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CITY OF GONZALES, LOUISIANA
Financial Report

Year Ended May 31, 2000

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 DEC 06 2000

CONRAD P. BOURQUE
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mr. John A. Berthelot, Mayor
And the Members of the City Council
City of Gonzales, Louisiana

I have audited the accompanying general purpose financial statements of the City of Gonzales, Louisiana, as of and for the year then ended, May 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Gonzales, Louisiana's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Gonzales, Louisiana, as of May 31, 2000, and the results of its operations and cash flows of its proprietary fund type for the year ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 3, 2000, on my consideration of the City of Gonzales, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Gonzales, Louisiana, taken as a whole. The accompanying financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

November 3, 2000

Conrad P. Bourque

CITY OF GONZALES, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

May 31, 2000

	GOVERNMENT FUND TYPES			PROPRIETARY
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPE ENTERPRISE
ASSETS				
Cash	\$ 2,473,278	\$ 278,897	\$ 3,351,063	\$ 1,182,503
Investments, at cost:				
Certificates of deposit	4,392,848	-	2,000,000	-
Other	663,968	1,147,560	998,304	1,610,286
Receivables:				
Due from other funds	455,072	37,293	120,915	-
Due from other government agencies	23,014	-	-	-
Accrued interest	11,483	7,438	-	-
Restricted assets:				
Cash	-	-	-	126,763
Due from other funds	-	-	-	411,746
Construction in progress	-	-	-	6,957,392
Property, plant, and equipment, net of accumulated depreciation	-	-	-	21,623,526
Amount available in debt service fund	-	-	-	-
Amount to be provided for unpaid vacation	-	-	-	-
General fixed assets	-	-	-	-
Total Assets	\$ 8,019,663	\$ 1,471,188	\$ 6,470,282	\$ 32,086,650

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	2000	1999
\$ -	\$ -	\$ -	\$ 7,285,741	\$ 4,559,266
-	-	-	6,392,848	328,353
-	-	-	4,420,118	9,804,466
-	-	-	174,434	181,944
-	-	-	613,280	519,995
-	-	-	-	-
459,221	-	-	482,235	583,069
-	-	-	18,921	18,040
-	-	-	-	-
-	-	-	126,763	121,568
-	-	-	411,746	426,309
-	-	-	6,957,392	6,102,542
-	-	-	-	-
-	-	-	-	-
-	-	-	21,623,526	21,087,355
-	-	-	-	-
-	-	165,000	165,000	245,000
-	-	-	-	-
-	-	89,562	89,562	103,695
-	11,802,781	-	11,802,781	11,031,636
<u>\$ 459,221</u>	<u>\$ 11,802,781</u>	<u>\$ 254,562</u>	<u>\$ 60,564,347</u>	<u>\$ 55,113,238</u>

CITY OF GONZALES, LOUISIANA

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

May 31, 2000

(continued)

	GOVERNMENT FUND TYPES			PROPRIETARY
	GENERAL	DEBT	CAPITAL	FUND
		SERVICE	PROJECTS	TYPE
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>ENTERPRISE</u>
LIABILITIES, FUND EQUITY, AND OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ 96,377	\$ -	\$ 17,509	\$ 38,659
Accrued expenses	87,960	-	-	43,839
Payable from restricted assets:				
Customer deposits	-	-	-	126,763
Due to other funds	-	411,746	-	154,059
General obligation				
Bonds payable	-	-	-	-
Series 1996 bonds payable	-	-	-	6,092,392
Total Liabilities	<u>184,337</u>	<u>411,746</u>	<u>17,509</u>	<u>6,455,712</u>
FUND EQUITY AND OTHER CREDITS:				
Contributed capital	-	-	-	19,991,868
Investment in general				
Fixed assets	-	-	-	-
Retained earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	5,639,070
Fund balances:				
Reserved for debt service	-	1,059,442	-	-
Unreserved	7,835,326	-	6,452,773	-
Total fund balances	<u>7,835,326</u>	<u>1,059,442</u>	<u>6,452,773</u>	<u>5,639,070</u>
Total Fund Equity And Other Credits	<u>7,835,326</u>	<u>1,059,442</u>	<u>6,452,773</u>	<u>25,630,938</u>
Total Liabilities, Fund Equity, And Other Credits	<u>\$ 8,019,663</u>	<u>\$ 1,471,188</u>	<u>\$ 6,470,282</u>	<u>\$ 32,086,650</u>

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	2000	1999
\$ -	\$ -	\$ -	\$ 152,545	\$ 150,370
-	-	89,562	221,361	243,671
-	-	-	126,763	121,568
459,221	-	-	1,025,026	946,304
-	-	165,000	165,000	245,000
-	-	-	6,092,392	5,542,542
<u>459,221</u>	<u>-</u>	<u>254,562</u>	<u>7,783,087</u>	<u>7,249,455</u>
-	-	-	19,991,868	19,422,962
-	11,802,781	-	11,802,781	11,031,636
-	-	-	-	-
-	-	-	5,639,070	4,988,118
-	-	-	1,059,442	1,063,083
-	-	-	14,288,099	11,357,984
-	-	-	20,986,611	17,409,185
<u>-</u>	<u>11,802,781</u>	<u>-</u>	<u>52,781,260</u>	<u>47,863,783</u>
<u>\$ 459,221</u>	<u>\$ 11,802,781</u>	<u>\$ 254,562</u>	<u>\$ 60,564,347</u>	<u>\$ 55,113,238</u>

CITY OF GONZALES, LOUISIANA

**COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MAY 31, 2000**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>
REVENUE:		
Taxes	\$ 3,886,877	\$ 46,692
Franchise fees	640,509	-
Licenses and permits	772,205	-
Fines and forfeits	271,718	-
Miscellaneous	121,298	-
Charges for services	237,649	-
Intergovernmental	268,437	-
Interest	261,697	46,928
Total revenues	<u>6,460,390</u>	<u>93,620</u>
EXPENDITURES:		
Current:		
General Government	769,876	-
Public Safety:		
Police	1,624,103	-
Fire	127,444	-
Streets and parks	555,549	-
Sanitation	330,955	-
Recreation	561,276	-
Civic Center	31,632	-
Drainage	162,773	-
Beautification	18,995	-
Capital and other outlays	-	-
Debt service:		
Principal retirement	-	80,000
Interest & fiscal charges	-	17,261
Total expenditures	<u>4,182,603</u>	<u>97,261</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,277,787</u>	<u>(3,641)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in (out)	<u>(1,430,150)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,430,150)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	847,637	(3,641)
FUND BALANCE, BEGINNING OF YEAR	6,987,689	1,063,083
FUND BALANCE, END OF YEAR	<u>\$ 7,835,326</u>	<u>\$ 1,059,442</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS	TOTALS (MEMORANDUM ONLY)	
	2000	1999
\$ 1,468,819	\$ 5,402,388	\$ 5,396,134
-	640,509	583,989
-	772,205	668,316
-	271,718	269,534
-	121,298	132,483
-	237,649	229,618
88,331	356,768	747,831
207,651	516,276	501,505
<u>1,764,801</u>	<u>8,318,811</u>	<u>8,529,410</u>
-	769,876	687,887
-	1,624,103	1,561,026
-	127,444	104,762
-	555,549	543,679
-	330,955	324,175
-	561,276	526,734
-	31,632	27,675
-	162,773	187,140
-	18,995	14,642
1,115,687	1,115,687	1,567,950
-	80,000	75,000
-	17,261	21,630
<u>1,115,687</u>	<u>5,395,551</u>	<u>5,642,300</u>
649,114	2,923,260	2,887,110
1,430,150	-	-
<u>1,430,150</u>	-	-
2,079,264	2,923,260	2,887,110
4,373,509	12,424,281	9,533,957
<u>\$ 6,452,773</u>	<u>\$ 15,347,541</u>	<u>\$ 12,421,067</u>

CITY OF GONZALES, LOUISIANA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND CAPITAL PROJECTS FUNDS
YEAR ENDED MAY 31, 2000**

	GENERAL FUND		VARIANCE FAVORABLE (UNFAVORABLE)
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(UNFAVORABLE)</u>
REVENUES:			
Taxes	\$ 3,728,700	\$ 3,886,877	\$ 158,177
Franchise fees	617,000	640,509	23,509
Licenses and permits	632,400	772,205	139,805
Fines and forfeits	222,000	271,718	49,718
Miscellaneous	122,000	121,298	(702)
Charges for services	230,000	237,649	7,649
Intergovernmental	229,150	268,437	39,287
Interest	150,000	261,697	111,697
Total revenues	<u>5,931,250</u>	<u>6,460,390</u>	<u>529,140</u>
EXPENDITURES:			
Current:			
General government	814,850	769,876	44,974
Public safety			
Police	1,695,425	1,624,103	71,322
Fire	153,500	127,444	26,056
Streets and parks	591,000	555,549	35,451
Sanitation	331,800	330,955	845
Recreation	532,200	561,276	(29,076)
Civic center	43,500	31,632	11,868
Drainage	196,300	162,773	33,527
Beautification	43,700	18,995	24,705
Contingencies	98,825		98,825
Total expenditures	<u>4,501,100</u>	<u>4,182,603</u>	<u>318,497</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,430,150	2,277,787	847,637
OTHER FINANCING (USES)			
Operating transfers (out)	(1,430,150)	(1,430,150)	-
Total other (uses)	<u>(1,430,150)</u>	<u>(1,430,150)</u>	<u>847,637</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	-	847,637	847,637
FUND BALANCE, BEGINNING OF YEAR	6,987,689	6,987,689	-
FUND BALANCE, END OF YEAR	<u>\$ 6,987,689</u>	<u>\$ 7,835,326</u>	<u>\$ 847,637</u>

The accompanying notes are an integral part of this statement.

CITY OF GONZALES, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEAR ENDED MAY 31, 2000

OPERATING REVENUES:

Charges for services:

Gas sales	\$ 960,578
Sewer service charges	609,845
Water sales	516,386
Miscellaneous	54,431
Sales Taxes	446,486
Total operating revenues	<u>2,587,726</u>

OPERATING EXPENSES:

Gas department	728,454
General and administrative	287,101
Depreciation & amortization	588,123
Sewer treatment	425,783
Water department	332,843
Sewer department	115,971
Provision for bad debts	1,104
Total operating expenses	<u>2,479,379</u>

OPERATING INCOME 108,347

NON-OPERATING REVENUES (EXPENSES):

Interest income	120,532
Interest on bonds payable	<u>(166,050)</u>
Net non-operating expenses	<u>(45,518)</u>

NET INCOME 62,829

DEPRECIATION TRANSFERRED TO CONTRIBUTIONS 588,123

RETAINED EARNINGS, AT JUNE 1, 1999 4,988,118

RETAINED EARNINGS, AT MAY 31, 2000 \$ 5,639,070

The accompanying notes are an integral part of this statement.

CITY OF GONZALES, LOUISIANA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEAR ENDED MAY 31, 2000**

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating income	\$ 108,347
Adjustments to reconcile operating income to net cash flows from operating activities:	-
Depreciation and amortization	588,123
Provision for bad debts	1,104
Decrease in:	-
Accounts receivable	6,406
Due from other fund	14,563
Increase in:	-
Accounts payable	12,778
Accrued liabilities	6,084
Due to other fund	<u>83,404</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

820,809

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of plant and equipment	(1,391,021)
Interest paid on bonds	(166,050)
Proceeds from long term debt	549,850
Contributions from City of Gonzales	536,171
Contributions from Special Construction	<u>32,735</u>

NET CASH PROVIDED BY CAPITAL AND RELATED FINANCIAL ACTIVITIES

(438,315)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	120,532
Purchase of investments	<u>(83,442)</u>

NET CASH USED IN INVESTING ACTIVITIES

37,090

NET INCREASE IN CASH AND CASH EQUIVALENTS

419,584

CASH AND CASH EQUIVALENTS, AT JUNE 1, 1999

889,682

CASH AND CASH EQUIVALENTS, AT MAY 31, 2000

\$ 1,309,266

The accompanying notes are an integral part of this statement.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gonzales, Louisiana, was incorporated April 15, 1922, under the provision of the Lawrason Act. The City operates under a Mayor – City Council form of government.

The accounting and reporting practices of the City of Gonzales, Louisiana, conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

Financial Reporting Entity – This report includes all funds and account groups, which are controlled by, or dependent on the City’s executive and legislative branches (the Mayor and the City Council). Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, certain organizations are not part of the City and are thus excluded from the accompanying financial statements. These are the Friends of the Museum, Beautification Board, and Committee on Cultural Affairs. The City exercises no control over their operations.

The following is a summary of certain significant accounting policies:

Fund Accounting – The accounts of the City of Gonzales, Louisiana, are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes 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, into fund types and account groups as follows:

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Type:

- a. **General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.**
- b. **Debt Service Fund – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.**
- c. **Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and agency funds).**

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 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 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 City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Fiduciary Fund Type:

Agency Fund – Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. This fund is used to collect sales taxes.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets and Long-Term Liabilities – The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted on a spending or “financial flow” measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and recorded as expenditures in the governmental fund types when purchased. The City has elected to capitalize public domain (“infrastructure”) fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of service or “capital maintenance” measurement focus, and all assets and all liabilities (whether current or non current) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>YEARS</u>
Lines, meters, & sewer system	40-50
Equipment	4-10
Vehicles	4

All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets of \$14,000 are stated at their estimated fair value on the date received.

Basis of Accounting – Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes (Agency Fund) are considered “measurable” when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Property taxes, sales taxes, and interest revenue are treated as susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

Transfers between funds are not expected to be repaid and are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1). The City Mayor and Clerk prepare a proposed budget message and budget and submits same to the City Council prior to the beginning of each fiscal year.
- 2). A summary of the proposed budget is published and the public 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 two weeks after 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 an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5). Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

6). All budgetary appropriations lapse at the end of each fiscal year.

7). The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except for depreciation, amortization, and bad debts expense, which are not considered. The budget for the Capital Projects Fund is adopted on a project by project basis. Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. Such amendments were not material in relation to the original appropriations.

Investments -- Investments, are stated at market value.

Inventories -- Inventory of supplies is immaterial in the dollar amount and all supplies are expensed when purchased.

Bad Debts -- Uncollectible amounts due for ad valorem taxes and customers' utility receivables are expensed when the debt becomes uncollectible, which is not materially different from generally accepted accounting principles. The City considers any utility receivable where service has been disconnected to be uncollectible. All utility receivables with service are considered collectible. As of May 31, 2000, \$1,104 was considered uncollectible.

Prepaid Expense -- Payments made, which will benefit periods beyond May 31, 2000, are recorded as prepaid expense.

Accumulated Unpaid Vacation Benefits -- For the governmental fund types, the City's liability for accumulated unpaid vacation has been recorded in the general long-term debt group of accounts. For the proprietary fund type, the liability has been accrued within that fund.

Comparative Data -- Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to read.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Statement of Cash Flows – For purposes of the statement of cash flows, the Utility Enterprise Fund considers all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased to be cash equivalents.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 2 - DEPOSITS AND INVESTMENTS

The carrying amount of the City's deposits, including certificates of deposit, with financial institutions as of May 31, 2000, was \$13,805,352 and the bank balance was \$13,827,863. The bank balance is categorized as follows:

Amount insured by FDIC (Category 1)	\$ 200,000
Amounts collateralized with securities held by trust departments of banks other than the fiscal agent. (Category 2)	\$13,627,863
Amounts uninsured and unsecured	--
	<u>\$13,827,863</u>

Statutes authorize the City to invest in United States bonds, treasury notes or certificates, time certificates of deposit of Louisiana state banks and national banks having the principal office in the State of Louisiana, or any other federally insured investments.

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name. As of May 31, 2000, investments consisted of the following:

	<u>Categories</u>		<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>		
U.S. Government Securities	\$ --	\$ 402,212	\$ 402,212	\$ 402,212
LAMP Funds	--	--	4,017,906	4,017,906
Total Investments	\$ --	\$ 402,212	\$4,420,118	\$4,420,118

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 3 -- AD VALOREM TAXES

Ad valorem taxes attaches an enforceable lien on property as of January 1 of each year. Taxes are levied by the City 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 City bills and collects its own property taxes using the assessed values determined by the tax assessor of Ascension Parish.

For the year ended May 31, 2000, taxes of 9.55 mills were levied on property with assessed valuations totaling \$45,468,230 and were dedicated as follows:

Debt service	1.00 mills
General corporate purposes	5.28 mills
Fire department	3.27 mills

Total taxes levied were \$434,222. At May 31, 2000, only a minor amount of taxes were uncollected and adjudicated to the City.

NOTE 4 -- INTERFUND RECEIVABLES, PAYABLES

Interfund receivables and payables consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 455,072	\$ --
Debt Service Fund	37,293	411,746
Capital Projects Fund	120,915	9,932
Proprietary Fund	411,746	154,059
Agency Fund (Sales Tax)	<u>--</u>	<u>459,221</u>
	\$1,025,026	\$1,025,026

NOTE 5 -- RESTRICTED ASSETS

Restricted assets at May 31, 2000, were applicable to the following:

	<u>Util. Fund</u>
Customer Deposits	\$ 126,763

CITY OF GONZALES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2000

NOTE 6 -- CONCENTRATION OF CREDIT RISK -- PROPRIETARY FUND

Accounts receivable from utility customers were comprised of the following sources: residential --60%; commercial --38%; other governmental agencies -- 2%. Outstanding balances are partially secured by deposits made when service is requested.

NOTE 7 -- FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance			Balance
	<u>5-31-98</u>	<u>Additions</u>	<u>Retirements</u>	<u>5-31-99</u>
Land	\$ 461,308	--	\$ --	\$ 461,308
Buildings	2,114,062	13,063	--	2,127,125
Improvements other than buildings	6,712,080	514,138	--	7,226,218
Equipment	1,212,884	130,807	--	1,343,691
Vehicles	<u>531,302</u>	<u>181,715</u>	<u>68,578</u>	<u>644,439</u>
Totals	\$11,031,636	\$839,723	\$ 68,578	\$11,802,781

A summary of proprietary fund type property, plant, and equipment at May 31, 2000 follows:

Land	\$ 118,828
Storage buildings	22,474
Lines, meters, and plants	27,902,569
Equipment	302,546
Vehicles	<u>379,806</u>
Total	\$28,726,223
Less accumulated depreciation	<u>- 7,102,697</u>
	\$21,623,526

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 8 – CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the City of Gonzales for the year ended May 31, 2000:

	<u>General Obligation</u>	<u>Utility</u>	<u>Total</u>
Bonds payable, June 1, 1998	\$ 245,000	\$ 5,542,542	\$ 5,787,542
Debt issued	--	1,414,850	1,414,850
Debt matured	<u>-80,000</u>	<u>-865,000</u>	<u>- 945,000</u>
Bonds payable, May 31, 2000	\$ 165,000	\$6,092,392	\$6,257,392

Debts payable at May 31, 2000, are comprised of the following individual issues:

General obligation bonds:

\$750,00 Public improvement bonds dated October 1, 1977, due in annual installments of \$55,000 - \$60,000 through April 1, 2002; interest at 5.75% (This is secured by collection of sales tax).	115,000
\$1,250,000 Sewer improvement bonds dated October 1, 1977, due in annual installments of \$10,000 through October 1, 2002; interest at 5.75% (This is secured by levy and collection of ad valorem taxes).	20,000
\$810,000 General obligation refunding issued dated September 1, 1991, due in annual installments of \$15,000 through March 1, 2002; interest at 6.2%-6.4% (This issue is secured by levy and collection of ad valorem taxes).	<u>30,000</u>
Total General Obligation	\$ 165,000

Utility obligation bonds:

\$7,500,000 Sewer improvement bonds dated May 28, 1997, due in annual installments of \$280,000 to \$485,000 through March 1, 2017; interest at 2.95% (This is secured by collection of sales tax).	\$6,092,392
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CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 8 – CHANGES IN LONG-TERM DEBT (continued)

The annual requirements to amortize all debts outstanding as of May 31, 2000, including interest payments of \$10,771 are as follows (This information does not include the Sewer improvement bonds dated May 28, 1997, because the obligation amount has not yet been determined):

Years ending <u>May 31</u>	General <u>Obligation</u>
2001	87,798
2002	87,973
Thereafter	<u> --</u>
	\$ 175,771

NOTE 9 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS – 1 ½% SALES AND USE TAX

Bonds resolution of August, 1977 requires that the proceeds of the special 1 ½% sales and use tax now being levied and collected by the City be deposited with the City's regularly designated fiscal agent bank in a Sales Tax Fund, which is considered an Agency Fund. Fixed monthly payments are required to be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund presently in the amount of \$5,134. The 1977 bond issue required payments to be made into a "Bond Reserve Fund" until such time as \$104,164 was accumulated. The money in this reserve fund is to be retained solely for the purpose of paying the principal and the interest on the bonds payable from the aforesaid sinking fund as to which there would otherwise be default. Any monies remaining in the Sales Tax Fund after making the required payments into the Bond Sinking Fund for the current month and for prior months, during which the required payments may not have been made, shall be considered as surplus.

Such surplus may be transferred to the General Fund for the purpose of paying all or any portion of the necessary costs and expensed of collecting the tax, the cost of constructing, acquiring, improving and/or extending any of the capital improvements or any other purpose for which the tax is authorized, or for the purpose of retiring bonds herein authorized in advance of their maturities either by purchase of bonds then outstanding at prices not greater than the then redemption prices of said bonds or by retiring such bonds at the prices and in the manner set forth in said resolution of August 22, 1977.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 10 - PENSION PLAN

Substantially all employees of the City of Gonzales are members of the following statewide retirement systems. Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City in this System are members 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 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 (225) 925-4810.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 10 -- PENSION PLAN (continued)

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Gonzales is required to contribute at an actuarially determined rate. The current rate is 5.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. 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 City of Gonzales are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions of the City of Gonzales to the System under Plan A for the year ending May 31, 2000, 1999, and 1998 were \$93,270, \$89,681, and \$84,791, respectively.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees 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 of reach 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.

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 (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Gonzales is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Gonzales are established and may be amended by state statute. As provided by Louisiana Revised Statute 11;103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2000

NOTE 10 – PENSION PLAN (continued)

The contributions of the City of Gonzales for the year ending May 31, 2000, 1999, and 1998 were \$100,239, \$93,399, and \$84,286, respectively.

NOTE 11 – CONTRIBUTED CAPITAL-PROPRIETARY FUND

During the year ended May 31, 2000, the City's Capital Project Fund expended \$1,125,398, for the benefit of the Proprietary (Utility) Fund. These expenditures were \$938,555 for improvements to the sewer and water systems and \$186,843 for vehicles. The expenditures were capitalized with a corresponding increase in contributed capital.

NOTE 12 – CONTINGENCIES

Litigation - Various Lawsuits are pending against the City. In the opinion of City management, the potential loss on lawsuits will not be material to the City's general purpose financial statements.

NOTE 13 – SEWER IMPROVEMENT

The City committed to building an environmental enhancement facility (sewer treatment plant). The cost of the plant and pump station improvements is projected to have a limit of \$7,500,000. The cost is to be funded by a loan from the Louisiana Department of Environmental Quality Municipal Facilities Revolving Loan Fund.

CITY OF GONZALES, LOUISIANA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS – ACTUAL COMPARED TO
BUDGETARY BASIS– PROPRIETARY FUND TYPE– ENTERPRISE FUND
YEAR ENDED MAY 31, 2000**

	<u>ACTUAL</u>		<u>ADJUSTMENT TO BUDGETARY BASIS</u>
OPERATING REVENUES:			
Charges for utility services:			
Gas sales	\$ 960,578		\$ -
Sewer service charges	609,845		-
Water sales	516,386		-
Miscellaneous	54,431		-
Sales taxes	446,486		-
Total operating revenues	<u>2,587,726</u>		<u>-</u>
OPERATING EXPENSES:			
Gas department	728,454		-
General and Administrative	287,101		-
Depreciation and amortization	588,123	(1)	(588,123)
Sewer treatment	425,783		-
Water department	332,843		-
Sewer department	115,971		-
Provision for bad debts	1,104	(2)	(1,104)
Total operating expenses	<u>2,479,379</u>		<u>(589,227)</u>
OPERATING INCOME	108,347		589,227
NON-OPERATING REVENUES (EXPENSE):			
Interest income	120,532		-
Interest on bonds payable	(166,050)		-
Net non-operating expense	<u>(45,518)</u>		<u>-</u>
NET INCOME	62,829		589,227
DEPRECIATION TRANSFERRED TO CONT.	588,123	(1)	(588,123)
RETAINED EARNINGS, AT JUNE 1, 1999	<u>4,988,118</u>		<u>-</u>
RETAINED EARNINGS, AT MAY 31, 2000	<u>\$ 5,639,070</u>		<u>\$ 1,104</u>

(1) The City does not budget depreciation expense.

(2) The City does not budget bad debts.

The accompanying notes are an integral part of this statement.

<u>ACTUAL ON BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 960,578	\$ 875,000	\$ 85,578
609,845	605,000	4,845
516,386	505,000	11,386
54,431	145,294	(90,863)
446,486	-	446,486
<u>2,587,726</u>	<u>2,130,294</u>	<u>457,432</u>
728,454	734,400	5,946
287,101	503,514	216,413
-	-	-
425,783	427,000	1,217
332,843	318,050	(14,793)
115,971	147,330	31,359
-	-	-
<u>1,890,152</u>	<u>2,130,294</u>	<u>240,142</u>
697,574	-	697,574
120,532	-	120,532
(166,050)	-	(166,050)
<u>(45,518)</u>	<u>-</u>	<u>(45,518)</u>
652,056	-	652,056
-	-	-
<u>4,988,118</u>	<u>4,988,118</u>	<u>-</u>
<u>\$ 5,640,174</u>	<u>\$ 4,988,118</u>	<u>\$ 652,056</u>

CITY OF GONZALES, LOUISIANA

**CAPITAL PROJECTS FUND - CAPITAL OUTLAYS
STATEMENTS OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED MAY 31, 2000**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Sales tax	\$ 1,202,500	\$ 1,468,819	\$ 266,319
Video Poker proceeds	-	88,331	88,331
Miscellaneous	-	-	-
Interest	150,000	207,651	57,651
Total revenues	<u>1,352,500</u>	<u>1,764,801</u>	<u>412,301</u>
EXPENDITURES:			
Capital Outlays:			
Street overlay project	325,000	299,288	25,712
Police capital	125,100	96,336	28,764
Street lighting	-	2,692	(2,692)
Street department	220,350	153,681	66,669
Sidewalk construction	45,000	16,643	28,357
Tourist center	36,500	8,840	27,660
Drainage department	19,100	18,286	814
Civic center	16,500	15,000	1,500
Recreation capital	1,897,200	178,145	1,719,055
Sewer rehabilitation	1,037,400	258,548	778,852
Utility dept. capital	14,750	22,917	(8,167)
General administration	45,750	45,311	439
Total expenditures	<u>3,782,650</u>	<u>1,115,687</u>	<u>2,666,963</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,430,150)	649,114	3,079,264
OTHER FINANCING SOURCES:			
Operating transfers in	<u>2,430,150</u>	<u>1,430,150</u>	<u>(1,000,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 2,079,264</u>	<u>\$ 2,079,264</u>

The accompanying notes are an integral part of this statement.

CITY OF GONZALES, LOUISIANA

SCHEDULE OF PER DIEM PAID
YEAR ENDED MAY 31, 2000

	<u>MONTHLY</u>	<u>ANNUAL</u>
Alvin "Bully" Dragg	\$ 650	\$ 7,800
Frank Gordon	650	7,800
Kenneth Matassa	650	7,800
Larry Savell	650	7,800
Ronald Waguespack	650	7,800
		<u>\$ 39,000</u>

Conrad P. Bourque

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CERTIFIED PUBLIC ACCOUNTANT

MEMBER
AMERICAN INSTITUTE OF CPA's
SOCIETY OF LOUISIANA CPA's

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

To the Honorable Mr. John A. Berthelot, Mayor
And the Members of the City Council
City of Gonzales, Louisiana

I have audited the general purpose financial statements of the City of Gonzales, Louisiana, as of the year ended May 31, 2000, and have issued my report dated November 3, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Gonzales, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the City of Gonzales, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statement and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the City Council, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

November 3, 2000

Conrad P. Bourque

CITY OF GONZALES, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MAY 31, 2000**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Gonzales.
2. There were no reportable conditions during the audit of the general purpose financial statements.
3. There were no instances of noncompliance during the audit of the general purpose financial statements.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

CITY OF GONZALES, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED MAY 31, 2000

FINDINGS

None