

COPIES  
FILED  
JULY 3 1996  
STATE OF LOUISIANA  
LEGISLATIVE AUDITOR  
OFFICE OF THE  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Town of Maringouin  
Maringouin, Louisiana

July 3, 1996

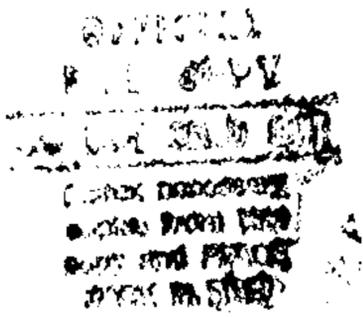


***Financial and Compliance Audit Division***

---

---

***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***



**LEGISLATIVE AUDIT ADVISORY COUNCIL**

**MEMBERS**

**Representative Francis C. Thompson, Chairman**  
**Senator Ronald C. Bean, Vice Chairman**

**Senator Robert J. Barham**  
**Senator Wilson E. Fields**  
**Senator Thomas A. Greene**  
**Senator Craig F. Romero**  
**Representative F. Charles McMains, Jr.**  
**Representative Edwin R. Murray**  
**Representative Warren J. Triche, Jr.**  
**Representative David Vitter**

**LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

**TOWN OF MARINGOUIN**

Maringouin, Louisiana

General Purpose Financial Statements  
and *Independent Auditor's Reports*  
As of and for the Year Ended September 30, 1995  
With Supplemental Information Schedule

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

July 3, 1996

**TOWN OF MARINGOUIN**  
Maringouin, Louisiana

General Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended September 30, 1995  
With Supplemental Information Schedule

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
Independent Auditor's Report on the Financial Statements		3
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	A	5
Governmental Funds:		
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	B	7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	C	8
Proprietary Fund - Public Utility Enterprise Fund:		
Statement of Revenues, Expenses, and Changes in Retained Earnings	D	10
Statement of Revenues, Expenses, and Changes in Retained Earnings - Budget (GAAP Basis) and Actual	E	12
Statement of Cash Flows	F	14
Notes to the Financial Statements		15
	<b>Schedule</b>	<b>Page No.</b>
Supplemental Information Schedule - Schedule of Federal Financial Assistance	1	33

CONTENTS (CONT.)

	Exhibit
Other Reports Required by Government Auditing Standards:	
Independent Auditor's Report on Internal Control Structure Based Solely on an Audit of the General Purpose Financial Statements	A
Independent Auditor's Report on Compliance With Laws and Regulations	B
Reports Required by the Single Audit Act and OMB Circular A-128:	
Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	C
Independent Auditor's Report on Compliance With General Requirements Applicable to Federal Financial Assistance Programs	D
Independent Auditor's Report on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs	E



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

April 16, 1996

Independent Auditor's Report

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Maringouin, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1995. These financial statements are the responsibility of Town of Maringouin, Louisiana, management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Because of the inadequacy of general fixed assets and movable property records, we were unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation in the Proprietary Fund and property and equipment in the General Fixed Assets Account Group are recorded in the accompanying balance sheet at September 30, 1995, stated at \$989,311, net of accumulated depreciation of \$834,983, or the amount of depreciation expense for the year then ended, stated at \$32,510.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had records concerning property and equipment and related accumulated depreciation been adequate, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Maringouin, Louisiana, as of September 30, 1995, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

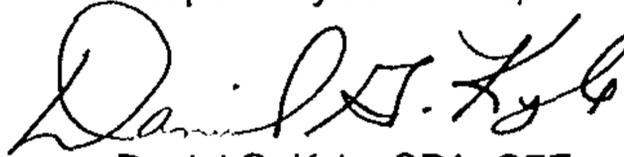
LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Maringouin, Louisiana  
Audit Report, September 30, 1995

We have also issued separate reports dated April 16, 1996, on internal control structure and compliance with laws and regulations, as required by *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DHM:MLD:dl

[MARING]

**TOWN OF MARINGOUIN**  
**Maringouin, Louisiana**  
**ALL FUND TYPES AND ACCOUNT GROUPS**

**Combined Balance Sheet, September 30, 1995**

	GOVERNMENTAL FUND TYPE	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<b>ASSETS AND OTHER DEBITS</b>		
Cash and cash equivalents (note 2)	\$148,614	\$24,334
Accounts receivable (net of allowance for uncollectible accounts) (note 4)	44,823	5,700
Property, plant, and equipment (net of accumulated depreciation where applicable) (note 5)		
Construction in progress (note 5)		
Deferred debt expense		
Amount to be provided from general government resources		
Amount to be provided for retirement of general long-term obligations		
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>\$193,437</u></u>	<u><u>\$30,034</u></u>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>		
Liabilities:		
Accounts payable	\$8,002	\$2,295
Payroll tax and retirement plan withholdings and accruals	7,703	
Sales taxes payable		
Judicial appearance bonds	603	
Customer meter deposits		
Accrued interest		
Loans payable (note 8)		
Revenue bonds payable (note 8)		
Claims payable (note 12)		
Total Liabilities	<u>16,308</u>	<u>2,295</u>
Equity and Other Credits:		
Contributed capital (note 11)		
Investment in general fixed asset group		
Fund balances:		
Reserved (note 11)		10,000
Unreserved	177,129	17,739
Retained earnings:		
Reserved (note 11)		
Unreserved		
Total Equity and Other Credits	<u>177,129</u>	<u>27,739</u>
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u><u>\$193,437</u></u>	<u><u>\$30,034</u></u>

The accompanying notes are an integral part of this statement.

Statement A

PROPRIETARY FUND TYPE - PUBLIC UTILITY ENTERPRISE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
\$133,479			\$306,427
48,523			99,046
340,790	\$648,521		989,311
1,879,669			1,879,669
204			204
		\$60,184	60,184
		161,937	161,937
<u>\$2,402,665</u>	<u>\$648,521</u>	<u>\$222,121</u>	<u>\$3,496,778</u>
\$17,075			\$27,372
			7,703
851			851
			603
30,684			30,684
42,910			42,910
21,000		\$161,937	182,937
1,164,000			1,164,000
		60,184	60,184
<u>1,276,520</u>	<u>NONE</u>	<u>222,121</u>	<u>1,517,244</u>
714,006			714,006
	\$648,521		648,521
			10,000
			194,868
76,817			76,817
335,322			335,322
<u>1,126,145</u>	<u>648,521</u>	<u>NONE</u>	<u>1,979,534</u>
<u>\$2,402,665</u>	<u>\$648,521</u>	<u>\$222,121</u>	<u>\$3,496,778</u>

**This page is intentionally blank.**

**TOWN OF MARINGOUIN**  
**Maringouin, Louisiana**  
**GOVERNMENTAL FUNDS**

**Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended September 30, 1995**

	GENERAL	SPECIAL REVENUE	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Taxes:			
Property and ad valorem	\$9,694		\$9,694
Sales and use	299,904	\$61,772	361,676
Municipal insurance premium	19,790		19,790
Total taxes	<u>329,388</u>	<u>61,772</u>	<u>391,160</u>
License, permit, and franchise fees	<u>50,047</u>	NONE	<u>50,047</u>
Intergovernmental revenue:			
State of Louisiana - tobacco, beer, and video poker revenue	10,046		10,046
Rural assistance		10,000	10,000
Total intergovernmental revenue	<u>10,046</u>	<u>10,000</u>	<u>20,046</u>
Utility service agreement fees	1,430		1,430
Court fines	9,713		9,713
Interest income	1,116		1,116
Other revenue	18,141	351	18,492
Total revenues	<u>419,881</u>	<u>72,123</u>	<u>492,004</u>
<b>EXPENDITURES</b>			
Current:			
General government	145,147		145,147
Public safety:			
Police protection	115,073		115,073
Fire protection		36,779	36,779
Roads and streets	96,283		96,283
Capital outlay	47,522	45,894	93,416
Debt service - principal and interest		26,708	26,708
Grant funds returned		11,778	11,778
Total expenditures	<u>404,025</u>	<u>121,159</u>	<u>525,184</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	15,856	(49,036)	(33,180)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>161,273</u>	<u>76,775</u>	<u>238,048</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$177,129</u>	<u>\$27,739</u>	<u>\$204,868</u>

The accompanying notes are an integral part of this statement.

**TOWN OF MARINGOUIN**  
**Maringouin, Louisiana**  
**GOVERNMENTAL FUNDS**

**Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget  
(GAAP Basis) and Actual  
For the Year Ended September 30, 1995**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes:			
Property and ad valorem	\$9,400	\$9,694	\$294
Sales and use	292,927	299,904	6,977
Municipal insurance premium	16,000	19,790	3,790
Total taxes	<u>318,327</u>	<u>329,388</u>	<u>11,061</u>
License, permit, and franchise fees	<u>49,200</u>	<u>50,047</u>	<u>847</u>
Internal governmental revenue -			
State of Louisiana:			
Tobacco, beer, and video poker revenue	4,000	10,046	6,046
Rural assistance			
Total intergovernmental revenue	<u>4,000</u>	<u>10,046</u>	<u>6,046</u>
Utility service agreement fees	1,200	1,430	230
Court fines	5,000	9,713	4,713
Interest income	2,113	1,116	(997)
Other revenue	12,500	18,141	5,641
Total revenue	<u>392,340</u>	<u>419,881</u>	<u>27,541</u>
<b>EXPENDITURES</b>			
Current:			
General government	162,926	145,147	17,779
Public safety:			
Police	121,130	115,073	6,057
Fire			
Roads and streets	89,750	96,283	(6,533)
Capital outlay	55,000	47,522	7,478
Debt service			
Grant funds returned			
Total expenditures	<u>428,806</u>	<u>404,025</u>	<u>24,781</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(\$36,466)</u>	15,856	<u>\$52,322</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>		<u>161,273</u>	
<b>FUND BALANCES AT END OF YEAR</b>		<u>\$177,129</u>	

The accompanying notes are an integral part of this statement.

Statement C

SPECIAL REVENUE FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
			\$9,400	\$9,694	\$294
\$61,000	\$61,772	\$772	353,927	361,676	7,749
			16,000	19,790	3,790
61,000	61,772	772	379,327	391,160	11,833
NONE	NONE	NONE	49,200	50,047	847
			4,000	10,046	6,046
10,000	10,000		10,000	10,000	
10,000	10,000	NONE	14,000	20,046	6,046
			1,200	1,430	230
			5,000	9,713	4,713
			2,113	1,116	(997)
400	351	(49)	12,900	18,492	5,592
71,400	72,123	723	463,740	492,004	28,264
			162,926	145,147	17,779
			121,130	115,073	6,057
33,525	36,779	(3,254)	33,525	36,779	(3,254)
			89,750	96,283	(6,533)
43,000	45,894	(2,894)	98,000	93,416	4,584
29,136	26,708	2,428	29,136	26,708	2,428
12,000	11,778	222	12,000	11,778	222
117,661	121,159	(3,498)	546,467	525,184	21,283
<u>(\$46,261)</u>	<u>(49,036)</u>	<u>(\$2,775)</u>	<u>(\$82,727)</u>	<u>(33,180)</u>	<u>\$49,547</u>
	76,775			238,048	
	<u>\$27,739</u>			<u>\$204,868</u>	

**This page is intentionally blank.**

TOWN OF MARINGOUIN  
Maringouin, Louisiana  
PROPRIETARY FUND - PUBLIC UTILITY ENTERPRISE FUND

Statement of Revenues, Expenses, and  
Changes in Retained Earnings  
For the Year Ended September 30, 1995

**OPERATING REVENUES**

Gas sales	\$204,307
Water sales	134,225
Sewer user fees	2,499
Utility service connection fees	1,397
Late payment charges	11,141
Interest income	834
Other operating revenue	321
Total operating revenues	<u>354,724</u>

**OPERATING EXPENSES**

Gas purchased	67,416
Salaries and related taxes and benefits	91,623
Depreciation	32,510
Repairs and maintenance of systems and equipment	34,722
Bad debts	1,157
Insurance	10,991
Professional services	27,068
Billing supplies and expense	2,281
Postage	2,207
Utilities	18,144
Telephone	567
Vehicle expense	4,469
Rentals and leases	600
Uniforms	1,195
Dues and other assessments	1,305
Fuel equipment	261
Taxes, licenses, and permits	1,000
Other operating expenses	148
Total operating expenses	<u>297,664</u>

**OPERATING INCOME**57,060**NONOPERATING REVENUE**

Interest income	786
Other nonoperating revenue	3,716
Total nonoperating revenue	<u>4,502</u>

(Continued)

The accompanying notes are an integral part of this statement.

**This page is intentionally blank.**

TOWN OF MARINGOUIN  
Maringouin, Louisiana  
PROPRIETARY FUND - PUBLIC UTILITY ENTERPRISE FUND  
Statement of Revenues, Expenses, and  
Changes in Retained Earnings, 1995

<b>NONOPERATING EXPENSES</b>	
Interest on bond indebtedness	\$42,920
Trustee fees	125
Amortization of deferred debt expense	204
Total nonoperating expenses	<u>43,249</u>
<b>NET INCOME</b>	18,313
<b>(INCREASE) IN RETAINED EARNINGS RESERVED FOR DEBT SERVICE</b>	<u>(48,687)</u>
<b>NET CHANGE IN UNRESERVED RETAINED EARNINGS</b>	(30,374)
<b>RETAINED EARNINGS UNRESERVED AT BEGINNING OF YEAR</b>	<u>365,696</u>
<b>RETAINED EARNINGS UNRESERVED AT END OF YEAR</b>	<u><u>\$335,322</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**This page is intentionally blank.**

TOWN OF MARINGOUIN  
Maringouin, Louisiana  
PROPRIETARY FUND - PUBLIC UTILITY ENTERPRISE FUND

Statement of Revenues, Expenses, and  
Changes in Retained Earnings - Budget  
(GAAP Basis) and Actual  
For the Year Ended September 30, 1995

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OPERATING REVENUES</b>			
Gas sales	\$220,000	\$204,307	(\$15,693)
Water sales	130,000	134,225	4,225
Sewer user fees	2,600	2,499	(101)
Utility service connection fees	600	1,397	797
Late payment charges	10,000	11,141	1,141
Interest income	700	834	134
Other operating revenue		321	321
Total operating revenues	<u>363,900</u>	<u>354,724</u>	<u>(9,176)</u>
<b>OPERATING EXPENSES</b>			
Gas purchased	79,000	67,416	11,584
Salaries and fringe benefits	97,112	91,623	5,489
Depreciation	32,000	32,510	(510)
Repairs and maintenance of systems and equipment	55,000	34,722	20,278
Bad debts	2,500	1,157	1,343
Insurance	10,000	10,991	(991)
Professional services	21,000	27,068	(6,068)
Billing supplies and expense	2,500	2,281	219
Postage	2,750	2,207	543
Utilities	20,000	18,144	1,856
Telephone	1,000	567	433
Vehicle expense	1,500	4,469	(2,969)
Rentals and leases	1,000	600	400
Uniforms	1,500	1,195	305
Dues and other assessments	1,500	1,305	195
Fuel equipment	750	261	489
Taxes, licenses, and permits		1,000	(1,000)
Other operating expenses	710	148	562
Total operating expenses	<u>329,822</u>	<u>297,664</u>	<u>32,158</u>
<b>OPERATING INCOME</b>	<u>34,078</u>	<u>57,060</u>	<u>22,982</u>

(Continued)

The accompanying notes are an integral part of this statement.

This page is intentionally blank.

TOWN OF MARINGOUIN  
Maringouin, Louisiana  
PROPRIETARY FUND - PUBLIC UTILITY ENTERPRISE FUND  
Statement of Revenues, Expenses, and  
Changes in Retained Earnings - Budget  
(GAAP Basis) and Actual, 1995

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>NONOPERATING REVENUE</b>			
Interest income	\$1,400	\$786	(\$614)
Other nonoperating revenue	2,500	3,716	1,216
Total nonoperating revenue	<u>3,900</u>	<u>4,502</u>	<u>602</u>
<b>NONOPERATING EXPENSES</b>			
Interest on bond indebtedness	47,100	42,920	4,180
Trustee fees	150	125	25
Amortization of deferred debt expense	259	204	55
Total nonoperating expenses	<u>47,509</u>	<u>43,249</u>	<u>4,260</u>
<b>NET INCOME</b>	<u>(\$9,531)</u>	18,313	<u>\$27,844</u>
<b>(INCREASE) IN RETAINED EARNINGS RESERVED FOR DEBT SERVICE</b>		<u>(48,687)</u>	
<b>NET CHANGE IN UNRESERVED RETAINED EARNINGS</b>		(30,374)	
<b>RETAINED EARNINGS UNRESERVED AT BEGINNING OF YEAR</b>		<u>365,696</u>	
<b>RETAINED EARNINGS UNRESERVED AT END OF YEAR</b>		<u>\$335,322</u>	

(Concluded)

The accompanying notes are an integral part of this statement.

**TOWN OF MARINGOUIN**  
**Maringouin, Louisiana**  
**PROPRIETARY FUND - PUBLIC UTILITY ENTERPRISE FUND**

**Statement of Cash Flows**  
**For the Year Ended September 30, 1995**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income		\$18,313
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	\$32,510	
Decrease in accounts receivable	5,070	
Increase in accounts payable	(1,576)	
Increase in accrued interest payable	42,890	
Decrease in sales taxes payable	(1,040)	77,854
Net cash provided by operating activities		<u>96,167</u>

**CASH FLOW FROM INVESTING ACTIVITIES**

Gas system additions	(6,501)	
Construction in progress - waterworks and sewer systems	<u>(1,129,507)</u>	
Net cash used in investing activities		(1,136,008)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds of bond issue	1,144,000	
Payment of revenue bond maturities	(19,000)	
Payment on intergovernmental loan	(13,000)	
Contributed capital - grants	714,006	
Drawings on interim construction loan	415,689	
Payments on interim construction loan	(1,144,000)	
Net pay out of customer meter deposits	(3,134)	
Net cash provided by financing activities		<u>1,094,561</u>

**NET INCREASE IN CASH** 54,720

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 78,759

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$133,479

The accompanying notes are an integral part of this statement.

This page is intentionally blank.

**TOWN OF MARINGOUIN  
MARINGOUIN LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended September 30, 1995

**INTRODUCTION**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

As the municipal governing authority, for reporting purposes, the Town of Maringouin is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

**B. REPORTING ENTITY**

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

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits or to impose specific burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization was not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Maringouin. Based on the criteria of GASB Statement No. 14, there are no component units to be included either blended within the town's funds or discretely presented in these financial statements.

### C. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

#### **Governmental Funds**

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

#### **Special Revenue Fund**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The town considers all federal grants and entitlements to be special revenue funds other than those dedicated to capital projects or other purposes within the utility enterprise fund. The town has one special revenue fund for the fire department.

#### **Proprietary Fund**

The proprietary fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The proprietary fund differs from governmental funds in that its focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund includes:

### Public Utility Enterprise Fund

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

#### D. BASIS OF ACCOUNTING

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

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy that falls within the town's fiscal year. Sales taxes are considered measurable and are recognized in the month received by the parish tax collector. Gross receipts of business taxes are recognized when received. State shared revenues such as tobacco, beer, and video poker taxes are recorded in the period collected by the state. Licenses, permits, fines, forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received. Charges for services and investment earnings are recorded when earned since they are measurable and available. Revenues from state and federal grants are recognized when the reimbursable expenditures have been incurred. Special assessments are recognized as revenues only to the extent that individual installments are considered current assets. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

sales taxes, property taxes, gross receipts of business taxes, and certain state shared revenues such as tobacco tax and beer tax.

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

Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

**E. BUDGET PRACTICES**

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

1. The town clerk and mayor prepare a proposed budget and submit it to the Board of Aldermen no later than 15 days before the beginning of each fiscal year.
2. A notice is published to inform the public that the proposed budget is available for public inspection and that a public hearing concerning the budget is to be held.
3. A public hearing is held on the proposed budget at least ten days following publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a budget and appropriation ordinance before the commencement of the fiscal year for which the budget is being adopted.
5. Total departmental expenditures constitute the legal level of budgetary control. That is, budgetary amendments involving the transfer of funds from one department, program or function to another or those involving increases in department expenditures resulting from proposed spending of revenues that exceed amounts estimated require approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

7. Budgets for the General, Special Revenue, and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts presented are as originally adopted or amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriation.

**F. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the town may deposit funds in demand deposit, interest-bearing demand deposits, and money market or time deposit accounts with state banks organized under Louisiana laws and national banks having their principal offices in Louisiana.

Under state law, the town may also invest in U.S. Government bonds, notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all others reported as investments.

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

**G. INVENTORIES**

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

**H. FIXED ASSETS**

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

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized and reported in the general fixed assets account group. Interest costs incurred during construction of general fixed assets are not capitalized. No depreciation has been provided on the general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if historical cost is not available. Public domain or infrastructure assets

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

including roads, bridges, curbs, gutters, streets, sidewalks, drainage, and lighting systems are not capitalized.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Interest and other financing costs incurred during construction of proprietary fund fixed assets are capitalized. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight line method based on estimated useful lives of the assets as follows:

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

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

**I. COMPENSATED ABSENCES**

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

GASB Statement No. 16 requires an accrual for sick leave to the extent it is probable that benefits will be paid in cash upon termination or retirement rather than payments for absences due to illness or other contingency. Sick leave is earned at the rate of one day per month to a maximum of 10 days per year, and no more than 30 days may be accumulated at any time. Policy provides that sick leave is paid only for designated

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

absences and that no payment for accrued sick leave is made upon retirement or termination. Therefore, accrual of the liability for unused sick leave is not required.

**J: LONG-TERM OBLIGATIONS**

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

**K. TOTAL COLUMNS ON COMBINED STATEMENTS**

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

**2. CASH AND CASH EQUIVALENTS**

At September 30, 1995, the town has cash and cash equivalents (book balances) of \$306,427 as follows:

Cash on hand	\$300
Demand deposits	180,812
Interest-bearing demand deposits	93,385
Time deposits	<u>31,930</u>
Total	<u><u>\$306,427</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The bank balance of \$325,212 is secured from risk by \$242,971 (GASB Risk Category 1) of federal deposit insurance and \$82,241 (GASB Risk Category 3) of pledged securities held by the custodial bank in the name of the fiscal agent bank.

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

Although deposits secured by pledged securities are considered uncollateralized in Category 3, LSA-R.S. 39:1229 imposes a statutory requirement on the custodial bank to sell the pledged security for a sufficient amount to cover the deposit and accrued interest to the highest bidder within ten days of notification that the depository bank has failed to pay deposited funds upon demand.

Certain cash and cash equivalent balances of the proprietary fund are restricted in that they comprise reserves that are required to be maintained under various bond indentures. See also Note 8. At September 30, 1995, restricted cash and cash equivalent balances total \$76,817.

**3. PROPERTY TAXES**

The 1974 Louisiana Constitution (Article 7, Section 18) provides that land and improvements for residential purposes be assessed at 10 percent of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15 percent; and public service properties, excluding land, are to be assessed at 25 percent of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LSA-R.S. 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All property taxes are recorded in governmental funds, and as explained in Note 1-D, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are considered available because they are substantially collected by the tax collector within 60 days after the calendar year-end and are therefore available to liquidate liabilities of the current period.

For the fiscal year ended September 30, 1995, taxes of 4.19 mills were levied on property with assessed valuations totaling \$2,348,540 and were dedicated for general municipal purposes.

Total taxes of \$9,840 were levied on November 1, 1994, and were due and payable before December 31, 1994. Uncollected amounts at September 30, 1995, are not considered material.

TOWN OF MARINGOUIN  
 MARINGOUIN, LOUISIANA  
 Notes to the Financial Statements (Continued)

4. RECEIVABLES

Receivables as of September 30, 1995, are scheduled as follows:

	General Fund	Special Revenue Funds	Proprietary Fund	Total
Taxes, licenses, and fees:				
Sales and use tax	\$27,379	\$5,700		\$33,079
Utility franchise fees	14,407			14,407
Intergovernmental:				
Tobacco tax	1,494			1,494
Beer tax	1,493			1,493
Utility billings			\$67,337	67,337
Less allowance for uncollectible accounts			(18,814)	(18,814)
Other	50			50
<b>Total</b>	<b>\$44,823</b>	<b>\$5,700</b>	<b>\$48,523</b>	<b>\$99,046</b>

5. FIXED ASSETS

Changes in general fixed assets for 1995 are as follows:

<u>General Fixed Assets</u>	Balance at Beginning of Year	Additions	Balance at End of Year
Land	\$90,415		\$90,415
Buildings and improvements	338,165	\$58,433	396,598
Equipment	39,851	28,982	68,833
Vehicles	61,068	6,001	67,069
Furniture and fixtures	25,606		25,606
<b>Total</b>	<b>\$555,105</b>	<b>\$93,416</b>	<b>\$648,521</b>

A schedule of proprietary utility fund property, plant and equipment as of September 30, 1995, follows:

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

<u>Proprietary Fund</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Balance at End of Year</u>
Land	\$8,851		\$8,851
Buildings and improvements	51,981		51,981
Gas distribution system	277,959	\$6,502	284,461
Water plant and distribution system	666,203		666,203
Equipment	116,633		116,633
Vehicles	37,653		37,653
Furniture and fixtures	9,991		9,991
Subtotal	<u>1,169,271</u>	<u>6,502</u>	<u>1,175,773</u>
Less accumulated depreciation	<u>(802,473)</u>	<u>(32,510)</u>	<u>(834,983)</u>
 Total	 <u><u>\$366,798</u></u>	 <u><u>(\$26,008)</u></u>	 <u><u>\$340,790</u></u>

Construction in progress for the proprietary fund as of September 30, 1995, is composed of the following:

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Balance at End of Year</u>
Metered waterworks system	\$728,311	\$1,079,800	\$1,808,111
Sewer system	21,851	49,707	71,558
 Total	 <u><u>\$750,162</u></u>	 <u><u>\$1,129,507</u></u>	 <u><u>\$1,879,669</u></u>

**6. EMPLOYEES' RETIREMENT AND PENSIONS**

Substantially all qualified town employees are members of either the Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer, defined benefit pension plans established by state statute and administered by separate boards of trustees. The total current-year payroll of the town was \$237,748. The required employer contributions in dollars and the percentage of that amount to covered payroll, was not available for the two previous fiscal years.

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

The System is composed of two distinct plans, Plan A and B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A. All permanent

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal 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 percent 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 (504) 925-4810.

Under Plan A, members (employees) are required by state statute to contribute 9.25 percent of their annual covered salary and the Town of Maringouin is required to contribute at an actuarially determined rate. The town's rate is 5.5 percent of annual covered payroll through June 30, 1995, and 6.75 percent thereafter. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the result of the valuation for the prior fiscal year. The Town of Maringouin's contribution to the System under Plan A was \$8,549 for fiscal 1995, and its current-year payroll covered by the retirement system was \$147,141.

**Municipal Police Employees Retirement System of Louisiana (System)**

All full-time police department employees under the age of 50 engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent 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 previously 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.

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

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 Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Maringouin is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Maringouin's contribution to the System for 1995 was \$810, and its current-year payroll covered by the retirement system was \$8,996.

**7. LEASES**

The town rents its phone system on a month-to-month basis since the term of the original lease has been completed. The town rents a copy machine under an agreement that has been classified as an operating lease. Lease payments for the copy machine amounted to \$2,136 in 1995. Future annual minimum payments under the operating lease for the year ending September 30, 1996, are \$333.

**8. LONG-TERM DEBT**

Long-term liabilities that will be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations. Long-term liabilities of the Proprietary Public Utility Fund are accounted for in that fund.

A summary of changes in long-term debt and obligations is as follows:

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

	Balance at Beginning of Year	Additions	Payments	Balance at End of Year
<b>General Long-Term Debt</b>				
<b>Account Group</b>				
General obligation bank loan	\$181,807	NONE	(\$19,870)	\$161,937
Claims payable	NONE	\$60,184	NONE	60,184
Total	<u>181,807</u>	<u>60,184</u>	<u>(19,870)</u>	<u>222,121</u>
<b>Proprietary Fund</b>				
Loan payable:				
Iberville Bank	728,311	415,689	(1,144,000)	
Iberville Police Jury	34,000		(13,000)	21,000
1995 Waterworks:				
Revenue Bond		1,144,000		1,144,000
Gas Utility Revenue Bonds	39,000		(19,000)	20,000
Total Proprietary Fund	<u>801,311</u>	<u>1,559,689</u>	<u>(1,176,000)</u>	<u>1,185,000</u>
Total long-term debt	<u>\$983,118</u>	<u>\$1,619,873</u>	<u>(\$1,195,870)</u>	<u>\$1,407,121</u>

The proceeds of the general obligation bank loan were used for the construction of a new fire station. The loan dated May 6, 1993, in the original principal amount of \$210,025 is payable over ten years in monthly installments of \$2,428 including principal and variable interest at one percent over the six month U.S. Treasury Bill rate established annually on the loan anniversary date. The interest rate at September 30, 1995, is 6.55 percent. The loan is a general obligation of the town secured by its full faith and credit.

The loan payable to the local bank in the total principal amount of \$1,144,000 served as the interim construction financing for the town's new metered waterworks system until the 1995 revenue bond was issued. The loan principal balance and accrued interest of \$14,883 was paid in full upon issuance of the 1995 Waterworks Revenue Bond discussed below. Interest and other financing costs associated with the loan have been capitalized into the cost of the waterworks system.

The loan payable to the Iberville Parish Police Jury is described further in Note 10.

The 1995 Waterworks Revenue Bond was issued on January 27, 1995, for \$1,144,000 and bears annual interest of 5.625 percent. The bond is payable over 40 years solely from the income and revenues derived or to be derived from the operation of the town's waterworks system. The first payment of interest only is due on January 27, 1996. Thereafter, the debt is payable in monthly installments of \$6,040 including principal and interest. Under the bond indenture, the town is required to maintain certain reserves for the routine payment of bond interest and principal and for payment of the obligation in the event of default and in certain circumstances for additions and improvements to the utility system. Additional information

TOWN OF MARINGOUIN  
 MARINGOUIN, LOUISIANA  
 Notes to the Financial Statements (Continued)

regarding the reserves is included in Notes 2 and 11. The town is in compliance with all terms of the bond agreement including the maintenance of required reserves.

The 1965 Waterworks and Gas Utility Revenue Bonds were issued on October 1, 1965, for \$314,000 and carried interest coupons with rates varying from 3.8 percent to 4 percent. The bonds were due in annual serial installments according to the schedule provided in the bond agreement. Under the bond indenture, the town is required to maintain certain reserves for the routine payment of bond interest and principal and for payment of the obligation in the event of default and in certain circumstances for additions and improvements to the utility system. Additional information regarding the reserves is included in Notes 2 and 11. The town is in compliance with all terms of the bond agreement including the maintenance of required reserves.

The following is a summary of long-term debt at September 30, 1995, and interest requirements to maturity for all loans and bonds payable:

	<u>Debt Payable</u>	<u>Interest to Maturity</u>	<u>Total</u>
Loan payable - Iberville Parish			
Police Jury	\$21,000		\$21,000
General obligation debt -			
loan payable - local bank	161,937	\$39,954	201,891
Revenue bonds - 1995 Waterworks:			
Revenue Bond	1,144,000	1,681,201	2,825,201
Gas Utility Revenue Bonds	<u>20,000</u>	<u>10</u>	<u>20,010</u>
Total	<u>\$1,346,937</u>	<u>\$1,721,165</u>	<u>\$3,068,102</u>

In addition to the loans and bonds payable, a liability for federal disallowed costs in the amount of \$60,184 has been accrued in the General Long-Term Debt Account Group, as described in note 12.

The annual requirements to amortize outstanding debt principal and interest as of September 30, 1995, are as follows:

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Continued)

<u>Year Ending September 30,</u>	<u>General Obligation Debt</u>	<u>Intergovernmental Payable</u>	<u>Revenue Bonds</u>	<u>Total</u>
1996	\$29,136	\$12,000	\$68,333	\$109,469
1997	29,136	9,000	72,484	110,620
1998	29,136		72,484	101,620
1999	29,136		72,484	101,620
2000	29,136		72,484	101,620
2001-2005	56,211		362,420	418,631
2006-2010			362,420	362,420
2011-2015			362,420	362,420
2016-2020			362,420	362,420
2021-2025			362,420	362,420
2026-2030			362,420	362,420
2031-2035			312,422	312,422
Total	<u>\$201,891</u>	<u>\$21,000</u>	<u>\$2,845,211</u>	<u>\$3,068,102</u>

**9. INTERFUND RECEIVABLES/PAYABLES  
AND OPERATING TRANSFERS**

There were no interfund receivables or payables outstanding as of September 30, 1995. Also, there were no operating transfers between funds in fiscal year 1995.

**10. INTERGOVERNMENTAL PAYABLE**

The town is indebted to the Iberville Parish Police Jury for \$21,000, which represents the outstanding balance of a noninterest-bearing loan made to the town to finance the extension of the water system to the Shady Grove School. The loan is payable in monthly installments of \$1,000.

**11. CONTRIBUTED CAPITAL CHANGES AND RESERVED  
FUND BALANCE/RETAINED EARNINGS**

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

The addition, sources, retirement and other reductions or changes in contributed capital in 1995 are as follows:

TOWN OF MARINGOUIN  
 MARINGOUIN, LOUISIANA  
 Notes to the Financial Statements (Continued)

Contributed capital - October 1, 1995	NONE
Federal contribution - Farmers Home Administration - waterworks system	\$664,300
State of Louisiana - block grant - sewer system	<u>49,706</u>
Contributed capital - September 30, 1995	<u><u>\$714,006</u></u>

In accordance with GASB Codification G60.116, upon completion of the waterworks system and sewerage projects, contributed capital will be reduced for the depreciation charges.

The reserved fund balance for \$10,000 represents a state grant from the Governor's Office of Rural Development to repair damaged streets.

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

	<u>Beginning of Year</u>	<u>Additions</u>	<u>End of Year</u>
1965 Waterworks and Gas Utility Revenue Bonds:			
Bond Reserve Fund	\$20,630	\$1,163	\$21,793
Depreciation and Contingency Fund	7,500		7,500
Subtotal	<u>28,130</u>	<u>1,163</u>	<u>29,293</u>
1995 Waterworks Revenue Bond:			
Sinking Fund		42,900	42,900
Reserve Fund		2,152	2,152
Contingency Fund		2,472	2,472
Subtotal	<u>NONE</u>	<u>47,524</u>	<u>47,524</u>
Total	<u><u>\$28,130</u></u>	<u><u>\$48,687</u></u>	<u><u>\$76,817</u></u>

12. CONTINGENCIES

There are several lawsuits pending in which the town is involved. The town's attorney estimates that the potential claims against the town not covered by insurance resulting from such litigation would not materially affect the financial statements of the town.

**TOWN OF MARINGOUIN**  
**MARINGOUIN, LOUISIANA**  
Notes to the Financial Statements (Concluded)

The town has received federal grants for specific purposes that are subject to review by the grantor agencies. As a result of a federal audit conducted by the Office of the Inspector General, the Federal Emergency Management Agency has determined that costs in the amount of \$60,184, claimed by the Town of Maringouin, were not allowable. This liability has been recorded in the General Long-Term Debt Account Group. Other reviews could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the town believes such disallowances will be immaterial.

**13. COMPENSATION - MEMBERS OF THE TOWN'S GOVERNING BOARD**

In accordance with the town's codified ordinances, members of the governing board receive compensation of \$450 per month. The following listing of compensation paid to board members in fiscal year 1995 is presented to comply with Louisiana House Concurrent Resolution No. 54 of the 1979 Regular Session of the Louisiana Legislature:

<u>Board Member</u>	<u>Compensation</u>
Letha Butler	\$4,050
Samuel C. Collura	5,400
Cherise D. Gougisha	5,400
Manuel J. Scott	5,400
Thomas M. Tillman	5,400
Pascal Mitchell	1,600
	<hr/>
Total	<u>\$27,250</u>

**This page is intentionally blank.**

**TOWN OF MARINGOUIN**  
**Maringouin, Louisiana**  
**SUPPLEMENTAL INFORMATION SCHEDULE**  
**As of and for the Year Ended September 30, 1995**

**FEDERAL FINANCIAL ASSISTANCE**

In accordance with the Single Audit Act of 1984 and Office of Management and Budget Circular A-128, a schedule of federal financial assistance is presented.

TOWN OF MARINGOUIN  
Maringouin, Louisiana

Schedule of Federal Financial Assistance  
For the Year Ended September 30, 1995

<u>FEDERAL GRANTOR/PASS THROUGH GRANTORS/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT AMOUNT</u>	<u>EXPENDITURES</u>
<b>U.S. Department of Agriculture Water and Waste Disposal Systems for Rural Communities</b>	10.760	<u>\$956,000</u>	<u>\$664,300</u>

This page is intentionally blank.

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

April 16, 1996

Independent Auditor's Report on Internal Control Structure  
Based Solely on an Audit of the General Purpose Financial Statements

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Maringouin, Louisiana

We have audited the general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1995, and have issued our report thereon dated April 16, 1996. In our report, our opinion was qualified because, as described in Exhibit B, the town has not maintained adequate records of its general fixed assets and movable property, and we were unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation are recorded in the accompanying balance sheet at September 30, 1995, or the amount of depreciation expense for the year then ended.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Management of the town is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Town of Maringouin, Louisiana, for the year ended September 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing procedures for the

EXHIBIT A

## LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN

Internal Control Report

April 16, 1996

Page 2

purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

In our consideration of the internal control structure, we noted that the size of the town's operations precludes an adequate segregation of duties and other features of an adequate internal control structure. We noted certain other matters involving the internal control structure and its operation, and the matter in Exhibit B, that we also consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

### **Insufficient Effort to Collect Delinquent Utility Accounts**

For the second consecutive audit, the Town of Maringouin has not made sufficient efforts to collect delinquent water and gas accounts. The town's ordinances, Louisiana law, and Louisiana Attorney General interpretations of law require the following:

1. Article 7, Section 14(A) of the Louisiana Constitution of 1974 provides that 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.
2. Louisiana Attorney General Opinion 75-1660 provides that delinquent accounts receivable may not be forgiven and that all steps must be taken to collect the delinquent accounts, including the reduction of said accounts to judgment.
3. Chapter 3, Article A, Section 3.10 and Article 13, Section 3.30 of the Town of Maringouin's Code of Ordinances provide that water and gas may be shut off from any premises for which the bill remains unpaid for a period of ten days after the bill is rendered and mailed. These articles also state that water and gas charges shall be a lien upon the premises and property shall be sold for nonpayment.

The Town of Maringouin has no formal policies and procedures for the collection of delinquent accounts. At September 30, 1995, of the \$67,337 gross accounts

## EXHIBIT A

LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Internal Control Report  
April 16, 1996  
Page 3

receivable due from utility customers, \$44,351 has been in delinquent status for 30 to 90 days. No delinquent accounts have been referred to the town court or to a collection agency. In addition, the town has allowed customers to make partial payments on their utility bills.

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

The Town of Maringouin should adopt and implement procedures that will ensure all delinquent water and gas service fees receivable are collected on a timely basis and action should be taken to collect delinquent amounts. In a letter dated April 8, 1996, Mr. Nathan L. Carriere, Jr., Mayor, responded that a policy is now in effect that states utility service cut off due to delinquencies will not be restored until the accounts are brought current. In addition, the town plans to seek the services of a collection agency to collect old outstanding balances.

**Meter Deposit Account Not Reconciled**

For the second consecutive audit, the meter deposit account has not been reconciled with the subsidiary record of customers' meter deposits. Management of the town has a fiduciary responsibility to establish and maintain an adequate internal control structure that includes reconciliation of the meter deposit control account with the subsidiary records of customer deposits. The Town of Maringouin has no formal policies and procedures requiring the reconciliation of meter deposits. At September 30, 1995, the general ledger meter deposit control account has a balance of \$30,684. The subsidiary record of individual customers' deposits have not been updated; therefore, town employees could not provide the balance of the subsidiary record.

The failure to reconcile customers' meter deposits could result in errors or irregularities that would not be detected in a timely manner. Furthermore, this situation could result in an inequity in customer service and a loss of revenues for the town.

The subsidiary records of customers' meter deposits should be updated and reconciled with the meter deposit control account on a routine basis. Mayor Carriere stated that the town will agree its deposit records with the utility system's data processing records. Any remaining amounts will be applied to accounts or returned to customers.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the

LEGISLATIVE AUDITOR

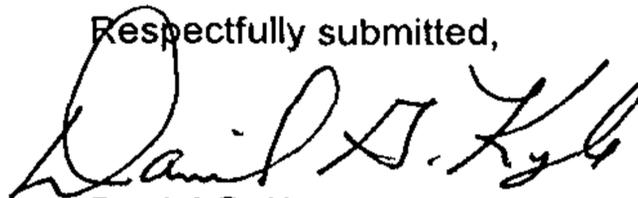
HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Internal Control Report  
April 16, 1996  
Page 4

risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined previously. However, we believe the reportable condition relating to segregation of duties described previously in this report and the matter contained in Exhibit B titled "General Fixed Assets" are material weaknesses as defined previously. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Town of Maringouin, Louisiana, for the year ended September 30, 1995.

This report is intended for the information and use of the town and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DHM:MLD:dl

[MARING]

EXHIBIT A



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

April 16, 1996

Independent Auditor's Report on Compliance Based  
Solely on an Audit of the General Purpose Financial Statements

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Maringouin, Louisiana

We have audited the general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1995, and have issued our report thereon dated April 16, 1996. In our report, our opinion was qualified because, as described in the fourth paragraph, we were unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation are recorded in the accompanying balance sheet at September 30, 1995, or the amount of depreciation expense for the year then ended.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Maringouin, Louisiana, is the responsibility of the management of the Town of Maringouin, Louisiana. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the matter noted in Exhibit A titled "Insufficient Effort to Collect Delinquent Utility Accounts," which is not material, and the following instance of noncompliance that is material to the general purpose financial statements, for which ultimate resolution cannot presently be determined.

EXHIBIT B

LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Compliance Report  
April 16, 1996  
Page 2

**General Fixed Assets**

For the second consecutive audit, the town has not maintained adequate records of its general fixed assets and movable property. Louisiana Revised Statute (LSA-R.S.) 24:515 requires the town to maintain records of all fixed assets and movable property to include the date of purchase, initial cost, and disposition of such property, if applicable. Furthermore, good business practices require that a proper fixed asset and movable property accounting system be developed to ensure that all assets are accounted for when received and safeguarded against loss or misuse. Our audit disclosed that the town has not adopted written fixed asset and movable property policies and procedures; an inventory of the town's fixed assets and movable property has not been updated or maintained since the year ended September 30, 1992; the assets are not tagged; and the town does not have an accounting system that provides for the recording of property and equipment as it is purchased and/or sold or scrapped. The amounts recorded on the town's financial statements for the year ended September 30, 1995, totaled \$989,311, net of accumulated depreciation of \$834,983.

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

The town should develop an accounting system for fixed assets and movable property that ensures assets are properly accounted for and properly safeguarded against loss or misuse. In a letter dated April 8, 1996, Mr. Nathan L. Carriere, Jr., Mayor, responded that "Details of general fixed assets and utility system property and equipment as of September 30, 1991 were obtained from the Town's then independent auditor. Those asset details were analyzed together with data regarding acquisitions and dispositions reflected in the Town's general ledger accounting for the period from October 1, 1991 through September 30, 1995. The asset information was input into a fixed asset inventory management system maintained by the Town's outside accountants. The asset subsidiary ledger agrees to the amounts reflected in the general ledger as of September 30, 1995. However, a complete inventory and tagging of all Town property and equipment will be undertaken in the near future. The asset inventory management system and general ledger balances will be updated and adjusted to reflect all inventoried items."

LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Compliance Report  
April 16, 1996  
Page 3

We considered these instances of noncompliance in forming our opinion on whether the Town of Maringouin, Louisiana's 1995 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and, except as described in the first paragraph, this report does not affect our report dated April 16, 1996, on those financial statements.

This report is intended for the information and use of the town and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DHM:MLD:dl

**REPORTS REQUIRED BY  
THE SINGLE AUDIT ACT AND OFFICE OF  
MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128**

The following pages contain reports on internal control and compliance with laws and regulations required by the Single Audit Act and OMB Circular A-128. The report on internal accounting and administrative controls relates to matters that could be significant and/or material to federal financial assistance programs. The report on compliance with laws and regulations is, likewise, related to tests of compliance with laws and regulations for federal financial assistance programs.



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

April 16, 1996

Independent Auditor's Report on Internal Control Structure  
Used in Administering Federal Financial Assistance Programs

**HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Maringouin, Louisiana**

We have audited the general-purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1995, and have issued our report thereon dated April 16, 1996. In our report, our opinion was qualified because, as described in Exhibit B, the town has not maintained adequate records of its general fixed assets and movable property, and we were unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation are recorded in the accompanying balance sheet at September 30, 1995, or the amount of depreciation expense for the year then ended. We have also audited the compliance of the town with requirements applicable to major federal financial assistance programs and have issued our report thereon dated April 16, 1996.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the town complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended September 30, 1995, we considered the internal control structure of the town to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the town and on the compliance of the town with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated April 16, 1996.

**EXHIBIT C**

LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Federal Assistance Control Report  
April 16, 1996  
Page 2

Management of the town is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

**Accounting Controls**

Treasury/financing	Revenues/receipts
Fixed and movable property	External financial reporting
Purchases/disbursements	

**Grant Administration Controls**

General requirements:	Specific requirements:
Political activity	Types of services
Davis Bacon Act	Eligibility
Civil rights	Matching
Cash management	Special reporting requirements
Federal financial reports	
Allowable costs/cost principles	
Drug-free workplace	
Administrative requirements	

LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Federal Assistance Control Report  
April 16, 1996  
Page 3

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended September 30, 1995, the Town of Maringouin expended 100 percent of its total federal financial assistance under one major federal financial assistance program, which constituted 69 percent of the total grant award.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the major federal financial assistance program of the Town of Maringouin, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information and use of the town and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DHM:MLD:dj  
(MARING)



OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

April 16, 1996

Independent Auditor's Report on Compliance with General  
Requirements Applicable to Federal Financial Assistance Programs

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Maringouin, Louisiana

We have audited the general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1995, and have issued our report thereon dated April 16, 1996. In our report, our opinion was qualified because, as described in Exhibit B, the town has not maintained adequate records of its general fixed assets and movable property, and we were unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation are recorded in the accompanying balance sheet at September 30, 1995, or the amount of depreciation expense for the year then ended.

We have applied procedures to test the town's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1995:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement of Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the town's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to

EXHIBIT D

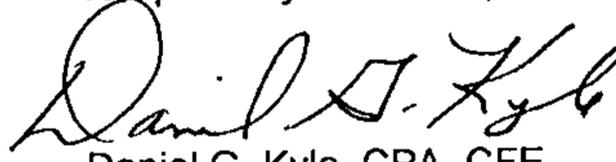
LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Federal Assistance Compliance Report -  
General Requirements  
April 16, 1996  
Page 2

believe that the Town of Maringouin had not complied, in all material respects, with those requirements.

This report is intended for the information and use of the town and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DHM:MLD:dl

[MARING]



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

April 16, 1996

Independent Auditor's Report on Compliance With Specific  
Requirements Applicable to Major Federal Financial Assistance Programs

**HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN  
Maringouin, Louisiana**

We have audited the general purpose financial statements of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 1995, and have issued our report thereon dated April 16, 1996. In our report, our opinion was qualified because, as described in Exhibit B, the town has not maintained adequate records of its general fixed assets and movable property, and we were unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation are recorded in the accompanying balance sheet at September 30, 1995, or the amount of depreciation expense for the year then ended.

We have also audited the town's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for reimbursements; and amounts claimed for matching that are applicable to the major federal financial assistance program identified in the accompanying Schedule of Federal Financial Assistance for the year ended September 30, 1995. Management of the town is responsible for the town's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Town of Maringouin, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for reimbursements; and amounts claimed for matching that are applicable to its major federal financial assistance program for the year ended September 30, 1995.

**EXHIBIT E**

LEGISLATIVE AUDITOR

HONORABLE NATHAN L. CARRIERE, JR., MAYOR,  
AND BOARD OF ALDERMEN  
TOWN OF MARINGOUIN

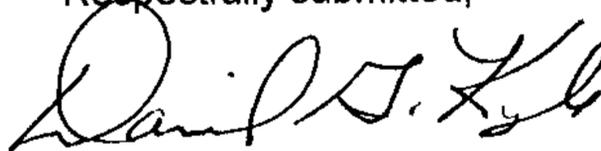
Major Federal Programs - Specific  
Requirements Compliance Report

April 16, 1996

Page 2

This report is intended for the information and use of the town and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DHM:MLD:dl

[MARING]

EXHIBIT E