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**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
**SEPTEMBER 30, 2001**

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 4/3/02

**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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## 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, 2001, 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.

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 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.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Maringouin, Louisiana, as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2002, 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 taken as a whole. The supplementary information - schedules of aged utility accounts

receivable, water, gas and sewer 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, Louisiana. 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.

  
February 21, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS**

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

September 30, 2001

	Governmental Fund Types				Proprietary		Account Groups			Totals	
	General	Special Revenue	Capital Projects	Utility Enterprise	General Assets	Fixed Assets	General		(Memorandum only)	2001	2000
							Long-Term Debt	Debt			
<b>ASSETS AND OTHER DEBITS</b>											
Cash and cash equivalents	\$ 63,624	\$ 26,267	\$ -	\$ 540,654	\$ -	\$ -	\$ -	\$ -	\$ 630,545	\$ 631,821	
Other time deposits	208,459	-	-	144,213	-	-	-	-	352,672	138,202	
Receivables - net of allowance for uncollectible accounts	46,426	7,966	40,311	65,623	-	-	-	-	160,326	176,144	
Property, plant and equipment - net of accumulated depreciation where applicable	-	-	-	5,156,286	1,641,493	-	-	-	6,797,779	4,876,796	
Amount to be provided from general government resources	-	-	-	-	-	-	60,184	-	60,184	60,184	
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	263,179	-	263,179	49,905	
	<u>\$ 318,509</u>	<u>\$ 34,233</u>	<u>\$ 40,311</u>	<u>\$ 5,906,776</u>	<u>\$ 1,641,493</u>	<u>\$ -</u>	<u>\$ 323,363</u>	<u>\$ -</u>	<u>\$ 8,264,685</u>	<u>\$ 5,933,052</u>	

Continued

	Governmental Fund Types				Proprietary		Account Groups			Totals	
	General	Special Revenue	Capital Projects	Utility Enterprise	General Fixed Assets	Long-Term Debt	General		(Memorandum only)	2001	2000
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>											
<b>LIABILITIES</b>											
Accounts payable	\$ 19,946	\$ 3,328	\$ 40,311	\$ 123,680	\$ -	\$ -	\$ -	\$ -	\$ 187,265	\$ -	\$ 59,050
Payroll tax and retirement plan withholdings and accruals	13,593	-	-	-	-	-	-	-	13,593	-	10,502
Sales tax payable	-	-	-	2,689	-	-	-	-	2,689	-	1,620
Judicial appearance bonds	2,025	-	-	-	-	-	-	-	2,025	-	2,025
Customer meter deposits	-	-	-	43,778	-	-	-	-	43,778	-	43,523
Claims payable	-	-	-	-	-	60,184	-	-	60,184	-	60,184
Loans payable	-	-	-	-	-	263,179	-	-	263,179	-	49,905
Interest payable	-	3,222	-	2,511	-	-	-	-	5,733	-	-
Advance on revenue bonds	-	-	-	-	-	-	-	-	-	-	103,500
Revenue bonds payable	-	-	-	1,624,638	-	-	-	-	1,624,638	-	1,092,938
	<u>35,564</u>	<u>6,550</u>	<u>40,311</u>	<u>1,797,296</u>	<u>-</u>	<u>323,363</u>	<u>-</u>	<u>2,203,084</u>	<u>2,203,084</u>	<u>-</u>	<u>1,423,247</u>
<b>EQUITY AND OTHER CREDITS</b>											
Contributed capital	-	-	-	3,229,627	-	-	-	-	3,229,627	-	2,106,594
Investment in general fixed asset group	-	-	-	-	1,641,493	-	-	-	1,641,493	-	1,335,383
Fund balances:											
Reserved	-	27,683	-	-	-	-	-	-	27,683	-	68,418
Unreserved	282,945	-	-	-	-	-	-	-	282,945	-	195,639
Retained earnings:											
Reserved	-	-	-	82,317	-	-	-	-	82,317	-	44,933
Unreserved	-	-	-	797,536	-	-	-	-	797,536	-	758,838
	<u>282,945</u>	<u>27,683</u>	<u>-</u>	<u>4,109,480</u>	<u>1,641,493</u>	<u>-</u>	<u>-</u>	<u>6,061,601</u>	<u>6,061,601</u>	<u>-</u>	<u>4,509,805</u>
	<u>\$ 318,509</u>	<u>\$ 34,233</u>	<u>\$ 40,311</u>	<u>\$ 5,906,776</u>	<u>\$ 1,641,493</u>	<u>\$ 323,363</u>	<u>\$ -</u>	<u>\$ 8,264,685</u>	<u>\$ 8,264,685</u>	<u>\$ -</u>	<u>\$ 5,933,052</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, 2001*

	Governmental Fund Types			Totals	
	General	Special Revenue	Capital Projects	(Memorandum only)	
				2001	2000
<b>REVENUES</b>					
Taxes:					
Property and ad valorem	\$ 15,702	\$ -	\$ -	\$ 15,702	\$ 18,860
Sales and use	357,235	77,495	-	434,730	404,767
Municipal insurance premium	23,353	-	-	23,353	21,508
	<u>396,290</u>	<u>77,495</u>	<u>-</u>	<u>473,785</u>	<u>445,135</u>
License, permit, and franchise fees	65,684	-	-	65,684	54,590
Intergovernmental revenue:					
State of Louisiana:					
Tobacco, beer and video poker revenue	3,272	-	-	3,272	13,246
Rural development	-	-	-	-	25,000
Louisiana Community Development Block Grant	-	-	40,311	40,311	3,187
Parish of Iberville - fire protection	-	4,403	-	4,403	3,859
	<u>3,272</u>	<u>4,403</u>	<u>40,311</u>	<u>47,986</u>	<u>45,292</u>
Court fines	4,440	-	-	4,440	6,223
Interest income	18,479	-	-	18,479	13,015
Other revenue	314	196	-	510	3,588
	<u>488,479</u>	<u>82,094</u>	<u>40,311</u>	<u>610,884</u>	<u>567,843</u>
<b>EXPENDITURES</b>					
Current:					
General government	181,524	-	-	181,524	148,999
Public safety - police protection	102,143	-	-	102,143	95,688
Public safety - fire protection	-	31,612	-	31,612	29,263
Roads and streets	191,418	-	-	191,418	186,872
Capital outlay	10,088	296,022	40,311	346,421	39,961
Debt service:					
Principal	-	26,726	-	26,726	-
Interest and fiscal charges	-	8,469	-	8,469	96,136
	<u>485,173</u>	<u>362,829</u>	<u>40,311</u>	<u>888,313</u>	<u>596,919</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,306</u>	<u>(280,735)</u>	<u>-</u>	<u>(277,429)</u>	<u>(29,076)</u>
<b>OTHER FINANCING SOURCES</b>					
Operating transfer from utility enterprise fund	84,000	-	-	84,000	80,000
Proceeds of general obligation certificates	-	240,000	-	240,000	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	<u>87,306</u>	<u>(40,735)</u>	<u>-</u>	<u>46,571</u>	<u>50,924</u>
Fund balance - beginning of year	195,639	68,418	-	264,057	213,133
Fund balance - end of year	<u>\$ 282,945</u>	<u>\$ 27,683</u>	<u>\$ -</u>	<u>\$ 310,628</u>	<u>\$ 264,057</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, 2001*

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>						
Taxes:						
Property and ad valorem	\$ 16,000	\$ 15,702	\$ (298)	\$ -	\$ -	-
Sales and use	350,000	357,235	7,235	76,000	77,495	1,495
Municipal insurance premium	21,000	23,353	2,353	-	-	-
	<u>387,000</u>	<u>396,290</u>	<u>9,290</u>	<u>76,000</u>	<u>77,495</u>	<u>1,495</u>
License, permit, and franchise fees	62,100	65,684	3,584	-	-	-
Intergovernmental revenue:						
State of Louisiana:						
Tobacco, beer and video poker revenue	6,000	3,272	(2,728)	-	-	-
Rural development	-	-	-	-	-	-
Parish of Iberville - fire protection	-	-	-	4,000	4,403	403
	<u>6,000</u>	<u>3,272</u>	<u>(2,728)</u>	<u>4,000</u>	<u>4,403</u>	<u>403</u>
Court fines	3,000	4,440	1,440	-	-	-
Interest income	16,000	18,479	2,479	-	-	-
Other revenue	1,000	314	(686)	200	196	(4)
	<u>475,100</u>	<u>488,479</u>	<u>13,379</u>	<u>80,200</u>	<u>82,094</u>	<u>1,894</u>

*Continued*

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
<b>EXPENDITURES</b>						
Current:						
General government	\$ 183,400	\$ 181,524	\$ 1,876	\$ -	\$ -	\$ -
Public safety - police	101,750	102,143	(393)	-	-	-
Public safety - fire	-	-	-	35,600	31,612	3,988
Roads and streets	188,100	191,418	(3,318)	-	-	-
Capital outlay	50,000	10,088	39,912	294,000	296,022	(2,022)
Debt service	-	-	-	29,200	35,195	(5,995)
	<u>523,250</u>	<u>485,173</u>	<u>38,077</u>	<u>358,800</u>	<u>362,829</u>	<u>(4,029)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(48,150)</u>	<u>3,306</u>	<u>51,456</u>	<u>(278,600)</u>	<u>(280,735)</u>	<u>(2,135)</u>
<b>OTHER FINANCING SOURCES</b>						
Operating transfer from utility enterprise fund	84,000	84,000	-	-	-	-
Proceeds from bond financing	-	-	-	240,000	240,000	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	<u>\$ 35,850</u>	<u>\$ 87,306</u>	<u>\$ 51,456</u>	<u>\$ (38,600)</u>	<u>\$ (40,735)</u>	<u>\$ (2,135)</u>
Fund balances - beginning of year		195,639			68,418	
Fund balances - end of year		<u>\$ 282,945</u>			<u>\$ 27,683</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, 2001 and 2000*

<b>OPERATING REVENUES</b>	2001	2000
Gas sales	\$ 442,748	\$ 278,670
Water sales	279,000	292,889
Sewer user fees	56,833	47,069
Utility service connection fees	7,866	5,270
Late payment charges	26,547	22,435
Interest income	7,708	5,654
Other operating revenue	405	270
	<u>821,107</u>	<u>652,257</u>
<b>OPERATING EXPENSES</b>		
Gas purchased	307,019	164,858
Salaries and related taxes and benefits	106,304	101,827
Depreciation	111,815	111,661
Bad debt expense	429	16,787
Repairs and maintenance of systems and equipment	48,947	45,739
Insurance	12,396	11,440
Professional services	30,663	33,355
Billing supplies and expense	3,240	1,388
Postage	3,855	3,338
Utilities	22,170	17,332
Telephone	1,296	935
Vehicle expense	560	1,439
Rentals and leases	1,730	1,314
Uniforms	2,511	2,442
Fuel - equipment	2,167	2,028
Taxes, licenses and permits	3,645	1,068
Cash short and (over)	(94)	468
Other operating expenses	684	835
	<u>659,337</u>	<u>518,254</u>
<b>OPERATING INCOME</b>	<u>161,770</u>	<u>134,003</u>

*Continued*

	<u>2001</u>	<u>2000</u>
<b>NON OPERATING REVENUE</b>		
Interest income	\$ 988	\$ 917
<b>NON OPERATING EXPENSES</b>		
Interest on bond indebtedness	<u>61,184</u>	<u>61,801</u>
<b>NET INCOME BEFORE TRANSFERS</b>	101,574	73,119
Operating transfer to general fund	<u>(84,000)</u>	<u>(80,000)</u>
<b>NET INCOME (LOSS)</b>	17,574	(6,881)
Unrestricted retained earnings - beginning of year	758,838	715,677
Reserved under bond indenture	(37,384)	(8,465)
Amortization of contributed capital	58,508	58,507
Unrestricted retained earnings - end of year	<u>\$ 797,536</u>	<u>\$ 758,838</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, 2001*

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavor- able)</u>
<b>OPERATING REVENUES</b>			
Gas sales	\$ 445,000	\$ 442,748	\$ (2,252)
Water sales	280,000	279,000	(1,000)
Sewer user fees	56,000	56,833	833
Utility service connection fees	6,000	7,866	1,866
Late payment charges	26,000	26,547	547
Interest income	9,000	7,708	(1,292)
Other operating income	300	405	105
	<u>822,300</u>	<u>821,107</u>	<u>(1,193)</u>
<b>OPERATING EXPENSES</b>			
Gas purchased	312,000	307,019	4,981
Salaries and fringe benefits	109,000	106,304	2,696
Depreciation	112,000	111,815	185
Bad debt expense	-	429	(429)
Repairs and maintenance of systems and equipment	48,000	48,947	(947)
Insurance	12,000	12,396	(396)
Professional services	33,000	30,663	2,337
Billing supplies and expense	2,000	3,240	(1,240)
Postage	4,000	3,855	145
Utilities	19,000	22,170	(3,170)
Telephone	1,500	1,296	204
Vehicle expense	1,600	560	1,040
Rentals and leases	1,300	1,730	(430)
Uniforms	2,400	2,511	(111)
Fuel - equipment	3,000	2,167	833
Taxes, licenses and permits	700	3,645	(2,945)
Cash short and (over)	500	(94)	594
Other operating expenses	1,200	684	516
	<u>663,200</u>	<u>659,337</u>	<u>3,863</u>
<b>OPERATING INCOME</b>	<u>159,100</u>	<u>161,770</u>	<u>2,670</u>

*Continued*

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavor- able)</u>
<b>NON OPERATING REVENUE</b>			
Interest income	\$ 1,000	\$ 988	\$ (12)
Other	500	-	(500)
	<u>1,500</u>	<u>988</u>	<u>(512)</u>
<b>NON OPERATING EXPENSES</b>			
Interest on bond indebtedness	<u>87,000</u>	<u>61,184</u>	<u>25,816</u>
<b>NET INCOME BEFORE TRANSFERS</b>	73,600	101,574	27,974
Operating transfer to general fund	<u>(84,000)</u>	<u>(84,000)</u>	<u>-</u>
<b>NET LOSS</b>	<u>\$ (10,400)</u>	17,574	<u>\$ 27,974</u>
Unrestricted retained earnings - beginning of year		758,838	
Reserved under bond indenture		(37,384)	
Amortization of contributed capital		<u>58,508</u>	
Unrestricted retained earnings - end of year		<u>\$ 797,536</u>	

See accompanying notes

**TOWN OF MARINGOUIN, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY PUBLIC UTILITY ENTERPRISE FUND**  
*Year Ended September 30, 2001 and 2000*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	2001	2000
Operating income	\$ 161,770	\$ 134,003
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	111,815	111,661
Decrease (increase) in accounts receivable	29,188	(9,602)
Increase in accounts payable	107,079	5,142
Increase in sales taxes payable	1,069	575
Increase in interest payable	2,511	-
Loss on disposition of fixed asset	-	20
	251,662	107,796
Net cash provided by operating activities	413,432	241,799
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Net increase in customer meter deposits	255	3,128
Operating transfer to general fund	(84,000)	(80,000)
Net cash used in noncapital financing activities	(83,745)	(76,872)
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Equipment acquisition	(9,871)	(17,983)
Additions to sewer system	-	(3,008)
Principal paid on revenue bonds	(11,300)	(10,682)
Interest paid on revenue bonds	(61,184)	(61,801)
Bond proceeds	439,500	103,500
Construction in progress	(1,716,817)	(103,380)
Contributed capital - grants	1,181,541	3,187
Net cash used in capital and related financing activities	(178,131)	(90,167)

*Continued*

**CASH FLOWS FROM INVESTING  
ACTIVITIES**

Acquisition of time deposits  
Interest income on reserve funds  
Net cash used in investing activities

	<u>2001</u>		<u>2000</u>
\$	(6,011)	\$	(4,202)
	988		917
	<u>(5,023)</u>		<u>(3,285)</u>

**NET INCREASE IN CASH**

Cash and cash equivalents - beginning of year  
Cash and cash equivalents - end of year

	146,533		71,475
	394,121		322,646
\$	<u>540,654</u>	\$	<u>394,121</u>

*See accompanying notes*

**TOWN OF MARINGOUIN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
*September 30, 2001*

**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.
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.

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

*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 has a capital projects fund to account for improvements to its roads and streets.

*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.

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

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 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, 2001 and 2000 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 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.

*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.

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

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 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.

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

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 fund net of accumulated depreciation. Interest and other financing costs incurred during construction of proprietary fund fixed assets are capitalized. Depreciation of all 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.

*Capitalized interest*

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The following funds were affected:

	<u>Total Interest Costs Incurred</u>	<u>Interest Revenue Used to Offset Interest Costs</u>	<u>Capitalized Interest</u>
Sewer Improvement Project	\$ 20,831	\$ -	\$ 20,831

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

*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 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.

*Comparative data*

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

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

The following is a summary of cash, cash equivalents and investments at book value as of September 30, 2001:

Cash and cash equivalents:

Cash on hand	\$ 300
Demand deposits	56,345
Interest - bearing savings and time deposits	<u>573,900</u>
	630,545

Other time deposits:

Certificates of deposit	<u>352,672</u>
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Total cash, cash equivalents and other time deposits

<u>\$ 983,217</u>
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Under state law bank 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, 2001, are summarized by collateral categories as follows:

	Carrying Amount	Bank Balance
Category 1	\$ 200,000	\$ 200,000
Category 2	-	-
Category 3	<u>782,917</u>	<u>787,984</u>
	<u>\$ 982,917</u>	<u>\$ 987,984</u>

The Town's bank balance of deposits at September 30, 2001, 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.

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

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 1. Following is a schedule of restricted cash and investment balances at September 30, 2001:

<u>Proprietary Fund</u>	<u>Amount</u>
Cash and cash equivalents	\$ <u>82,317</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 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, 2001, taxes of 4.45 mills were levied on property with assessed valuations totaling \$3,503,470, and were dedicated for general municipal purposes. Total taxes of \$15,592 were levied on November 1, 2000, and were due and payable prior to December 31, 2000. Uncollected amounts at September 30, 2001 are not considered material.

**D: RECEIVABLES**

Receivables as of September 30, 2001 are scheduled as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Proprie- tary Fund</u>
Taxes, licenses and fees				
Sales and use tax	\$ 29,059	\$ 7,966	\$ -	\$ -
Utility franchise fees	15,011	-	-	-
	<u>44,070</u>	<u>7,966</u>	<u>-</u>	<u>-</u>
Intergovernmental				
State of Louisiana:				
Beer tax	655	-	-	-
Video poker	151	-	-	-
Office of Community Development, Louisiana Community Development Block Grant Program	-	-	40,311	-
	<u>806</u>	<u>-</u>	<u>40,311</u>	<u>-</u>
Utility billings	-	-	-	79,404
Less allowance for uncollectible accounts	-	-	-	(14,665)
	-	-	-	64,739
Other	1,550	-	-	884
	<u>\$ 46,426</u>	<u>\$ 7,966</u>	<u>\$ 40,311</u>	<u>\$ 65,623</u>

**E: FIXED ASSETS**

Changes in general fixed assets for 2001 are as follows:

	<u>Balance 9/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/01</u>
<u>General Fixed Assets</u>				
Land	\$ 140,415	\$ -	\$ -	\$ 140,415
Buildings and improvements	530,905	7,395	-	538,300
Equipment	161,924	58,020	-	219,944
Vehicles	30,870	240,609	-	271,479
Furniture and fixtures	28,261	86	-	28,347
Infrastructure - roads and streets	443,008	-	-	443,008
	<u>\$ 1,335,383</u>	<u>\$ 306,110</u>	<u>\$ -</u>	<u>\$ 1,641,493</u>

**E: FIXED ASSETS (continued)**

A schedule of proprietary utility fund property, plant and equipment as of September 30, 2001, follows:

	Balance 9/30/00	Additions	Deletions	Balance 9/30/01
<u>Proprietary Fund</u>				
Land	\$ 8,851	\$ -	\$ -	\$ 8,851
Buildings and improvements	38,183	2,454	-	40,637
Gas distribution system	296,197	-	-	296,197
Water plant and distribution system	2,627,807	-	-	2,627,807
Sewer system	1,502,060	-	-	1,502,060
Equipment	107,249	500	-	107,749
Vehicles	35,875	6,917	-	42,792
Furniture and fixtures	6,477	-	-	6,477
Construction in progress	103,380	1,716,817	-	1,820,197
	<u>4,726,079</u>	<u>1,726,688</u>	-	<u>6,452,767</u>
Less accumulated depreciation	1,184,666	111,815	-	1,296,481
	<u>\$ 3,541,413</u>	<u>\$ 1,614,873</u>	<u>\$ -</u>	<u>\$ 5,156,286</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, beginning July 1, 2000, is 6.25% of annual covered payroll. Previously the rate was 5.75%. 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 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

**F: EMPLOYEES' RETIREMENT AND PENSIONS (continued)**

year. Town of Maringouin's contributions to the System for the years ending September 30, 2001, 2000 and 1999 were \$13,318, \$12,527, and \$11,024 respectively, which were equal to the required contributions for each year.

**G: 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 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 9/30/00	Additions	Payments	Balance 9/30/01
<u>General long-term debt account group</u>				
General obligation debt				
Bank loan	\$ 49,905	\$ -	\$ 26,726	\$ 23,179
Certificates of Indebtedness, Series 2001	-	240,000	-	240,000
Claims payable	60,184	-	-	60,184
	<u>110,089</u>	<u>240,000</u>	<u>26,726</u>	<u>323,363</u>
<u>Proprietary fund</u>				
1995 Waterworks Revenue Bond	1,092,938	-	11,300	1,081,638
2000 Sewer Revenue Bond	-	543,000	-	543,000
	<u>1,092,938</u>	<u>543,000</u>	<u>11,300</u>	<u>1,624,638</u>
	<u>\$ 1,203,027</u>	<u>\$ 783,000</u>	<u>\$ 38,026</u>	<u>\$ 1,948,001</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, 2001 was 4.69%. The loan is a general obligation of the Town secured by its full faith and credit.

The Certificates of Indebtedness, Series 2001, were issued on June 22, 2001, in the aggregate amount of \$240,000 to provide funds for the acquisition of a fire truck and related fire-fighting equipment and to pay the costs for issuance of the certificates. The certificates mature over a period of ten years, bear interest at 5.40% and are payable from a pledge and dedication of the excess annual revenues of the Town. Under the agreement, the Town is required to maintain certain reserves for the routine payment of interest and principal. The

**G: LONG TERM DEBT (Continued)**

Town is in compliance with all terms of the certificate agreement except for the failure to maintain the required debt service fund.

The claims payable is further discussed in Note L.

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 I. The Town is in compliance with all terms of the bond agreement including the maintenance of required reserves.

The 2000 Sewer Revenue Bond dated August 23, 2000 in the amount of \$543,000 and bearing interest of 4.5%, is payable over forty years solely from the income and revenues derived or to be derived from the operation of the Town's sewer system. The debt is payable in monthly installments of \$2,465 including principal and interest that began on August 23, 2001. 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 I. The Town is in compliance with all terms of the bond agreement including the maintenance of required reserves.

The following is a summary of long-term debt at September 30, 2001, and interest requirements to maturity for all outstanding debt, except as described in the preceding paragraph:

	Principal Payable 9/30/01	Interest to Maturity	Total
Intergovernmental Payable			
Claims payable - FEMA	\$ 60,184	\$ -	\$ 60,184
General Obligation Debt			
Loan payable - local bank	23,179	490	23,669
Certificates of Indebtedness, Series 2001	240,000	68,594	308,594
	<u>263,179</u>	<u>69,084</u>	<u>332,263</u>

**G: LONG TERM DEBT (Continued)**

	Principal Payable 9/30/01	Interest to Maturity	Total
Revenue Bonds			
1995 Waterworks Revenue Bond	1,081,638	1,280,501	2,362,139
2000 Sewer Revenue Bond	543,000	606,192	1,149,192
	<u>1,624,638</u>	<u>1,886,693</u>	<u>3,511,331</u>
	<u>\$ 1,948,001</u>	<u>\$ 1,955,777</u>	<u>\$ 3,903,778</u>

The annual requirements to amortize outstanding debt principal and interest as of September 30, 2001 are as follows:

Year Ending September 30,	General Obligation Debt	Intergov- ernmental Payable	Revenue Bonds	Total
2002	\$ 52,727	\$ 60,184	\$ 102,066	\$ 214,977
2003	30,692	-	102,066	132,758
2004	30,612	-	102,066	132,678
2005	31,478	-	102,066	133,544
2006	30,236	-	102,066	132,302
2007-2011	156,518	-	510,330	666,848
2012-2016	-	-	510,330	510,330
2017-2021	-	-	510,330	510,330
2022-2026	-	-	510,330	510,330
2027-2031	-	-	510,330	510,330
2032-2036	-	-	335,505	335,505
2037-2040	-	-	113,846	113,846
	<u>\$ 332,263</u>	<u>\$ 60,184</u>	<u>\$ 3,511,331</u>	<u>\$ 3,903,778</u>

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

There were no interfund receivables or payables outstanding as of September 30, 2001. Operating transfers between funds in fiscal 2001 are as follows:

<u>Operating transfer in</u>	<u>Operating transfer out</u>	<u>Amount</u>
General fund	Utility Enterprise fund	\$84,000

**I: 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 2001 changes in contributed capital are as follows:

<u>Source of Contributed Capital</u>	<u>Contributed Capital 9/30/00</u>	<u>Contributed Capital</u>	<u>Amortization</u>	<u>Contributed Capital 9/30/01</u>
<b>Farmers' Home Administration - Grant:</b>				
Waterworks system	\$ 727,559	\$ -	\$ 20,395	\$ 707,164
Equipment	9,024	-	1,321	7,703
<b>U.S. Department of Agriculture, Rural Development</b>	-	1,181,541	-	1,181,541
<b>State of Louisiana Community Development Block Grant:</b>				
Sewer system	1,334,937	-	36,004	1,298,933
<b>State of Louisiana Rural Development Grant:</b>				
Gas pipeline relocation	11,026	-	312	10,714
Sewer system	24,048	-	476	23,572
	<u>\$ 2,106,594</u>	<u>\$ 1,181,541</u>	<u>\$ 58,508</u>	<u>\$ 3,229,627</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>1995 Waterworks Revenue Bond</u>	<u>Balance 9/30/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/01</u>
Reserve fund	\$ 21,912	\$ 4,175	\$ -	\$ 26,087
Contingency fund	22,817	4,268	-	27,085
	<u>44,729</u>	<u>8,443</u>	<u>-</u>	<u>53,172</u>

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

	Balance 9/30/00	Additions	Reductions	Balance 9/30/01
<u>2000 Sewer Revenue Bonds</u>				
Reserve fund	\$ 102	\$ 1,138	\$ -	\$ 1,240
Contingency fund	102	1,138	-	1,240
Sinking fund	-	26,665	-	26,665
	<u>204</u>	<u>28,941</u>	<u>-</u>	<u>29,145</u>
	<u>\$ 44,933</u>	<u>\$ 37,384</u>	<u>\$ -</u>	<u>\$ 82,317</u>

**J: 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 \$550 per month.

The following, presented in compliance with Louisiana House concurrent resolution No. 54 of 1979, is a schedule of payments to the board members in fiscal 2001:

<u>Board Member</u>	<u>Compensation</u>
Letha Butler	\$ 6,600
Samuel C. Collura	6,600
Cherise D. Gougisha	6,600
Manuel J. Scott	6,600
Stanley Washington	6,600
	<u>\$33,000</u>

**K: 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.

**K: CONTINGENCIES (continued)**

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.

**L: COMMITMENT**

The Town has begun a street improvement project partially funded by a U. S. Department of Housing and Urban Development grant of \$493,428 passed through the Louisiana State-Administered Small Cities Program. Total project costs are expected to be approximately \$1,000,000.

**M: NEW ACCOUNTING STANDARDS**

Statement of Government Accounting Standards No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, establishes new financial reporting requirements for state and local governments. This standard requires an analysis of the government’s overall financial position and results of the previous year’s operations to assist the users of financial statements to assess whether the government’s finances have improved or deteriorated. Government – wide financial statements will be prepared using the full accrual method of accounting for all government activities. Additionally, governments will report all capital assets, including infrastructure, together with related depreciation. Governments will continue to provide budgetary comparison information in their annual reports. However, a new requirement will add the original budget information to the currently presented comparison of amended budget and actual results.

The Town of Maringouin, Louisiana will adopt the provisions of this standard as required for the fiscal year ending September 30, 2003.

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

CERTIFIED PUBLIC ACCOUNTANTS  
4911 BENNINGTON AVENUE  
BATON ROUGE, LOUISIANA 70808-3153  
(225) 925-1120  
FACSIMILE (225) 927-8124

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

WENDEL FOUSHEE, CPA  
CHARLES S. COMEAUX, JR., CPA  
MICHAEL A. THAM, CPA  
ROBERT L. STAMEY, CPA

RAYMOND P. PRINCE, CPA  
SYLVIA M. KIDDER, CPA

EID #72-0454386

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

To the Honorable Mayor and Members of the Board of Aldermen  
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, 2001, and have issued our report thereon dated February 21, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Town 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 and questioned costs as items 01-2 and 01-3.

#### 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 general purpose 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 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 and questioned costs as items 97-3 and 01-1.

*Continued*

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of the management and members of the Board of Aldermen, the Legislative Auditor of the State of Louisiana, federal awarding agency and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*L.A. Champagne & Co., L.L.P.*  
February 21, 2002

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

CERTIFIED PUBLIC ACCOUNTANTS  
4911 BENNINGTON AVENUE  
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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 is applicable to its major federal program for the year ended September 30, 2001. 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 program 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 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 the 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, 2001.

*Continued*

### 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.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Town of Maringouin, Louisiana's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying schedule of finding and questioned costs as item 01-4.

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 the 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the management and members of the Board of Aldermen, the Legislative Auditor of the State of Louisiana, federal awarding agency and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*R.A. Champagne & Co., L.L.P.*  
February 21, 2002

**SUPPLEMENTARY INFORMATION**

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year Ended September 30, 2001*

<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 Agriculture Rural Development Office of Rural Utilities Service FY 2001 Water and Waste Disposal Systems Grant	10.760		\$ 1,716,817
Total U.S. Department of Agriculture			<u>1,716,817</u>
U. S. Department of Housing and Urban Development: Pass-through program from: State of Louisiana, Office of Community Development, FY 2001 LCDBG Program	14.228	573243	\$ 40,311
Total pass-through programs			<u>40,311</u>
Total expenditures of federal awards			<u>\$ 1,757,128</u>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the 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 statement presentation.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended September 30, 2001*

**A: SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified 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 "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." These conditions are not reported as material weaknesses.
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. One reportable condition disclosed during the audit of internal control over a major federal award program is reported in the "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." The condition is not reported as a material weakness.
5. The auditor's report on compliance for the major federal award program for the Town of Maringouin, Louisiana expresses an unqualified opinion on its major federal program.
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 Agriculture, Rural Utilities Service  
CFDA #10.760, Water and Waste Disposal Systems for Rural Communities
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

### 97-3. 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, while the Town Clerk authorizes credits on utility accounts, she only collects cash when the assistant clerk is out of the office. These credits, as well as, utility accounts receivable and cash accounts are monitored on a monthly basis by the Mayor, the Treasurer, and the Board of Aldermen. Mayor Carriere feels it would not be cost effective to hire an additional employee to separate these small tasks.

### 01-1. Supporting Documentation

Criteria: Public entities are required to establish and maintain accounting systems and internal controls in order to safeguard assets and assure that financial transactions are properly accumulated, classified and reported. Financial accounting records and supporting documentation are an integral part of these accounting and control systems.

Condition: The Town could not provide supporting documentation for the following general ledger entries selected for our audit:

<u>Fund</u>	<u>Total</u>	<u>Number of Entries</u>
General Fund	\$ 10,755	14
Special Revenue Fund	9,246	2
Utility Enterprise Fund	7,796	2

Effect: Without the proper documentation to support the accounting records, the Town may not be able to correctly classify and report its financial activities in compliance with general requirements of public entities.

Cause: The Town Clerk resigned before the audit started, and her replacement was unable to locate the supporting documentation filed by her predecessor.

Recommendations: The Town should develop and implement adequate accounting and control procedures to provide adequate supporting documentation for amounts in the accounting records.

Management response: Mayor Carriere says that the recently hired Town Clerk is aware that proper documentation is required for all disbursements and that she has implemented procedures to ensure that adequate supporting documentation is maintained.

### **01-2. Unsecured Deposits**

Criteria: LSA-RS 39:1225 provides that the amount of security on cash deposits at all times shall be equal to one hundred percent of the amount of collected funds on deposit to the credit of the depositing authority except for that portion insured by the FDIC.

Condition: Collected deposits for the Town's accounts exceeded the amount of securities pledged by its fiscal agency bank after consideration of the FDIC limit.

Effect: The security pledge is a guarantee against any loss that may be incurred due to the depositing authority's inability to pay out monies on deposit. Amounts not covered by the pledge would be susceptible to loss.

Cause: Town personnel do not verify the amount of securities pledged against the Town's deposits on a regular basis.

Recommendation: The amount of securities pledged should be monitored on a regular basis.

Management response: In December, 2001, the Town was notified by its fiscal agency bank that additional securities were pledged to meet the statutory requirement.

### **01-3. Required Sinking Fund**

Criteria: Pursuant to the Certificates of Indebtedness, Series 2001, the Town was required to establish a sinking fund for the repayment of the principal and interest of this debt. Monthly deposits into the sinking fund should be equal to 1/6 of the next interest payment and 1/12 of the next principal payment.

Condition: The required sinking fund was not established and the required deposits were not made.

Effect: This sinking fund was designed to achieve a proper matching of revenues and debt service on these certificates within each bond year. The sinking fund also ensures that the appropriate funds are available for the next payment of principal and interest.

Cause: The Town was not aware of the sinking fund requirement contained in the agreement.

Recommendation: The sinking fund should be established, and the Town should make the required monthly deposits.

Management response: The first interest payment for these certificates was made on time, and funds are available to pay for the next interest and principal payment due in May. The sinking fund will be

set up, and the required monthly deposits will be made in the future.

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

**DEPARTMENT OF AGRICULTURE**

Rural Utilities Service, Water and Waste Disposal Systems for Rural Communities,  
CFDA No. 10.760, FY 2000 Water and Waste System Grant

**01-4. Supporting Documentation**

**Criteria:** Public entities administering programs including those funded by federal grants are required to establish and maintain accounting systems and internal controls in order to safeguard assets and assure that financial transactions are properly accumulated, classified and reported. Financial accounting records and supporting documentation are an integral part of these accounting and control systems.

**Condition:** The Town could not provide original documents showing all the required approvals for four entries in the Sewer Improvement Construction-in-Progress general ledger account totaling \$175,584. The Town did have copies of these invoices in its files, but these copies were made before the approval of Rural Utilities Service was obtained, and in one instance, before the approval of the Mayor was obtained.

**Effect:** Without the proper documentation to support the accounting records, the Town may not be able to correctly classify and report its financial activities in compliance with general requirements of public entities. Additionally, without the proper documentation we were unable to determine if the Town complied with the grant provisions.

**Cause:** The Town Clerk resigned before the audit started, and her replacement was unable to locate the supporting documentation filed by her predecessor.

**Recommendations:** The Town should develop and implement adequate accounting and control procedures to provide adequate supporting documentation for amounts in the accounting records.

**Management response:** Mayor Carriere says that the Town would not have received funding from the Rural Utilities Service for these disbursements if the proper approvals were not obtained prior to submission. In all cases, the proper approvals were obtained and the proper documentation was submitted. Additionally, the recently hired Town Clerk is aware that proper documentation is required for all disbursements and that she has implemented procedures to ensure that adequate supporting documentation is maintained.

**TOWN OF MARINGOUIN, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
*Year Ended September 30, 2001*

**97-1. Delinquent Utility Accounts**

Condition: When the current administration assumed office on January 21, 1995, there were approximately \$21,000 of delinquent water and gas accounts that were more than 90 days old. Efforts to collect these outstanding amounts were not successful. During 2001, these accounts were written off as uncollectible.

Recommendation: To avoid future uncollectible accounts the Town should control utility billings by continuing to use 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. Additionally, the Town should not restore or transfer services to these customers until the accounts are brought current.

Current Status: The total of utility accounts with balances outstanding for more than ninety days at September 30, 2001 was \$17,312. Only \$429 was written off as uncollectible during 2001. Delinquent accounts are closely monitored, and the procedures adopted in November, 1997 are being followed.

**00-1. General Fixed Assets and Property, Plant and Equipment**

Condition: During 2001, in connection with the completion of an inventory of all property and equipment of the Town, equipment included in the schedule of general fixed assets with a cost of approximately \$14,000 and equipment included in the schedule of utility enterprise fund assets with an original cost of approximately \$55,000 could not be located. These items were probably disposed of in prior years and not removed from the schedules.

Current Status: All listed property and equipment items were located and identified as Town property when the inventory was taken this year.

**TOWN OF MARINGOUIN, LOUISIANA**  
**UTILITY ENTERPRISE FUND**  
*Year Ended September 30, 2001*

**AGED UTILITY ACCOUNTS RECEIVABLE**

0 - 30	30 - 60	60 - 90	Over 90	Total
\$ 38,937	\$ 18,369	\$ 4,786	\$ 17,312	\$ 79,404

**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

**SCHEDULE OF SEWER RATES**

Residential  
 \$9.00 Base rate  
 \$0.155 per each 100 gallon unit

Commercial  
 \$14.00 Base rate  
 \$0.155 per each 100 gallon unit

**TOWN OF MARINGOUIN, LOUISIANA**  
**UTILITY ENTERPRISE FUND**  
*Year Ended September 30, 2001*

**NUMBER OF UTILITY CUSTOMERS**

Residential water inside municipality	423
Residential water outside municipality	635
Commercial water	34
Commercial water tax-exempt	5
Water for schools	2
Residential gas	557
Commercial gas	5
Residential sewer	215
Commercial sewer	9
	<u>1,885</u>

**TOWN OF MARINGOUIN, LOUISIANA**  
**SCHEDULE OF INSURANCE**  
*Year ended September 30, 2001*

<u>Policy #</u>	<u>Company</u>	<u>Policy Period</u>	<u>Policy Type/Coverage</u>
YN 01540	Lloyd's, London/ Bouanchaud Insurance Agency	10/31/00 - 10/31/01	Commercial Package \$338,000 building, \$1,000 deductible \$113,440 mobile equipment, \$500 deductible under \$10,000 and \$1,000 deductible for \$10,000 or greater
LB500-880701 Group 68	LA Municipal Risk Management Agency	05/01/01 - 05/01/04	Automobile Liability \$500,000 limit, no deductible Commercial General Liability \$500,000 premises/operations, no deductible \$500,000 aggregate Medical Payments \$1,000 per person/\$10,000 per accident Fire Liability - \$50,000 per occurrence 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	02/08/01 - 02/08/02	Bond - Public Employees/Officers scheduled by position \$5,000 - \$30,000 liability
68363019	Western Surety Company/ Iberville Trust & Savings Bank	05/05/01 - 05/05/02	Bond - Public Employee \$330,000 penalty limit

## **CORRECTIVE ACTION PLAN**



# TOWN OF MARINGOUIN

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

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

February 21, 2002

U. S. Department of Agriculture

The Town of Maringouin, Louisiana respectfully submits the following corrective action plan for the year ended September 30, 2001.

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, 2001

The findings from the 2001 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

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

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.

Action Taken: While the Town Clerk authorizes credits on utility accounts, she only collects cash when the assistant clerk is out of the office. These credits, as well as, utility accounts receivable and cash accounts are monitored on a monthly basis by the Mayor, the Treasurer, and the Board of Aldermen. It would not be cost effective to hire an additional employee to separate these small tasks.

### 01-1. Supporting Documentation

Condition: The Town could not provide supporting documentation for general ledger entries selected by the auditor for examination totaling \$10,755 for the General Fund, \$9,246 for the Special Revenue Fund, and \$7,776 for the Utility Fund.

Action Taken: The new Town Clerk is aware that proper documentation is required for all disbursements and has implemented procedures to ensure that adequate supporting documentation is maintained.

01-2. Unsecured Deposits

Condition: Collected deposits for the Town's bank accounts exceeded the amount of securities pledged by its fiscal agency bank after consideration of the FDIC limit.

Action Taken: In December, 2001, the Town was notified by its fiscal agency bank that additional securities were pledged to meet the statute's requirement.

01-3. Required Sinking Fund

Condition: The required sinking fund for the Certificates of Indebtedness, Series 2001 was not established and the required deposits were not made.

Action Taken: The first interest payment for these certificates was made on time, and funds are available to pay for the next interest and principal payment due in May. The sinking fund will be set up, and the required monthly deposits will be made in the future.

FINDINGS – FEDERAL AWARD PROGRAM AUDIT

U. S. Department of Agriculture, Water and Waste Disposal System Grant

01-4. Supporting Documentation

Condition: The Town could not provide original documents showing all the required approvals for four entries in the Sewer Improvement Construction-in-Progress general ledger account totaling \$175,584. Copies of these invoices were on file, but were made before all the proper approvals were obtained.

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