754,447</u>	<u>352,732</u>
Licenses and permits:				
Business and occupational licenses	620,000	620,000	683,488	63,488
Beer and liquor permits	10,000	10,000	13,580	3,580
Building permits	25,000	25,000	30,916	5,916
Plumbing licenses	500	500	665	165
Chain store licenses	13,000	13,000	15,715	2,715
Electrical licenses	5,000	5,000	7,600	2,600
Zoning permits	250	250	-	(250)
Bartender permits	1,500	1,500	2,020	520
Electrical permits	20,000	20,000	38,890	18,890
Plumbing permits	2,500	2,500	3,867	1,367
Zoning variance application fee	1,000	1,000	1,080	80
Subdivision construction fees	1,000	2,400	2,600	200
	<u>699,750</u>	<u>701,150</u>	<u>800,421</u>	<u>99,271</u>
Intergovernmental:				
Federal Government:				
COPS Universal Hiring Grant	17,309	46,170	46,169	(1)
2003 LLEBG LBBX 0258	-	27,620	-	(27,620)
FEMA - Hurricane Lili	-	3,303	3,303	-
2002 COPS CKWX0074	-	60,000	60,000	-
2002 Metlac B-01-7017	-	20,403	20,403	-
TPD NARC - Street Sales Disrupt	-	4,350	5,457	1,107
TPD Electronic Equipment 2003 Metlac	-	900	900	-
State of Louisiana:				
Beer tax	30,000	30,000	31,657	1,657
Video poker	175,000	175,000	176,434	1,434
Off track betting	12,000	12,000	6,408	(5,592)
State Fire Insurance	32,000	37,178	37,177	(1)
Alcohol Awareness Program	10,000	10,000	8,000	(2,000)
FEMA TS Isidore	-	3,507	3,506	(1)
FEMA Hurricane Lili	-	4,234	4,233	(1)
Supplemental pay	-	-	166,441	166,441
Other local governmental units:				
SCPD TPD Equipment	-	4,000	3,998	(2)
City Match 2002 Metlac B017017	-	6,801	-	(6,801)
COPS Universal Hiring Grant - Match	9,333	10,274	-	(10,274)
Metlac - Narcotics - City Match	-	1,450	-	(1,450)
2003 LLEBG LBBX 0258 City Match	-	3,069	-	(3,069)
2002 COPS CKWX0074 City Match	-	3,476	-	(3,476)
	<u>*285,642</u>	<u>463,735</u>	<u>574,086</u>	<u>110,351</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Continued)				
Charges for services:				
Civic Center	\$ 140,000	\$ 142,508	\$ 133,199	\$ (9,309)
Police reports	10,000	10,000	12,330	2,330
Maps - photostats	50	50	-	(50)
Municipal pool fees	25,000	22,570	22,555	(15)
Recreation fees collected	25,000	34,090	34,125	35
Sponsor fees collected	14,000	16,750	17,800	1,050
Red Cross	-	1,947	1,946	(1)
Park concessions	7,000	4,629	4,629	-
	<u>221,050</u>	<u>232,544</u>	<u>226,584</u>	<u>(5,960)</u>
Fines and forfeitures:				
General court fines	<u>95,000</u>	<u>95,000</u>	<u>93,371</u>	<u>(1,629)</u>
Miscellaneous:				
Interest earned	105,000	68,000	75,454	7,454
Lorio foundation	-	20,000	20,000	-
Discounts earned - S/C	50	50	28	(22)
National night out	2,000	2,000	-	(2,000)
Christmas decorations	-	1,200	1,200	-
Levert Foundation	-	200	200	-
Donations to police department	-	107	107	-
Thibodaux Lions Club	-	1,500	1,500	-
Economic Development Program	-	2,100	2,100	-
Housing Authority - in lieu of taxes	7,000	7,000	19,684	12,684
Gain on sale of investments	-	460	458	(2)
Rentals:				
Airport	250	250	-	(250)
Recreation parks rental	10,000	20,265	21,000	735
Other building rentals	18,000	24,900	24,900	-
Royalties	3,000	13,200	13,532	332
Other miscellaneous	10,000	87,251	88,254	1,003
	<u>155,300</u>	<u>248,483</u>	<u>268,417</u>	<u>19,934</u>
Total revenues	<u>4,872,067</u>	<u>5,142,627</u>	<u>5,717,326</u>	<u>574,699</u>
Expenditures				
GENERAL GOVERNMENT				
General Administration				
Current:				
Personal services	63,710	58,671	49,564	9,107
Operating supplies	18,050	19,389	17,107	2,282
Equipment expenditures	45,800	38,075	32,611	5,464
Building expenditures	76,660	75,229	73,492	1,737
Outside services	20,350	16,565	17,451	(886)
General operating	106,480	118,642	116,317	2,325
General administrative	12,700	18,615	14,740	3,875
	<u>343,750</u>	<u>345,186</u>	<u>321,282</u>	<u>23,904</u>
Finance Administration				
Current:				
Personal services	310,210	311,771	309,491	2,280
Operating supplies	7,770	9,540	8,723	817
Equipment expenditures	4,850	5,340	4,409	931
Building expenditures	6,610	7,860	7,826	34

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued)				
GENERAL GOVERNMENT (Continued)				
Finance Administration				
Current:				
Outside services	\$ 6,000	\$ 4,990	\$ 3,049	\$ 1,941
General operating	5,600	5,300	5,026	274
General administrative	4,140	4,140	2,762	1,378
	<u>345,180</u>	<u>348,941</u>	<u>341,286</u>	<u>7,655</u>
Grants				
Current:				
Personal services	68,175	64,791	53,754	11,037
Operating supplies	1,550	1,850	1,559	291
Equipment expenditures	1,100	1,100	884	216
Building expenditures	1,300	2,050	1,953	97
Outside services	500	493	68	425
General operating	1,160	1,167	967	200
General administrative	41,700	66,750	37,744	29,006
	<u>115,485</u>	<u>138,201</u>	<u>96,929</u>	<u>41,272</u>
Civil Service				
Current:				
Personal services	68,505	69,547	69,157	390
Operating supplies	1,225	1,185	917	268
Equipment expenditures	1,565	1,565	1,440	125
Building expenditures	1,000	1,100	1,137	(37)
Outside services	2,750	2,405	1,856	549
General operating	1,850	1,890	1,637	253
General administrative	800	800	250	550
	<u>77,695</u>	<u>78,492</u>	<u>76,394</u>	<u>2,098</u>
City Council				
Current:				
Personal services	81,390	78,155	72,055	6,100
Operating supplies	1,900	1,660	745	915
Building expenditures	-	325	329	(4)
Outside services	45,000	45,000	44,000	1,000
General operating	9,000	13,240	12,367	873
General administrative	23,500	23,175	9,341	13,834
	<u>160,790</u>	<u>161,555</u>	<u>138,837</u>	<u>22,718</u>
Capital outlay	10,000	10,000	-	10,000
	<u>170,790</u>	<u>171,555</u>	<u>138,837</u>	<u>32,718</u>
City Clerk				
Current:				
Personal services	103,680	105,164	104,252	912
Operating supplies	2,200	1,922	672	1,250
Equipment expenditures	2,400	2,500	2,342	158
Building expenditures	3,000	3,300	3,488	(188)
Outside services	300	-	-	-
General operating	8,800	8,867	7,828	1,039
General administrative	2,300	2,200	1,660	540
	<u>122,680</u>	<u>123,953</u>	<u>120,242</u>	<u>3,711</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

City of Thibodaux

For the year ended December 31, 2003

Expenditures (Continued)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT (Continued)				
Office of the Mayor:				
Current:				
Personal services	\$ 191,480	\$ 192,652	\$ 187,313	\$ 5,339
Operating supplies	4,000	4,000	2,221	1,779
Equipment expenditures	3,300	3,300	2,332	968
Building expenditures	4,500	4,500	4,132	368
Outside services	9,000	9,000	204	8,796
General operating	4,870	6,340	6,159	181
General administrative	31,750	29,280	13,368	15,912
	<u>248,900</u>	<u>249,072</u>	<u>215,729</u>	<u>33,343</u>
City Attorney's Office:				
Current:				
Personal services	70,340	71,022	68,386	2,636
Operating supplies	-	5,065	5,456	(391)
Building expenditures	500	500	483	17
Outside services	2,000	1,833	-	1,833
General operating	1,600	1,635	1,635	-
General administrative	340	382	320	62
	<u>74,780</u>	<u>80,437</u>	<u>76,280</u>	<u>4,157</u>
Capital outlay	2,000	5,000	-	5,000
	<u>76,780</u>	<u>85,437</u>	<u>76,280</u>	<u>9,157</u>
City Court:				
Current:				
Personal services	\$ 227,375	\$ 223,278	\$ 200,139	\$ 23,139
Operating supplies	9,500	4,500	4,132	368
Equipment expenditures	2,600	2,600	1,942	658
Building expenditures	4,550	4,550	4,795	(245)
Outside services	6,000	6,000	6,000	-
General operating	6,100	6,283	6,133	150
General administrative	580	10,667	10,494	173
	<u>256,705</u>	<u>257,878</u>	<u>233,635</u>	<u>24,243</u>
Human Resources:				
Current:				
Personal services	61,780	53,345	37,893	15,452
Operating supplies	1,950	3,350	2,673	677
Equipment expenditures	1,000	1,000	916	84
Building expenditures	700	1,400	1,296	104
Outside services	2,750	2,750	2,206	544
General operating	1,000	4,685	4,574	111
General administrative	2,500	5,215	4,843	372
	<u>71,680</u>	<u>71,745</u>	<u>54,401</u>	<u>17,344</u>
Total General Government:				
Current	1,817,645	1,855,460	1,675,015	180,445
Capital outlay	12,000	15,000	-	15,000
	<u>1,829,645</u>	<u>1,870,460</u>	<u>1,675,015</u>	<u>195,445</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued)				
PUBLIC SAFETY				
City Police				
Current:				
Personal services	\$ 2,625,156	\$ 2,725,791	\$ 2,506,929	\$ 218,862
Operating supplies	61,150	68,660	153,570	(84,910)
Equipment expenditures	103,660	108,187	102,234	5,953
Building expenditures	40,375	40,750	42,374	(1,624)
Outside services	14,600	12,425	7,766	4,659
General operating	251,574	259,949	221,455	38,494
General administrative	50,800	50,239	47,336	2,903
	<u>3,147,315</u>	<u>3,266,001</u>	<u>3,081,664</u>	<u>184,337</u>
Capital outlay	35,146	112,793	-	112,793
	<u>3,182,461</u>	<u>3,378,794</u>	<u>3,081,664</u>	<u>297,130</u>
City Inspector's Office				
Current:				
Personal services	182,810	181,749	156,157	25,592
Operating supplies	5,800	5,715	4,957	758
Equipment expenditures	1,950	3,050	2,442	608
Building expenditures	2,800	3,550	3,627	(77)
Outside services	400	200	194	6
General operating	5,820	7,185	7,630	(445)
General administrative	1,705	705	605	100
	<u>201,285</u>	<u>202,154</u>	<u>175,612</u>	<u>26,542</u>
Fire Prevention				
Current:				
Personal services	15,000	15,000	14,424	576
Operating supplies	-	53	53	-
Equipment expenditures	3,000	3,000	2,952	48
Building expenditures	53,650	54,650	57,557	(2,907)
General operating	12,000	12,000	11,075	925
General administrative	163,435	164,837	159,547	5,290
	<u>247,085</u>	<u>249,540</u>	<u>245,608</u>	<u>3,932</u>
Total Public Safety:				
Current	3,595,685	3,717,695	3,502,884	214,811
Capital outlay	35,146	112,793	-	112,793
	<u>3,630,831</u>	<u>3,830,488</u>	<u>3,502,884</u>	<u>327,604</u>
PUBLIC WORKS				
Director of Public Works				
Current:				
Personal services	103,520	104,772	104,881	(109)
Operating supplies	1,300	1,300	1,076	224
Equipment expenditures	2,115	1,649	992	657
Building expenditures	3,100	3,300	3,107	193
Outside services	450	450	308	142
General operating	3,500	3,766	3,616	150
General administrative	550	550	301	249
	<u>114,535</u>	<u>115,787</u>	<u>114,281</u>	<u>1,506</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued)				
PUBLIC WORKS (Continued)				
Streets and Drainage				
Current:				
Personal services	\$ 713,190	\$ 707,348	\$ 628,090	\$ 79,258
Operating supplies	21,800	17,345	15,658	1,687
Equipment expenditures	48,135	56,639	52,118	4,521
Building expenditures	3,850	4,390	3,907	483
Outside services	100,050	92,320	82,888	9,432
General operating	235,625	237,025	241,266	(4,241)
General administrative	14,300	27,741	22,255	5,486
	<u>1,136,950</u>	<u>1,142,808</u>	<u>1,046,182</u>	<u>96,626</u>
Total Public Works	<u>1,251,485</u>	<u>1,258,595</u>	<u>1,160,463</u>	<u>98,132</u>
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Airport Commission				
Current:				
Operating supplies	1,500	1,472	1,169	303
Equipment expenditures	500	1,700	1,665	35
Building expenditures	2,700	2,400	2,434	(34)
Outside services	30,760	29,888	29,608	280
General operating	850	850	755	95
	<u>36,310</u>	<u>36,310</u>	<u>35,631</u>	<u>679</u>
Total Economic Development and Assistance	<u>36,310</u>	<u>36,310</u>	<u>35,631</u>	<u>679</u>
CULTURE AND RECREATION				
Recreation				
Current:				
Personal services	420,650	402,565	358,803	43,762
Operating supplies	14,300	26,861	23,704	3,157
Equipment expenditures	7,075	18,909	15,336	3,573
Building expenditures	10,950	18,179	17,371	808
Outside services	100	100	80	20
General operating	59,625	50,352	36,791	13,561
General administrative	700	1,735	1,628	107
	<u>513,400</u>	<u>518,701</u>	<u>453,713</u>	<u>64,988</u>
Civic Center				
Current:				
Personal services	193,870	190,487	167,486	23,001
Operating supplies	4,400	4,470	3,983	487
Equipment expenditures	18,000	16,600	15,703	897
Building expenditures	110,880	121,388	125,832	(4,444)
Outside services	1,800	1,800	328	1,472
General operating	20,350	20,350	19,947	403
General administrative	4,450	3,450	1,945	1,505
	<u>353,750</u>	<u>358,545</u>	<u>335,224</u>	<u>23,321</u>
Parks				
Current:				
Personal services	-	21,115	17,647	3,468
Total Culture and Recreation	<u>867,150</u>	<u>898,361</u>	<u>806,584</u>	<u>91,777</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Total expenditures by function:				
Current	\$ 7,568,275	\$ 7,766,421	\$ 7,180,577	\$ 585,844
Capital outlay	47,146	127,793	-	127,793
	<u>7,615,421</u>	<u>7,894,214</u>	<u>7,180,577</u>	<u>713,637</u>
Deficiency of revenues over expenditures	<u>(2,743,354)</u>	<u>(2,751,587)</u>	<u>(1,463,251)</u>	<u>1,288,336</u>
Other Financing Sources (Uses)				
Proceeds of general fixed assets dispositions	<u>100</u>	<u>27,578</u>	<u>27,578</u>	<u>-</u>
Operating transfers in:				
Sales Tax Fund	1,054,955	1,054,955	1,151,917	96,962
Fire Department Fund	116,250	116,250	119,285	3,035
Municipal Waterworks, Electric & Power Plant System Fund	865,000	865,000	593,954	(271,046)
Municipal Gas & Sewerage System Fund	865,000	890,000	68,819	(821,181)
Total operating transfers in	<u>2,901,205</u>	<u>2,926,205</u>	<u>1,933,975</u>	<u>(992,230)</u>
Operating transfers out:				
Sales Tax Fund	-	(41,683)	(41,683)	-
Street Improvement Fund	(1,540,000)	(1,540,000)	(286,822)	1,253,178
Internal Service Fund	-	(55,000)	(55,000)	-
Total operating transfers out	<u>(1,540,000)</u>	<u>(1,636,683)</u>	<u>(383,505)</u>	<u>1,253,178</u>
Total other financing sources	<u>1,361,305</u>	<u>1,317,100</u>	<u>1,578,048</u>	<u>260,948</u>
Net Change in Fund Balance	<u>(1,382,049)</u>	<u>(1,434,487)</u>	<u>114,797</u>	<u>1,549,284</u>
Fund Balance				
Beginning of year, as previously reported	2,504,112	2,643,195	2,643,195	-
Prior period adjustments	-	-	340,577	340,577
Beginning of year, restated	<u>2,504,112</u>	<u>2,643,195</u>	<u>2,983,772</u>	<u>340,577</u>
End of year	<u>\$ 1,122,063</u>	<u>\$ 1,208,708</u>	<u>\$ 3,098,569</u>	<u>\$ 1,889,861</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SALES TAX FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes - sales and use	\$ 2,776,200	\$ 2,776,200	\$ 3,128,565	\$ 352,365
Intergovernmental	373,801	600,309	217,577	(382,732)
Miscellaneous:				
Interest earned	133,200	131,480	138,734	7,254
Other	50,000	90,142	90,426	284
Total revenues	3,333,201	3,598,131	3,575,302	(22,829)
Expenditures				
GENERAL GOVERNMENT				
General Administration				
Current:				
Operating supplies	29,000	33,963	38,930	(4,967)
Equipment expenditures	-	2,000	1,738	262
Building expenditures	5,000	3,275	895	2,380
Outside services	2,100	6,000	5,018	982
General operating	500	500	-	500
General administrative	-	1,509	1,508	1
	<u>36,600</u>	<u>47,247</u>	<u>48,089</u>	<u>(842)</u>
Capital outlay	<u>255,375</u>	<u>242,867</u>	<u>64,665</u>	<u>178,202</u>
	<u>291,975</u>	<u>290,114</u>	<u>112,754</u>	<u>177,360</u>
Finance Administration				
Current:				
Operating supplies	3,500	9,450	11,296	(1,846)
Equipment expenditures	10,000	3,800	-	3,800
General operating	47,600	53,700	53,186	514
	<u>61,100</u>	<u>66,950</u>	<u>64,482</u>	<u>2,468</u>
Capital outlay	<u>15,000</u>	<u>9,150</u>	<u>-</u>	<u>9,150</u>
	<u>76,100</u>	<u>76,100</u>	<u>64,482</u>	<u>11,618</u>
Grants				
Current:				
Operating supplies	1,000	6,250	4,328	1,922
Capital outlay	4,500	3,500	-	3,500
	<u>5,500</u>	<u>9,750</u>	<u>4,328</u>	<u>5,422</u>
Civil Service				
Current:				
Operating supplies	1,000	1,000	3,090	(2,090)
Capital outlay	3,100	3,100	-	3,100
	<u>4,100</u>	<u>4,100</u>	<u>3,090</u>	<u>1,010</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SALES TAX FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued):				
GENERAL GOVERNMENT (Continued)				
City Council				
Current:				
Operating supplies	\$ 1,000	\$ 1,000	\$ 489	\$ 511
Capital outlay	5,000	5,000	-	5,000
	<u>6,000</u>	<u>6,000</u>	<u>489</u>	<u>5,511</u>
City Clerk				
Current:				
Operating supplies	1,000	1,000	200	800
Equipment expenditures	3,900	3,900	3,394	506
	<u>4,900</u>	<u>4,900</u>	<u>3,594</u>	<u>1,306</u>
Capital outlay	4,000	4,000	-	4,000
	<u>8,900</u>	<u>8,900</u>	<u>3,594</u>	<u>5,306</u>
Office of the Mayor:				
Current:				
Operating supplies	\$ 1,500	\$ 1,500	\$ 2,534	\$ (1,034)
Equipment expenditures	7,500	7,500	-	7,500
	<u>9,000</u>	<u>9,000</u>	<u>2,534</u>	<u>6,466</u>
Capital outlay	6,100	6,100	-	6,100
	<u>15,100</u>	<u>15,100</u>	<u>2,534</u>	<u>12,566</u>
City Court:				
Current:				
Operating supplies	1,000	1,000	-	1,000
Capital outlay	2,000	2,000	-	2,000
	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Human Resources:				
Current:				
Operating supplies	2,000	4,069	3,598	471
Capital outlay	5,000	2,931	-	2,931
	<u>7,000</u>	<u>7,000</u>	<u>3,598</u>	<u>3,402</u>
Total General Government:				
Current	117,600	141,416	130,204	11,212
Capital outlay	300,075	278,648	64,665	213,983
	<u>417,675</u>	<u>420,064</u>	<u>194,869</u>	<u>225,195</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SALES TAX FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued):				
PUBLIC SAFETY				
City Police				
Current:				
Operating supplies	\$ 10,000	\$ 24,971	\$ 92,939	\$ (67,968)
Equipment expenditures	-	4,365	3,880	485
General operating	-	5,328	-	5,328
	<u>10,000</u>	<u>34,664</u>	<u>96,819</u>	<u>(62,155)</u>
Capital outlay	<u>339,000</u>	<u>290,783</u>	<u>152,949</u>	<u>137,834</u>
	<u>349,000</u>	<u>325,447</u>	<u>249,768</u>	<u>75,679</u>
City Inspector's Office				
Current:				
Operating supplies	3,000	3,000	1,533	1,467
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
	<u>11,000</u>	<u>11,000</u>	<u>1,533</u>	<u>9,467</u>
Fire Prevention				
Current:				
Operating supplies	10,000	9,193	34,197	(25,004)
General administrative	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>90,000</u>	<u>9,193</u>	<u>34,197</u>	<u>(25,004)</u>
Capital outlay	<u>116,500</u>	<u>39,558</u>	<u>14,390</u>	<u>25,168</u>
	<u>206,500</u>	<u>48,751</u>	<u>48,587</u>	<u>164</u>
Total Public Safety:				
Current	103,000	46,857	132,549	(85,692)
Capital outlay	<u>463,500</u>	<u>338,341</u>	<u>167,339</u>	<u>171,002</u>
	<u>566,500</u>	<u>385,198</u>	<u>299,888</u>	<u>85,310</u>
PUBLIC WORKS				
Director of Public Works				
Current:				
Operating supplies	6,000	6,000	1,633	4,367
Capital outlay	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
	<u>24,000</u>	<u>24,000</u>	<u>1,633</u>	<u>22,367</u>
Streets and Drainage				
Current:				
Operating supplies	5,500	11,500	39,924	(28,424)
General administrative	<u>10,000</u>	<u>10,000</u>	<u>6,592</u>	<u>3,408</u>
	<u>15,500</u>	<u>21,500</u>	<u>46,516</u>	<u>(25,016)</u>
Capital outlay	<u>252,500</u>	<u>246,500</u>	<u>68,076</u>	<u>178,424</u>
	<u>268,000</u>	<u>268,000</u>	<u>114,592</u>	<u>153,408</u>
Total Public Works:				
Current	21,500	27,500	48,149	(20,649)
Capital outlay	<u>270,500</u>	<u>264,500</u>	<u>68,076</u>	<u>196,424</u>
	<u>292,000</u>	<u>292,000</u>	<u>116,225</u>	<u>175,775</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SALES TAX FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Continued):				
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Airport Commission				
Current:				
Operating supplies	-	1,000	919	81
General operating	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
	12,000	13,000	12,919	81
Capital outlay	53,000	52,000	38,350	13,650
Total Economic Development and Assistance	65,000	65,000	51,269	13,731
CULTURE AND RECREATION				
Recreation				
Current:				
Operating supplies	5,000	36,628	62,557	(25,929)
Equipment expenditures	425	425	424	1
Outside services	-	110	106	4
General operating	26,000	1,750	-	1,750
	31,425	38,913	63,087	(24,174)
Capital outlay	621,155	384,290	256,820	127,470
	652,580	423,203	319,907	103,296
Civic Center				
Current:				
Operating supplies	7,400	12,400	18,387	(5,987)
Capital outlay	303,530	306,276	113,859	192,417
	310,930	318,676	132,246	186,430
Total Culture and Recreation:				
Current	38,825	51,313	81,474	(30,161)
Capital outlay	924,685	690,566	370,679	319,887
	963,510	741,879	452,153	289,726
Total expenditures by function:				
Current	292,925	280,086	405,295	(125,209)
Capital outlay	2,011,760	1,624,055	709,109	914,946
	2,304,685	1,904,141	1,114,404	789,737
DEBT SERVICE				
Principal retirement	33,105	33,105	33,105	-
Interest and fiscal charges	1,930	1,930	1,930	-
Total expenditures	2,339,720	1,939,176	1,149,439	789,737
Excess of revenues over expenditures, carry forward	993,481	1,658,955	2,425,863	766,908

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SALES TAX FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of revenues over expenditures, brought forward	\$ 993,481	\$ 1,658,955	\$ 2,425,863	\$ 766,908
Other Financing Sources (Uses)				
Operating transfers in:				
General Fund	-	41,683	41,683	-
Operating transfers out:				
General Fund	(1,054,955)	(1,054,955)	(1,151,917)	(96,962)
Certificates of Indebtedness, Series 1998 Sinking Fund	(49,920)	(213,030)	(211,718)	1,312
Street Improvement Fund	(700,000)	(950,000)	(767,800)	182,200
Total operating transfers out	(1,804,875)	(2,217,985)	(2,131,435)	86,550
Total other financing uses	(1,804,875)	(2,176,302)	(2,089,752)	86,550
Net Change in Fund Balance	(811,394)	(517,347)	336,111	853,458
Fund Balance				
Beginning of year, as previously reported	3,616,995	4,656,788	4,656,788	-
Prior period adjustments	-	-	279,130	279,130
Beginning of year, restated	3,616,995	4,656,788	4,935,918	279,130
End of year	\$ 2,805,601	\$ 4,139,441	\$ 5,272,029	\$ 1,132,588

See notes to financial statements

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANT FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,073,868	\$ 1,026,672	\$ 1,019,018	\$ (7,654)
Miscellaneous:				
Interest earned	6,800	1,020	1,012	(8)
Other	-	276	275	(1)
Total revenues	<u>1,080,668</u>	<u>1,027,968</u>	<u>1,020,305</u>	<u>(7,663)</u>
Expenditures				
Health and welfare				
Current:				
Housing assistance payments	672,000	676,000	669,883	6,117
Personal services	79,160	82,105	80,626	1,479
Operating supplies	4,900	4,006	3,735	271
Equipment expenditures	6,919	8,099	6,958	1,141
Building expenditures	4,000	4,000	3,865	135
Outside services	6,500	7,000	6,352	648
General operating	1,100	2,012	2,012	-
General administration	4,000	3,064	2,534	530
	<u>778,579</u>	<u>786,286</u>	<u>775,965</u>	<u>10,321</u>
Capital outlay	<u>1,000</u>	<u>145</u>	<u>-</u>	<u>145</u>
Total health and welfare	<u>779,579</u>	<u>786,431</u>	<u>775,965</u>	<u>10,466</u>
Economic development and assistance				
Current:				
Personal services	29,970	29,970	26,369	3,601
Operating supplies	1,130	1,000	201	799
Building expenditures	2,000	1,750	1,689	61
Outside services	500	698	448	250
General operating	1,300	26,333	26,078	255
General administrative	2,865	2,565	1,564	1,001
	<u>37,765</u>	<u>62,316</u>	<u>56,349</u>	<u>5,967</u>
Capital outlay	<u>266,103</u>	<u>257,356</u>	<u>253,543</u>	<u>3,813</u>
Total economic development and assistance	<u>303,868</u>	<u>319,672</u>	<u>309,892</u>	<u>9,780</u>
Total expenditures:				
Current	<u>816,344</u>	<u>848,602</u>	<u>832,314</u>	<u>16,288</u>
Capital	<u>267,103</u>	<u>257,501</u>	<u>253,543</u>	<u>3,958</u>
	<u>1,083,447</u>	<u>1,106,103</u>	<u>1,085,857</u>	<u>20,246</u>
Net Change in Fund Balance	<u>(2,779)</u>	<u>(78,135)</u>	<u>(65,552)</u>	<u>12,583</u>
Fund Balance				
Beginning of year	<u>317,213</u>	<u>247,918</u>	<u>247,918</u>	<u>-</u>
End of year	<u>\$ 314,434</u>	<u>\$ 169,783</u>	<u>\$ 182,366</u>	<u>\$ 12,583</u>

See notes to financial statements.

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

City of Thibodaux

For the year ended December 31, 2003

	Business-type Activities - Enterprise Funds			Total	Governmental Activities Internal Service Fund
	Municipal Waterworks, Electric & Power Plant System Fund	Municipal Gas & Sewerage System Fund	Garbage Collection Fund		
ASSETS					
Current					
Cash and cash equivalents	\$ 919,191	\$ 2,507	\$ 69,415	\$ 991,113	\$ 65,095
Investments	1,384,050	1,780,994	-	3,165,044	-
Receivables (net, where applicable of uncollectibles) - accounts:					
Unbilled service charges	44,671	271,233	43,093	358,997	-
Customers	36,389	194,759	48,035	279,183	-
Electric franchise fee	58,815	-	-	58,815	-
Accrued interest	4,059	8,621	-	12,680	-
Due from other funds	1,099	411,951	90,222	503,272	-
Prepaid insurance	5,913	5,185	-	11,098	-
Total current assets	2,454,187	2,675,250	250,765	5,380,202	65,095
Restricted					
Cash and cash equivalents	25,109	658,298	-	683,407	-
Investments	157,291	1,666,974	-	1,824,265	-
Total restricted assets	182,400	2,325,272	-	2,507,672	-
Capital Assets					
Land	88,000	125,165	-	213,165	-
Plant and equipment	11,466,413	18,971,893	19,928	30,458,234	-
Total capital assets	11,554,413	19,097,058	19,928	30,671,399	-
Less accumulated depreciation	(7,190,389)	(11,418,782)	(8,967)	(18,618,138)	-
Net capital assets	4,364,024	7,678,276	10,961	12,053,261	-
Total assets	7,000,611	12,678,798	261,726	19,941,135	65,095

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

City of Thibodaux

For the year ended December 31, 2003

	Business-type Activities - Enterprise Funds			Total	Governmental Activities Internal Service Fund
	Municipal Waterworks, Electric & Power Plant System Fund	Municipal Gas & Sewerage System Fund	Garbage Collection Fund		
LIABILITIES					
Current					
Payable from current assets:					
Accounts payable and accrued expenses	\$ 178,464	\$ 347,916	\$ 73,883	\$ 600,263	\$ 17,574
Deferred revenue	-	87,948	-	87,948	-
Due to other funds	622,841	2,300	-	625,141	-
Contracts and retainage payable	34,154	147,029	-	181,183	-
Obligations under capital lease	35,345	-	-	35,345	-
Compensated absences payable	15,960	25,492	-	41,452	-
Total payable from current assets	886,764	610,685	73,883	1,571,332	17,574
Payable from restricted assets:					
Bonds and loans payable within one year	-	280,000	-	280,000	-
Accrued interest on bonds	-	50,727	-	50,727	-
Customers' meter deposits	182,400	108,352	-	290,752	-
Total payable from restricted assets	182,400	439,079	-	621,479	-
Total current liabilities	1,069,164	1,049,764	73,883	2,192,811	17,574
Noncurrent Liabilities					
Obligation under capital leases	12,354	-	-	12,354	-
Revenue bonds payable	-	1,805,000	-	1,805,000	-
Loan payable	-	1,705,000	-	1,705,000	-
Compensated absences payable	20,461	42,846	-	63,307	-
Total noncurrent liabilities	32,815	3,552,846	-	3,585,661	-
Total liabilities	1,101,979	4,602,610	73,883	5,778,472	17,574
NET ASSETS					
Invested in capital assets, net of related debt	4,316,325	3,888,276	10,961	8,215,562	-
Restricted for debt service	-	1,886,196	-	1,886,196	-
Unrestricted	1,582,307	2,301,716	176,882	4,060,905	47,521
Total net assets	\$ 5,898,632	\$ 8,076,188	\$ 187,843	\$ 14,162,663	\$ 47,521

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

City of Thibodaux

For the year ended December 31, 2003

	Business-type Activities - Enterprise Funds			Total	Governmental Activities Internal Service Fund
	Municipal Waterworks, Electric & Power Plant System Fund	Municipal Gas & Sewerage System Fund	Garbage Collection Fund		
Operating Revenues					
Charges for services	\$ 901,785	\$ 3,381,283	\$ 893,858	\$ 5,176,926	\$ -
Operating Expenses					
Gas purchased	-	1,852,108	-	1,852,108	-
Contractual service	-	-	896,004	896,004	-
Personal services	570,929	604,785	-	1,175,714	-
Operating supplies	114,357	182,621	4,730	301,708	-
Equipment expenses	61,489	149,955	-	211,444	-
Building expenses	92,082	205,686	214	297,982	-
Outside services	13,538	72,568	2,478	88,584	-
General operating	60,067	80,174	2,138	142,379	440,418
General administrative	9,413	8,187	-	17,600	-
Depreciation	275,115	454,838	1,992	731,945	-
Total operating expenses	1,196,990	3,610,922	907,556	5,715,468	440,418
Operating loss	(295,205)	(229,639)	(13,698)	(538,542)	(440,418)
Non-Operating Revenues (Expenses)					
Investment income	80,322	131,714	59	212,095	3,345
Other non-operating revenues	28,205	23,550	2,308	54,063	900
Intergovernmental	139	450	-	589	-
Electric franchise fee	327,121	-	-	327,121	-
Interest and fiscal charges	(3,902)	(164,846)	-	(168,748)	-
Other non-operating expenses	(333)	-	-	(333)	-
Total non-operating revenues (expenses)	431,552	(9,132)	2,367	424,787	4,245
Income (loss) before transfers	136,347	(238,771)	(11,331)	(113,755)	(436,173)
Transfers From Other Funds					
General Fund	-	-	-	-	55,000
Transfer To Other Funds					
General Fund	(593,954)	(68,819)	-	(662,773)	-
Change in Net Assets	(457,607)	(307,590)	(11,331)	(776,528)	(381,173)
Net Assets					
Beginning of year, as previously reported	6,323,130	8,496,429	199,174	15,018,733	428,694
Adjustments	33,109	(112,651)	-	(79,542)	-
Beginning of year, restated	6,356,239	8,383,778	199,174	14,939,191	428,694
End of year	\$ 5,898,632	\$ 8,076,188	\$ 187,843	\$ 14,162,663	\$ 47,521

See notes to financial statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

City of Thibodaux

For the year ended December 31, 2003

	Business-type Activities - Enterprise Funds			Total	Governmental Activities Internal Service Fund
	Municipal Waterworks, Electric & Power Plant System Fund	Municipal Gas & Sewerage System Fund	Garbage Collection Fund		
Cash Flow from Operating Activities					
Cash received from customers and users	\$ 910,354	\$ 3,394,099	\$ 905,498	\$ 5,209,951	\$ -
Cash payments to suppliers/claims expense	(569,368)	(599,149)	(917,622)	(2,086,139)	(422,844)
Cash payments to employees for services and benefits	(895,552)	(2,195,381)	-	(3,090,933)	-
Net cash provided by (used for) operating activities	(554,566)	599,569	(12,124)	32,879	(422,844)
Cash Flow from Noncapital Financing Activities					
Transfers from other funds	-	-	-	-	55,000
Transfers to other funds	(593,954)	(68,819)	-	(662,773)	-
Intergovernmental	139	450	-	589	-
Proceeds from franchise agreement	320,952	-	-	320,952	-
Net cash provided by (used for) noncapital financing activities	(272,863)	(68,369)	-	(341,232)	55,000
Cash Flow from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(925,882)	(642,023)	-	(1,567,905)	-
Principal paid on outstanding debt	-	(270,000)	-	(270,000)	-
Interest paid on outstanding debt	(3,902)	(168,496)	-	(172,398)	-
Grant revenue deferred	-	87,948	-	87,948	-
Capital lease payments	(33,318)	-	-	(33,318)	-
Net cash used for capital and related financing activities	(963,102)	(992,571)	-	(1,955,673)	-
Cash Flow from Investing Activities					
Purchases of investments	(1,592,536)	(4,055,816)	-	(5,648,352)	-
Maturities of investments	2,362,063	3,077,923	-	5,439,986	175,699
Investment income	83,170	130,923	59	214,152	3,345
Other revenue	18,205	23,650	2,308	44,163	900
Net cash provided by (used for) investing activities	870,902	(823,320)	2,367	49,949	179,944
Net Decrease in Cash and Cash Equivalents	(919,629)	(1,284,691)	(9,757)	(2,214,077)	(187,900)
Cash and Cash Equivalents					
Beginning of year	1,863,929	1,945,496	79,172	3,888,597	252,995
End of year	\$ 944,300	\$ 660,805	\$ 69,415	\$ 1,674,520	\$ 65,095
Cash and cash equivalents at the end of the year consists of:					
Cash	\$ 919,191	\$ 2,507	\$ 69,415	\$ 991,113	\$ 65,095
Restricted cash	25,109	658,298	-	683,407	-
	\$ 944,300	\$ 660,805	\$ 69,415	\$ 1,674,520	\$ 65,095

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

City of Thibodaux

For the year ended December 31, 2003

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Fund	
	Municipal Waterworks, Electric & Power Plant System Fund	Municipal Gas & Sewerage System Fund	Garbage Collection Fund		Total
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating loss	\$ (295,205)	\$ (229,639)	\$ (13,698)	\$ (538,542)	\$ (440,418)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	275,115	454,838	1,992	731,945	-
(Increase) decrease in assets:					
Receivables	5,935	11,235	11,640	28,810	-
Due from other funds	-	325,708	(13,251)	312,457	-
Due from other governments	531	5,175	-	5,706	-
Other assets	(520)	(1,554)	-	(2,074)	-
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	19,851	25,880	1,193	46,924	17,574
Meter deposits	2,634	1,581	-	4,215	-
Due to other funds	(563,299)	2,300	-	(560,999)	-
Compensated absences payable	392	4,045	-	4,437	-
Total adjustments	(259,361)	829,208	1,574	571,421	17,574
Net cash provided by (used for) operating activities	\$ (554,566)	\$ 599,569	\$ (12,124)	\$ 32,879	\$ (422,844)
Noncash Capital and Related Financing and Investing Activities					
Property, plant and equipment received in noncash capital contributions	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -

See notes for financial statements.

NOTES TO FINANCIAL STATEMENTS**City of Thibodaux**

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Thibodaux, Louisiana (the City) complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended December 31, 2003 the City implemented the new financial reporting requirements of GASB Statement No. 34. As a result, an entirely new financial presentation format has been implemented. The more significant of the government's accounting policies are described below.

a) Financial Reporting Entity

The City of Thibodaux, Louisiana (the City) was incorporated under Special Charter effective December 9, 1974. Currently, the City operates under a revised Home Rule Charter effective January 1, 2002. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, public works, recreation, culture, public welfare, utilities and general administrative services.

As the governing authority of the municipality, the City of Thibodaux is the financial reporting entity for the City of Thibodaux, Louisiana. The financial reporting entity consists of (a) the primary government (the City of Thibodaux), (b) organizations for which the City of Thibodaux is financially accountable and (c) other organizations for which nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Reporting Entity (continued)

GASB Statement No. 14, The Financial Reporting Entity, established the criterion for determining which component units should be considered part of the City for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the City and the potential component unit.
4. Imposition of will by the City on the potential component unit.
5. Financial benefit/burden relationship between the City and the potential component unit.

The basic financial statements do not include the City Court of Thibodaux, Louisiana, which is considered to be a component unit. City Court of Thibodaux, Louisiana is fiscally dependent on the City for office space and courtrooms. The City Court Judge and City Marshal are independently elected officials, whose office operations are both accounted for in the City Court of Thibodaux, Louisiana's financial statements. The substance of the relationship between City Court of Thibodaux, Louisiana and the City is that the City has approval authority over its capital budget.

GASB provides for the issuance of primary government financial statements, which are separate from those of the reporting entity. However, a primary government's financial statements are not substitute for the reporting entity's financial statements. The City has chosen to issue financial statements of the primary government only. As such, the accompanying financial statements are not intended to and do not report in accordance with generally accepted accounting principles. Audit reports for component units can be obtained from the administrative offices of the component unit and from the Clerk of the City Council.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

The City's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and the fund financial statements (individual major fund and combined non-major fund).

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities for the primary government. For the most part, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs, which normally are supported by taxes and intergovernmental revenues.

Business-Type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenue include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as a restricted property tax.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of the GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

The daily accounts and operations of the City continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped, into generic fund types and two broad fund categories as follows:

Governmental Activities presented as Governmental Funds in the fund financial statements:

General Fund – The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Special Revenue Funds reported as major funds in the fund financial statements are as follows:

Sales Tax Fund – accounts for the operations of the sales tax department. Financing is provided by a one percent sales and use tax. After cost of operations sixty-two percent of the tax proceeds are retained in this fund and are restricted to improvements, purchases, repairs and maintenance of capital assets and debt retirement. The remainder is unrestricted and may be used for any legal purpose.

Grant Fund – accounts for the receipts and disbursements of Federal grants.

Debt Service Fund – accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The Debt Service Fund is not a major fund.

Capital Projects Fund – accounts for financial resources used for street improvement projects and is reported as a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Proprietary Funds:

Enterprise Funds – are used to account for operations: (a) that are financed and operated similarly 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 periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise Funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements, the three Enterprise Funds reported as major funds in the fund financial statements are as follows:

Municipal Waterworks, Electric & Power Plant System Fund – accounts for providing water services to residents of the City and the City's operating agreement with Entergy for electric service to residents. 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, billing and collection.

Municipal Gas & Sewerage System Fund – accounts for providing gas and sewerage 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, billing and collection.

Garbage Collection Fund – accounts for operations of the garbage system. Financing is provided by service charges assessed by the City and other fund transfers when necessary. Waste disposal service companies under contract with the City provide collection and disposal services.

Internal Service Fund – accounts for risk management services, including auto liability, general liability, police liability and public officials' liability. The internal service fund totals are presented as part of the proprietary fund financial statements. Since the users of the internal service funds are City governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c) Basis of Accounting and Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing resources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeitures and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The City's definition of available means expected to be received within sixty days of the end of the fiscal year.

Nonexchange transactions, in which the City receives value without directly giving value in return, included sales tax, property tax, special assessments, grants, entitlements and donations. Ad valorem taxes are recognized as revenue of the period in which

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting and Measurement Focus (continued)

levied, thus the property taxes levied December 12, 2003 are recorded as revenue for the current year. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Special Assessments for the Street Improvement Fund are recognized as revenues when installments are billed. Unbilled assessments are reported as deferred revenues. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. Allocations of cost such as depreciation and amortization are not recognized in the governmental funds.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

d) Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

Cash includes amounts in regular and money market accounts.

For purposes of the statement of cash flows, cash and cash equivalents include certificates of deposit and securities with maturities of three months or less when purchased.

Investments are stated at fair value as established by the open market.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Realized gains and losses on investments recorded at fair value are included in investment income.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Investment policies are governed by state statutes. Investments during the year consisted of the following:

Certificates of Deposit
Federal Home Loan Bank Notes
Federal Home Loan Mortgage Corporation (FHLMC) Notes
Federal National Mortgage Association (FNMA) Notes
Governmental National Mortgage Association (GNMA) Notes

Accounts Receivable

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles. The allowances represent approximately 3% of receivables from business-type activities.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. At December 31, 2003, the City did not have any non-current interfund balances. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Capital Assets

Capital assets, which include land and land improvements, buildings, equipment and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual cost as follows:

Land	\$1
Land Improvements	\$25,000
Buildings	\$50,000
Building Improvements	\$50,000
Machinery & Equipment	\$5,000
Vehicles	\$5,000
Infrastructure	\$250,000

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets with an estimated historical cost amounted to approximately \$3,602,250 or 15.91% of total capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects at completion of construction. At this point the project costs are moved out of construction-in-progress and capitalized.

Capital Assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Type of Capital Assets</u>	<u>No. of Years</u>
Buildings and Building Improvements	10 – 50
Plant and Distribution Systems	5 – 50
Land Improvements	10 – 20
Furnishings and Equipment	5 – 20
Infrastructure	20 – 30

Certain infrastructure and improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and other assets have not been capitalized as of December 31, 2003. GASB Statement No. 34 allows the City until the year ending 2007 to record and depreciate these infrastructure assets. The net financial effect of recording these infrastructure assets will be an increase in net capital assets on the government-wide statements. Infrastructure for calendar years 1998 through 2003 have been capitalized and depreciated in accordance with the above capitalization policy.

Compensated Absences

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement. The City has recorded liabilities for accumulated vacation and sick leave as of December 31, 2003.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

Employees of the City may accumulate and vest up to a maximum of 45 days of vacation time. Employees are not limited in the accumulation of sick leave. However, as of August 1, 1995, only the sick leave of employees eligible for retirement shall vest. The calculation of accrued sick leave that is payable is based on the number of service years for that employee. The amount of sick leave that an employee is eligible for is their accumulated sick leave balance times a percentage based on the number of years of service up to a predetermined cap that is also based on the number of years of service.

The current portion of accrued vacation and sick leave earned has been recorded in the governmental fund-type fund financial statements as a current year expenditure and liability. This amount (\$155,273 in the General Fund and \$5,635 in the Grant Fund) represents the dollar value of accrued time during the year that would normally be liquidated with expendable available financial resources of the City.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. A current liability is recorded for the value of one year's accrual of leave.

Long-term Debt

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. In proprietary funds bond premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable costs are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Reserves and Designations of Equity

Some portions of fund balance in the governmental fund types are reserved to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure. Designated portions of fund balance indicate tentative future spending plans, which may be changed and are subject to subsequent authorization before expenditures can be made.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities and Fund Equity (continued)

The reserved for capital projects of \$819,721 represents the amount the Sales Tax Fund will ultimately transfer to the Street Improvement Fund for future expenditures on construction contracts in progress.

Designated for Subsequent Years' Expenditures are amounts in next year's budget that represent deficiencies of revenues over expenditures.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Change in Accounting Principles and Restatement of Prior Year Fund Equity

At January 1, 2003, the City raised the threshold for which it capitalizes capital assets. The threshold was raised to the amounts reported in Note 1 d) – Capital Assets.

During 2003, the City noted receipts for collections of December 2002 sales taxes and certain reimbursements of 2002 expenditures along with payment of vendor invoices for natural gas purchases. These transactions were not previously recorded and adjustments have been recognized to the beginning fund balance of the General Fund, Sales Tax Special Revenue Fund and beginning retained earnings of the Enterprise Fund – Municipal Gas, Electric and Power Plant Fund. In addition, beginning retained earnings of the Enterprise Funds were adjusted for construction costs on capital projects expensed in 2002.

For the fiscal year ended December 31, 2003, the City implemented the following GASB Standards:

- Statement No. 34 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments
- Statement No. 36 – Recipient Reporting for Certain Shared Nonexchange Revenues
- Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments – Omnibus
- Statement No. 38 – Certain Financial Statement Note Disclosure
- Interpretation No. 6 – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**e) Change in Accounting Principles and Restatement of Prior Year Fund Equity
(continued)**

The effect of correcting the above errors and the transition from governmental fund balances/proprietary funds total equity to net assets for December 31, 2002 is presented below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Total fund balance/fund equity, as previously reported	\$ 7,863,148	\$ 15,447,427	\$ 23,310,575
Change in accounting policy regarding capitalization threshold for capital assets	-	(141,821)	(141,821)
Corrections to recognize:			
December 2002 sales tax revenue receivable			
General Fund	283,957	-	283,957
Sales Tax Fund	279,130	-	279,130
2002 Salary expenditure reimbursements receivable			
General Fund	56,620	-	56,620
Construction-in-progress at December 31, 2002			
Municipal Waterworks	-	93,791	93,791
Municipal Gas & Sewer System	-	175,112	175,112
December 31, 2002 accounts payable			
Municipal Gas & Sewer System - gas purchase expenses	-	(206,624)	(206,624)
Total fund balances/fund equity, as restated	8,482,855	15,367,885	23,850,740
Internal service net assets reclassified to governmental activities	428,694	(428,694)	-
Additional GASB 34 govern- mental fund revenue accruals	13,929	-	13,929
Capital assets, net of depreciation	14,044,065	-	14,044,065
Capital lease and certificates payable	(273,105)	-	(273,105)
Liability for compensated absences	(130,524)	-	(130,524)
Additional GASB 34 interest payable	(3,808)	-	(3,808)
Restated net assets, December 31, 2002	<u>\$ 22,562,106</u>	<u>\$ 14,939,191</u>	<u>\$ 37,501,297</u>

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Reclassifications

Government Money Market accounts reported in the Municipal Waterworks Electric, & Power Plant System Fund and the Internal Service Fund as \$1,569,809 and \$75,699, respectively, at December 31, 2002 have been reclassified as cash equivalents as of December 31, 2003 to conform with the reporting of demand accounts maturing in less than ninety days.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the following governmental funds: general, special revenue, debt service and capital projects. All annual appropriations lapse at year-end.

The City does not employ encumbrance accounting; under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Formal budgeting integration is employed as a management control device during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) The Mayor submits to the City Council a proposed operating budget for the next fiscal year at the first regular meeting of the Council each November. The operating budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is conducted to obtain taxpayer comments.
- (3) On or before December 7th of each year, the budget is legally enacted through the passage of an ordinance by the City Council.
- (4) The Mayor is authorized to transfer budgeted amounts among programs within a department, office or agency; however, any revisions that alter the total expenditures budgeted for any department, office, agency or fund must be approved by the City Council.
- (5) The Council by ordinance may make supplemental appropriations for the year up to the amount of such excess of estimated revenues in the budget in the same manner required for adoption of the budget.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

a) Budgetary Information (continued)

- (6) The City Council may make emergency appropriations to meet a public emergency affecting life, health, property or the public peace.
- (7) The budget was amended twice during the year.

b) Deficit Fund Balance of Individual Funds

A \$228,274 deficit in undesignated fund balance exists in the Street Improvement Fund. The deficit results from timing differences between when liabilities/expenditures are recognized and when transfers are made. The deficit is expected to be eliminated through subsequent years' transfers.

c) Expenditures/Expenses Exceeding Appropriations

The following individual fund had actual expenditures/expenses exceeding appropriations:

	Budget	Actual	Unfavorable Variance
Governmental Activities:			
Street Improvement			
Fund	\$ 2,419,981	\$ 2,546,200	\$ (126,219)

Note 3 - PROPERTY TAXES

Property taxes are levied each year on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the City. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana Law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable on the date they are levied, December 12, 2003 for the current year, with interest being charged on payments after January 1. The lien date for taxes assessed is June 1 of the following year. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed values, upon which the 2003 levy was based, was \$60,557,840.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject

Note 3 - PROPERTY TAXES (Continued)

to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

The City is permitted by laws of the State of Louisiana to levy up to 7 mills of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended December 31, 2003, was 10.3 mills – 5.49 mills for general governmental services, 2.81 mills for special improvement streets, and 2.00 mills for special improvement fire department.

Tax collections as of December 31, 2003 on the 2003 tax levy were 72 percent.

Note 4 - DEPOSITS AND INVESTMENTS

The City has several funds that have pooled monies together to purchase short-term certificates of deposit and investments in government securities. The interest earned on these investments is divided pro-rata between the funds participating.

Louisiana state law allows the City to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Deposits:

State Law requires deposits (cash and certificates of deposits) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision, or with an unaffiliated bank, or with a trust company for the account of the political subdivision.

Note 4- DEPOSITS AND INVESTMENTS (Continued)

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the City or its agent, in the City's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the City's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the City's name.

The year end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 962,824	\$ -	\$2,566,506	\$ 3,333,653
Certificates of deposit	49,763	-	-	49,763
Totals	\$1,012,587	\$ -	\$2,566,506	\$3,383,416

At December 31, 2003, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositors. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool.

The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the City's name.

At year end the investment balances are as follows:

	Fair Value			Reported Amount
	Category			
	1	2	3	
Investments subject to categorization:				
Federal Home Loan Bank Notes	\$ 405,000	\$ -	\$ -	\$ 405,000
Federal Home Loan Mortgage Corporation (FHLMC) Notes	6,458,730	-	-	6,458,730
Federal National Mortgage Association (FNMA) Notes	2,712,774	-	-	2,712,774
Governmental National Mortgage Association (GNMA) Notes	<u>1,746,393</u>	<u>-</u>	<u>-</u>	<u>1,746,393</u>
Totals	<u>\$11,322,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,322,897</u>

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposits and investments as shown on the Statement of Net Assets is as follows:

Cash on hand	\$ 2,625
Carrying amount of deposits	3,383,416
Carrying amount of investments	<u>11,322,897</u>
 Total	 <u>\$14,708,938</u>
 Cash and cash equivalents	 \$ 2,652,871
Cash and cash equivalents – restricted	683,407
Investments	9,548,395
Investments - restricted	<u>1,824,265</u>
 Total	 <u>\$14,708,938</u>

Note 5 - RECEIVABLES

An allowance based upon past experience has been established for customers' utility billings and garbage fees. Uncollectible amounts due for ad valorem taxes, special assessments and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectability of the particular receivable.

Receivable and the applicable allowances for doubtful accounts at December 31, 2003 were as follows:

	Amount	Allowance for Uncollectibles	Net Receivable
Governmental Activities:			
General Fund:			
Property taxes	\$ 89,124	\$ -	\$ 89,124
Other	147,987	-	147,987
Sales Tax Fund:			
Accounts	3,822	-	3,822
Grant Fund:			
Other	11	-	11
Street Improvement Fund:			
Assessments	8,522	-	8,522
Non Major Funds:			
Property taxes	<u>78,085</u>	<u>-</u>	<u>78,085</u>
 Total governmental funds	 327,551	 -	 327,551

Note 5 - RECEIVABLES (Continued)

	<u>Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Accrued investment earnings	16,872	-	16,872
Total governmental activities	<u>\$ 344,423</u>	<u>\$ -</u>	<u>\$ 344,423</u>
Business-type Activities:			
Municipal Waterworks, Electric & Power Plant System Fund:			
Unbilled service charges	\$ 44,671	\$ -	\$ 44,671
Accounts	39,391	3,002	36,389
Electric franchise fee	58,815		58,815
Accrued interest	4,059		4,059
Municipal Gas & Sewerage System:			
Unbilled service charges	271,233		271,233
Accounts	209,074	14,315	194,759
Accrued interest	8,621		8,621
Garbage Collection Fund:			
Unbilled service charges	43,093		43,093
Accounts	50,717	2,682	48,035
Total business-type activities	<u>\$ 729,674</u>	<u>\$ 19,999</u>	<u>\$ 709,675</u>

Franchise Fees

Electric

On October 21, 2003, the City entered into a new agreement with Entergy, that granted, by ordinance, to Entergy a franchise, right and privilege for a period of thirty-three (33) years from the date of adoption to distribute, deliver, sell and supply, in such a manner as it chooses, electric service throughout the City. The City is to receive a sum of two percent (2%) of the gross receipts from the sale of electric service at retail for residential and commercial purposes within the corporate limits of the City. The City earned \$327,121 of franchise fee revenue of which \$58,815 was receivable for the year ended December 31, 2003.

Note 5 - RECEIVABLES (Continued)

Cable TV

On April 14, 1989, the City granted to Renaissance Media L.L.C through its acquisition of Charter Communications (formerly Lafourche Communications), a franchise to supply cable service within the city limits for 15 years with an option to the City to renew for an additional 15 years. The City receives five percent (5%) of revenues received from subscribers in the City as franchise fee for television service, not including installation revenues. The City earned \$155,676 of Cable TV franchise fee revenue of which \$80,745 was receivable for the year ended December 31, 2003.

Telephone

On August 21, 1998, the City granted to BellSouth Telecommunications, Inc. a franchise to use and occupy the streets, alleys, public ways and thoroughfares of the City for the purpose of constructing, maintaining and operating its poles, wires, conduits, cables, anchors, towers, transmission lines, manholes, piers, abutments and other structures and facilities used in or incidental to the provisions of telephone or telegraph services to the public. In consideration, the Company agrees to pay five percent (5%) of the gross receipts from local exchange telephone service provided within the corporate limits. The agreement shall be in effect for an initial term of five (5) years, beginning October 1, 1998 and ending September 21, 2003. The agreement will continue thereafter on a year-to-year basis unless canceled by either party upon at least sixty days notice prior to the expiration of the initial term or any extension thereof. The City earned \$107,575 of telephone franchise fee revenue of which \$25,256 was receivable for the year ended December 31, 2003.

Assessments

On October 6, 1998 the City Council adopted an ordinance providing for the levy of a special assessment on certain lots of real estate to cover a portion of the cost of the construction of street paving improvements. The total assessment was for \$74,730. The assessment, if not paid in 30 days, could be paid in respective amounts due in ten (10) equal annual installments annually at 6% per annum interest. At December 31, 2003 certain landowners owed the City \$8,522 balance on the assessment levied.

Note 6 - DUE FROM OTHER GOVERNMENTAL UNITS

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

	<u>Federal</u>	<u>State</u>	<u>School Board</u>	<u>Housing Authority</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:						
General Fund	\$ -	\$ 45,675	\$ 594,704	\$ 74,965	\$ 7,437	\$ 722,781
Sales Tax Fund	546	21,927	537,410	-	-	559,883
Grant Fund	13,172	-	-	-	-	13,172
Street Improvement Fund	-	532,252	-	-	-	532,252
Total governmental activities	\$ 13,718	\$ 599,854	\$ 1,132,114	\$ 74,965	\$ 7,437	\$ 1,828,088

Note 7 - RESTRICTED ASSETS

Restricted assets at December 31, 2003 in the enterprise funds consists of \$290,752 of customer deposits and \$2,216,920 in specific assets required to be segregated as to use pursuant to restrictions arising from the Utilities Revenue Bond Issues, see Note 10.

Note 8 - CHANGES IN CAPITAL ASSETS

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

	<u>Balance 01/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/03</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,523,107	\$ -	\$ -	\$ 3,523,107
Construction in progress	1,656,737	2,982,028	1,657,195	2,981,570
Total capital assets not being depreciated	5,179,844	2,982,028	1,657,195	6,504,677
Capital assets being depreciated:				
Infrastructure	3,595,687	1,657,195	-	5,252,882
Buildings & Improvements	8,286,374	-	-	8,286,374
Furnishings & Equipment	2,105,514	526,824	34,989	2,597,349
Total capital assets being depreciated	13,987,575	2,184,019	34,989	16,136,605
Less accumulated depreciation for:				
Infrastructure	221,369	221,370	-	442,739
Buildings & Improvements	3,906,769	269,015	-	4,175,784
Furnishings & Equipment	995,216	234,255	12,635	1,216,836
Total accumulated depreciation	5,123,354	724,640	12,635	5,835,359
Total capital assets being depreciated, net	8,864,221	1,459,379	22,354	10,301,246
Total governmental activities capital assets, net	\$ 14,044,065	\$ 4,441,407	\$ 1,679,549	\$ 16,805,923

These amounts are based on a physical inventory of capital assets. Adjustments in the amount of \$4,888,738 were made to balances reported in the General Fixed Asset Account Group at December 31, 2002.

Note 8 - CHANGES IN CAPITAL ASSETS (Continued)

	<u>Balance 01/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/03</u>
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 203,165	\$ 10,000	\$ -	\$ 213,165
Construction in progress	2,255,981	1,597,134	2,247,434	1,605,681
Total capital assets not being depreciated	2,459,146	1,607,134	2,247,434	1,818,846
Capital assets being depreciated:				
Water production & distribution system	9,302,619	1,243,262	2,215	10,543,666
Sewer system plant and equipment	9,704,482	1,081,891	18,149	10,768,224
Gas distribution system	7,504,387	16,349	-	7,520,736
Garbage collection equipment	19,927	-	-	19,927
Total capital assets being depreciated	26,531,415	2,341,502	20,364	28,852,553
Less accumulated depreciation for:				
Water production & distribution system	6,917,157	275,115	1,885	7,190,387
Sewer system plant and equipment	6,889,658	237,673	18,049	7,109,282
Gas distribution system	4,092,337	217,165	-	4,309,502
Garbage collection equipment	6,975	1,992	-	8,967
Total accumulated depreciation	17,906,127	731,945	19,934	18,618,138
Total capital assets being depreciated, net	8,625,288	1,609,557	430	10,234,415
Total business-type activities capital assets, net	\$ 11,084,434	\$ 3,216,691	\$ 2,247,864	\$ 12,053,261

These amounts are based on a physical inventory of capital assets. Adjustments in the amounts of \$(265,821) and \$(392,982) were made to balances reported in the Enterprise Funds - Property, Plant and Equipment at December 31, 2002 as total Property, Plant and Equipment and accumulated depreciation, respectively, for a net adjustment of \$127,161.

Depreciation expense was charged to functions of the City as follows:

Governmental Activities:

General government	\$ 115,088
Public Safety	152,824
Public works	295,680
Culture and recreation	157,018
Economic development and assistance	4,030
Total depreciation expense – governmental activities	\$ 724,640

Business-Type Activities:

Waterworks, Electric and Power Plant System	\$ 275,115
Gas & Sewerage System	454,838
Garbage Collection	1,992
Total depreciation expense – business-type activities	\$ 731,945

Note 9 - ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities at December 31, 2003 consisted of the following:

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Other</u>	<u>Total Accounts Payable and Accrued Expenditures</u>	<u>Liability for Work Completed Contracts</u>	<u>Total Accounts Payable and Other Current Liabilities</u>
<u>Governmental activities:</u>						
General	\$ 254,418	\$ 95,621	\$ 2,344	\$ 352,383	\$ -	\$ 352,383
Sales Tax	128,612	-	-	128,612	9,123	137,735
Grant	3,568	2,130	-	5,698	-	5,698
Street Improvement	21,203	-	-	21,203	750,397	771,600
Non major funds	1,742	-	-	1,742	-	1,742
Internal service fund	17,574	-	-	17,574	-	17,574
Total governmental activities	\$ 427,117	\$ 97,751	\$ 2,344	\$ 527,212	\$ 759,520	\$ 1,286,732
<u>Business-type activities:</u>						
Waterworks, Electric & Power Plan Systems	\$ 165,940	\$ 9,191	\$ 3,333	\$ 178,464	\$ 34,154	\$ 212,618
Gas & Sewerage System	332,933	10,324	4,659	347,916	147,029	494,945
Garbage Collection	73,883	-	-	73,883	-	73,883
Total business-type activities	\$ 572,756	\$ 19,515	\$ 7,992	\$ 600,263	\$ 181,183	\$ 781,446

Note 10 - LONG-TERM DEBT

The following is a summary of the long-term debt of the City:

Certificates of Indebtedness, Series 1998

In March 1998, the City issued for sale \$400,000 of Certificates of Indebtedness, Series 1998 for the purpose of capital improvements to the old city hall in downtown Thibodaux. There are no Certificates of Indebtedness outstanding as of December 31, 2003. The City paid \$13,687 in interest for 2003.

Capitalized Leases

The City has entered into several lease agreements for financing the acquisition of office and computer equipment. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms), and therefore have been recorded at

Note 10 - LONG-TERM DEBT (Continued)

the present value of the future minimum lease payments as of the date of their inception. The leases are payable from governmental and business-type activities. The lease payable from governmental activities provided for annual payments of \$35,035 and expired May 11, 2003. The lease payable from business-type activities provides for monthly payments of \$3,102 and expires April 17, 2005.

An analysis of the cost of equipment leased under capital leases, as of December 31, 2003, is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 161,519	\$ 160,820

Compensated Absences

Compensated absences are described in Note 1d). For governmental activities, compensated absences are liquidated by the governmental fund in which the liability is incurred.

Utilities Revenue Refunding Bonds Series 1996

On August 1, 1996 the City issued utilities revenue bonds in the amount of \$2,915,000. Revenue bonds outstanding as of December 31, 2003 are \$1,985,000 repayable through 2012 at rates ranging from 4.10% to 5.65%.

Utilities Revenue Bonds Series 1997

The City issued Utilities Revenue Bonds Series 1997 in the amount of \$2,283,827 in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) to construct sewer improvements constituting the wastewater treatment project. DEQ is holding the bonds as payment for the loan. Revenue bonds outstanding at December 31, 2003 are \$1,805,000 repayable through 2018 at an interest rate of 2.45% plus a .5% annual administration fee.

Bond Requirements and Covenants

Under the terms for each of the bond indentures outstanding, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operation of the System. All revenues must be deposited in the System and required transfers made to the following Funds on a monthly basis after the payment of operating expenses:

Note 10 - LONG-TERM DEBT (Continued)

- a) **Utilities Revenue Bond Sinking Funds**
Monthly transfers are required to these Funds in an amount necessary to make the *principal and interest payments as they become due*. These Funds are restricted for this purpose and amount to \$313,601 and \$25,172, respectively, for Series 1996 and 1997 bond issues.

- b) **Utilities Revenue Bond Reserve Fund**
Monies in the amount of \$591,821 have been deposited into this fund. This amount represents the highest amount of principal and interest due on each bond issue in future years on the System's outstanding revenue bonds. The Fund is restricted to the payment of principal and interest in case of default on either bond issue.

- c) **Capital Additions and Contingency Fund**
Monthly transfers of 5% of gross revenues of the System for the preceding month is required. The Fund is restricted to payments for extensions, additions, improvement, renewals and replacements necessary to properly operate the System. It will also be used to pay principal and interest if there are not sufficient funds in the Revenue Bond Sinking Fund and Bond Reserve Fund. However, this Fund must contain a minimum of \$50,000 at all times. At December 31, 2003 the Fund has a balance of \$1,286,326.

- d) **Bond Requirements**
The accounting requirements of the bond resolutions, as stated in a) through c) above, have been complied with for the year ended December 31, 2003.

Note 10 - LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt of the City:

	<u>Payable January 1, 2003</u>	<u>Obligations Retired</u>	<u>New Issues</u>	<u>Payable December 31, 2003</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Certificates of Indebtedness	\$ 240,000	\$ 240,000	\$ -	\$ -	\$ -
Capitalized leases	33,105	33,105	-	-	-
Compensated absences payable	<u>275,628</u>	<u>179,017</u>	<u>212,397</u>	<u>309,008</u>	<u>160,908</u>
Total governmental activities	<u>\$ 548,733</u>	<u>\$ 452,122</u>	<u>\$ 212,397</u>	<u>\$ 309,008</u>	<u>\$ 160,908</u>
<u>Business-type Activities:</u>					
Utilities Revenue Refunding Bond Series 1996	\$2,155,000	\$ 170,000	\$ -	\$ 1,985,000	\$ 180,000
Utilities Revenue Bond Series 1997	1,905,000	100,000	-	1,805,000	100,000
Capitalized leases	81,017	33,318	-	47,699	35,345
Compensated absences payable	<u>100,322</u>	<u>50,923</u>	<u>55,360</u>	<u>104,759</u>	<u>41,452</u>
Total business-type activities	<u>\$4,241,339</u>	<u>\$ 354,241</u>	<u>\$ 55,360</u>	<u>\$ 3,942,458</u>	<u>\$ 356,797</u>

The annual requirements to amortize all bonded debt outstanding, including principal and interest, at December 31, 2003 are as follows:

<u>Maturity</u>	<u>Capital Leases</u>		<u>Utilities Revenue Refunding Bonds Series 1996</u>		<u>Utilities Revenue Bonds Series 1997</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 35,345	\$ 1,875	\$ 180,000	\$103,367	\$ 100,000	\$ 42,997
2005	12,354	153	185,000	93,967	100,000	40,547
2006	-	-	195,000	83,990	105,000	38,036
2007	-	-	210,000	73,205	105,000	35,464
2008	-	-	220,000	61,592	110,000	32,830
2009-2013	-	-	995,000	115,009	595,000	121,949
2014-2018	-	-	-	-	690,000	43,121
Totals	<u>\$ 47,699</u>	<u>\$ 2,028</u>	<u>\$1,985,000</u>	<u>\$531,130</u>	<u>\$1,805,000</u>	<u>\$354,944</u>

Note 11 - DUE TO AND FROM OTHER FUNDS

Due to and from other funds are listed by fund for the year ended December 31, 2003:

	Interfund Receivables	Interfund Payables
General Fund:		
Sales Tax Fund	\$ 1,356	\$ -
Grant Fund	8,553	-
Municipal Waterworks, Electric & Power Plant System Fund	94,429	-
Municipal Gas & Sewerage System Fund	2,300	-
Garbage Collection Fund	-	239
Non-major Funds	-	500
Totals	106,638	739
Sales Tax Fund:		
General Fund	-	1,356
Municipal Waterworks, Electric & Power Plant System Fund	26,478	-
Totals	26,478	1,356
Grant Fund:		
General Fund	-	8,553
Municipal Waterworks, Electric & Power Plant System Fund	-	1,099
Totals	-	9,652
Municipal Waterworks, Electric & Power Plant System Fund:		
General Fund	-	94,429
Sales Tax Fund	-	26,478
Grant Fund	1,099	-
Municipal Gas & Sewerage System Fund	-	411,951
Garbage Collection Fund	-	89,983
Totals	1,099	622,841
Municipal Gas & Sewerage System Fund:		
General Fund	-	2,300
Municipal Waterworks, Electric & Power Plant System Fund	411,951	-
Totals	411,951	2,300
Garbage Collection Fund:		
General Fund	239	-
Municipal Waterworks, Electric & Power Plant System Fund	89,983	-
Totals	90,222	-
Non-major Funds:		
General Fund	500	-
Totals	500	-
Totals	\$ 636,888	\$ 636,888

Note 11 - DUE TO AND FROM OTHER FUNDS (Continued)

The balances above resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 12 - MAJOR SUPPLIERS – ENTERPRISE FUND

During the year ended December 31, 2003, 100% of the City's natural gas purchases were made from a single supplier.

Note 13 - RECONCILIATION OF OPERATING TRANSFERS

A reconciliation of operating transfers for the year ended December 31, 2003 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Sales Tax Fund	\$ 1,151,917	\$ 41,683
Street Improvement Fund	-	286,822
Municipal Waterworks, Electric & Power Plant System Fund	593,954	-
Municipal Gas & Sewerage System Fund	68,819	-
Internal Service Fund	-	55,000
Non-major Funds	119,285	-
Totals	1,933,975	383,505
Sales Tax Fund:		
General Fund	41,683	1,151,917
Street Improvement Fund	-	767,800
Non-major Funds	-	211,718
Totals	41,683	2,131,435
Street Improvement Fund:		
General Fund	286,822	-
Sales Tax Fund	767,800	-
Totals	1,054,622	-
Municipal Waterworks, Electric & Power Plant System Fund:		
General Fund	-	593,954
Municipal Gas & Sewerage System Fund:		
General Fund	-	68,819
Internal Service Fund:		
General Fund	55,000	-
Non-major Funds:		
General Fund	-	119,285
Sales Tax Fund	211,718	-
Totals	211,718	119,285
Totals	\$ 3,296,998	\$ 3,296,998

Note 13 - RECONCILIATION OF OPERATING TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service fund from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Note 14 - LEASE COMMITMENTS

The City has various operating leases. The operating leases are for property and vehicles. Some leases are on a monthly basis and others are on a yearly basis. The longest time period the City is under contract is for a lease expiring in the year 2034 for property for the Thibodaux Municipal Airport.

Rental expenses for all operating leases for the year ended December 31, 2003 totaled approximately \$24,549.

The minimum annual commitments under uncancelable operating leases are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2004	\$ 29,014
2005	28,731
2006	16,865
2007	12,400
2008	12,400
Thereafter	<u>316,800</u>
Total	<u>\$ 416,210</u>

Note 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; providing health, dental, and other medical benefits to employees; and natural disasters for which the City carries commercial insurance. No settlements were made during the year that exceeded the City's insurance coverage.

Note 15 - RISK MANAGEMENT (Continued)

During 1996, the City initiated a self-insured retention program within the Loss Fund – Internal Service Fund in order to deal with potential liability loss. At December 31, 2003, the City is named as a defendant in various legal claims arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of these matters should not materially affect the financial statements of the City, accordingly, the City has not provided liabilities in the financial statements for these outstanding claims.

Transfers from the general fund to the internal service fund are made as necessary. Claims in excess of the self-insured retention amounts are recovered through third-party limited-coverage insurance policies. The City is insured with excess coverage in these areas:

- Auto liability, general liability and police liability with a \$1,000,000 per occurrence (\$3,000,000 policy combined aggregate)
- Public officials \$2,000,000 per occurrence (\$4,000,000 policy combined aggregate)

Analyses of claims are as follows:

	<u>Beginning Liability</u>	<u>Current Year Claims</u>	<u>Actual Claim Payments</u>	<u>Ending Liability</u>
2002	\$ -	\$ 97,944	\$ 97,944	\$ -
2003	\$ -	\$ 440,418	\$ 440,418	\$ -

Note 16 - COMMITMENTS AND CONTINGENCIES

The City received funding under grants from various federal and state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

On December 31, 2003, the City had \$9,015,966 in public work contracts of which \$1,405,007 was incomplete.

Note 17 - POSTRETIREMENT HOSPITALIZATION, DENTAL AND LIFE INSURANCE BENEFITS

The City provides for the payment of hospitalization, dental and life insurance premiums for retired employees as approved by the City Council. The City will fund the entire premium for all employees retiring with at least thirty years service. A retired employee may provide dependent hospitalization coverage if they had dependent coverage at the

**Note 17 - POSTRETIREMENT HOSPITALIZATION, DENTAL AND LIFE INSURANCE
BENEFITS (Continued)**

time of retirement at their cost. The cost of providing these benefits is recognized as an expense as premiums are paid. For the year ended December 31, 2003, those costs amounted to \$78,150.

Future liabilities under the City's plan for potentially eligible employees are dependent upon the age and length of service of those employees. The average employee age and service years are not available. At December 31, 2003, the average hospitalization, dental and life insurance cost per retired employee was approximately \$258.16 per month and the average number of retired employees was 28.

Note 18 - EMPLOYEE RETIREMENT SYSTEMS

Employees of the City (except for police) are members of the Municipal Employees' Retirement System of Louisiana. City police are members of the Municipal Police Employees' Retirement System.

a) Municipal Employees' Retirement System of Louisiana

Plan Description – The City contributes to Plan A of the Municipal Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit pension plan, which is controlled and administered by a separate Board of Trustees. The system provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 356 of the 1954 Louisiana Legislative Session established the plan. Act 569 of the 1968 Louisiana Legislative Session provided an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The System is governed by Louisiana Revised Statutes 11:1731, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Note 18 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

a) **Municipal Employees' Retirement System of Louisiana (continued)**

Funding Policy – Plan members are required to contribute 9.25% of their earnable compensation and the City is required to contribute at an actuarially determined rate. The City's contribution rate during the period January 1, 2003 through June 30, 2003 was 8.00% of annual covered payroll. Effective July 1, 2003, the City's contribution rate is 11% of annual covered payroll. In addition, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the City and revenue sharing funds each year as appropriated by the Legislature. The contribution requirements of plan members and the City is established and may be amended by state statute. The City's contributions to the System for the years ending December 31, 2003, 2002 and 2001 were \$265,764, \$216,727 and \$155,103, respectively, equal to the required contributions for each year.

b) **Municipal Police Employees' Retirement System**

Plan Description – The City contributes to the Municipal Police Employees' Retirement System (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The system provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 189 of the 1973 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2211 through 11:2233, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809.

Funding Policy – Plan members are required to contribute 7.50% of their earnable compensation and the City is required to contribute at an actuarially determined rate. The City's contribution rate during the period January 1, 2003 through June 30, 2003 was 9.00% of annual payroll excluding overtime but including state supplemental pay. Effective July 1, 2003, the City's contribution rate is 15.25% of annual payroll during the period excluding overtime but including state supplemental pay. In addition, the System also receives a percentage of insurance premiums. The contribution requirements of plan members and the City is established and may be amended by state statute. The City's contributions to the System for the years ending December 31, 2003, 2002 and 2001 were \$190,713, \$148,736 and \$131,399, respectively, equal to the required contributions for each year.

Note 19 - ON-BEHALF PAYMENTS FOR SUPPLEMENTAL PAY

The City recognizes as revenues and expenditures salary supplements that the State of Louisiana has paid directly to the City's police officers. As of December 31, 2003, the total on-behalf payments made amounted to \$166,441.

SUPPLEMENTARY INFORMATION SECTION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Fire Department Fund – is used to account for ad valorem taxes assessed on behalf of the Thibodaux Volunteer Fire Department that are billed, collected and paid to the Fire Department of the City.

Street Improvement and Maintenance Fund – is financed by a special property tax assessed for the purpose of providing funds for repairs, maintenance and improvements of the City's streets. These funds may be used only for this purpose.

Police Forfeiture Fund – accounts for amounts received from the Lafourche Parish Sheriff and District Attorney on the sales of assets seized from drug enforcement.

Debt Service Fund

Certificates of Indebtedness, Series 1998, Sinking Fund – to accumulate monies for payment of the \$400,000 4.8% Certificates of Indebtedness, Series 1998, dated March 30, 1998. Financing is provided by the pledge of sales tax revenues and legally restricted to payment of this debt.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

City of Thibodaux

December 31, 2003

	Special Revenue Funds		
	Fire Department Fund	Street Improvement and Maintenance Fund	Police Forfeiture Fund
Assets			
Cash and cash equivalents	\$ 77,172	\$ 306,484	\$ 7,717
Receivables (net, where applicable of allowances for uncollectibles):			
Taxes	45,617	32,468	-
Due from other funds	-	500	-
	\$ 122,789	\$ 339,452	\$ 7,717
Liabilities			
Accounts payable and accrued expenditures	\$ -	\$ 1,742	\$ -
Fund Balances			
Unreserved:			
Designated for subsequent years' expenditures	-	56,855	5,820
Undesignated	122,789	280,855	1,897
	122,789	337,710	7,717
Total fund balances	122,789	337,710	7,717
Total liabilities and fund balances	\$ 122,789	\$ 339,452	\$ 7,717

<u>Debt Service Fund</u>	
Certificates of Indebtedness, Series 1998 Sinking Fund	Total
\$ -	\$ 391,373
-	78,085
-	500
<u>\$ -</u>	<u>\$ 469,958</u>
<u>\$ -</u>	<u>\$ 1,742</u>
-	62,675
-	405,541
-	468,216
<u>\$ -</u>	<u>\$ 469,958</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

City of Thibodaux

For the year ended December 31, 2003

	Special Revenue Funds		
	Fire Department Fund	Street Improvement and Maintenance Fund	Police Forfeiture Fund
Revenues			
Taxes	\$ 120,217	\$ 168,907	\$ -
Intergovernmental	-	-	3,688
Miscellaneous:			
Interest earned	604	6,208	66
	<u>120,821</u>	<u>175,115</u>	<u>3,754</u>
Total revenues			
Expenditures			
Current:			
Public safety		-	7,181
Public works		161,896	-
Debt service:			
Principal retirement		-	-
Interest and fiscal charges		-	-
		<u>161,896</u>	<u>7,181</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>120,821</u>	<u>13,219</u>	<u>(3,427)</u>
Other Financing Sources (Uses)			
Operating transfers in	-	-	-
Operating transfers out	(119,285)	-	-
	<u>(119,285)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Net Change in Fund Balances	1,536	13,219	(3,427)
Fund Balances			
Beginning of year	<u>121,253</u>	<u>324,491</u>	<u>11,144</u>
End of year	<u>\$ 122,789</u>	<u>\$ 337,710</u>	<u>\$ 7,717</u>

<u>Debt Service Fund</u> Certificates of Indebtedness, Series 1998 Sinking Fund	<u>Total</u>
\$ -	\$ 289,124
-	3,688
255	7,133
255	299,945
-	7,181
-	161,896
240,000	240,000
13,687	13,687
253,687	422,764
(253,432)	(122,819)
211,718	211,718
-	(119,285)
211,718	92,433
(41,714)	(30,386)
41,714	498,602
\$ -	\$ 468,216

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FIRE DEPARTMENT FUND

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes - ad valorem	\$ 118,525	\$ 118,525	\$ 120,217	\$ 1,692
Miscellaneous interest earned	500	595	604	9
Total revenues	119,025	119,120	120,821	1,701
Other Financing Uses				
Operating transfers out:				
General Fund	(116,250)	(116,250)	(119,285)	(3,035)
Net Change in Fund Balance	2,775	2,870	1,536	(1,334)
Fund Balance				
Beginning of year	123,064	121,253	121,253	-
End of year	\$ 125,839	\$ 124,123	\$ 122,789	\$ (1,334)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREET IMPROVEMENT AND MAINTENANCE FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes - ad valorem	\$ 166,525	\$ 166,525	\$ 168,907	\$ 2,382
Miscellaneous - interest earned	4,000	5,701	6,208	507
Total revenues	<u>170,525</u>	<u>172,226</u>	<u>175,115</u>	<u>2,889</u>
Expenditures				
Current:				
Public works:				
Operating supplies	87,000	87,000	161,622	(74,622)
Outside services	100	600	274	326
Total public works	<u>87,100</u>	<u>87,600</u>	<u>161,896</u>	<u>(74,296)</u>
Capital outlay	<u>137,000</u>	<u>136,500</u>	<u>-</u>	<u>136,500</u>
Total expenditures	<u>224,100</u>	<u>224,100</u>	<u>161,896</u>	<u>62,204</u>
Net Change in Fund Balance	<u>(53,575)</u>	<u>(51,874)</u>	<u>13,219</u>	<u>65,093</u>
Fund Balance				
Beginning of year	<u>237,595</u>	<u>324,491</u>	<u>324,491</u>	<u>-</u>
End of year	<u>\$ 184,020</u>	<u>\$ 272,617</u>	<u>\$ 337,710</u>	<u>\$ 65,093</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
POLICE FORFEITURE FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 350	\$ 3,688	\$ 3,688	\$ -
Miscellaneous - interest earned	100	63	66	3
Total revenues	<u>450</u>	<u>3,751</u>	<u>3,754</u>	<u>3</u>
Expenditures				
Current:				
Public safety:				
Operating supplies	-	5,067	6,050	(983)
Equipment expenses	-	100	100	-
General administrative	-	1,362	1,031	331
Total public safety	-	<u>6,529</u>	<u>7,181</u>	<u>(652)</u>
Capital outlay	<u>3,000</u>	<u>1,171</u>	-	<u>1,171</u>
Total expenditures	<u>3,000</u>	<u>7,700</u>	<u>7,181</u>	<u>519</u>
Net Change in Fund Balance	(2,550)	(3,949)	(3,427)	522
Fund Balance				
Beginning of year	<u>10,788</u>	<u>11,144</u>	<u>11,144</u>	-
End of year	<u>\$ 8,238</u>	<u>\$ 7,195</u>	<u>\$ 7,717</u>	<u>\$ 522</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CERTIFICATE OF INDEBTEDNESS, SERIES 1998 SINKING FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 500	\$ 256	\$ 255	\$ (1)
Expenditures				
Debt service:				
Principal retirement	40,000	240,000	240,000	-
Interest and fiscal charges	10,560	15,000	13,687	1,313
Total expenditures	50,560	255,000	253,687	1,313
Deficiency of revenues over expenditures	(50,060)	(254,744)	(253,432)	1,312
Other Financing Sources				
Operating transfer in:				
Sales Tax Fund	49,920	213,030	211,718	(1,312)
Net Change in Fund Balance	(140)	(41,714)	(41,714)	-
Fund Balance				
Beginning of year	41,756	41,714	41,714	-
End of year	\$ 41,616	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREET IMPROVEMENT FUND**

City of Thibodaux

For the year ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,393,652	\$ 1,441,804	\$ 1,444,271	\$ 2,467
Miscellaneous:				
Reimbursements	1,705	1,705	1,705	-
Interest earned	1,100	684	683	(1)
Total revenues	<u>2,396,457</u>	<u>1,444,193</u>	<u>1,446,659</u>	<u>2,466</u>
Expenditures				
Capital outlay:				
Outside services	1,200	1,500	1,452	48
Professional fees	373,499	283,903	268,856	15,047
Construction contracts	3,877,137	2,016,908	2,275,838	(258,930)
General operating	440,790	117,670	54	117,616
Total expenditures	<u>4,692,626</u>	<u>2,419,981</u>	<u>2,546,200</u>	<u>(126,219)</u>
Deficiency of revenues over expenditures	<u>(2,296,169)</u>	<u>(975,788)</u>	<u>(1,099,541)</u>	<u>(123,753)</u>
Other Financing Sources				
Operating transfer in:				
General Fund	1,540,000	1,540,000	286,822	(1,253,178)
Sales Tax Fund	700,000	950,000	767,800	(182,200)
Total other financing sources	<u>2,240,000</u>	<u>2,490,000</u>	<u>1,054,622</u>	<u>(1,435,378)</u>
Net Change in Fund Balance	<u>(56,169)</u>	<u>1,514,212</u>	<u>(44,919)</u>	<u>(1,559,131)</u>
Fund Balance				
Beginning of year	<u>66,266</u>	<u>(183,355)</u>	<u>(183,355)</u>	<u>-</u>
End of year	<u>\$ 10,097</u>	<u>\$ 1,330,857</u>	<u>\$ (228,274)</u>	<u>\$ (1,559,131)</u>

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE

City of Thibodaux

December 31, 2003

	<u>Balance December 31, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2003</u>
Governmental funds capital assets				
Land	\$ 3,523,107	\$ -	\$ -	\$ 3,523,107
Infrastructure	3,595,687	1,657,195	-	5,252,882
Buildings and improvements	8,286,374	-	-	8,286,374
Furnishings, machinery and equipment	2,105,514	526,824	34,989	2,597,349
	<u>17,510,682</u>	<u>2,184,019</u>	<u>34,989</u>	<u>19,659,712</u>
Construction in progress	1,656,737	2,982,028	1,657,195	2,981,570
	<u>19,167,419</u>	<u>5,166,047</u>	<u>1,692,184</u>	<u>22,641,282</u>
Total governmental funds capital assets				
Investment in governmental funds capital assets by source:				
General fund	\$ 166,497	\$ -	\$ -	\$ 166,497
Special revenue funds:				
Sales Tax Fund	13,973,416	709,109	34,989	14,647,536
HUD Community Development Block Grant Fund	940,806	777,660	524,117	1,194,349
Capital projects fund:				
Street Improvement Fund	4,086,700	3,679,278	1,133,078	6,632,900
	<u>19,167,419</u>	<u>5,166,047</u>	<u>1,692,184</u>	<u>22,641,282</u>
Total governmental funds capital assets				

These amounts are based on a physical inventory of capital assets. Adjustments in the amount of \$ 4,888,738 were made to balances reported in the General Fixed Asset Account Group at December 31, 2002.

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY**

City of Thibodaux

December 31, 2003

<u>Function and Activity</u>	<u>Land</u>	<u>Infrastructure</u>	<u>Buildings and Improvements</u>	<u>Furnishings, Machinery and Equipment</u>	<u>Total</u>
General government:					
Control:					
Judicial	\$ -	\$ -	\$ -	\$ 52,247	\$ 52,247
Staff agencies:					
Finance	-	-	-	42,041	42,041
City clerk	-	-	-	20,297	20,297
Offices of the mayor	-	-	917,773	-	917,773
General government property	173,400	-	2,174,308	92,888	2,440,596
	<u>173,400</u>	<u>-</u>	<u>3,092,081</u>	<u>155,226</u>	<u>3,420,707</u>
Total general government	<u>173,400</u>	<u>-</u>	<u>3,092,081</u>	<u>207,473</u>	<u>3,472,954</u>
Public safety:					
Police protection	10	-	-	782,700	782,710
Fire protection	-	-	-	40,442	40,442
	<u>10</u>	<u>-</u>	<u>-</u>	<u>823,142</u>	<u>823,152</u>
Total public safety	<u>10</u>	<u>-</u>	<u>-</u>	<u>823,142</u>	<u>823,152</u>
Public works:					
Administration	-	-	101,791	-	101,791
Streets and drainage	-	5,060,764	52,026	866,372	5,979,162
	<u>-</u>	<u>5,060,764</u>	<u>153,817</u>	<u>866,372</u>	<u>6,080,953</u>
Total public works	<u>-</u>	<u>5,060,764</u>	<u>153,817</u>	<u>866,372</u>	<u>6,080,953</u>
Health and welfare:					
Senior citizens	-	-	541,757	-	541,757
	<u>-</u>	<u>-</u>	<u>541,757</u>	<u>-</u>	<u>541,757</u>
Culture and recreation:					
Recreation	1,732,355	94,362	645,024	-	2,471,741
Parks	-	-	318,300	218,621	536,921
Civic Center	1,617,342	63,852	3,535,395	443,391	5,659,980
	<u>3,349,697</u>	<u>158,214</u>	<u>4,498,719</u>	<u>662,012</u>	<u>8,668,642</u>
Total culture and recreation	<u>3,349,697</u>	<u>158,214</u>	<u>4,498,719</u>	<u>662,012</u>	<u>8,668,642</u>
Economic development and assistance:					
Airport commission	-	33,904	-	38,350	72,254
	<u>-</u>	<u>33,904</u>	<u>-</u>	<u>38,350</u>	<u>72,254</u>
Total governmental funds capital assets allocated to functions	<u>\$ 3,523,107</u>	<u>\$ 5,252,882</u>	<u>\$ 8,286,374</u>	<u>\$ 2,597,349</u>	<u>19,659,712</u>
Construction in progress					<u>2,981,570</u>
Total governmental funds capital assets					<u>\$ 22,641,282</u>

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

City of Thibodaux

For the year ended December 31, 2003

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets January 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets December 31, 2003</u>
General government:				
Control:				
Judicial	\$ 52,247	\$ -	\$ -	\$ 52,247
Staff agencies:				
Finance administration	42,041	-	-	42,041
City clerk	20,297	-	-	20,297
Office of the mayor	917,773	-	-	917,773
General government property	<u>2,375,931</u>	<u>64,665</u>	<u>-</u>	<u>2,440,596</u>
	<u>3,356,042</u>	<u>64,665</u>	<u>-</u>	<u>3,420,707</u>
Total general government	<u>3,408,289</u>	<u>64,665</u>	<u>-</u>	<u>3,472,954</u>
Public safety:				
City police	650,415	152,949	20,654	782,710
Fire prevention	<u>26,052</u>	<u>14,390</u>	<u>-</u>	<u>40,442</u>
Total public safety	<u>676,467</u>	<u>167,339</u>	<u>20,654</u>	<u>823,152</u>
Public works:				
Administration	101,791	-	-	101,791
Streets and drainage	<u>4,268,226</u>	<u>1,725,271</u>	<u>14,335</u>	<u>5,979,162</u>
Total public works	<u>4,370,017</u>	<u>1,725,271</u>	<u>14,335</u>	<u>6,080,953</u>
Health and welfare:				
Senior citizens	<u>541,757</u>	<u>-</u>	<u>-</u>	<u>541,757</u>
Culture and recreation:				
Recreation	2,471,741	-	-	2,471,741
Parks	462,386	74,535	-	536,921
Civic Center	<u>5,546,121</u>	<u>113,859</u>	<u>-</u>	<u>5,659,980</u>
Total culture and recreation	<u>8,480,248</u>	<u>188,394</u>	<u>-</u>	<u>8,668,642</u>
Economic development and assistance:				
Airport commission	<u>33,904</u>	<u>38,350</u>	<u>-</u>	<u>72,254</u>
Total general capital assets allocated to functions	17,510,682	2,184,019	34,989	19,659,712
Construction in progress	<u>1,656,737</u>	<u>2,982,028</u>	<u>1,657,195</u>	<u>2,981,570</u>
Total governmental funds capital assets	<u>\$ 19,167,419</u>	<u>\$ 5,166,047</u>	<u>\$ 1,692,184</u>	<u>\$ 22,641,282</u>

These amounts are based on a physical inventory of capital assets. Adjustments in the amount of \$ 4,888,738 were made to balances reported in the General Fixed Asset Group at December 31, 2002.

OTHER SUPPLEMENTARY INFORMATION SECITON

SCHEDULE OF COMPENSATION PAID TO COUNCIL**City of Thibodaux**

For the year ended December 31, 2003

CITY OF THIBODAUX COUNCIL

Included in the expenditures of the General Fund is the compensation of the members of the City Council. In accordance with State of Louisiana Statutes, the City has elected the bi-weekly payment method of compensation in lieu of per diem payments. Under this method, the Chairman of the City Council received \$439 bi-weekly, the Vice-Chairman received \$416 bi-weekly and each of the Council members received \$369 bi-weekly.

	<u>Salary</u>
Ernest Clement	\$ 5,956
Adley Landry	2,952
Chad Mire	10,815
Eugene Richard	9,594
Jerome Richard	11,396
Norman Swanner	-
Jimmie Winston	<u>9,594</u>
Total	<u>\$ 50,307</u>

STATEMENT OF REVENUES AND EXPENSES
MUNICIPAL WATERWORKS, ELECTRIC AND POWER PLANT SYSTEM FUND

City of Thibodaux

For the year ended December 31, 2003

	<u>Water System</u>	<u>Electric System</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 901,785	\$ -	\$ 901,785
Operating Expenses			
Personal services	570,929	-	570,929
Operating supplies	114,357	-	114,357
Equipment expenses	61,489	-	61,489
Building expenses	92,082	-	92,082
Outside services	13,538	-	13,538
General operating	60,067	-	60,067
General administrative	9,413	-	9,413
Depreciation	275,115	-	275,115
 Total operating expenses	 <u>1,196,990</u>	 <u>-</u>	 <u>1,196,990</u>
 Operating loss	 <u>(295,205)</u>	 <u>-</u>	 <u>(295,205)</u>
Non-Operating Revenues (Expenses)			
Investment income	80,322	-	80,322
Other non-operating revenues	28,205	-	28,205
Intergovernmental	139	-	139
Electric franchise fee	-	327,121	327,121
Interest and fiscal charges	(3,902)	-	(3,902)
Other non-operating expenses	(333)	-	(333)
 Total non-operating revenues	 <u>104,431</u>	 <u>327,121</u>	 <u>431,552</u>
 Income (loss) before transfers	 <u>(190,774)</u>	 <u>327,121</u>	 <u>136,347</u>
Transfer To Other Funds			
General Fund	(273,002)	(320,952)	(593,954)
 Change in Net Assets	 <u>\$ (463,776)</u>	 <u>\$ 6,169</u>	 <u>\$ (457,607)</u>

STATEMENT OF REVENUES AND EXPENSES
MUNICIPAL GAS AND SEWER SYSTEM FUND

City of Thibodaux

For the year ended December 31, 2003

	<u>Gas System</u>	<u>Sewer System</u>	<u>Total</u>
Operating Revenues			
Charges for services	<u>\$ 2,399,279</u>	<u>\$ 982,004</u>	<u>\$ 3,381,283</u>
Operating Expenses			
Gas purchased	1,852,108	-	1,852,108
Personal services	272,841	331,944	604,785
Operating supplies	34,030	148,591	182,621
Equipment expenses	13,849	136,106	149,955
Building expenses	5,272	200,414	205,686
Outside services	2,770	69,798	72,568
General operating	15,311	64,863	80,174
General administrative	4,668	3,519	8,187
Depreciation	<u>215,066</u>	<u>239,772</u>	<u>454,838</u>
 Total operating expenses	 <u>2,415,915</u>	 <u>1,195,007</u>	 <u>3,610,922</u>
 Operating loss	 <u>(16,636)</u>	 <u>(213,003)</u>	 <u>(229,639)</u>
Non-Operating Revenues (Expenses)			
Investment income	65,857	65,857	131,714
Other non-operating revenues	3,873	19,677	23,550
Intergovernmental	225	225	450
Interest and fiscal charges	<u>-</u>	<u>(164,846)</u>	<u>(164,846)</u>
 Total non-operating revenues (expenses)	 <u>69,955</u>	 <u>(79,087)</u>	 <u>(9,132)</u>
 Income (loss) before transfers	 53,319	 (292,090)	 (238,771)
Transfers To Other Funds			
General Fund	<u>(68,819)</u>	<u>-</u>	<u>(68,819)</u>
Change in Net Assets	<u>\$ (15,500)</u>	<u>\$ (292,090)</u>	<u>\$ (307,590)</u>

SCHEDULE OF UTILITY CUSTOMERS**City of Thibodaux****December 31, 2003****(UNAUDITED)**

The number of meters being serviced at December 31, 2003 follows:

<u>Department</u>	<u>Commercial</u>	<u>Residential</u>	<u>Total</u>
Natural Gas	505	3,436	3,941
Water & Sewerage *	<u>953</u>	<u>4,765</u>	<u>5,718</u>
Totals	<u>1,458</u>	<u>8,201</u>	<u>9,659</u>

* Water customers are metered. Sewerage is a charge based on water consumption.

SCHEDULE OF INSURANCE IN FORCE

City of Thibodaux

December 31, 2003

(UNAUDITED)

<u>Company</u>	<u>Type of Insurance</u>	<u>Amount</u>	<u>Expiration Date</u>
St. Paul Fire & Marine/Jones	Auto Liability Deductible: SIR of \$100,000	1,000,000	6/1/2004
St. Paul Fire & Marine/Jones	General Liability Deductible: SIR of \$100,000	1,000,000	6/1/2004
St. Paul Fire & Marine/Jones	Public Officials Deductible: SIR of \$100,000	2,000,000	6/1/2004
St. Paul Fire & Marine/Jones	Police Liability Deductible: SIR of \$100,000	1,000,000	6/1/2004
LA Workmen's Comp/Sternfels	Workers' Compensation Deductible: None	Statutory	1/1/2004
Great American/Sternfels	Physical damage on truck Deductible: \$1,000	337,833	7/18/2004
Hartford/Sternfels	Boiler and Machinery Policy Deductible: \$2,500	20,000,000	1/1/2004
Progressive/Sternfels	Physical damage - Autos Deductible - \$250	69,435	7/18/2004
Fidelity & Deposit/Sternfels	Employee/Faith Performance Deductible - \$1,000	100,000	5/27/2004
Fidelity & Deposit/Sternfels	Police/Honesty Bond Deductible - \$1,000	100,000	5/27/2004
Lafayette Insurance/Riviere Insurance	Contents - Dixie Building Deductible - \$250	20,000	9/25/2004
American Alternative Insurance/ Riviere Insurance	Auto Liability - Fire Department Deductible - \$0	1,000,000	10/11/2004
Fidelity & Deposit/Riviere Insurance	Public Official Bond on Finance Director Deductible - \$0	100,000	3/1/2004
Fidelity & Deposit/Riviere Insurance	Public Official Bond on Finance Secretary Deductible - \$0	100,000	3/1/2004
Fidelity & Deposit/Peltier	Public Official Bond on Mayor Deductible - \$0	100,000	12/14/2004
Lafayette Insurance/Riviere Insurance	Inland Marine Physical Damage Deductible - 5% Claim	53,000	12/19/2004

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and the
Thibodaux City Council,
Thibodaux, Louisiana.

We have audited the basic financial statements of the City of Thibodaux, Louisiana, (the City), as of and for the year ended December 31, 2003, and have issued our report thereon dated April 15, 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 provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the City's 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 a material weakness. 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. However, we

noted other matters involving the internal control over financial reporting that we have reported to management of the City in separate letter dated April 15, 2004.

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
April 15, 2004.

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

To the Mayor and the
Thibodaux City Council,
Thibodaux, Louisiana.

Compliance

We have audited the compliance of the City of Thibodaux, State of Louisiana, (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 each of its major federal programs for the year ended December 31, 2003. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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 in the preceding paragraph that are applicable to each of its major federal programs 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 the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated April 15, 2004.

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
April 15, 2004.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Thibodaux

For the year ended December 31, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures*
U.S. Department of Housing and Urban Development:			
Community Planning and Development:			
Community Development Block Grant:			
Entitlement Grant	14.218	B-01-MC-22-0012 B-02-MC-22-0012	\$ 309,893
Community Development Block Grant:			
Economic Development Initiative	14.246	2000-WE-VX-0001 B01-SP-LA-0237	4,647
Public and Indian Housing:			
Section 8 Housing Choice Vouchers	14.871	LA194VO	<u>775,964</u>
Subtotal Direct Programs			1,090,504
Community Planning and Development:			
<u>Pass-Through Program From:</u>			
<u>State Department of Social Services:</u>			
<u>Office of Community Services:</u>			
Emergency Shelter Grants Program	14.231	570981 584089 598093	24,735
Total U.S. Department of Housing and Urban Development			<u>1,115,239</u>
U.S. Department of the Interior:			
National Park Service:			
<u>Pass-Through Program From:</u>			
<u>Louisiana Department of Culture, Recreation and Tourism:</u>			
Outdoor Recreation - Acquisition, Development and Planning	15.916	22-00831	<u>182,285</u>
U.S. Department of Justice:			
Bureau of Justice Assistance:			
Office of Justice Programs:			
Local Law Enforcement Block Grants Program	16.592	2001-LB-BX-1733 2002-LB-BX-0030	36,989
Bulletproof Vest Partnership Program	16.607	n/a	13,060
Office of Community Oriented Policing Services:			
Public Safety Partnerships and Community Policing Grants:			
COPS Universal Hiring Grant	16.710	2000-UM-WX-0147	56,443
COPS Technology Grant	16.710	2002-CK-WX-0074	<u>63,476</u>
Subtotal Direct Programs			<u>169,968</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Thibodaux

For the year ended December 31, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures*
U.S. Department of Justice (Continued):			
Bureau of Justice Assistance:			
Pass-Through Programs From:			
<u>Louisiana Local Commission on Law Enforcement and Administration of Criminal Justice:</u>			
Byrne Formula Grant Program:			
Street Sales Disruption	16.579	B02-7-015 B03-7-010	34,578
Thibodaux Police Department Equipment Grant	16.579	P03-7-026	<u>872</u>
Subtotal Pass-Through Programs			<u>35,450</u>
Total U.S. Department of Justice			<u>205,418</u>
U.S. Department of Transportation:			
Federal Highway Administration:			
Pass-Through Programs From:			
<u>State Department of Transportation and Development:</u>			
Bayou Lafourche Linear Park	n/a	744-29-001/ENHN-MISC (097)	50,936
National Highway Traffic Safety Administration:			
Pass-Through Programs From:			
<u>South Central Planning and Development Commission:</u>			
State and Community Highway Safety	20.600	425300229/589560	<u>3,998</u>
Total U.S. Department of Transportation			<u>54,934</u>
U.S. Department of Homeland Security:			
Pass-Through Programs From:			
<u>State Office of Emergency Preparedness:</u>			
Public Assistance Grants:			
Tropical Storm Allison	97.036	1380 DR-LA	88,788
Hazard Mitigation Grants:			
Goode Street Drainage Improvements	97.039	1380-057-0016	553,457
North Thibodaux Outfall Canal Improvements		1380-057-0022	13,000
Tiger Drive Drainage Outfall Canal Improvements		1380-057-0026	11,026
Rienzi Subdivision Drainage		1380-057-0033	403,317
Arms Street Drainage Improvements		1380-057-0034	286,310
Bayou Lafourche Outfall Control Gates		1380-057-0035	38,248
Canal Boulevard Ditch Widening Project		1380-057-0036	<u>5,775</u>
Total U.S. Department of Homeland Security			<u>1,399,921</u>
Total Expenditures of Federal Awards			<u>\$ 2,957,797</u>

* Federal expenditures represent total expenditures for the program. Those expenditures may include amounts reimbursed by state and/or local matches.

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Thibodaux

December 31, 2003

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Thibodaux (the City) and is presented on the 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 basic financial statements.

Note 2 - FINDINGS OF NONCOMPLIANCE

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2003.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Thibodaux

For the year ended December 31, 2003

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program (or Cluster)</u>
97.039	Hazard Mitigation Grant
15.916	Outdoor Recreation - Acquisition, Development and Planning

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

City of Thibodaux

For the year ended December 31, 2003

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the basic financial statements for the year ended December 31, 2003.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2003.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

City of Thibodaux

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.

No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

- 02-1 Condition** – The 2002 Street Improvement Project has a bid opening date of April 10, 2002 and was published on March 11, 2002. The publication does meet the 25-day requirement; however, the bid law requires it to be published once a week for three different weeks. It was published only once.

Recommendation – The City should continue to allow the engineers who are probably more qualified to prepare the documents for publication. However, compliance with the bid law is the City's responsibility and should be the one who has the documents published and monitors compliance with all aspects of the bid law.

Current Status – This recommendation was adopted. No similar findings were noted in the 2003 audit.

- 02-2 Condition** – Bids were advertised for a sweeper with publication dates of January 27 and 29, 2002. The bid opening was performed on February 7, 2002, which is only 11 days after the first publication date.

Recommendation – The City should monitor publication date requirements so as to comply with the bid law.

Current Status – This recommendation was adopted. No similar findings were noted in the 2003 audit.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

(Continued)

City of Thibodaux

For the year ended December 31, 2003

Section II Internal Control and Compliance Material to Federal Awards

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.

Compliance

02-4 Information on the federal program:

Federal Grantor – Federal Emergency Management Agency

Program Title – Disaster Relief

Federal CFDA Number - 83.544

Federal Award/Pass-Through Entity Identifying Number – Tropical Storm Isidore - 1435 DR-LA 057-75425-00 and Hurricane Lili - 1437 DR-LA 057-75425-00

Condition – For Tropical Storm Isidore and Hurricane Lili, which were declared disasters, the City of Thibodaux paid emergency weather pay to employees at regular rates for a normal work hours as per the compensatory policy in place and also paid all City employees who worked during the disaster for hours worked at regular rates in addition to the weather pay. The City was reimbursed by FEMA calculations for hours worked at overtime rates instead of regular rates thereby causing 1/3 of the total labor claim to be a questioned cost which is \$14,727.99. Also the City was reimbursed for the Public Works Director totaling \$1,866.98 and one employee's rates were calculated incorrectly \$58.28.

Recommendation – The City should appoint someone knowledgeable of the guidelines to recalculate all reimbursement calculations and apply the allowable cost requirements to assure compliance.

Current Status – This recommendation was adopted. No similar findings were noted in the 2003 audit.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
(Continued)

City of Thibodaux

For the year ended December 31, 2003

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2002.

To the Mayor and the
Thibodaux City Council,
Thibodaux, Louisiana.

We have audited the basic financial statements of the City of Thibodaux, Louisiana (the City), as of and for the year ended December 31, 2003, and have issued our report thereon dated April 15, 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. In planning and performing our audit, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent immaterial opportunities for strengthening internal controls. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the City's internal control in our report dated April 15, 2004. This letter does not affect our report dated April 15, 2004 on the basic financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with the City, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendations.

Sincerely,



Certified Public Accountants.

Thibodaux, Louisiana,
April 15, 2004.

MANAGEMENT COMMENTS

City of Thibodaux

For the year ended December 31, 2003

03 - 1 Condition - We noted that the City does not have formally documented accounting or IT standards, policies and procedures, other than some routine usage policies and accounting procedures, to provide control over the various accounting and computer activities being performed. Without proper documentation, the City Council and Administration are not assured that its policies and procedures are being adhered to. The City's information system is taken care of by the Finance Director and third-party vendors. Personnel have direct and easy access to the finance personnel when questions arise, however, there is still a need for an accounting and an IT manual or formal standards and procedures for documentations.

Recommendation - We recommend that the City formalize written accounting and IT policies and procedures. A computer-based accounting system requires effective general and application controls in order to ensure that assets are safeguarded and that recorded transactions have been properly approved by the City Administration and Council. Moreover, written accounting and IT procedures, instructions and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures and other situations that can result in inaccurate or untimely records.

03 - 2 Condition - There is a lack of review over the computer systems automated and/or manual security and event logs used to record the activities of the users and others.

Recommendation - We recommend that the System Administrator maintain and review the security and event logs and the audit trail so that all actions affecting system security and events can be traced. System failures, restart and recovery or other unusual incidents should also be reported. These reports should be reviewed by the System Administrator as well.

03 - 3 Condition - Although a password policy is in effect, including the requirement that passwords are changed at an intermittent basis, the passwords are not required to consist of a minimum length or alphanumeric characters. We believe that this condition increases the risk that unauthorized persons could access computer data or programs because some passwords are not unique.

Recommendation - We recommend that computer operating system passwords continue to be determined by the users, however, the passwords should be alphanumeric and consist of a minimum length of six characters for the security purposes.

03 – 4 Condition – One of the basic elements of internal control is adequate separation of duties. No one person should control all phases of an operation or have inappropriate or excessive access to functionality. Within an IT environment this can be translated to not permitting the same individual to have duties related to operating a financial application and system administrative responsibility.

The Finance Director has access to accounting programs, live data and has system administrative responsibility. A separation of these duties is necessary to reduce the opportunity for an employee to commit and/or conceal errors or fraud in the normal course of their duties. While the Finance Director has access to the accounting programs, she does not have the knowledge, training or experience to write software system code. She provides the access to outside third party software vendors that monitor controls over software system code. An additional offset is that output controls exist in the user group or finance department performing reconciliations. As a result the lack of segregation of duties in this area is minimized even though we feel that the person with administrative responsibility over the IT environment should be outside the accounting department.

Proper assignment of responsibilities helps prevent or detect deliberate or accidental errors caused by improper use of data files, unauthorized or incorrect use of a computer program and/or improper use of computer resources. When there is inadequate separation of duties, the integrity of a computer system may be compromised.

Recommendation – We recommend that the City designate non-accounting personnel responsible for information system administrating duties. The System Administrator should not be permitted to operate the accounting system in a “hands on” mode unless rigorous safeguards are installed. IT personnel should be prohibited from initiating and/or authorizing transactions or changes to accounting applications.

An alternate course of action would be to log all system administrative access to accounting and other live data and designate an employee without system administrative duties to review the logs. Although implementing adequate controls in this area might be difficult, it is essential part of an adequate internal control system.

03 – 5 Condition – The City has no written or formal contingency plan and has not identified a backup facility for the major internally developed applications, including financial reporting systems, on the computer system in the event of a disaster affecting its data processing capability.

Recommendation – The extent to which a City defines its contingency plan procedures will vary depending on the size of the City, the amount of downtime that could be expected in the event of a disaster and the likely effect of such downtime on the City’s business and customer base. We believe that some formal planning should occur in most instances. We suggest that the City Administration and Council develop a disaster recovery plan.

03 – 5 Recommendation (continued)

We recommend that formal contingency planning be performed, that policies and procedures be developed and backup site for the information systems be identified.

03 – 6 Condition – The City has established an IT Planning Committee on an “as needed or temporary” basis. An active IT Planning Committee would not only act as a major planning advisory body for future new systems and major systems enhancements, but also help the City to more effectively control IT performance and ensure that IT activities provide for both current and future operating needs. Recently the City established an IT Planning Committee to work with the Finance Director and third-party vendors as part of management’s process of reviewing new systems and proposing modifications to existing systems.

Recommendation – We recommend that an IT Planning Committee be established on a permanent basis. This committee could also regularly meet to assist the City Administration in evaluating and prioritizing user requests for system changes. This responsibility currently resides solely with the City Administration, who must decide on, answer for and justify the priority and preference of any changes.

We recommend that the committee be comprised of the following persons:

- (1) The System Administrator;
- (2) A senior member of each major user department;
- (3) A member from the City Council; and
- (4) An outside/independent IT professional, if desired.

Besides making recommendations to the City Administration and Council prior to placing a new system or modification into operation, the IT Planning Committee’s function may also include reviewing written specifications for system changes and IT controls, and reporting IT activities to the City Administration and Council on a regular basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN

City of Thibodaux

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2003.
No reportable conditions were reported during the audit for the year ended December 31, 2003.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2003.

Section II Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs were reported during the audit for the year ended December 31, 2003.

Section III Management Letter

03-1 Recommendation – We recommend that the City formalize written accounting and IT policies and procedures. A computer-based accounting system requires effective general and application controls in order to ensure that assets are safeguarded and that recorded transactions have been properly approved by the City Administration and Council. Moreover, written accounting and IT procedures, instructions and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures and other situations that can result in inaccurate or untimely records.

Management's Corrective Action - Management has taken the recommendations under advisement.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

City of Thibodaux

For the year ended December 31, 2003

- 03-2 **Recommendation** - We recommend that the System Administrator maintain and review the security and event logs and the audit trail so that all actions affecting system security and events can be traced. System failures, restart and recovery or other unusual incidents should also be reported. These reports should be reviewed by the System Administrator as well.

Management's Corrective Action - Management has taken the recommendations under advisement.

- 03-3 **Recommendation** - We recommend that computer operating system passwords continue to be determined by the users, however, the passwords should be alphanumerical and consist of a minimum length of six characters for the security purposes.

Management's Corrective Action - Management has taken the recommendations under advisement.

- 03-4 **Recommendation** - We recommend that the City designate non-accounting personnel responsible for information system administrating duties. The System Administrator should not be permitted to operate the accounting system in a "hands on" mode unless rigorous safeguards are installed. IT personnel should be prohibited from initiating and/or authorizing transactions or changes to accounting applications.

An alternate course of action would be to log all system administrative access to accounting and other live data and designate an employee without system administrative duties to review the logs. Although implementing adequate controls in this area might be difficult, it is essential part of an adequate internal control system.

Management's Corrective Action - Management has taken the recommendations under advisement.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

City of Thibodaux

For the year ended December 31, 2003

- 03-5 **Recommendation** – The extent to which a City defines its contingency plan procedures will vary depending on the size of the City, the amount of downtime that could be expected in the event of a disaster and the likely effect of such downtime on the City's business and customer base. We believe that some formal planning should occur in most instances. We suggest that the City Administration and Council develop a disaster recovery plan.

We recommend that formal contingency planning be performed, that policies and procedures be developed and backup site for the information systems be identified.

Management's Corrective Action - Management has taken the recommendations under advisement.

- 03-6 **Recommendation** – We recommend that an IT Planning Committee be established on a permanent basis. This committee could also regularly meet to assist the City Administration in evaluating and prioritizing user requests for system changes. This responsibility currently resides solely with the City Administration, who must decide on, answer for and justify the priority and preference of any changes.

We recommend that the committee be comprised of the following persons:

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Besides making recommendations to the City Administration and Council prior to placing a new system or modification into operation, the IT Planning Committee's function may also include reviewing written specifications for system changes and IT controls, and reporting IT activities to the City Administration and Council on a regular basis.

Management's Corrective Action - Management has taken the recommendations under advisement.