

**TOWN OF MOORINGSPORT, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2006**

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 2-28-07

**TOWN OF MOORINGSPORT, LOUISIANA**  
 Financial Statements  
 and Accountant's Reports  
 As of and for the Year Ended June 30, 2006

Table of Contents

	<u>Page</u>
<b>Independent Accountant's Report</b> .....	1
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis .....	2-8
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets .....	9
Statement of Activities .....	10
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet – Governmental Fund .....	11
Reconciliation of Fund Balance on the Balance Sheet for Governmental Fund to Net Assets of Governmental Activities on the Statement of Net Assets .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities .....	14
Proprietary Fund:	
Statement of Net Assets .....	15
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	16
Statement of Cash Flows .....	17
Notes to the Financial Statements .....	18-29
<b>Required Supplementary Information – Part II</b>	
Budgetary Comparison Schedule – General Fund .....	30
Notes to Budgetary Comparison Schedule .....	31

Table of Contents (Continued)

**Other Supplementary Information:**

Schedule of Mayor and Aldermen's Compensation ..... 32

**Accountant's Attestation Report:**

Independent Accountant's Report on Applying Agreed-Upon Procedures ..... 33-35

**Findings:**

Schedule of Findings and Questioned Costs ..... 36-43

Summary Schedule of Prior Findings ..... 44

Management's Corrective Action Plan ..... 45-46

**Louisiana Attestation Questionnaire ..... 47-48**

**INDEPENDENT ACCOUNTANT'S REPORT**

# WILLIAM E. WEATHERFORD, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Lynn Porter, Mayor,  
and the Town Council  
Town of Mooringsport, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mooringsport, Louisiana, as of and for the year ended June 30, 2006 which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. All information included in these financial statements is the responsibility of the management of the Town of Mooringsport, Louisiana.

A review consists principally of inquiries of the Town's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated January 31, 2007, on the results of our agreed-upon procedures.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 30 through 31 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

My review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I am not aware of any material modifications that should be made thereto.

*William E. Weatherford, CPA, LLC*

William E. Weatherford, CPA, LLC  
Certified Public Accountant  
Shreveport, Louisiana  
January 31, 2007

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**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

# TOWN OF MOORINGSPOUR LOUISIANA

Box 9  
Mooringsport, Louisiana 71060

LYNN PORTER  
MAYOR

DALE NIX, JR.  
CHIEF OF POLICE

CAROL MARTIN  
CLERK

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Mooringsport, Louisiana's (hereafter referred to as "Town") annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2006. Please read it in conjunction with the Town's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

The Town experienced a decrease in its Net Assets by 1.93% (\$36,256) during the fiscal year ended June 30, 2006. As of June 30, 2006, the assets of the Town exceeded its liabilities by \$1,844,063. Of this amount \$135,360 (7.34%) is reported as "unrestricted net assets" and represents the amount available to be used to meet the Town's ongoing obligations to the citizens of Mooringsport, Louisiana. The net assets of the governmental activities increased by \$13,848 (3.01%), while the net assets of the business-type activities decreased \$50,104 (3.53%).

As of the close of the fiscal year 2006, the Town's governmental fund reported an ending fund balance of \$177,528, an increase of \$20,490 (13.07%).

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) in addition to the basic financial statements. These components are described below:

#### Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Town - the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail.

#### Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists users in assessing the Town's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid. The government-wide financial statements include two statements:

- The *statement of net assets* presents all of the Town's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Town's net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The *statement of activities* presents information showing how the Town's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years. This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

Both of the above financial statements have separate sections for the two different types of Town activities. These activities are:

*Governmental Activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). Most services normally associated with a town fall into this category, including general government, public safety, streets, and sanitation.

*Business-type Activities* – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business activity of the Town consists of the provision of water and sewer service to citizens.

The government-wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. The funds of the Town can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

- *Governmental funds.* Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Town's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental

activities. These reconciliations are presented on the page immediately following each governmental financial statement.

The Town has one governmental fund: the General Fund, which is considered a major fund for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The basic governmental funds financial statements can be found immediately following the government –wide financial statements.

- *Proprietary Funds.* These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The Town has one enterprise fund (Water/Sewer Fund) which is considered a major proprietary fund for presentation purposes.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the funds financial statements.

#### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund as presented in the governmental fund financial statements. Annual budgets are prepared using the cash basis of accounting.

### **FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES**

#### ***Net Assets***

Net assets may serve over time as a useful indicator of the Town's financial position. The Town's combined net assets (governmental and business-type activities) totaled \$1,844,063 and \$ 1,880,319 as of June 30, 2006 and 2005 respectively, a decrease of \$36,256 (1.93%).

As of June 30, 2006, \$1,629,528 (88.37%) of the Town's net assets reflects the Town's investment in capital assets such as land, buildings, equipment, and water and sewer improvements, less any related debt used to acquire those assets that are still outstanding, compared to \$1,686,690 (89.70%) of the Town's net assets as of the close of the prior fiscal year. The Town uses these capital assets to provide services to the citizens of Mooringsport; consequently, these assets are not available for future spending. As of June 30, 2006, the Town had no debt related to its investment in capital assets.

A portion of net assets, \$79,175 (4.29%) as of June 30, 2006 and \$63,160 (3.36%) as of June 30, 2005, is restricted for specific purposes.

The other portion of the Town's net assets, \$135,360 (7.34%) and \$130,469 (6.94%) as of June 30 2006 and 2005 respectively, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors at the discretion of the mayor and council of Mooringsport.

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 183,215	\$ 159,754	\$ 83,172	\$ 78,666	\$ 266,387	\$ 238,420
Capital Assets	296,617	303,529	1,332,911	1,383,161	1,629,528	1,686,690
Total Assets	479,832	463,283	1,416,083	1,461,827	1,895,915	1,925,110
Current and Other Liabilities	5,687	2,986	46,165	44,791	51,852	47,777
<b>Net Assets:</b>						
Invested in Capital Assets - Net of Related Debt	296,617	303,529	1,332,911	1,383,161	1,629,528	1,686,690
Restricted	71,671	63,160	7,504	-	79,175	63,160
Unrestricted	105,857	93,608	29,503	36,861	135,360	130,469
Total Net Assets	\$ 474,145	\$ 460,297	\$ 1,369,918	\$ 1,420,022	\$ 1,844,063	\$ 1,880,319

#### ***Changes in Net Assets***

The Town's net assets decreased by \$36,256 during the year ended June 30, 2006, primarily due to depreciation expense of \$87,858 charged to capital assets.

Approximately 61.81% (\$286,604) of the Town's total revenues was derived through charges for services in 2006 compared to 71.48% (\$283,999) in 2005. During the year ended June 30, 2006, approximately 33.84% (\$156,905) was derived from general revenues including taxes, sale of cemetery plots, and interest compared to 28.52% (\$113,306) during 2005. The Town received \$ 20,200 (4.35%) of its total revenues through program grants and contributions during 2006.

The largest governmental activities expenses were for general government and public safety. In the fiscal years 2006 and 2005, governmental activities expenses exceeded program revenues resulting in the use of general revenues, mostly taxes, of \$119,377 and \$144,441, respectively. Net expenses from business-type activities exceeded revenues by \$73,056 in fiscal year 2006 compared to \$36,882 in 2005.

	Governmental		Business-type		Totals	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 75,919	\$ 43,191	\$ 210,685	\$ 240,808	\$ 286,604	\$ 283,999
Operating grants and contribution	-	-	-	-	-	-
Capital grants and contributions	5,200	-	15,000	-	20,200	-
General revenues:						
Taxes	131,297	94,516	-	-	131,297	94,516
Interest	3,806	-	728	-	4,534	-
Other	21,074	18,790	-	-	21,074	18,790
Total Revenues	<u>237,296</u>	<u>156,497</u>	<u>226,413</u>	<u>240,808</u>	<u>463,709</u>	<u>397,305</u>
<b>Expenses:</b>						
General government	125,513	107,008	-	-	125,513	107,008
Public safety	39,521	33,870	-	-	39,521	33,870
Streets	4,460	3,563	-	-	4,460	3,563
Sanitation	31,002	-	-	-	31,002	-
Water and sewer	-	-	299,469	277,690	299,469	277,690
Total expenses	<u>200,496</u>	<u>144,441</u>	<u>299,469</u>	<u>277,690</u>	<u>499,965</u>	<u>422,131</u>
<b>Increase (decrease) in net assets before transfers</b>						
transfers	36,800	12,056	(73,056)	(36,882)	(36,256)	(24,826)
Transfers	(22,952)	(60,866)	22,952	60,866	-	-
Change in net assets	13,848	(48,810)	(50,104)	23,984	(36,256)	(24,826)
Net assets - beginning of year	460,297	509,107	1,420,022	1,396,038	1,880,319	1,905,145
Net assets - end of year	<u>\$ 474,145</u>	<u>\$ 460,297</u>	<u>\$ 1,369,918</u>	<u>\$ 1,420,022</u>	<u>\$ 1,844,063</u>	<u>\$ 1,880,319</u>

### FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### *Governmental Fund*

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

As of the end of the current year, the Town's governmental fund, the General Fund, reported an ending fund balance of \$177,528, an increase of \$20,490 (13.07%) compared to the prior year. \$105,857 (59.63%) of the ending governmental fund balance is unreserved and available for spending in the coming year at the discretion of the mayor and town council.

The General Fund is the chief operating fund of the Town. As a measure of the General Fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance as of June 30, 2006, (\$105,857) represents 54.68% of the total General fund expenditures (\$193,583) for the year.

### ***Proprietary Fund***

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town's proprietary fund (Water/Sewer Fund) reported operating expenses of \$299,469 during the year ended June 30, 2006 compared to \$277,690 for the prior year, which was \$88,784 and \$36,882 in excess of its operating revenues of \$210,685 and \$240,808, respectively. During 2006, the Town's proprietary fund also reported a non-operating income of \$15,728 which consisted of a rural development grant in the amount of \$15,000 and interest income of \$728. The proprietary fund reported a decrease of \$50,104 (3.53%) in net assets during the fiscal year ended 2006.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Town complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The Town's budget was amended because:

- Sales and use tax revenues were more than originally budgeted.
- License and permits revenues were more than originally budgeted.
- General government and capital outlay expenditures were more than originally budgeted.

Expenditures were \$29,251 more than the amount originally budgeted.

Revenues available for expenditure were \$27,025 above the final budgeted amounts.

### **CAPITAL ASSET ADMINISTRATION**

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2006 totaled \$3,065,247, net of accumulated depreciation of \$1,435,719, leaving a book value of \$1,629,528. This investment in capital assets consists of land, buildings, equipment, and water and sewer distribution systems and improvements. The net decrease in the Town's investment in capital assets for the current year was \$57,162 about 1.88% in terms of historical cost. Depreciation charges for the year totaled \$87,858 for 2006 compared to \$62,855 for the prior year.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic factors were considered when the budget for the fiscal year ended June 30, 2007, was prepared:

- Revenues are expected to remain relatively consistent with the prior year.
- Salaries expense is expected to increase approximately 20%.
- Insurance expense is expected to increase approximately 25%.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the finances of the Town and seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Mooringsport, P.O. Box 9, Mooringsport, Louisiana 71060 or by calling (318) 996-7661.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWN OF MOORINGSPORT, LOUISIANA**

Statement of Net Assets  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 74,433	\$ 20,788	\$ 95,221
Investments	98,549	-	98,549
Receivables (net of allowance for uncollectible)	10,233	32,141	42,374
<b>Total current assets</b>	<b>183,215</b>	<b>52,929</b>	<b>236,144</b>
<b>Restricted:</b>			
Cash and cash equivalents	-	9,218	9,218
Investments	-	21,025	21,025
<b>Total restricted assets</b>	<b>-</b>	<b>30,243</b>	<b>30,243</b>
<b>Non-current assets:</b>			
Capital assets (net of accumulated depreciation)	296,617	1,332,911	1,629,528
<b>Total assets</b>	<b>479,832</b>	<b>1,416,083</b>	<b>1,895,915</b>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Current liabilities:</b>			
Accounts payable	3,516	8,418	11,934
Accrued payroll taxes	2,171	-	2,171
<b>Total current liabilities</b>	<b>5,687</b>	<b>8,418</b>	<b>14,105</b>
<b>Payable from restricted assets:</b>			
Customer deposits	-	37,747	37,747
<b>Total liabilities</b>	<b>5,687</b>	<b>46,165</b>	<b>51,852</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	296,617	1,332,911	1,629,528
Restricted for skate park	2,306	-	2,306
Restricted for cemetery	69,365	-	69,365
Restricted for customer deposits	-	7,504	7,504
Unrestricted	105,857	29,503	135,360
<b>Total net assets</b>	<b>\$ 474,145</b>	<b>\$ 1,369,918</b>	<b>\$ 1,844,063</b>

See the accompanying notes and accountant's report.

**TOWN OF MOORINGSPOUT, LOUISIANA**

Statement of Activities  
For the Year Ended June 30, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General government	\$ 125,513	\$ -	\$ 5,200	\$ (120,042)	\$ -	\$ (120,042)
Public safety	39,521	41,061	-	1,540	-	1,540
Streets	4,460	-	-	(4,460)	-	(4,460)
Sanitation	31,002	34,587	-	3,585	-	3,585
Total governmental activities	200,496	75,919	5,200	(119,377)	-	(119,377)
<b>Business-type activities:</b>						
Water and sewer	299,469	210,685	15,000	-	(73,784)	(73,784)
Total Primary Government	\$ 499,965	\$ 286,604	\$ 20,200	(119,377)	(73,784)	(193,161)
<b>General Revenues:</b>						
<b>Taxes-</b>						
Property taxes levied for general purposes				15,607	-	15,607
Sales and use taxes levied for general purposes				66,287	-	66,287
Franchise taxes				16,644	-	16,644
Occupational license taxes				32,759	-	32,759
Interest and investment earnings				3,806	728	4,534
Sale of cemetery plots held for resale				11,050	-	11,050
Miscellaneous				10,024	-	10,024
Transfers				(22,952)	22,952	-
<b>Total general revenues and transfers</b>				133,225	23,680	156,905
<b>Change in net assets</b>				13,848	(50,104)	(36,256)
<b>Net assets- beginning of year</b>				460,297	1,420,022	1,880,319
<b>Net assets - end of year</b>				\$ 474,145	\$ 1,369,918	\$ 1,844,063

See the accompanying notes and accountant's report.

**FUND FINANCIAL STATEMENTS**

**TOWN OF MOORINGSPORT, LOUISIANA**

Balance Sheet – Governmental Fund  
June 30, 2006

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	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 74,433
Investments	98,549
Accounts receivable	<u>10,233</u>
Total assets	<u>\$ 183,215</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>Liabilities</u>	
Accounts payable	\$ 3,516
Accrued payroll liabilities	<u>2,171</u>
Total liabilities	<u>5,687</u>
 <u>Fund Balance</u>	
Reserved for skate park	2,306
Reserved for cemetery	69,365
Unreserved - undesignated	<u>105,857</u>
Total fund equity	<u>177,528</u>
Total liabilities and fund balance	<u>\$ 183,215</u>

See the accompanying notes and accountant's report.

**TOWN OF MOORINGSPORT, LOUISIANA**

**Reconciliation of Fund Balance on the Balance Sheet  
For Governmental Fund to Net Assets of  
Governmental Activities on the Statement of Net Assets  
June 30, 2006**

---

Fund Balance - total governmental fund		\$ 177,528
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:		
Add - capital assets	\$ 537,950	
Deduct - accumulated depreciation	<u>(241,333)</u>	
		<u>296,617</u>
Net assets of governmental activities		<u>\$ 474,145</u>

See the accompanying notes and accountant's report.

**TOWN OF MOORINGSPORT, LOUISIANA**

**Statement of Revenues, Expenditures, and Changes  
In Fund Balance – Governmental Fund  
For the Year Ended June 30, 2006**

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	<u>General Fund</u>
Revenues:	
Taxes:	
Ad valorem	\$ 15,607
Sales and use	66,287
Franchise	16,644
Licenses and permits	32,759
Garbage collection fees	34,587
Fines and forfeitures	41,061
Interest	3,806
Servitude	600
Contributions	5,200
Miscellaneous	9,694
Total revenues	<u>226,245</u>
Expenditures:	
Current:	
General government	114,905
Public safety	37,925
Streets	4,460
Sanitation	31,002
Capital outlays	5,291
Total expenditures	<u>193,583</u>
Excess of Revenues Over Expenditures	<u>32,662</u>
Other financing sources (uses):	
Sale of cemetery plots held for resale	11,050
Transfers to other funds	<u>(22,952)</u>
Total other financing sources (uses)	<u>(11,902)</u>
Net Change in Fund Balance	20,760
Fund Balance - beginning of year	<u>156,768</u>
Fund Balance - at end of year	<u><u>\$ 177,528</u></u>

See the accompanying notes and accountant's report.

**TOWN OF MOORINGSPORT, LOUISIANA**

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balance of  
Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2006**

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Net Change in fund balance - governmental fund	\$ 20,490
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$12,204) exceeds capital outlays (\$5,291) in the current period.	(6,913)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds	<u>271</u>
Change in net assets - statement of activities	<u><u>\$ 13,848</u></u>

See the accompanying notes and accountant's report.

TOWN OF MOORINGSPORT, LOUISIANA

Statement of Net Assets  
Proprietary Fund  
June 30, 2006

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<u>Assets</u>	<u>Water/Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 20,788
Receivables (net of allowance for uncollectible)	<u>32,141</u>
Total current assets	<u>52,929</u>
Restricted assets:	
Cash and cash equivalents	9,218
Investments	<u>21,025</u>
Total restricted assets	<u>30,243</u>
Non-current assets:	
Capital assets (net of accumulated depreciation)	<u>1,332,911</u>
Total assets	<u>\$ 1,416,083</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	<u>\$ 8,418</u>
Payable from restricted assets:	
Customer deposits	<u>37,747</u>
Total liabilities	<u>46,165</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	1,332,911
Restricted for customer deposits	7,504
Unrestricted	<u>29,503</u>
Total net assets	<u>\$ 1,369,918</u>

See the accompanying notes and accountant's report.

**TOWN OF MOORINGSPORT, LOUISIANA**

Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2006

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	<u>Water/Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 208,599
Other charges and fees	<u>2,086</u>
Total operating revenues	<u>210,685</u>
Operating Expenses:	
Personnel services	68,884
Utilities	14,719
Repairs and maintenance	69,592
Chemicals	50,162
Other supplies and expenses	10,578
Insurance	9,880
Depreciation	<u>75,654</u>
Total operating expenses	<u>299,469</u>
Operating income (loss)	<u>(88,784)</u>
Non-operating Revenues (Expenses):	
Interest earnings	728
Intergovernmental:	
State funds:	
Rural Development	<u>15,000</u>
Total non-operating revenues	<u>15,728</u>
Loss Before Contributions and Transfers	(73,056)
Transfers from other funds	<u>22,952</u>
Change in Net Assets	(50,104)
Total Net Assets - beginning	<u>1,420,022</u>
Total Net Assets - ending	<u>\$ 1,369,918</u>

See the accompanying notes and accountant's report.

**TOWN OF MOORINGSPORT, LOUISIANA**

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2006

<b>Cash Flows From Operating Activities:</b>		
Receipts from customers and users		\$ 200,236
Payments to suppliers		(162,528)
Payments to employees		(56,928)
Net Cash Used by Operating Activities		<u>(19,220)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Subsidy from state grant		15,000
Transfer from other funds		22,952
Net Cash Provided by Noncapital Financing Activities		<u>37,952</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Cash paid for purchase of fixed assets		(25,404)
Net Cash Used by Capital and Related Financing Activities		<u>(25,404)</u>
<b>Cash Flows From Investing Activities:</b>		
Cash invested in time deposit		(21,025)
Interest received		728
Net Cash Used by Investing Activities		<u>(20,297)</u>
Net Decrease in Cash and Cash Equivalents		(26,969)
Cash and Cash Equivalents, Beginning of Year		56,975
Cash and Cash Equivalents, End of Year		<u>\$ 30,006</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
Provided by Operating Activities		
Operating loss		\$ (88,784)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	\$ 75,654	
Provision for bad debts	1,277	
Increase in accounts receivable	(11,727)	
Increase in customer deposits	3,912	
Increase in accounts payable	448	
Total adjustments	<u>69,564</u>	
Net Cash Provided by Operating Activities		<u>\$ (19,220)</u>
Noncash investing, capital, and financing activities		<u>None</u>
<b>Reconciliation of Cash and Cash Equivalents:</b>		
Cash and cash equivalents		\$ 20,788
Restricted cash and cash equivalents		9,218
Total cash and cash equivalents		<u>\$ 30,006</u>

See the accompanying notes and accountant's report.

## TOWN OF MOORINGSPORT, LOUISIANA

Notes to the Financial Statements  
June 30, 2006

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### Introduction:

The Town of Mooringsport, Louisiana (Town), was incorporated in 1934 under the provisions of the Lawrason Act. The Town is located in the Parish of Caddo.

The Town operates under the Mayor-Board of Aldermen form of government. Elected officials of the Town consist of the mayor, five (5) aldermen, and the chief of police, who are elected to four-year terms. The affairs of the Town are conducted and managed by the mayor and the board of aldermen.

The Town of Mooringsport, Louisiana, complies with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, or issue bonded debt.

### 1. Summary of Significant Accounting Policies:

Following is a summary of certain significant accounting policies:

- A. Reporting Entity - In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town. Additionally, the primary government is required to consider 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. There were no entities that were determined to be component units of the Town of Mooringsport, Louisiana.
- B. Basis of Presentation - The accompanying basic financial statements of the Town have been prepared in conformity with governmental accounting principles generally accepted in the United States of America.

## TOWN OF MOORINGSPORT, LOUISIANA

Notes to the Financial Statements  
June 30, 2006

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### 1. Summary of Significant Accounting Policies (Continued):

- C. **Fund Accounting** – The Town uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

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

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

The funds are grouped into two fund types as described below:

**Governmental Funds:** Governmental funds account for all or most of the Town's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following is the Town's governmental fund:

**General Fund** – The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

The General Fund is considered a major governmental fund of the Town.

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

**Enterprise Fund** – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that 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

## TOWN OF MOORINGSPORT, LOUISIANA

Notes to the Financial Statements  
June 30, 2006

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### 1. Summary of Significant Accounting Policies (Continued):

#### C. Fund Accounting – (Continued)

body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is the Water/Sewer Fund, which is considered a major fund.

#### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

**Governmental Fund Financial Statements** - The amounts reflected in the Governmental Fund Financial Statements are accounted for using the "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Town's operations.

The amounts reflected in the Governmental Fund Financial Statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

Those revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, interest revenue and charges for services. Fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are generally recognized under the modified accrual basis when a liability is incurred. Salaries and related benefits are recorded when employee services are provided to the Town. Capital outlays are reported at the time purchased.

**Proprietary Fund Financial Statements** – The financial statements of the proprietary fund are reported using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

The amounts reflected in the Proprietary Fund Financial Statements use the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

## TOWN OF MOORINGSPORT, LOUISIANA

Notes to the Financial Statements  
June 30, 2006

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### 1. Summary of Significant Accounting Policies (Continued):

#### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund equity is classified as net assets.

#### **Government-wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities include all the financial activities of the Town. Information contained in these statements reflects the "economic resources" measurement focus and the accrual basis of accounting. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues included in the Statement of Activities are (1) derived directly from charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions, and (3) capital grants and contributions. Program revenues reduce the cost of the function to be financed from the Town's general revenues. Taxes and other items not properly included in program revenues are reported instead as general revenues.

- E. Cash and Cash Equivalents and Investments – Cash and cash equivalents include cash on hand, amounts in demand deposits and short term, highly liquid investments with original maturities of 90 days or less when purchased. Investments are interest-bearing time deposits with original maturity dated in excess of 90 days when purchased and government agency securities. Investments are stated at cost, which approximates market value.

A portion of the Town's investments, \$30,000, does not comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP). A nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

**TOWN OF MOORINGSPORT, LOUISIANA**

Notes to the Financial Statements  
June 30, 2006

**1. Summary of Significant Accounting Policies (Continued):**

F. Receivables – In the government-wide financial statement, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include franchise taxes and sales and use taxes. Business-type activities report customer’s water and sewer service charges as its major receivables. Uncollectible amounts due for ad valorem taxes and water and sewer charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

G. Capital Assets – Capital assets which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, lighting, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded at their estimated fair value at the date of donation. The Town maintains the following threshold levels for capitalizing assets:

Land	\$ 1
Land improvements	\$ 1,000
Buildings	\$ 1,000
Machinery and equipment	\$ 1,000
Furniture	\$ 1,000
Infrastructure	\$ 1,000

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

In accordance with GASB Statement 34, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement 34 forward and will not retroactively capitalize infrastructure. The Town does not capitalize historical treasures or works of art.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and other improvements	10-40 years
Equipment, furniture and fixtures	5-20 years
Water and sewer distribution system	10-40 years

H. Compensated Absences – The Town of Mooringsport does not allow leave to be accumulated or carried forward. Therefore no liability for compensated absences has been recorded in the accompanying financial statements.

**TOWN OF MOORINGSPORT, LOUISIANA**

Notes to the Financial Statements  
June 30, 2006

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**1. Summary of Significant Accounting Policies (Continued):**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

- J. Restricted Assets – Restricted assets include cash and cash equivalents and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to customer's utility deposits.

- K. Fund Equity – In the government-wide financial statements equity is classified as net assets and reported in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – Consists of all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

- L. Encumbrances – The Town does not utilize encumbrance accounting. Management does not believe that the use of encumbrance accounting would provide any significant benefit for budgetary purposes.

- M. Ad Valorem Taxes – Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Caddo Parish.

## TOWN OF MOORINGSPORT, LOUISIANA

Notes to the Financial Statements  
June 30, 2006

### 1. Summary of Significant Accounting Policies (Continued):

#### N. Estimates

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

### 2. Cash and Cash Equivalents and Investments:

#### *Cash and Cash Equivalents:*

At June 30, 2006, the Town had cash and cash equivalents (book balances) totaling \$104,439 as follows:

	General Fund	Proprietary Fund	Total
Cash	\$ -	\$ 500	\$ 500
Demand deposits	74,433	29,506	103,939
Total	<u>\$ 74,433</u>	<u>\$ 30,006</u>	<u>\$ 104,439</u>

#### *Investments:*

At June 30, 2006, the Town had investments (book balances) totaling \$119,574 as follows:

	General Fund	Proprietary Fund	Total
Time deposits	\$ 68,549	\$ 21,025	\$ 89,574
Government agencies	30,000	-	30,000
Total	<u>\$ 98,549</u>	<u>\$ 21,025</u>	<u>\$ 119,574</u>

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

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

**TOWN OF MOORINGSPORT, LOUISIANA**

Notes to the Financial Statements  
June 30, 2006

**2. Cash and Cash Equivalents and Investments (Continued):**

The cash equivalents and investments of the Town are subject to the following risks:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, the Town had collected bank balances of \$198,965 which were fully protected by federal depository insurance.

*Interest Rate Risk:* Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair market value of an investment. The Town's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates. The Town's investment in government agencies consists of a Federal Home Loan Mortgage Corporation medium term note dated April 22, 2004 and maturing April 22, 2009. The note is rated AAA/Aaa and is callable at anytime at 100.00. The note bears an interest rate of 3.00% with a maturity value of \$30,000 and a market value of \$28,913 as of June 30, 2006. The Town intends and has the ability to hold the note until maturity.

*Credit Risk:* The Town's investments are intended to comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**3. Property Taxes:**

For the year ended June 30, 2006, taxes of 10.65 mills were levied on property with assessed valuations totaling \$1,483,480 and were dedicated as follows:

General alimony 10.65 mills  
Total ad valorem taxes levied were \$15,799.

**4. Receivables:**

As of June 30, 2006, receivables consisted of the following:

	General Fund	Water/Sewer Fund	Total
Franchise taxes	\$ 3,016	\$ -	\$ 3,016
Sales and use taxes	5,948	-	5,948
Service charges	-	33,418	33,418
Other	1,269	-	1,269
Gross receivables	10,233	33,418	43,651
Less: Allowance for uncollectibles	-	(1,277)	(1,277)
Net total receivables	\$ 10,233	\$ 32,141	\$ 42,374

**TOWN OF MOORINGSPORT, LOUISIANA**

Notes to the Financial Statements  
June 30, 2006

**5. Due From/To Other Funds and Operating Transfers:**

There were no interfund receivables/payables as of June 30, 2006.

In the ordinary course of business, the Town routinely transfers resources between its funds. Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfer In	Transfer Out	Amount
Water/Sewer Fund	General Fund	\$ 22,952

**6. Capital Assets:**

Capital assets and depreciation activity as of and for the year ended June 30, 2006 for the Town is as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 59,269	\$ -	\$ -	\$ 59,269
Capital assets being depreciated:				
Building and structures	297,653	3,539	-	301,192
Equipment, furniture and fixtures	175,737	1,752	-	177,489
Total capital assets being depreciated	473,390	5,291	-	478,681
Less accumulated depreciation for:				
Building and structures	62,190	8,050	-	70,240
Equipment, furniture and fixtures	166,939	4,154	-	171,093
Total accumulated depreciation	229,129	12,204	-	241,333
Total capital assets being depreciated, net	244,261	(6,913)	-	237,348
Total capital assets, net	\$ 303,530	\$ (6,913)	-	\$ 296,617

**TOWN OF MOORINGSPORT, LOUISIANA**

Notes to the Financial Statements  
June 30, 2006

**6. Capital Assets (Continued):**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,307	\$ -	\$ -	\$ 5,307
Capital assets being depreciated:				
Buildings and other improvements	43,116			
Distribution system	2,446,230	24,371	-	2,470,601
Equipment, furniture and fixtures	50,356	1,033	-	51,389
Total capital assets being depreciated	2,496,586	25,404	-	2,521,990
Less accumulated depreciation for:				
Buildings and other improvements	7,433	1,869	-	9,302
Distribution system	1,077,680	69,121	-	1,146,801
Equipment, furniture and fixtures	33,619	4,664	-	38,283
Total accumulated depreciation	1,118,732	75,654	-	1,194,386
Total capital assets being depreciated, net	1,377,854	(50,250)	-	1,327,604
Total capital assets, net	\$ 1,383,161	\$ (50,250)	\$ -	\$ 1,332,911

Depreciation expense of \$12,204 for the year ended June 30, 2006 was charged to the following governmental functions:

General government	\$ 10,608
Public safety	1,596

**8. Flow of Funds; Restrictions on use – Sales Taxes:**

The Town collects a one percent (1%) sales and use tax. The proceeds of this tax, after deducting costs of collection and administration, are dedicated to construction, acquiring, extending, improving and/or maintaining drainage facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department, including the purchase of equipment thereof, or for any one or more said purposes, title to which improvements shall be in the public.

## TOWN OF MOORINGSPORT, LOUISIANA

Notes to the Financial Statements  
June 30, 2006

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### 10. Retirement Systems

#### **Municipal Employees Retirement System of Louisiana (System):**

##### A. Plan Description

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the Town is a member of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from Town funds and all elected Town officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

##### B. Funding Policy

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current employer rate is 16.00% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Mooringsport are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan A for the years ending December 31, 2006, 2005 and 2004 were \$2,924, \$3,690 and \$2,706, respectively, equal to the required contributions for each year.

### 11. Commitments and Contingencies:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

The Town is named as defendant in various current and pending litigation. Management has asserted that any possible losses arising from these claims will be immaterial to the financial position of the Town.

## TOWN OF MOORINGSPORT, LOUISIANA

Notes to the Financial Statements  
June 30, 2006

---

### 12. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2006.

### 13. Subsequent Events:

#### **Transfer of the Town of Mooringsport Water System**

On November 9, 2006, the Town of Mooringsport signed a letter of commitment for the Town of Blanchard to acquire most of the water system owned and operated by the Town of Mooringsport. The acquisition is subject to certain conditions and to the preparation, negotiation and execution of more definitive contracts, bills of sale and conveyances but the letter is intended to serve as an outline of the agreement.

The Town of Blanchard has agreed to acquire the security deposits by the customers of the system, all distribution lines and other means of delivery of water to the customers of the system, all installed and uninstalled meters, and any and all rights of way, servitude, or other interests in immovable property that are related to the system in exchange for its agreement to accept responsibility for delivering water to the customers. The Town of Mooringsport will retain the water treatment plant site and any equipment located on the site.

The closing of the acquisition is conditioned upon the arrangement of financing acceptable to the Town of Blanchard for funding expansion to the Town of Blanchard's water treatment plant and one or more water lines to be extended to provide service to Mooringsport.

#### **Hazardous Chemical Spill**

On September 22, 2006, approximately 150 gallons of caustic soda solution (sodium hydroxide 50%) was released at the water department (Lake Street). The Town contracted cleanup of the hazardous material at a cost of \$10,230.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**TOWN OF MOORINGSPORT, LOUISIANA**

**Budgetary Comparison Schedule- General Fund  
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		
				Actual on Budgetary Total		
<b>Revenues:</b>						
<b>Taxes:</b>						
Ad valorem	\$ 15,100	\$ 15,395	\$ 15,607	\$ -	\$ 15,607	\$ 212
Sales and use	33,000	58,000	66,287	(2,431)	63,856	5,856
Franchise	12,000	16,340	16,644	(305)	16,339	(1)
Licenses and permits	20,350	26,630	32,759	-	32,759	6,129
Garbage collection fees	32,000	33,686	34,587	(1,606)	32,981	(705)
Fines and forfeitures	41,000	41,000	41,061	(101)	40,960	(40)
Interest	-	-	3,806	(1,284)	2,522	2,522
Servitude	1,200	600	600	-	600	-
Contributions	-	-	5,200	-	5,200	5,200
Miscellaneous	2,500	1,572	9,424	-	9,424	7,852
<b>Total revenues</b>	<b>157,150</b>	<b>193,223</b>	<b>225,975</b>	<b>(5,727)</b>	<b>220,248</b>	<b>27,025</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	79,430	92,700	114,905	(1,073)	113,832	(21,132)
Public safety	50,740	36,502	37,925	(450)	37,475	(973)
Streets	3,000	3,000	4,460	(159)	4,301	(1,301)
Sanitation	29,300	30,435	31,002	(180)	30,822	(387)
<b>Capital outlays</b>	<b>-</b>	<b>-</b>	<b>5,291</b>	<b>-</b>	<b>5,291</b>	<b>(5,291)</b>
<b>Total expenditures</b>	<b>162,470</b>	<b>162,637</b>	<b>193,583</b>	<b>(1,862)</b>	<b>191,721</b>	<b>(29,084)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(5,320)</b>	<b>30,586</b>	<b>32,392</b>	<b>(3,865)</b>	<b>28,527</b>	<b>(2,059)</b>
<b>Other financing sources (uses):</b>						
Sale of cemetery plots held for resale	-	-	11,050	-	11,050	11,050
Transfers to other funds	-	-	(22,952)	-	(22,952)	(22,952)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(11,902)</b>	<b>-</b>	<b>(11,902)</b>	<b>(11,902)</b>
<b>Net Change in Fund Balance</b>	<b>(5,320)</b>	<b>30,586</b>	<b>20,490</b>	<b>(3,865)</b>	<b>16,625</b>	<b>(13,961)</b>
<b>Fund Balance - beginning of year</b>	<b>156,768</b>	<b>156,768</b>	<b>156,768</b>	<b>-</b>	<b>156,768</b>	<b>-</b>
<b>Fund Balance - at end of year</b>	<b>\$ 151,448</b>	<b>\$ 187,354</b>	<b>\$ 177,258</b>	<b>\$ (3,865)</b>	<b>\$ 173,393</b>	<b>\$ (13,961)</b>

See the accompanying notes and accountant's report.

## TOWN OF MOORINGSPOUT, LOUISIANA

### Notes to Budgetary Comparison Schedule June 30, 2006

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The proposed budget for the June 30, 2006, fiscal year was made available for public inspection at the office of the mayor in the Town Hall of Mooringsport on May 12, 2005. The proposed budget is prepared using the cash basis of accounting was formally adopted by ordinance on June 9, 2006.

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

1. The Mayor prepares a proposed budget and submits it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an enabling ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. The budgetary information presented in these financial statements is as so amended. Management may amend the budget only below the department level.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

Through the budget, the Town allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Town's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Town's performance.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year end. The budget was amended on May 11, 2006 for the year ended June 30, 2006.

The Budgetary Comparison Schedule presents comparisons of the original and final legally adopted budget with the actual data.

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF MOORINGSPORT, LOUISIANA**

**Schedule of Mayor and Aldermen's Compensation  
For the Year Ended June 30, 2006**

During the year ended June 30, 2006, the following amounts were paid to the Mayor and Town Aldermen:

	<u>Salary</u>	<u>Per diem</u>	<u>Court Attendance</u>	<u>Total</u>
Lynn Porter - Mayor	\$ 3,600	\$ -	\$ 225	\$ 3,825
Edward E. Brown	-	100	-	100
Cathy B. Cogley	-	600	-	600
Bob Guth	-	600	25	625
Larry P. Klepac	-	500	-	500
Billie P. Nix	-	600	-	600
Gloria Sims	-	600	-	600
Total	<u>\$ 3,600</u>	<u>\$ 3,000</u>	<u>\$ 250</u>	<u>\$ 6,850</u>

Supplementary information.  
See accountant's report.

**ACCOUNTANT'S ATTESTATION REPORT**

# WILLIAM E. WEATHERFORD, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Lynn Porter, Mayor,  
and the Town Council  
Town of Mooringsport, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Town of Mooringsport, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Mooringsport's compliance with certain laws and regulations during the year ended June 30, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

### *Public Bid Law*

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

One expenditure exceeding \$20,000 (to remove old sewerage station components and install new equipment at a cost of \$24,371) was made by the Town during the year ended June 30, 2006. Management was unable to provide documentation to support the assertion that the expenditure had been properly advertised and accepted in accordance with the provisions of the public bid law.

### *Code of Ethics for Public Officials and Public Employees*

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management, agreed-upon procedure (3), appeared on the list provided by management in agreed-upon procedure (2).

POST OFFICE BOX 5946, SHREVEPORT, LA 71135  
PHONE: 318-798-1978 FAX: 318-798-1917

### *Budgeting*

5. Obtain a copy of the legally adopted budget and all amendments.

I obtained a copy of the legally adopted budget and all amendments.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on June 9, 2005. The budget was amended on May 11, 2006.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual expenditures for the General Fund were 17.88% in excess of the final budgeted amounts for the year.

### *Accounting and Reporting*

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee,

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account, and

Five of the payments were properly coded to the correct fund and general ledger account. One payment (check number 2428) was not coded to the proper general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated that no approvals were obtained prior to the disbursement of funds.

### *Meetings*

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

I examined public notices and agendas which management asserts were posted in a timely fashion.

### *Debt*

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

I examined the bank deposits made during 2006. I noted no deposits which appear to be proceeds from loans, bonds or other indebtedness. Inquiries of management disclosed that the Town had no indebtedness as of June 30, 2006.

### *Advances and Bonuses*

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

I examined the payroll records and minutes. I noted a payment for past holidays worked by an employee in the amount of \$4,958.38. The Town asserts that the payment was approved by legal counsel and provided Attorney General Opinions upon which their conclusion is based.

The audit report for the prior fiscal year included one finding related to lack of segregation of duties. This finding has not been resolved as of June 30, 2006 and is reported in the accompanying Schedule of Prior Year Findings.

While conducting these agreed-upon procedures, I became aware of other matters relating to internal control and compliance with laws and regulations which are reported in the accompanying Schedule of Findings

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Mooringsport, Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William E. Weatherford, CPA, LLC*

William E. Weatherford, CPA, LLC  
Certified Public Accountant  
Shreveport, Louisiana  
January 31, 2007

**TOWN OF MOORINGSPORT, LOUISIANA**

Schedule of Findings and Questioned Costs  
June 30, 2006

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**FINDINGS RELATED TO INTERNAL CONTROL**

**Item: 06-1**

**Criteria or specific requirement:**

Effective internal control requires a proper segregation of incompatible duties.

**Condition:**

The town clerk performs substantially all significant accounting functions. These duties include, but are not limited to, collecting payments for services, making deposits, paying bills, and updating the general ledger for both receipts and disbursements, posting utility billings and collections to the subsidiary customer records, preparing and mailing utility bills, making adjusting entries to the financial records, etc.

**Questioned costs:**

None

**Context:**

Town employees are performing incompatible accounting duties without appropriate mitigating procedures being performed.

**Effect:**

Without a proper segregation of duties, errors or fraud could occur and not be detected, increasing the risk of loss or theft of assets.

**Cause:**

The Town's management feels that hiring additional personnel is not economically feasible.

**Recommendation:**

The Town should consider hiring a consultant to closely review the Town's operations and recommend procedures that can be performed by the mayor and councilmen to mitigate the risk resulting from this material internal control weakness.

**Item: 06-2**

**Criteria or specific requirement:**

The Town should closely monitor its cash deposits and investments.

**Condition:**

As of June 30, 2006, the Town's financial statements reported a time deposit in the amount of \$1,000. Upon inquiry, it was discovered that this deposit had been withdrawn from the financial institution.

**TOWN OF MOORINGSPORT, LOUISIANA**

**Schedule of Findings and Questioned Costs  
June 30, 2006**

---

**Questioned costs:**

\$1,000.

**Context:**

Town management is unable to provide documentation of the disposition of this certificate of deposit.

**Effect:**

Town assets are not adequately protected from loss or theft.

**Cause:**

Unknown

**Recommendation:**

The town clerk should reconcile each account to records provided by the related financial institution on a periodic (monthly if possible) basis. Any discrepancies between the Town's and the bank's records should be immediately investigated and resolved.

**Item: 06-3**

**Criteria or specific requirement:**

Documentation supporting disbursements made by the Town should be reviewed and approved prior to payment.

**Condition:**

None of the documentation supporting the disbursements selected for testing indicated that the expenditures had been reviewed or approved by an authorized individual(s) prior to payment.

**Questioned costs:**

None.

**Context:**

Documentation supporting expenditures is not initialed to indicate approval prior to payment.

**Effect:**

Payment of unauthorized charges may be made by Town employees.

**Cause:**

Unknown

## TOWN OF MOORINGSPORT, LOUISIANA

### Schedule of Findings and Questioned Costs June 30, 2006

---

#### **Recommendation:**

The mayor should closely review the supporting documentation for all expenditures. After review, the mayor should initial and date the supporting documentation to indicate approval for payment. The town clerk should provide a listing of all approved invoices to the Town Council for their review and approval prior to preparation of the disbursement checks. This list should be initialed by each councilman to indicate that he has reviewed the disbursements. The town clerk should not prepare a disbursement check for any expenditure that is not supported by properly approved supporting documentation.

**Item: 06-4**

#### **Criteria or specific requirement:**

All assets of the Town should be accurately reflected in the financial statements.

#### **Condition:**

The Town has provided \$500 of cash to provide change for customers paying their utility bills. This money is kept in a change drawer for the Water/Sewer Fund but is not included in the Town's financial records.

#### **Questioned costs:**

None.

#### **Context:**

\$500 of the assets of the Town is not properly reflected in the accounting records.

#### **Effect:**

Town assets are not properly protected from loss or theft.

#### **Cause:**

Unknown

#### **Recommendation:**

The cash in the change drawer should be recorded in the Town's financial records. The cash drawer should be reconciled at the close of business each day to the impress amount of \$500. Any cash shortage or overage should be reported as an expense or revenue in the financial records of the Town.

**Item: 06-5**

#### **Criteria or specific requirement:**

The customer transactions in the Water/Sewer Fund (Utility Fund) should be supported by detailed reports.

**TOWN OF MOORINGSPORT, LOUISIANA**

**Schedule of Findings and Questioned Costs  
June 30, 2006**

---

**Condition:**

The Town does not print and retain sufficient supporting reports to provide a clear audit trail of utility transactions.

**Questioned costs:**

None.

**Context:**

The Town does not print and retain crucial reports necessary to support utility transactions. Furthermore, the town clerk does not prepare a reconciliation of monthly customer billings and payments to bank deposits and the net change in customer accounts receivable.

**Effect:**

Town assets are not properly protected from loss or theft.

**Cause:**

Unknown

**Recommendation:**

The town clerk should review the menu of reports available on the utility billing software. The clerk should print and retain crucial reports, including but not limited to, the Master Billing Report, Penalty Report, Master Activity Report, and Customer Balances Report. These reports should be used to prepare a monthly reconciliation of the billings and collections to the amount deposited in the related bank accounts and the net change in customer balances (accounts receivable). The reconciliation should be presented to the mayor each month for review and approval. After reviewing the report, the mayor should indicate approval by initialing and dating the reconciliation.

**FINDINGS RELATED TO COMPLIANCE**

**Item: 06-6**

**Criteria or specific requirement:**

Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a) requires "audits shall be completed within six months of the close of the entity's fiscal year".

**Condition:**

The Town's annual financial review was not completed and filed with the Louisiana Legislative Auditor on or before December 31, 2006.

**Questioned costs:**

None

**TOWN OF MOORINGSPORT, LOUISIANA**

**Schedule of Findings and Questioned Costs  
June 30, 2006**

---

**Context:**

The Town filed its annual financial statements with the Louisiana Legislative Auditor over one month after the statutory due date.

**Effect:**

The Town is in non-compliance with Louisiana Revised Statute 24:513(A) (5) (a).

**Cause:**

The 2006 financial records were in poor condition and required numerous adjustments. Management had not posted prior year audit adjustments to the Town's financial records and several entries during the year were made in error.

**Recommendation:**

The Town should consider hiring an external consultant to ensure the Town's compliance with the requirements of governmental accounting and to provide timely and accurate (monthly and annual) financial information to internal and external users.

**Item: 06-7**

**Criteria or specific requirement:**

Louisiana Revised Statute (LSA-R.S.) 39:1311 requires the chief executive or administrative officer of the Town to advise the Town Council in writing when:

1. Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
2. Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
3. Actual beginning fund balance, within a fund, fails to meet estimated fund balance by five percent or more and fund balance is being used to fund current year expenditures

Louisiana Revised Statute (LSA-R.S.) 39:1310 requires the governing authority (Town) to adopt a budget amendment in an open meeting when it receives notification pursuant to R.S. 39:1311.

**Condition:**

The total actual expenditures and other uses within the General Fund exceeded total budgeted expenditures and other uses by five percent or more.

**Questioned costs:**

None

**TOWN OF MOORINGSPORT, LOUISIANA**

**Schedule of Findings and Questioned Costs  
June 30, 2006**

---

**Context:**

Accurate actual financial information was not available in a timely manner to the chief executive or administrative officer of the Town of Mooringsport, Louisiana during the year ended December 31, 2006.

**Effect:**

The Town was unable to properly monitor budgetary activity and amend the budget of the General Fund as required by Louisiana Revised Statute (LSA-R.S.) 39:1310.

**Cause:**

The Town is unable to provide accurate monthly financial information to management in a timely manner.

**Recommendation:**

The Town of Mooringsport should consider hiring an external consultant to ensure the Town's compliance with the requirements of governmental accounting and to provide timely and accurate (monthly and annual) financial information to internal and external users.

**Item: 06-8**

**Criteria or specific requirement:**

Louisiana Revised Statute 33:2955 allows political subdivisions to invest in time certificates of deposit in any bank domiciled or having a branch office in the State of Louisiana.

**Condition:**

As of June 30, 2006, the Town had a total of \$30,000 invested in time certificates of deposit in banks that were neither domiciled nor having a branch office in the State of Louisiana.

**Questioned costs:**

None

**Context:**

The town is not in compliance with Louisiana Revised Statute 33:2955.

**Effect:**

The Town may be in violation of Louisiana Law.

**Cause:**

Management was not aware of the requirements of Louisiana Revised Statute 33:2955.

**TOWN OF MOORINGSPORT, LOUISIANA**

Schedule of Findings and Questioned Costs  
June 30, 2006

---

**Recommendation:**

The Town should invest excess funds in accordance with the requirements of Louisiana Revised Statute 33:2955.

**Item: 06-9**

**Criteria or specific requirement:**

Article VII, Section 14 of the 1974 Louisiana Constitution states in part 'the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.'

**Condition:**

On January 12, 2006, the Town Council approved paying an employee for past holidays worked. On January 31, 2006 the employee was paid \$4,958 for past holidays worked.

**Questioned costs:**

\$4,958.

**Context:**

The employee is paid a monthly salary. Prior to February 2006, the employee was paid \$2,833 per month. The payment for holidays worked would equal approximately 38 days. No documentation supporting the calculation of this amount was provided for review.

**Effect:**

The Town may not be in compliance with Article VII Section 14 of the 1974 Louisiana Constitution.

**Cause:**

The Town believes that Attorney General Opinion 95-233 allowing the Town of Oberlin to compensate its employees for unused annual leave if due to the exigencies of its employment, the employee is unable to take vacation is applicable to holidays worked by its employees.

**Recommendation:**

The Town should avoid payments to employees that are not fully supported by adequate documentation and that might be considered bonuses. The Town should review unusual payments to employees with legal counsel and obtain a written opinion specifically addressing the payment prior to making an unusual disbursement.

**TOWN OF MOORINGSPORT, LOUISIANA**

**Schedule of Findings and Questioned Costs  
June 30, 2006**

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**Item: 06-10**

**Criteria or specific requirement:**

Louisiana Revised Statute 38:2212.1 A.(1)(a) requires that the purchase of any materials or supplies exceeding twenty thousand dollars to be advertised and let by contract to the lowest responsible bidder.

**Condition:**

On July 12, 2005, the Town paid \$24,371 for the replacement of equipment located at the sewerage lift station on Agurs Street.

**Questioned costs:**

\$24,371

**Context:**

Management was unable to provide documentation that the equipment purchase was properly bid and let to the lowest responsible bidder in accordance with the Louisiana Bid Law.

**Effect:**

The Town may not have obtained the best price for the equipment for the Agurs Street lift station.

**Cause:**

Unknown.

**Recommendation:**

Town management should review and strictly comply with the requirements of Louisiana Revised Statute 38:2212.1 (the Public Bid Law).

**TOWN OF MOORINGPORT, LOUISIANA**

Summary Schedule of Prior Audit Findings  
June 30, 2006

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**PRIOR AUDIT FINDINGS RELATED TO COMPLIANCE**

None

**PRIOR AUDIT FINDINGS RELATED TO INTERNAL CONTROL**

**Item: 2005-1**

**Condition:**

The segregation of duties is inadequate to provide effective control.

**Status:**

Unresolved. See current year finding 06-1.

# TOWN OF MOORINGSPOUR

LOUISIANA

Box 9

Mooringsport, Louisiana 71060

LYNN PORTER  
MAYOR

DALE NIX, JR.  
CHIEF OF POLICE

CAROL MARTIN  
CLERK

February 8, 2007

William E. Weatherford, CPA, LLC  
Shreveport, La.

Re: Fiscal Year Review Findings - Response

Dear Mr. Weatherford,

Item: 06-1.....In April of 2007 the Town Clerk, Carol Martin, will work half a day and we will hire a Water Clerk to work half a day. Even though this will segregate duties somewhat, there will still be some incompatible duties. We cannot afford to hire any more office personnel. We will try to find procedures that can be performed by the mayor and councilmen.

Item: 06-2.....We strongly feel that the \$1,000 was a CD for the old cemetery. We will strive to find documentation to support this. The town clerk reconciles all bank statements on a monthly basis.

Item: 06-3.....The mayor has implemented initialing approval on all invoices prior to payment. At each monthly town council meeting the bills to be paid are available for the council members to review. The monthly minutes will reflect the council's approval to pay the bills as presented.

Item: 06-4.....The \$500 in the Water/Sewer cash drawer will be reflected in the accounting records. The clerk is now reconciling the cash drawer for each deposit made.

Item: 06-5.....We disagree with this finding, but the clerk will take note and print more of The reports available. We do a regular backup so reports can be brought up at any time.

Item: 06-6.....Finding is noted.

Item: 06-7.....The council receives a to-date profit-loss report at each monthly meeting. The

budget is amended at the end of each fiscal year. We cannot afford to hire a consultant.

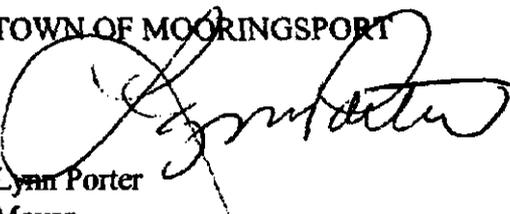
Item: 06-8.....We will make further corrections as the CD's mature.

Item: 06-9.....You have our records, but documentation should be found in the Sales Tax folder for the fiscal year 2005-2006. We figured the holidays correctly. Mr. Toalston worked days. The compensation is not a bonus.

Item: 06-10.....Management feels they have adequately explained the circumstances of this expenditure. \$15,000 was from a rural development grant. The remaining \$9,000+ was under \$20,000.

Sincerely,

TOWN OF MOORINGSPOIT



Lynn Porter  
Mayor

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**

October 23, 2006

William E. Weatherford, CPA, LLC  
910 Pierremont Road, Suite 410  
Shreveport, LA 71106

In connection with your review of our financial statements as of June 30, 2006 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of October 23, 2006.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes  No

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes  No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes  No

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes  No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes  No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.  
Yes  No

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.  
Yes  No

**Debt**

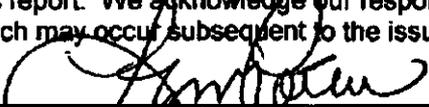
It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.  
Yes  No

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.  
Yes  No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

  
\_\_\_\_\_  
Mayor                      10/23/06                      Date

  
\_\_\_\_\_  
Town Clerk                      10/23/06                      Date