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TOWN OF MARINGOUIN  
MARINGOUIN, LOUISIANA  
SEPTEMBER 30, 1999

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

Release Date APR 12 2000

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

CERTIFIED PUBLIC ACCOUNTANTS  
4911 BENNINGTON AVENUE  
BATON ROUGE, LOUISIANA 70808-3153  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Town of Maringouin, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Because of the inadequacy of property records relating to general fixed assets and property, plant and equipment of the proprietary fund acquired and held prior to January 1, 1995, we were unable to form an opinion regarding the amounts at which such property, plant and equipment and related accumulated depreciation are recorded in the proprietary fund and the amounts at which property and equipment are recorded in the general fixed asset account group. At September 30, 1999, assets reported in the proprietary fund that were acquired and held prior to January 1, 1995, reflect an aggregate cost of \$1,153,201, accumulated depreciation of \$903,097 and current depreciation expense of \$17,192. Assets reported in the general fixed asset account group that were acquired and held prior to January 1, 1995, reflect an aggregate cost of \$501,925.

In our opinion, except for the effects of such adjustment, if any, that might have been determined to be necessary had property records been adequate, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of

Continued . . .

the Town of Maringouin, Louisiana, as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2000, on our consideration of the Town of Maringouin, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

*F. D. Champagne & Co., L.L.P.*

March 10, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS**

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

September 30, 1999

	Governmental Fund Types			Proprietary		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	General	Utility		General	Long-Term Debt	General	
				Enterprise	Assets				
<b>ASSETS AND OTHER DEBITS</b>									
Cash and cash equivalents.....	\$ 145,713	\$ 44,286	\$ 322,646	\$ -	\$ -	\$ -	\$ -	\$ -	512,645
Other time deposits.....	-	-	134,000	-	-	-	-	-	134,000
Accounts receivable - net of allowance for uncollectible accounts.....	44,979	6,300	85,209	-	-	-	-	-	136,488
Property, plant and equipment - net of accumulated depreciation where applicable.....	-	-	3,528,723	1,313,026	-	-	-	-	4,841,749
Amount to be provided from general government resources.....	-	-	-	-	-	60,184	-	-	60,184
Amount to be provided for retirement of general long-term obligations.....	-	-	-	-	-	142,446	-	-	142,446
	<u>\$ 190,692</u>	<u>\$ 50,586</u>	<u>\$ 4,070,578</u>	<u>\$ 1,313,026</u>	<u>\$ -</u>	<u>\$ 202,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,827,512</u>

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

September 30, 1999

	Governmental Fund Types		Proprietary		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Utility Enterprise	General Fixed Assets	General Long-Term Debt			
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>								
<b>LIABILITIES</b>								
Accounts payable.....	\$ 16,266	\$ 223	\$ 11,459	\$ -	\$ -	\$ -	\$ 27,948	
Payroll tax and retirement plan withholdings and accruals....	9,631	-	-	-	-	-	9,631	
Sales tax payable.....	-	-	1,045	-	-	-	1,045	
Judicial appearance bonds.....	2,025	-	-	-	-	-	2,025	
Customer meter deposits.....	-	-	40,395	-	-	-	40,395	
Claims payable.....	-	-	-	-	60,184	-	60,184	
Loans payable.....	-	-	-	-	75,446	-	75,446	
Revenue bonds payable.....	-	-	1,103,620	-	67,000	-	1,170,620	
	<u>27,922</u>	<u>223</u>	<u>1,156,519</u>	<u>-</u>	<u>202,630</u>	<u>-</u>	<u>1,387,294</u>	
<b>EQUITY AND OTHER CREDITS</b>								
Contributed capital.....	-	-	2,161,914	-	-	-	2,161,914	
Investment in general fixed asset group.....	-	-	-	1,313,026	-	-	1,313,026	
Fund balances:								
Reserved.....	-	50,363	-	-	-	-	50,363	
Unreserved.....	162,770	-	-	-	-	-	162,770	
Retained earnings:								
Reserved.....	-	-	36,468	-	-	-	36,468	
Unreserved.....	-	-	715,677	-	-	-	715,677	
	<u>162,770</u>	<u>50,363</u>	<u>2,914,059</u>	<u>1,313,026</u>	<u>-</u>	<u>-</u>	<u>4,440,218</u>	
	<u>190,692</u>	<u>50,586</u>	<u>4,070,578</u>	<u>1,313,026</u>	<u>202,630</u>	<u>\$ -</u>	<u>5,827,512</u>	

See accompanying notes

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

Year Ended September 30, 1999

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>REVENUES</b>				
Taxes:				
Property and ad valorem.....	\$ 17,926	\$ -	\$ -	\$ 17,926
Sales and use.....	310,447	67,700	-	378,147
Municipal insurance premium.....	20,469	-	-	20,469
	<u>348,842</u>	<u>67,700</u>	<u>-</u>	<u>416,542</u>
License, permit, and franchise fees..	54,566	-	-	54,566
Intergovernmental revenue:				
State of Louisiana:				
Tobacco, beer and video poker revenue.....	14,597	-	-	14,597
Rural development.....	-	-	25,000	25,000
Louisiana Community Development Block Grant.....	-	-	622,473	622,473
Parish of Iberville - fire protection.....	-	3,920	-	3,920
	<u>14,597</u>	<u>3,920</u>	<u>647,473</u>	<u>665,990</u>
Court fines.....	5,578	-	-	5,578
Interest income.....	8,996	-	-	8,996
Other revenue.....	1,308	10	-	1,318
	<u>433,887</u>	<u>71,630</u>	<u>647,473</u>	<u>1,152,990</u>
<b>EXPENDITURES</b>				
Current:				
General government.....	134,262	-	-	134,262
Public safety - police protection..	97,182	-	-	97,182
Public safety - fire protection....	-	28,897	-	28,897
Roads and streets.....	170,733	-	-	170,733
Capital outlay.....	16,758	-	708,687	725,445
Debt service - principal and interest	72,000	29,136	-	101,136
	<u>490,935</u>	<u>58,033</u>	<u>708,687</u>	<u>1,257,655</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(57,048)</b>	<b>13,597</b>	<b>(61,214)</b>	<b>(104,665)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfer from utility enterprise fund.....	40,000	-	-	40,000
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES.....</b>	<b>(17,048)</b>	<b>13,597</b>	<b>(61,214)</b>	<b>(64,665)</b>
Fund balance - beginning of year				
As previously reported.....	179,818	36,766	-	216,584
Adjustment to set up capital projects fund for sewer improvements.....	-	-	61,214	61,214
As restated.....	<u>179,818</u>	<u>36,766</u>	<u>61,214</u>	<u>277,798</u>
Fund balance - end of year.....	<u>\$ 162,770</u>	<u>\$ 50,363</u>	<u>\$ -</u>	<u>\$ 213,133</u>

See accompanying notes

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

Year Ended September 30, 1999

	General Fund		Special Revenue Fund		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<b>REVENUES</b>					
Taxes:					
Property and ad valorem.....	\$ 18,000	\$ 17,926	\$ -	\$ -	-
Sales and use.....	310,000	310,447	67,000	67,700	700
Municipal insurance premium.....	20,000	20,469	-	-	-
	<u>348,000</u>	<u>348,842</u>	<u>67,000</u>	<u>67,700</u>	<u>700</u>
License, permit, and franchise fees.....	58,500	54,566	-	-	-
Intergovernmental revenue:					
State of Louisiana:					
Tobacco, beer and video poker revenue.....	13,000	14,597	-	-	-
Parish of Iberville - fire protection.....	-	-	4,000	3,920	(80)
	<u>13,000</u>	<u>14,597</u>	<u>4,000</u>	<u>3,920</u>	<u>(80)</u>
Court fines.....	7,500	5,578	-	-	-
Interest income.....	3,000	8,996	-	-	-
Other revenue.....	500	1,308	500	10	(490)
	<u>430,500</u>	<u>433,887</u>	<u>71,500</u>	<u>71,630</u>	<u>130</u>

Continued...

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>						
Current:						
General government.....	\$ 169,100	\$ 134,262	\$ 34,838	\$ -	\$ -	-
Public safety - police.....	98,200	97,182	1,018	-	-	-
Public safety - fire.....	-	-	-	43,700	28,897	14,803
Roads and streets.....	172,500	170,733	1,767	-	-	-
Capital outlay.....	75,000	16,758	58,242	10,000	-	10,000
Debt service.....	72,000	72,000	-	29,200	29,136	64
	<u>586,800</u>	<u>490,935</u>	<u>95,865</u>	<u>82,900</u>	<u>58,033</u>	<u>24,867</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(156,300)</b>	<b>(57,048)</b>	<b>99,252</b>	<b>(11,400)</b>	<b>13,597</b>	<b>24,997</b>
<b>OTHER FINANCING SOURCES</b>						
Operating transfer from utility enterprise fund.....	40,000	40,000	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES.....</b>	<b>(116,300)</b>	<b>(17,048)</b>	<b>99,252</b>	<b>(11,400)</b>	<b>13,597</b>	<b>24,997</b>
Fund balances - beginning of year.....		179,818			36,766	
Fund balances - end of year.....		<u>162,770</u>			<u>50,363</u>	

See accompanying notes

**TOWN OF MARINGOUIN, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN RETAINED EARNINGS**

**PROPRIETARY PUBLIC UTILITY ENTERPRISE FUND**

*Year Ended September 30, 1999*

**OPERATING REVENUES**

Gas sales.....	\$ 204,309	
Water sales.....	284,240	
Sewer user fees.....	9,744	
Utility service connection fees.....	3,315	
Late payment charges.....	19,744	
Interest income.....	5,760	
Other operating revenue.....	535	
	<hr/>	\$ <u>527,647</u>

**OPERATING EXPENSES**

Gas purchased.....	93,155	
Salaries and related taxes and benefits..	92,587	
Depreciation.....	93,825	
Repairs and maintenance of systems and equipment.....	47,869	
Insurance.....	6,078	
Professional services.....	28,590	
Billing supplies and expense.....	1,679	
Postage.....	2,974	
Utilities.....	13,522	
Telephone.....	1,257	
Vehicle expense.....	461	
Rentals and leases.....	1,030	
Uniforms.....	1,995	
Fuel - equipment.....	1,283	
Taxes, licenses and permits.....	540	
Cash shortages.....	173	
Other operating expenses.....	115	
	<hr/>	<u>387,133</u>
<b>OPERATING INCOME.....</b>		<u>140,514</u>

Continued . . .

<b>NON OPERATING REVENUE</b>		
Interest income.....	\$	731
Other - gain on sale of equipment.....		<u>5,350</u>
		\$ 6,081
<b>NON OPERATING EXPENSES</b>		
Interest on bond indebtedness.....		<u>62,384</u>
<b>NET INCOME BEFORE TRANSFERS.....</b>		84,211
Operating transfer to general fund.....		<u>(40,000)</u>
<b>NET INCOME.....</b>		44,211
Unrestricted retained earnings -		
beginning of year.....		637,355
Reserved under bond indenture.....		(8,076)
Amortization of contributed capital.....		<u>42,187</u>
Unrestricted retained earnings - end		
of year.....	\$	<u><u>715,677</u></u>

See accompanying notes

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

*Year Ended September 30, 1999*

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>			
Gas sales.....	\$ 204,000	\$ 204,309	\$ 309
Water sales.....	275,000	284,240	9,240
Sewer user fees.....	9,000	9,744	744
Utility service connection fees..	5,000	3,315	(1,685)
Late payment charges.....	18,000	19,744	1,744
Interest income.....	1,200	5,760	4,560
Other operating income.....	750	535	(215)
	<u>512,950</u>	<u>527,647</u>	<u>14,697</u>
<b>OPERATING EXPENSES</b>			
Gas purchased.....	90,000	93,155	(3,155)
Salaries and fringe benefits.....	94,850	92,587	2,263
Depreciation.....	100,000	93,825	6,175
Repairs and maintenance of systems and equipment.....	50,000	47,869	2,131
Bad debts.....	2,000	-	2,000
Insurance.....	10,000	6,078	3,922
Professional services.....	35,000	28,590	6,410
Billing supplies and expense.....	2,000	1,679	321
Postage.....	3,000	2,974	26
Utilities.....	16,000	13,522	2,478
Telephone.....	2,000	1,257	743
Vehicle expense.....	3,000	461	2,539
Rentals and leases.....	1,500	1,030	470
Uniforms.....	1,800	1,995	(195)
Fuel - equipment.....	1,500	1,283	217
Taxes, licenses and permits.....	700	540	160
Cash shortages.....	150	173	(23)
Other operating expenses.....	1,000	115	885
	<u>414,500</u>	<u>387,133</u>	<u>27,367</u>
<b>OPERATING INCOME.....</b>	<u>98,450</u>	<u>140,514</u>	<u>42,064</u>

Continued...

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavor- able)
<b>NON OPERATING REVENUE</b>			
Interest income.....	\$ 3,000	\$ 731	\$ (2,269)
Other.....	500	5,350	4,850
	<u>3,500</u>	<u>6,081</u>	<u>2,581</u>
<b>NON OPERATING EXPENSES</b>			
Interest on bond indebtedness....	<u>62,800</u>	<u>62,384</u>	<u>416</u>
<b>NET INCOME BEFORE TRANSFERS.....</b>	39,150	84,211	45,061
Operating transfer to general fund.....	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<b>NET INCOME.....</b>	<u>\$ (850)</u>	44,211	<u>\$ 45,061</u>
Unrestricted retained earnings - beginning of year.....		637,355	
Reserved under bond indenture...		(8,076)	
Amortization of contributed capital.....		<u>42,187</u>	
Unrestricted retained earnings - end of year.....		<u>\$ 715,677</u>	

See accompanying notes

**TOWN OF MARINGOUIN, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY PUBLIC UTILITY ENTERPRISE FUND**

*Year Ended September 30, 1999*

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income.....		\$ 140,514
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation.....	\$ 93,825	
Increase in accounts receivable.....	(16,063)	
Decrease in accounts payable.....	(361)	
Increase in sales taxes payable.....	64	
		77,465
Net cash provided by operating activities....		217,979

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Net increase in customer meter deposits.....	3,380	
Operating transfer to general fund.....	(40,000)	
Net cash used in noncapital financing activities.....		(36,620)

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

Proceeds from sale of equipment.....	5,350	
Equipment acquisition.....	(1,189)	
Additions to sewer system.....	(16,759)	
Principal paid on revenue bonds.....	(10,101)	
Interest paid on revenue bonds.....	(62,384)	
Net cash used in capital and related financing activities.....		(85,083)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of time deposits.....	(4,500)	
Interest income on reserve funds.....	731	
Net cash used in investing activities.....		(3,769)

NET INCREASE IN CASH.....		92,507
Cash and cash equivalents - beginning of year		230,139
Cash and cash equivalents - end of year.....		\$ 322,646

See accompanying notes

# TOWN OF MARINGOUIN, LOUISIANA NOTES TO FINANCIAL STATEMENTS

September 30, 1999

## A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *General information*

The Town of Maringouin, Louisiana, was incorporated in 1907 under the provisions of the "Lawrason Act" (R.S. 33:321-481) of the constitution of the State of Louisiana. The Town operates under a Board of Aldermen - Mayor form of government and as permitted under the act provides police protection; fire protection; roads, streets and sidewalks; health and sanitation services, recreation facilities and programs; sponsorship of federal and state supported programs; gas, water and sewer utilities; and, other necessary public services.

### *Financial reporting entity*

As the municipal governing authority, for reporting purposes, the Town of Maringouin is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Maringouin for the financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the municipality.

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

2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Maringouin and where applicable its component units. However, there are no component units to be included either blended within the Town's funds or discretely presented in these financial statements.

*Basis of presentation*

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

Governmental funds:

Governmental funds of the Town include the following:

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

Special revenue fund - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town has a special revenue fund for the fire department.

Capital projects fund - The capital projects fund accounts for the acquisition, construction, or improvement of major capital facilities and infrastructure. The Town had a capital projects fund for the improvements to its wastewater collection system.

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

**Proprietary funds:**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

**Proprietary funds of the town include:**

Public utility enterprise fund - The enterprise fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that the determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Basis of accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds, including General, Special Revenue, and Capital Projects Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financial sources) and decreases (expenditures and other uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements for proprietary fund types present increases (revenues) and decreases (expenses) in net total assets.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy that falls within the Town's fiscal year. Sales taxes are considered

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

measurable and are recognized in the month received by the Parish Tax Collector. Gross receipts business taxes are recognized when received. State shared revenues such as tobacco, beer and video poker taxes are recorded in the period collected by the State. Licenses, permits, fines, forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash. Charges for services and investment earnings are recorded as earned since they are measurable and available. Revenues from State and Federal grants are recognized when the reimbursable expenditures have been incurred. Special assessments are recognized as revenues only to the extent that individual installments are considered current assets. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgements, group health claims, and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. The Town applies all applicable accounting and financial reporting standards of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, in accounting and reporting for its proprietary funds.

The public utility enterprise fund bills for services on a monthly basis and accounts for that revenue when billed. The normal billing date falls two or three days before the end of the month. This billing method does not capture all amounts receivable by the Town at the end of each fiscal year. The unbilled amounts and the variance between such amounts at September 30, 1999 and 1998 are not material and have not been recorded.

*Revenues susceptible to accrual*

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are sales taxes, property taxes, gross receipts based business taxes, and certain state shared revenues such as tobacco, beer and video poker taxes.

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

*Budget Policies and Budgetary Accounting*

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

1. The Town Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published to inform the public that the proposed budget is available for public inspection, and that a public hearing concerning the budget is to be held.
3. A public hearing is held on the proposed budget at least ten days following publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a budget and appropriation ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Total departmental expenditures constitute the legal level of budgetary control. That is, budgetary amendments involving the transfer of funds from one department, program or function to another or those involving increases in department expenditures resulting from proposed spending of revenues that exceed amounts estimated, require approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. General and special revenue fund budgets as presented for comparison in this report are adopted under the modified accrual basis of accounting. The proprietary public utility fund budget as presented for comparison is adopted under the accrual basis of accounting. Such budgetary methods are consistent with generally accepted accounting principles (GAAP). Budgeted amounts presented are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriation.

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

*Encumbrances*

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

*Cash and cash equivalents*

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts and money market accounts. Cash equivalents include amounts in savings and time deposits and certificates of deposit with original maturities of ninety days or less. Certificates of deposit with maturities of ninety days or more are classified as other time deposits.

Under state law, the Town may deposit funds in demand deposit, interest-bearing demand deposit, money market, savings or time deposit accounts of state banks organized under Louisiana laws and national banks having their principal offices in Louisiana.

Under state law, the Town may also invest in U. S. Government bonds, notes or certificates. Those with maturities of ninety days or less would be classified as cash equivalents and all others reported as investments.

For the purpose of the Statement of Cash Flows for Proprietary Funds, cash and cash equivalents include demand, savings and time deposit account balances and certificates of deposit with maturities of three months or less.

*Inventories*

The Town does not record any inventories of materials or supplies. These items are recorded as expenditures when purchased, rather than when consumed. Materials and supplies on hand at year end are not considered material and, accordingly, the failure to record such inventories is not considered to be a significant departure from generally accepted accounting principles.

*Interfund receivables and payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term

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

interfund loans are classified as interfund receivables/payables.

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

*Advances to other funds*

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

*Other interfund transactions*

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

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

*Property, plant and equipment and depreciation*

Fixed assets of the Town are maintained on the basis of original cost, except those arising from gifts or donations which are recorded at their fair market value at the time of receipt.

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized and reported in the general fixed assets account group. Interest costs incurred during construction of general fixed assets are not capitalized. No depreciation has been provided on the general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Public domain or infrastructure assets including roads, bridges, curbs, gutters, streets, sidewalks, drainage and lighting systems constructed or acquired prior to January 1, 1995 are not capitalized.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Interest and other financing costs incurred during construction of proprietary fund fixed assets are capitalized. Depreciation of all

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

exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight line method based on estimated useful lives of the assets as follows:

Buildings and structures	10 - 25 years
Utility systems	13 - 40 years
Equipment	5 - 10 years
Furniture and fixtures	10 years
Vehicles	5 years

Contributed capital is recorded in the proprietary fund to account for contributions of capital assets from other governments, private developers, and others and to recognize grants and other contributed funds dedicated and restricted to the acquisition or construction of capital assets. The contributed capital is amortized based upon the depreciation recognized on the fixed assets contributed or those acquired or constructed from contributed resources. This depreciation is closed to the contributed capital account, and recorded as a retirement of contributed capital and an adjustment to net income.

*Compensated absences*

GASB Statement No. 16 provides that vacation leave should be accrued as a liability as the benefits are earned if the rights to receive the compensation are attributable to services already rendered and it is probable that the employee will be compensated through paid time off or cash payment upon termination or retirement. Permanent, full-time employees earn annual leave on the anniversary date of their employment based upon years of service. Such leave may not carry over or accumulate from one anniversary date to another. Therefore, only the current-year unused leave from the employees' most recent anniversary date to the current fiscal year-end is subject to accrual. This amount is not considered material and no liability is recorded in the accompanying statements.

GASB Statement No. 16 requires the accrual for sick leave to the extent it is probable that benefits will be paid in cash upon termination or retirement rather than payments for absences due to illness or other contingency. Sick leave is earned at the rate of one day per month to a maximum of ten days per year, and no more than thirty days may be accumulated at any time. Policy provides that sick leave is paid only for designated absences and that no

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

payment for accrued sick leave is made upon retirement or termination. Therefore, accrual of the liability for unused sick leave is not required.

*Long-term obligations*

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

*Total columns on combined statements*

Total columns on the combined statements are captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles, nor is such data comparable to consolidation. Interfund items are not eliminated from the total column.

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

The following is a summary of cash, cash equivalents and investments at book value as of September 30, 1999:

Cash and cash equivalents:

Cash on hand.....	\$	300
Demand deposits.....		72,088
Interest-bearing savings and time deposits.		<u>440,257</u>
		512,645

Other time deposits:

Certificates of deposit.....		<u>134,000</u>
Total cash, cash equivalents and other time deposits.....	\$	<u>646,645</u>

Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by and held in the name of the depository bank under safekeeping at a custodial bank.

The Town's deposits (including demand deposit accounts, interest-bearing savings and time deposit accounts and certificates of deposits) at September 30, 1999, are summarized by collateral

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

categories as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1.....	\$ 143,599	\$ 145,185
Category 2.....	-	-
Category 3.....	<u>502,746</u>	<u>541,836</u>
	<u>\$ 646,345</u>	<u>\$ 687,021</u>

The Town's bank balance of deposits at September 30, 1999, is categorized above in three levels of credit risk. Category 1 includes bank balances insured or collateralized with securities held by the Town or its agent in the Town's name. This category includes deposits secured by federal deposit insurance. Category 2 includes bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name. Category 3 includes uncollateralized bank balances and those collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Town's name.

Although deposits secured by pledged securities are considered uncollateralized in Category 3, LRS 39:1229 imposes a statutory requirement on the custodial bank to sell the pledged security within ten days of notification that the depository bank has failed to pay deposited funds upon demand.

Certain cash and investment deposit balances are restricted in that they comprise reserves that are required to be maintained under various bond indentures. See also Note J. Following is a schedule of restricted cash and investment balances at September 30, 1999:

<u>Proprietary Fund</u>	<u>Amount</u>
Cash and cash equivalents.....	\$ <u>36,468</u>

**C: PROPERTY TAXES**

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

**C: PROPERTY TAXES (Continued)**

public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All property taxes are recorded in governmental funds, and as explained in Note A above, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are considered available because they are substantially collected by the tax collector within 60 days subsequent to the calendar year-end and are therefore available to liquidate liabilities of the current period.

For the fiscal year ended September 30, 1999, taxes of 5.88 mills were levied on property with assessed valuations totaling \$2,948,170, and were dedicated for general municipal purposes.

Total taxes of \$17,335 were levied on November 1, 1998, and were due and payable prior to December 31, 1998. Uncollected amounts at September 30, 1999 are not considered material.

**D: RECEIVABLES**

Receivables as of September 30, 1999 are scheduled as follows:

	General <u>Fund</u>	Special Revenue <u>Funds</u>	Proprie- tary Fund
Taxes, licenses and fees			
Sales and use tax.....	\$ 28,695	\$ 6,300	\$ -
Utility franchise fees....	<u>13,501</u>	<u>-</u>	<u>-</u>
	<u>42,196</u>	<u>6,300</u>	<u>-</u>
Intergovernmental			
State of Louisiana:			
Tobacco tax.....	1,086	-	-
Beer tax.....	1,494	-	-
Video poker.....	<u>203</u>	<u>-</u>	<u>-</u>
	<u>2,783</u>	<u>-</u>	<u>-</u>

D: RECEIVABLES (Continued)

	General <u>Fund</u>	Special Revenue <u>Funds</u>	Proprie- tary Fund
Utility billings.....	\$ -	\$ -	\$ 103,432
Less allowance for uncollectible accounts..	-	-	(18,814)
	-	-	84,618
Other.....	-	-	591
	<u>\$ 44,979</u>	<u>\$ 6,300</u>	<u>\$ 85,209</u>

E: FIXED ASSETS

Changes in general fixed assets for 1999 are as follows:

	Balance <u>9/30/98</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/99</u>
<u>General Fixed Assets</u>				
Land.....	\$ 140,415	\$ -	\$ -	\$ 140,415
Building and improvements....	531,764	-	-	531,764
Equipment.....	122,649	16,758	-	139,407
Vehicles.....	32,376	-	-	32,376
Furniture and fixtures.....	26,056	-	-	26,056
Infrastructure - road and streets.....	443,008	-	-	443,008
	<u>\$ 1,296,268</u>	<u>\$ 16,758</u>	<u>\$ -</u>	<u>\$ 1,313,026</u>

A schedule of proprietary utility fund property, plant and equipment as of September 30, 1999, follows:

	Balance <u>9/30/98</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/99</u>
<u>Proprietary Fund</u>				
Land.....	\$ 8,851	\$ -	\$ -	\$ 8,851
Building and improvements....	51,981	-	-	51,981
Gas distribution system.....	296,197	-	-	296,197
Water plant and distribution system.....	2,626,590	-	-	2,626,590
Sewer system.....	773,475	725,577	-	1,499,052
Equipment.....	149,643	1,189	-	150,832
Vehicles.....	35,875	-	-	35,875
Furniture and fixtures.....	9,991	-	-	9,991
	3,952,603	726,766	-	4,679,369
Less accumulated depreciation	(1,056,821)	(93,825)	-	(1,150,646)
	<u>\$ 2,895,782</u>	<u>\$ 632,941</u>	<u>\$ -</u>	<u>\$ 3,528,723</u>

**F: EMPLOYEES' RETIREMENT AND PENSIONS**

*Municipal Employees Retirement System of Louisiana (System) Plan Description.* Substantially all qualified Town employees are members of the Municipal Employees Retirement System of Louisiana (System), a multiple-employer, cost sharing, defined benefit pension plan, controlled and administered by a separate Board of Trustees. The System provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Plan members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Maringouin is required to contribute at an actuarially determined rate. The rate is 5.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. The contributions requirements of plan members and the Town of Maringouin are established and may not be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the result of the valuation for the prior fiscal year. Town of Maringouin's contributions to the System for the years ending September 30, 1999, 1998 and 1997, were \$11,024, \$9,948, and \$9,818 respectively, which was equal to the required contributions for each year.

**G: LEASES**

The Town rents its phone system on a month-to-month basis since the term of the original lease has been completed. Rentals amounted to \$661 in 1999. Future obligations do not extend beyond the Town's next fiscal year.

**H: LONG-TERM DEBT**

Long-term liabilities that will be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of

H: LONG-TERM DEBT (Continued)

financial position and is not involved with measurement of results of operations. Long-term liabilities of the proprietary utility fund are accounted for in that fund.

Changes in long-term debt and obligations are scheduled as follows:

	Balance <u>9/30/98</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>9/30/99</u>
<u>General Long-Term Debt</u>				
<u>Account Group</u>				
General obligation bank loan. \$	100,696	-	\$ 25,250	\$ 75,446
General obligation loan - Iberville Parish.....	139,000	-	72,000	67,000
Claims payable (Note M).....	<u>60,184</u>	<u>-</u>	<u>-</u>	<u>60,184</u>
	<u>299,880</u>	<u>-</u>	<u>97,250</u>	<u>202,630</u>
<u>Proprietary Fund</u>				
1995 Waterworks Revenue Bond.	<u>1,113,721</u>	<u>-</u>	<u>10,101</u>	<u>1,103,620</u>
	<u>\$ 1,413,601</u>	<u>\$ -</u>	<u>\$ 107,351</u>	<u>\$ 1,306,250</u>

The proceeds of the general obligation bank loan were used for the construction of a new fire station. The loan dated May 6, 1993 in the original principal amount of \$210,025 is payable over ten years in monthly installments of \$2,428 including principal and variable interest at 1% over the six month U. S. Treasury Bill rate established annually on the loan anniversary date. The interest rate at September 30, 1999 was 6.50%. The loan is a general obligation of the Town secured by its full faith and credit.

The claims payable is further discussed in Note M.

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

The 1995 Waterworks Revenue Bond was issued on January 27, 1995 in the amount of \$1,144,000 and bears annual interest of 5.625%. The bond is payable over forty years solely from the income and revenues derived or to be derived from the operation of the Town's waterworks system. The debt is payable in monthly installments of \$6,040 including principal and interest. Under the bond indenture, the Town is required to maintain certain reserves for the routine payment of bond interest and principal and for payment of the obligation in the event of default and in certain circumstances for additions and improvements to the utility system. Additional information regarding the reserves is included in Notes B and J. The Town is in compliance with all terms of the bond agreement including the maintenance of required reserves.

**H: LONG-TERM DEBT (Continued)**

The following is a summary of long-term debt at September 30, 1999, and interest requirements to maturity for all outstanding debt:

	Debt Payable <u>9/30/99</u>	Interest to <u>Maturity</u>	<u>Total</u>
Intergovernmental payable			
Claims payable - FEMA.....	\$ <u>60,184</u>	\$ <u>-</u>	\$ <u>60,184</u>
General obligation debt			
Loan payable - local bank.	75,446	7,390	82,836
Loan payable - Iberville Parish.....	<u>67,000</u>	<u>-</u>	<u>67,000</u>
	<u>142,446</u>	<u>7,390</u>	<u>149,836</u>
Revenue Bonds			
1995 Waterworks Revenue Bond.....	<u>1,103,620</u>	<u>1,403,492</u>	<u>2,507,112</u>
	<u>\$1,306,250</u>	<u>\$1,410,882</u>	<u>\$2,717,132</u>

The annual requirements to amortize outstanding debt principal and interest as of September 30, 1999 are as follows:

<u>Year ending September 30,</u>	<u>General Obligation Debt</u>	<u>Intergov- ernmental Payable</u>	<u>Revenue Bonds</u>	<u>Total</u>
2000.....	\$ 96,136	\$ 60,184	\$ 72,484	\$ 228,804
2001.....	29,136	-	72,484	101,620
2002.....	24,564	-	72,484	97,048
2003.....	-	-	72,484	72,484
2004.....	-	-	72,484	72,484
2005 - 2009.....	-	-	362,420	362,420
2010 - 2014.....	-	-	362,420	362,420
2015 - 2019.....	-	-	362,420	362,420
2020 - 2024.....	-	-	362,420	362,420
2025 - 2029.....	-	-	362,420	362,420
2030 - 2034.....	<u>-</u>	<u>-</u>	<u>332,592</u>	<u>332,592</u>
	<u>\$ 149,836</u>	<u>\$ 60,184</u>	<u>\$2,507,112</u>	<u>\$ 2,717,132</u>

**I: INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS**

There were no interfund receivables or payables outstanding as of September 30, 1999. Also, there were no operating transfers between funds in fiscal 1999.

**J: CAPITAL CHANGES AND RESERVED RETAINED EARNINGS**

The proprietary utility fund receives contributions from federal, state, private and other sources for the purposes of acquiring or constructing capital facilities. Retirement of such capital contributions is the equivalent of the depreciation charge against the assets acquired with the funds.

The 1999 changes in contributed capital are as follows:

<u>Source of Contributed Capital</u>	<u>Con-tributed Capital 9/30/98</u>	<u>Capital Con-tributed</u>	<u>Amor-tization</u>	<u>Con-tributed Capital 9/30/99</u>
Farmers' Home Administration-Grant:				
Waterworks system.....	\$ 768,349	\$ -	\$ 20,395	\$ 747,954
Equipment.....	11,665	-	1,321	10,344
State of Louisiana Community Development Block Grant - sewer system.....	764,939	622,473	19,658	1,367,754
State of Louisiana Rural Development Grant				
Gas pipeline relocation....	11,650	25	337	11,338
Sewer system.....	-	25,000	476	24,524
	<u>\$ 1,556,603</u>	<u>\$ 647,498</u>	<u>\$ 42,187</u>	<u>\$ 2,161,914</u>

The various bond indentures require the maintenance of reserves to provide for the payment of bond interest and principal in the event of default and for other specified purposes. Following is a schedule of activity related to reserved retained earnings of the proprietary public utility enterprise fund:

	<u>Balance 9/30/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/99</u>
<u>1995 Waterworks Revenue Bond</u>				
Reserve fund.....	\$ 13,834	\$ 3,993	\$ -	\$ 17,827
Contingency fund.....	14,558	4,083	-	18,641
	<u>\$ 28,392</u>	<u>\$ 8,076</u>	<u>\$ -</u>	<u>\$ 36,468</u>

**K: INTERGOVERNMENTAL PAYABLE**

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

**L: COMPENSATION - MEMBERS OF THE TOWN GOVERNING BOARD**

In accordance with the Town's codified ordinances members of the governing board receive compensation in the amount of \$450 per month. The following, presented in compliance with Louisiana House concurrent resolution No. 54 of 1979, is a schedule of paid board members in fiscal 1999:

<u>Board Member</u>	<u>Compensation</u>
Letha Butler.....	\$ 5,400
Samuel C. Collura.....	5,400
Cherise D. Gougisha.....	5,400
Walter Harris.....	1,800
Manuel J. Scott.....	5,400
Stanley Washington.....	<u>3,600</u>
	<u>\$ 27,000</u>

**M: CONTINGENCIES**

From time to time the Town is involved in litigation or other legal matters in the ordinary course of business. There are presently pending claims for amounts in excess of insurance coverages. While the final outcome of these matters cannot be predicted with any certainty, management, in consultation with legal counsel, is of the opinion that their resolution will not have a material adverse effect on the Town's financial position.

As a result of a prior federal audit conducted by the Office of the Inspector General, the Federal Emergency Management Agency has determined that \$60,184 in costs claimed by the Town for disaster clean up were either not allowable or were not supported. This liability has been recorded in the General Long-Term Debt Account Group and is potentially payable from current general government resources.

The Town has received other federal and state grants for specific purposes that are subject to review by the grantor agencies. Reviews of these programs could lead to requests for reimbursement by grantor agencies for costs, if any, that might be disallowed under the terms of the grant. Management believes that the amount of such disallowed costs, if any, would not be material.

**N: RESTATEMENT**

In May, 1999 management learned that the Louisiana Community Development Block Grant Program (LCDBGP) required that all monies received from this program be accounted for in a separate Capital Projects fund. Consequently, \$61,214 previously reported as additions to construction-in-progress in the public utility enterprise fund were restated as the beginning fund balance of the capital projects fund as of October 1, 1998. All monies received from the LCDBGP during fiscal 1999 are shown as revenue of the capital projects fund.

**O: COMMITMENT**

The Rural Utility Service has awarded the Town a grant of \$1,307,000 and approved a loan of \$543,000 to construct the next phase of the improvements to its wastewater collection system. Specifications for this phase of the improvements are currently under consideration and should be finalized within a few months. Project costs are not expected to exceed the amount of the grant and loan.

**P: NONCASH FINANCING AND INVESTING ACTIVITIES**

Noncash financing and investing activities for the public utility enterprise fund for the year ended September 30, 1999 are as follows:

Transfer of additions to sewer system..... \$ 708,687

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

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MEMBERS - SEC AND  
PRIVATE COMPANIES PRACTICE  
SECTIONS OF THE AMERICAN  
INSTITUTE OF CPAs

EID #72-0454386

WENDEL FOUSHEE, CPA  
CHARLES S. COMEAUX, JR., CPA  
MICHAEL A. THAM, CPA  
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RAYMOND P. PRINCE, CPA  
SYLVIA M. KIDDER, CPA

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

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

We have audited the general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1999, and have issued our report thereon dated March 10, 2000, which was qualified due to the inadequacy of property records relating to general fixed assets and property, plant and equipment of the proprietary fund acquired and held prior to January 1, 1995. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Maringouin, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect

Continued . . .

the Town of Maringouin's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 97-2 and 97-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 97-2 to be a material weakness.

This report is intended solely for the information and use of the management and governing body of the Town of Maringouin, Louisiana, the Legislative Auditor of the State of Louisiana, and the Office of Community Development and is not intended to be and should not be used by anyone other than these specified parties.

*L. D. Champagne, CPA*

March 10, 2000

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

CERTIFIED PUBLIC ACCOUNTANTS  
4911 BENNINGTON AVENUE  
BATON ROUGE, LOUISIANA 70808-3153  
(225) 925-1120  
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MEMBERS - SEC AND  
PRIVATE COMPANIES PRACTICE  
SECTIONS OF THE AMERICAN  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of the Town of Maringouin, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 1999. The Town of Maringouin, Louisiana's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the management of the Town of Maringouin, Louisiana. Our responsibility is to express an opinion on the Town of Maringouin, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 non-compliance 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 Town of Maringouin, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Maringouin, Louisiana's compliance with those requirements.

In our opinion, the Town of Maringouin, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with

Continued...

those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 99-1.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the management and governing body of the Town of Maringouin, Louisiana, the Legislative Auditor of the State of Louisiana, and the Office of Community Development and is not intended to be and should not be used by anyone other than these specified parties.

*L. A. Champagne, CPA, H.P.*

March 10, 2000

**SUPPLEMENTARY INFORMATION**

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year Ended September 30, 1999*

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. Department of Housing and Urban Development:			
Pass-through program from:			
State of Louisiana, Office of Community Development, FY 1997 LCDBG Program.....	14.228	107-800245	\$ 622,473
Total pass-through programs.....			<u>622,473</u>
Total U. S. Department of Housing and Urban Development.....			622,473
Total expenditures of federal awards.			<u>\$ 622,473</u>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Town of Maringouin, Louisiana 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 B - CONTRACT EXPENDITURES**

Expenditures on the Sewer Improvement Project funded by the FY 1997 LCDBG Program exceeded the award amount by \$41,658. The excess is not included in the expenditure amount on this schedule of expenditures of federal awards.

**NOTE C - FY 1997 LCDBG PROGRAM AWARDS**

During the year ended September 30, 1999, funds totaling \$622,473 were received from the State of Louisiana Office of Community Development. While the grant agreement indicates that the source of funds includes a federal award (CFDA 14.228), the amount of state funds, if any, has not been provided. Because the federal and state portions of these expenditures is unknown, the full amount is included in this schedule of expenditures of federal awards.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended September 30, 1999*

**A: SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of the Town of Maringouin, Louisiana.
2. Two reportable conditions disclosed during the audit of the general purpose financial statements are reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards." One of the conditions is reported as a material weakness.
3. Two instances of noncompliance material to the general purpose financial statements of the Town of Maringouin, Louisiana which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for the major federal award program for the Town of Maringouin, Louisiana expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Town of Maringouin, Louisiana are reported in Part C of this Schedule.
7. The program tested as a major program follows:  
  
U. S. Department of Housing and Urban Development  
Pass-through program from the State of Louisiana, Office of Community Development, FY 1997 LCDBG Program; CFDA# 14.228
8. The threshold for distinguishing Types A and B programs was \$300,000.

9. The Town of Maringouin, Louisiana did not qualify as a low-risk auditee.

**B: FINDINGS - FINANCIAL STATEMENTS AUDIT**

**97-1. Delinquent Utility Accounts**

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

Condition - The Town of Maringouin continues to have problems collecting delinquent water and gas accounts. At September 30, 1999, of the \$103,432 gross accounts receivable due from utility customers, \$62,770 has been outstanding for 30 days or more. Of this amount, \$34,539 has been outstanding for more than 90 days. Approximately \$21,000 of the amount over 90 days originated prior to January 21, 1995, the date that the current administration assumed office.

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

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

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

Continued . . .

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

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

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

Condition - The Town of Maringouin has not maintained adequate records of its general fixed assets and movable property. The Town has not adopted written fixed asset and movable property policies and procedures.

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

Cause - Although the Town has begun to tag and inventory equipment used by the utility enterprise fund and the maintenance department, these procedures have not been performed for other Town movable property and equipment. Additionally, the inventory records have not been reconciled with the property and equipment accounts maintained for the utility enterprise fund and the general fixed asset group of accounts.

Recommendation - The Town should adopt written fixed asset and movable property policies and procedures. Its asset inventory management system and general ledger balances should be updated and

*Continued . . .*

adjusted to reflect all inventoried items.

Management response - The Town has begun updating its fixed asset records and can document all additions and deletions since January 1, 1995. During 1999, a complete inventory of the Town equipment used by the utility and maintenance departments was taken. At the same time this equipment was tagged. As personnel are available, the remainder of the Town's property and equipment will be inventoried and tagged. Then the information gathered from the asset inventory management system will be reconciled with the general ledger balances to reflect all inventoried items.

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

Criteria - In order to maintain effective internal controls, no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or fraud could exist and not be promptly detected.

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

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

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

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

Continued . . .

C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Pass through from: Community Development Block Grants/State's Program (State-Administered Small Cities Program) CFDA No. 14.228

99-1. FY 1997 LCDBG Program, Grant No. 107-800245

Criteria - When funds for a project are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds and disbursement. Generally, funds must be disbursed within three days after receipt.

Condition - The Town held federal funds longer than three days on the following occasions:

<u>Date Received</u>	<u>Date Disbursed</u>	<u>No. of Days</u>	<u>Amount</u>
06-18-99	07-07-99	13	\$ 4,000.00
07-22-99	08-02-99	7	8,580.44

Effect - The Town is not in compliance with the cash management requirements.

Cause - These disbursements were near the end of the project, and Town officials were waiting on the proper approvals that all items were completed before these funds were disbursed.

Recommendation - The proper approvals should have been obtained before the request for payment was submitted.

Management response - Prior to the end of this project, the Town was in compliance with the cash management requirements. These funds were deposited in a non-interest bearing checking account, and consequently, the Town did not receive any interest while these funds were held in the checking account. The proper approvals will be obtained in the future prior to the submission of the request for payment.

**TOWN OF MARINGOUIN, LOUISIANA**  
**UTILITY ENTERPRISE FUND**  
*Year Ended September 30, 1999*

**AGED UTILITY ACCOUNTS RECEIVABLE**

0 - 30	30 - 60	60 - 90	Over 90	Total
\$ 40,662	\$ 21,129	\$ 7,102	\$ 34,539	\$ 103,432

**SCHEDULE OF WATER RATES**

Residential - inside municipality  
 \$8.00 - first 2000 gallons (minimum)  
 \$.15 per 100 gallons thereafter

Residential - outside municipality  
 \$10.00 - first 2000 gallons (minimum)  
 \$.175 per 100 gallons thereafter

Commercial  
 \$25.00 - first 2000 gallons (minimum)  
 \$.175 per 100 gallons next 8,000 gallons  
 \$.15 per 100 gallons thereafter

**SCHEDULE OF GAS RATES**

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

**NUMBER OF UTILITY CUSTOMERS**

Residential water inside municipality.....	427
Residential water outside municipality.....	635
Commercial water.....	40
Commercial water tax-exempt.....	6
Water for schools.....	2
Residential gas.....	565
Commercial gas.....	6
Industrial gas.....	1
	<u>1,682</u>

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF INSURANCE**

Year Ended September 30, 1999

<u>Policy #</u>	<u>Company</u>	<u>Policy Period</u>	<u>Policy Type/Coverage</u>
YN 01150	Lloyd's, London/ Bouanchaud Insurance Agency	10/31/98 - 10/31/99	Commercial Package \$ 95,000 building, \$500 deductible \$ 66,000 mobile equipment, \$1,000 deductible
LB505B Fund 100 Group 68	LA Municipal Risk Management Agency	05/01/99 - 05/01/02	Automobile Liability \$500,000 limit, no deductible Commercial General Liability \$500,000 premises/operations, no deductible \$500,000 aggregate \$ 1,000 per person/\$10,000 per accident - medical payments \$ 50,000 per occurrence - fire liability Law Enforcement Officers' Comprehensive Liability \$ 1,000 deductible per occurrence \$500,000 personal injury Public Officials' Errors & Omissions \$ 1,000 deductible per occurrence \$500,000 errors & omissions
68413779	Western Surety Company/Iberville Trust & Savings Bank	02/08/99 - 02/08/00	Bond - Public Employees/Officers scheduled by position \$ 5,000 - \$30,000 liability
68363019	Western Surety Company/Iberville Trust & Savings Bank	05/05/99 - 05/05/00	Bond - Public Employee \$150,000 penalty limit

**CORRECTIVE ACTION PLAN**



# TOWN OF MARINGOUIN

**Mayor**  
Nathan L. Carriere  
**Utilities**  
**Superintendent**  
Lee Butler, III  
**Chief of Police**  
Thomas Tillman

**Aldermen**  
Samuel Collura  
Manuel Scott  
Stanley Washington  
**Alderwomen**  
Cherise Gougisha  
Letha Butler

March 27, 2000

Department of Housing and Urban Development

The Town of Maringouin, Louisiana respectfully submits the following corrective action plan for the year ended September 30, 1999.

Name and address of independent public accounting firm:

L. A. Champagne & Co., L.L.P.  
4911 Bennington Avenue  
Baton Rouge, LA 70808

Audit period: Year ended September 30, 1999

The findings from the 1999 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## **FINDINGS -- FINANCIAL STATEMENT AUDIT**

### **97-1. Delinquent Utility Accounts**

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

**Action Taken:** We have consulted our attorney regarding the collection of these delinquent accounts, and he is determining what is required under law to clear out the delinquent balances.

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

**Recommendation:** The Town should adopt written fixed asset and movable property policies and procedures. Its asset inventory management system and general ledger balances should be updated and adjusted to reflect all inventoried items.

**Action Taken:** We concur with the recommendation and will continue to implement the fixed asset procedures whenever personnel are available.

97-3. Lack of Segregation of Duties

Recommendation: None

Action Taken: None. We are aware of this situation and do not feel that it would be cost effective to hire additional personnel to separate these tasks.

**FINDINGS – FEDERAL AWARD PROGRAM AUDIT**

Department of Housing and Urban Development

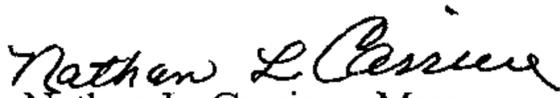
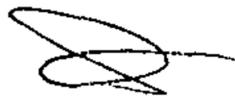
99-1. FY 1997 LCDBG Program, Grant No. 107-800245

Recommendation: The proper approvals should have been obtained before the request for payment was submitted.

Action Taken: None required since this project has been completed.

If there are any questions regarding this plan, please call me at 225-625-2630.

Sincerely yours,

   
Nathan L. Carriere, Mayor  
Town of Maringouin