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CITY OF MANDEVILLE, LOUISIANA

August 31, 1999

Audit of Financial Statements

August 31, 1999

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Release Date 1-26-2000

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To the Honorable Edward Price, III, Mayor
and Members of the City Council
City of Mandeville, Louisiana

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of **CITY OF MANDEVILLE, LOUISIANA** as of and for the year ended August 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of **CITY OF MANDEVILLE, LOUISIANA**'s management. Our responsibility is to express an opinion on these general purpose financial statements and schedules based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

Detail records of inventories of fixed assets were not maintained for the General Fixed Assets Account Group and the Enterprise Fund prior to September 1, 1979. Because such records are not available for all of the City's fixed assets, we were unable to satisfy ourselves as to the propriety of the recorded amounts of the General Fixed Assets Account Group and the Enterprise Fund.

*In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the propriety of the recorded amount of the General Fixed Assets Account Group and the Enterprise Fund as referred to in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of **CITY OF MANDEVILLE, LOUISIANA** as of August 31, 1999, and the results of its operations and the cash flows of its proprietary fund for the year ended in conformity with generally accepted accounting principles.*

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 1999, on our consideration of **CITY OF MANDEVILLE, LOUISIANA**'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. In addition, the combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the **CITY OF MANDEVILLE, LOUISIANA**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



A Professional Accounting Corporation

October 7, 1999

CITY OF MANDEVILLE, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 August 31, 1999
 With Comparative Totals for 1998

	Governmental Fund Types			Proprietary Fund Type		Account Groups			Totals	
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Fund	General Fixed Assets	Long-Term Debt	(Memorandum Only)		
								1999	1998	
ASSETS										
Cash	\$ 1,695,928	\$ 862,331	\$ 244,963	\$ 1,078,810	\$ 571,234	\$ -	\$ -	\$ 4,453,266	\$ 5,143,852	
Investments - at Amortized Cost	318,819	1,307,120	1,750,652	2,023,013	1,082,413	-	-	6,482,017	4,406,721	
Receivables:										
Water and Sewer	-	-	-	-	346,215	-	-	346,215	335,888	
Grants	191,902	-	-	-	-	-	-	191,902	219,517	
Other	12,213	8,289	36,891	1,933	33,919	-	-	93,245	79,533	
Due from Other Funds	196,958	-	-	-	-	-	-	196,958	215,521	
Inventory - at Cost	18,631	-	-	-	67,549	-	-	86,180	95,547	
Restricted Assets:										
Cash	59,912	-	-	-	82,327	-	-	142,239	144,510	
Land	-	-	-	-	-	891,836	-	891,836	643,006	
Buildings	-	-	-	-	-	1,774,871	-	1,774,871	1,567,732	
Improvements Other than Buildings	-	-	-	-	-	1,067,345	-	1,067,345	1,067,345	
Equipment	-	-	-	-	-	3,520,709	-	3,520,709	3,162,139	
Utility Plant and Equipment - Net of Accumulated Depreciation	-	-	-	-	16,394,689	-	-	16,394,689	15,739,186	
Amount Available in Debt Service Funds	-	-	-	-	-	-	1,949,583	1,949,583	1,876,892	
Amount to be Provided for Retirement of General Long-Term Debt Deposits	-	-	-	-	-	-	6,715,417	6,715,417	7,513,108	
	2,580	-	-	-	-	-	-	2,580	2,580	
Total Assets	\$ 2,496,943	\$ 2,177,740	\$ 2,032,506	\$ 3,103,756	\$ 18,578,346	\$ 7,254,761	\$ 8,665,000	\$ 44,309,052	\$ 42,213,077	

	Governmental Fund Types				Proprietary Fund Type	Account Groups			Totals		
	General Fund	Special Revenue Funds		Debt Service Funds		Capital Projects Funds	Enterprise Fund	General Fixed Assets	General Long-Term Debt	1999	(Memorandum Only) 1998
		Special Revenue Funds	Debt Service Funds								
LIABILITIES											
Accounts Payable and Accrued Expenses	\$ 604,836	\$ -	\$ -	\$ 95,639	\$ 184,907	\$ -	\$ -	\$ -	\$ 885,382	\$ 1,268,991	
Payroll Taxes and Retirement Payable	12,937	-	-	-	6,075	-	-	-	19,012	15,219	
Due to Other Funds	5,906	-	82,855	4,627	103,570	-	-	-	196,958	215,521	
Construction Deposit	-	-	-	-	-	-	-	-	-	85,897	
Customer Deposits	-	-	-	-	232,453	-	-	-	232,453	220,073	
Other Liabilities	-	131,493	-	-	-	-	-	-	131,493	-	
Payable from Restricted Assets:											
Revenue Bonds	-	-	-	-	23,000	-	-	-	23,000	22,000	
Accrued Interest	-	-	-	-	6,902	-	-	-	6,902	7,727	
Matured Bonds and Interest Coupons	-	-	68	-	-	-	-	-	68	68	
Revenue Bonds Payable	-	-	-	-	161,000	-	-	-	161,000	184,000	
General Obligation Bonds Payable	-	-	-	-	-	-	-	8,665,000	8,665,000	9,390,000	
Total Liabilities	623,679	131,493	82,923	100,266	717,907	-	-	8,665,000	10,321,268	11,409,496	
FUND EQUITY											
Contributed Capital	-	-	-	-	14,704,845	-	-	-	14,704,845	14,352,512	
Investment in General Fixed Assets	-	-	-	-	-	7,254,761	-	-	7,254,761	6,440,222	
Retained Earnings:											
Reserved for Debt Service	-	-	-	-	52,425	-	-	-	52,425	49,467	
Unreserved	-	-	-	-	3,103,169	-	-	-	3,103,169	2,477,416	
Fund Balances:											
Reserved for Inventory	18,631	-	-	-	-	-	-	-	18,631	19,448	
Reserved for Capital Expenditures	59,912	-	-	-	-	-	-	-	59,912	65,316	
Reserved for Debt Service	-	-	1,949,583	-	-	-	-	-	1,949,583	1,876,892	
Unreserved and Undesignated	1,794,721	154,823	-	-	-	-	-	-	1,949,544	1,953,889	
Designated for Future Expenditures	-	1,891,424	-	3,003,490	-	-	-	-	4,894,914	3,568,419	
Total Retained Earnings/ Fund Balance	1,873,264	2,046,247	1,949,583	3,003,490	3,155,594	-	-	-	12,028,178	10,010,847	
Total Fund Equity	1,873,264	2,046,247	1,949,583	3,003,490	17,860,439	7,254,761	-	-	33,987,784	30,803,581	
Total Liabilities and Fund Equity	\$ 2,496,943	\$ 2,177,740	\$ 2,032,506	\$ 3,103,756	\$ 18,578,346	\$ 7,254,761	\$ 8,665,000	\$ 44,309,052	\$ 42,213,077	\$ 42,213,077	

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 For The Year Ended August 31, 1999
 With Comparative Totals for 1998

	General	Special Revenue	Debt Service	Capital Projects	Totals	
					1999	(Memorandum Only) 1998
REVENUES						
Taxes	\$ 1,293,822	\$ 6,396,159	\$ 150,292	\$ -	\$ 7,840,273	\$ 7,324,031
Licenses and Permits	805,348	-	-	-	805,348	799,043
Intergovernmental	1,491,722	451,382	-	30,000	1,973,104	466,002
Charges for Services	592,572	-	-	-	592,572	559,482
Fines and Forfeits	190,957	-	-	-	190,957	199,808
Interest Income	77,935	70,680	87,304	117,177	353,096	362,368
On-behalf Payments	112,220	-	-	-	112,220	109,330
Miscellaneous	180,054	-	73	27,590	207,717	68,584
Total Revenues	4,744,630	6,918,221	237,669	174,767	12,075,287	9,888,648
EXPENDITURES						
Current:						
General Government	2,436,324	476,132	-	-	2,912,456	2,092,779
Public Safety	2,475,124	73,598	-	-	2,548,722	2,346,560
Public Works:						
Streets and Sanitation	2,184,709	-	-	-	2,184,709	1,886,857
On-behalf Payments	112,220	-	-	-	112,220	109,330
Cemetery	18,591	-	-	-	18,591	18,222
Debt Service:						
Principal Retirement	-	-	435,000	-	435,000	435,000
Interest and Fiscal Charges	-	-	471,451	-	471,451	500,295
Miscellaneous	-	-	16,162	-	16,162	14,243
Capital Projects	-	-	-	1,148,333	1,148,333	2,358,373
Total Expenditures	7,226,968	549,730	922,613	1,148,333	9,847,644	9,761,659
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,482,338)	6,368,491	(684,944)	(973,566)	2,227,643	126,989
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	2,818,500	71,750	804,635	1,355,287	5,050,172	5,749,407
Operating Transfers Out	(24,750)	(5,438,422)	(47,000)	-	(5,510,172)	(6,011,407)
Debt Service	(378,206)	-	-	-	(378,206)	(376,786)
Total Other Financing Sources (Uses)	2,415,544	(5,366,672)	757,635	1,355,287	(838,206)	(638,786)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(66,794)	1,001,819	72,691	381,721	1,389,437	(511,797)
FUND BALANCES - BEGINNING	1,940,875	1,044,428	1,876,892	2,621,769	7,483,964	7,995,291
ADDITION (REDUCTION) IN RESERVE FOR INVENTORY	(817)	-	-	-	(817)	470
FUND BALANCES - ENDING	\$ 1,873,264	\$ 2,046,247	\$ 1,949,583	\$ 3,003,490	\$ 8,872,584	\$ 7,483,964

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET
 (GAAP BASIS) AND ACTUAL - GENERAL, SPECIAL REVENUE AND CAPITAL PROJECT FUND TYPES
 For The Year Ended August 31, 1999

	General Fund		Special Revenue Funds		Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
REVENUES					
Taxes	\$ 1,300,000	\$ 1,293,822	\$ 6,150,000	\$ 6,396,159	\$ 246,159
Licenses and Permits	752,500	805,348	-	-	-
Intergovernmental	2,596,500	1,491,722	-	451,382	451,382
Charges for Services	578,000	592,572	-	-	-
Fines and Forfeits	180,000	190,957	-	-	-
Interest Income	45,000	77,935	52,000	70,680	18,680
On-behalf Payments	-	112,220	-	-	-
Miscellaneous	173,000	180,054	-	-	-
Total Revenues	5,625,000	4,744,630	6,202,000	6,918,221	716,221
EXPENDITURES					
General Government	4,374,000	2,436,324	71,500	73,598	(2,098)
Public Safety	2,525,500	2,475,124	-	476,132	(476,132)
Public Works:					
Streets and Sanitation	2,368,500	2,184,709	-	-	-
On-behalf Payments	-	112,220	-	-	-
Cemetery	20,000	18,591	-	-	-
Total Expenditures	9,288,000	7,226,968	71,500	549,730	(478,230)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,663,000)	(2,482,338)	6,130,500	6,368,491	262,741
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	2,818,500	2,818,500	-	71,750	26,750
Operating Transfers Out	-	(24,750)	(5,859,500)	(5,438,422)	421,078
Debt Service	(380,000)	(378,206)	-	-	-
Total Other Financing Sources (Uses)	2,438,500	2,415,544	(5,814,500)	(5,366,672)	447,828
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,224,500)	(66,794)	316,000	1,001,819	710,569
FUND BALANCES - BEGINNING	1,940,875	1,940,875	-	1,044,428	(72)
REDUCTION IN RESERVE FOR INVENTORY	-	(817)	-	-	-
FUND BALANCES - ENDING	\$ 716,375	\$ 1,873,264	\$ 1,156,889	\$ 2,046,247	\$ 710,497

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET
 (GAAP BASIS) AND ACTUAL - GENERAL, SPECIAL REVENUE AND CAPITAL PROJECT FUND TYPES (Continued)
 For The Year Ended August 31, 1999

	Capital Projects Funds											
	Water			Water II			Streets					
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES												
Interest Income	\$ 45,000	\$ 56,298	\$ 11,298	\$ -	\$ 322	\$ 322	\$ 40,000	\$ 60,557	\$ 20,557	\$ 40,000	\$ 60,557	\$ 20,557
Miscellaneous	-	-	-	-	-	-	32,500	27,590	(4,910)	30,000	30,000	-
Federal Grant	-	-	-	-	-	-	30,000	-	-	-	-	-
Total Revenues	45,000	56,298	11,298	-	322	322	102,500	118,147	15,647	102,500	118,147	15,647
EXPENDITURES												
Public Works:												
Construction Contracts	1,305,000	432,172	872,828	-	-	-	2,311,000	420,379	1,890,621	2,311,000	420,379	1,890,621
Engineers' Fees	135,000	160,450	(25,450)	-	-	-	224,000	127,833	96,167	224,000	127,833	96,167
Other Costs	5,000	2,359	2,641	-	-	-	5,000	413	4,587	5,000	413	4,587
Bond Issuance Costs	-	-	-	-	4,727	(4,727)	-	-	-	-	-	-
Total Expenditures	1,445,000	594,981	850,019	-	4,727	(4,727)	2,540,000	548,625	1,991,375	2,540,000	548,625	1,991,375
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,400,000)	(538,683)	861,317	-	(4,405)	(4,405)	(2,437,500)	(430,478)	2,007,022	(2,437,500)	(430,478)	2,007,022
OTHER FINANCING SOURCES												
Operating Transfers:												
Sales Tax	-	-	-	-	-	-	1,216,000	1,355,287	139,287	1,216,000	1,355,287	139,287
Total Other Financing Sources	-	-	-	-	-	-	1,216,000	1,355,287	139,287	1,216,000	1,355,287	139,287
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,400,000)	(538,683)	861,317	-	(4,405)	(4,405)	(1,221,500)	924,809	2,146,309	(1,221,500)	924,809	2,146,309
FUND BALANCES - BEGINNING	1,400,000	1,400,148	148	-	-	-	1,221,500	1,221,621	121	1,221,500	1,221,621	121
FUND BALANCES (DEFICIT) - ENDING	\$ -	\$ 861,465	\$ 861,465	\$ -	\$ (4,405)	\$ (4,405)	\$ -	\$ 2,146,430	\$ 2,146,430	\$ -	\$ 2,146,430	\$ 2,146,430

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE - ENTERPRISE FUND**

	For The Years Ended	
	August 31,	
	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Charges for Services:		
Water	\$ 570,406	\$ 574,587
Sewerage	778,321	757,474
Tapping Fees - Water Department	50,225	46,321
Tapping Fees - Sewer Department	30,230	32,800
Delinquent Charges	55,078	58,212
Service Charge	20,679	23,054
Sewer Inspection Fees	2,575	2,750
Sewer Impact Fees	81,146	92,525
Water Impact Fees	100,088	89,825
Water Inspection Fees	2,850	2,825
Miscellaneous	181,202	105,806
	<u>1,872,800</u>	<u>1,786,179</u>
OPERATING EXPENSES		
Water Department	812,259	727,161
Sewer Department	1,205,220	1,193,856
	<u>2,017,479</u>	<u>1,921,017</u>
Total Operating Expenses		
	<u>(144,679)</u>	<u>(134,838)</u>
NON-OPERATING REVENUES (EXPENSES)		
Grant Income	24,700	50,000
Interest Income	57,876	59,846
Interest and Fiscal Charges	(9,475)	(10,563)
	<u>73,101</u>	<u>99,283</u>
Total Non-Operating Revenues		
(Loss) Before Operating Transfers	<u>(71,578)</u>	<u>(35,555)</u>
OPERATING TRANSFERS IN		
Special Revenue Fund	460,000	262,000
	<u>460,000</u>	<u>262,000</u>
Total Net Operating Transfers In		
NET INCOME	388,422	226,445
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED WITH SALES TAX BONDS THAT REDUCES CONTRIBUTED CAPITAL FROM GOVERNMENT	<u>240,289</u>	<u>241,052</u>
NET INCREASE IN RETAINED EARNINGS	628,711	467,497
RETAINED EARNINGS - BEGINNING	<u>2,526,883</u>	<u>2,059,386</u>
RETAINED EARNINGS - ENDING	<u>\$ 3,155,594</u>	<u>\$ 2,526,883</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE**

	For The Years Ended	
	August 31,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 388,422	\$ 226,445
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	427,712	497,407
Change in Assets and Liabilities:		
(Increase) in Accounts Receivable	(10,327)	(25,951)
(Increase) in Other Receivables	(30,988)	(714)
Decrease in Due from Other Funds	-	59,543
(Increase) Decrease in Inventory	8,550	(17,713)
Increase in Accounts Payable and Accrued Expenses	61,365	14,030
Increase in Payroll Taxes and Retirement Payable	818	1,158
Increase (Decrease) in Due to Other Funds	16,230	(8,757)
Increase in Customer Deposits	12,380	10,242
Increase (Decrease) in Accrued Loss Contingency	(9,980)	65,000
(Decrease) in Accrued Interest Payable	(825)	(787)
Net Cash Provided by Operating Activities	863,357	819,903
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in Investments	(415,293)	(6,600)
Net Cash (Used in) Investing Activities	(415,293)	(6,600)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(1,083,215)	(1,931,878)
Principal Paid on Revenue Bond Maturities	(22,000)	(21,000)
Capital Contributed from Other Funds	592,622	1,424,404
Net Cash (Used in) Capital and Related Financing Activities	(512,593)	(528,474)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(64,529)	284,829
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	718,090	433,261
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 653,561	\$ 718,090
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	\$ 10,300	\$ 11,350

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF MANDEVILLE, LOUISIANA**, (the "City") adopted the Home Rule Charter on November 16, 1985 under the provisions of Article VI, Section 5, of the Louisiana Constitution of 1974. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation and utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the **CITY OF MANDEVILLE, LOUISIANA**, conform to generally accepted accounting principles as applicable to governments except for the valuation of fixed assets as further discussed in this note. 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 Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

1. REPORTING ENTITY

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

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

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

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. REPORTING ENTITY (Continued)

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

Based on the previous criteria, the City has determined that there are no component units that are part of the reporting entity.

2. FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is 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 six generic fund types and three broad fund categories as follows:

GOVERNMENTAL FUND TYPES

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.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

CAPITAL PROJECTS FUND

Capital Projects Fund is 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).

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. FUND ACCOUNTING (Continued)

PROPRIETARY FUND TYPES

ENTERPRISE FUND

The Enterprise Fund is 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 that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. 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 funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance (net current assets). Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in a General Fixed Assets Account Group rather than in governmental funds. Fixed assets consisting of certain improvements other than building, including roads, bridges, curbs and gutters, streets and sidewalks, and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets. The City did not maintain a detailed property ledger for either the Enterprise Fund or the General Fixed Assets Group of Accounts prior to September 1, 1979.

No depreciation has been provided on general fixed assets, nor has interest been capitalized during the current year.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. FIXED ASSETS AND LONG-TERM LIABILITIES (Continued)

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

The City did not maintain inventories of fixed assets prior to September 1, 1979. Detailed records and the valuation of fixed asset additions for the following years were maintained:

<u>Year Ending</u>	<u>Fixed Asset Additions</u>	
	<u>General Fixed Assets</u>	<u>Enterprise Fund</u>
August 31, 1980	\$ 171,556	\$ 32,727
August 31, 1981	50,529	2,888
August 31, 1982	123,175	337,838
August 31, 1983	289,784	468,969
August 31, 1984	225,576	1,209,808
August 31, 1985	248,405	826,147
August 31, 1986	204,006	307,257
August 31, 1987	130,396	32,184
August 31, 1988	174,270	1,797,863
August 31, 1989	268,629	4,740,309
August 31, 1990	48,956	799,211
August 31, 1991	183,533	271,377
August 31, 1992	138,707	364,381
August 31, 1993	196,614	167,443
August 31, 1994	232,944	780,975
August 31, 1995	613,638	112,069
August 31, 1996	905,465	97,540
August 31, 1997	904,518	2,363,257
August 31, 1998	393,156	1,828,700
August 31, 1999	<u>814,539</u>	<u>2,664,960</u>
Total	<u>\$ 6,318,396</u>	<u>\$ 19,205,903</u>

Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. FIXED ASSETS AND LONG-TERM LIABILITIES (Continued)

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities associated with their activity are included on the balance sheet. The reported fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases and decreases in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method or other acceptable methods. The estimated useful lives are as follows:

Sewerage System	10 - 50 Years
Equipment	3 - 5 Years

4. BASIS OF ACCOUNTING

All governmental funds are accounted for using the modified accrual basis of accounting. These revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due. Purchase of various operating supplies are regarded as expenditures at the time purchased.

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.

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," it is the City's policy to apply all applicable GASB pronouncements as well as all FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

5. BUDGETS AND BUDGETARY ACCOUNTING

All proposed budgets must be completed and submitted to the City Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. The final budget must be adopted before the ensuing fiscal year begins.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

The **CITY OF MANDEVILLE, LOUISIANA**, adopted a line item budget on a basis consistent with generally accepted accounting principles for the following funds: General Fund, Special Revenue Fund, Capital Projects Fund and Enterprise Fund. A formal budget was not adopted for the Debt Service Fund because effective budgetary control is alternately achieved through general obligation bond provisions.

According to line item budgeting, actual expenditures for each line item may not exceed its corresponding budgeted amount. The budget may be amended under the same procedures as were followed under its adoption. The budgets presented have been amended.

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if one (1) year passes without any disbursement from or encumbrance of the appropriation.

6. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as time certificates of deposit.

Statutes authorize the City to invest in the following types of securities:

- (1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. Government.
- (2) Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.
- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, or by U.S. government instrumentalities which are federally sponsored, and provided such obligations are backed by the full faith and credit of the U.S.
- (4) Direct repurchase agreements of any federal bank entry only securities enumerated in paragraphs (1) and (3) above. "Direct security repurchase agreement" means an agreement under which the political subdivision buys, holds for a specified time, and then sells back those securities and obligations enumerated in paragraphs (1) and (3) above.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. CASH AND INVESTMENTS (Continued)

- (5) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by Government Auditing Standards Board Pronouncement No. 31 are reported at fair value which is determined using selected bases.

Cash and Cash Equivalents consists of cash, as defined above, including restricted cash.

7. INVENTORIES

Governmental fund type inventories are basically accounted for using the "purchases" method.

It was not practicable to determine the amount of governmental fund type inventories at August 31, 1999, and therefore, such inventories are not reported in the accompanying governmental fund type financial statements as required by generally accepted accounting principles. In the opinion of management, such inventories would be immaterial to the financial statements.

There exist inventories of cemetery plots of \$15,236 and mausoleum crypts of \$3,395 at August 31, 1999. These inventories are valued at cost.

Materials and supplies inventory of the proprietary funds are stated at the lower of cost or market, or at cost, determined by the first-in, first-out method.

8. COMPARATIVE DATA

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

9. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Statements - Overview 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 operation, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. PROPERTY TAXES

Property taxes are due on January 1 and delinquent if not paid by March 31. Property taxes are recorded as revenues upon receipt of payments. Property on which the taxes have not been paid is adjudicated to the City after being offered for sale to the public. Receivables - Tax liens is reflected in the financial statements. Total property tax revenue for the year ended August 31, 1999 was \$1,001,159 and is recorded in the funds as follows:

General Fund	\$ 850,867
Debt Service Fund	<u>150,292</u>
	<u>\$ 1,001,159</u>

11. SALES TAXES

Sales tax collections for the year ended August 31, 1999 was \$6,396,159 and was collected from the following sources:

1% Special Sales and Use Tax	\$ 2,330,020
1% Sales and Use Tax	2,330,020
State Parish & Municipal Motor Vehicle Sales Tax	571,109
½% Sales and Use Tax	<u>1,165,010</u>
	<u>\$ 6,396,159</u>

As of July 1, 1992, the City is no longer the collecting agent for sales taxes. Sales taxes are now being collected by the St. Tammany Sheriff's Office for the entire parish.

12. ACCUMULATED UNPAID VACATION LEAVE AND SICK PAY

A majority of employees may accrue annual leave up to a maximum of 30 days. At termination, employees are paid for any accumulated annual leave. No payment is made to terminated employees for accrued sick leave. The amount of accumulated annual leave payable in the financial statements at August 31, 1999 is \$189,155.

13. ACCOUNTS RECEIVABLE

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the particular receivable. The allowance is \$45,015 at August 31, 1999.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE B

CHANGES IN FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	Balance September 1, 1998	Additions	Deletions	Balance August 31, 1999
Land	\$ 643,006	\$ 248,830	\$ -	\$ 891,836
Buildings	1,567,732	207,139	-	1,774,871
Improvements Other than Buildings	1,067,345	-	-	1,067,345
Equipment	<u>3,162,139</u>	<u>358,570</u>	<u>-</u>	<u>3,520,709</u>
 Total	 <u>\$ 6,440,222</u>	 <u>\$ 814,539</u>	 <u>\$ -</u>	 <u>\$ 7,254,761</u>

A summary of Proprietary Fund Type property, plant and equipment at August 31, 1999 follows:

Water and Sewer System and Equipment	\$ 20,701,847
Construction in Progress	<u>144,497</u>
	20,846,344
Less: Accumulated Depreciation	<u>4,451,655</u>
 Net	 <u>\$ 16,394,689</u>

Depreciation expense for the year ended August 31, 1999 was \$427,712. Of this amount \$240,289 was depreciation on assets purchased with bond money.

NOTE C

CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the City for the year ended August 31, 1999:

	Certificate of Indebtedness	General Obligation	Water Revenue	Total
Bonds and Certificates Payable at September 1, 1998	\$ 1,975,000	\$ 7,415,000	\$ 206,000	\$ 9,596,000
Bonds Retired	<u>(290,000)</u>	<u>(435,000)</u>	<u>(22,000)</u>	<u>(747,000)</u>
 Bonds and Certificates Payable at August 31, 1999	 <u>\$ 1,685,000</u>	 <u>\$ 6,980,000</u>	 <u>\$ 184,000</u>	 <u>\$ 8,849,000</u>

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE D

COMBINED SCHEDULE OF BONDS PAYABLE - AUGUST 31, 1999

Sales Tax Bonds	Payment Dates	Interest		Years	Annual Serial Payments	
		Year or Certificate Number	% Rate		Amount	Balance
Series 1990. Issued						
12/1/90 for \$6,265,000	1/1 and	2000	6.80	2000	\$ 315,000	\$ 315,000
(Refunding Series 1987	7/1	2001	6.85	2001	335,000	335,000
Sales Tax Bonds)		2002	6.90	2002	360,000	360,000
Payable from Special		2003	6.95	2003	385,000	385,000
1% Sales Tax		2004	7.00	2004	410,000	410,000
		2005	7.05	2005	440,000	440,000
		2006	7.10	2006	470,000	470,000
		2007	7.20	2007	505,000	505,000
		2008	7.20	2008	540,000	540,000
		2009	7.20	2009	575,000	575,000
						4,335,000
Series 1991. Issued						
12/1/90 for \$1,865,000	1/1 and	2000	6.30	2000	\$ 95,000	\$ 95,000
(Street Improvements)	7/1	2001	6.40	2001	105,000	105,000
Payable from Special		2002	6.50	2002	110,000	110,000
1% Sales Tax		2003	6.60	2003	120,000	120,000
		2004	6.60	2004	130,000	130,000
		2005	6.60	2005	135,000	135,000
		2006	6.60	2006	150,000	150,000
		2007	6.60	2007	155,000	155,000
		2008	6.60	2008	170,000	170,000
		2009	6.60	2009	185,000	185,000
						1,355,000

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE D

COMBINED SCHEDULE OF BONDS PAYABLE - AUGUST 31, 1999 (Continued)

Water Improvement Bonds	Payment Dates	Interest		Years	Annual Serial Payments	
		Year or Certificate Number	% Rate		Amount	Balance
Bonds Issued 2/1/94 for \$1,500,000, Payable from Ad Valorem Taxes	2/1 and 8/1	2000	4.0	2000	\$ 50,000	\$ 50,000
		2001	4.1	2001	55,000	55,000
		2002	4.2	2002	60,000	60,000
		2003	4.3	2003	65,000	65,000
		2004	4.4	2004	65,000	65,000
		2005	4.5	2005	70,000	70,000
		2006	4.7	2006	75,000	75,000
		2007	4.9	2007	80,000	80,000
		2008	5.05	2008	90,000	90,000
		2009	5.1	2009	95,000	95,000
		2010	5.15	2010	100,000	100,000
		2011	5.2	2011	110,000	110,000
		2012	5.25	2012	115,000	115,000
		2013	5.25	2013	125,000	125,000
2014	5.25	2014	135,000	135,000		
						<u>1,290,000</u>
Total General Obligation Bonds						<u>\$ 6,980,000</u>

Revenue Bonds	Payment Dates	Interest		Years	Annual Serial Payments	
		Year or Certificate Number	% Rate		Amount	Balance
Bonds Issued 12/8/80 for \$450,000 (Water and Sewer) Payable from Water and Sewer Revenues	12/8	1999-2005	5.00%	1999		\$ 23,000
				2000		24,000
				2001		25,000
				2002		26,000
				2003		27,000
				Thereafter		<u>59,000</u>
Total Revenue Bonds						<u>\$ 184,000</u>

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE D

COMBINED SCHEDULE OF BONDS PAYABLE - AUGUST 31, 1999 (Continued)

Certificate of Indebtedness	Payment Dates	Interest		Years	Annual Serial Payments	
		Year or Certificate Number	% Rate		Amount	Balance
Certificates dated 2/17/94						
for \$3,000,000, Payable from Excess General Fund Revenues	2/1 and 8/1	2000	4.82	2000	\$ 305,000	\$ 305,000
		2001	4.82	2001	320,000	320,000
		2002	4.82	2002	335,000	335,000
		2003	4.82	2003	355,000	355,000
		2004	4.82	2004	370,000	370,000
Total Certificates of Indebtedness						<u>\$ 1,685,000</u>

NOTE E

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

The following is a schedule of principal and interest debt service requirements to maturity:

Year Ending August 31,	Certificate of Indebtedness	General Obligation	Water Revenue Bonds	Total
2000	\$ 378,866	\$ 902,825	\$ 32,200	\$ 1,313,891
2001	378,804	907,161	32,050	1,318,015
2002	378,019	908,945	31,850	1,318,814
2003	381,390	912,953	31,600	1,325,943
2004	378,916	909,147	31,300	1,319,363
2005-2014	-	5,226,230	63,450	5,289,680
	<u>\$ 1,895,995</u>	<u>\$ 9,767,261</u>	<u>\$ 222,450</u>	<u>\$ 11,885,706</u>

\$1,949,583 is available in the Debt Service Fund to service the General Obligation Bonds.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE E

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT (Continued)

There are a number of limitations and restrictions contained in the water revenue bond indenture. The status of these deposit requirements are as follows:

	August 31, 1999		
	Required Balance	Actual Balance	Variance- Favorable (Unfavorable)
Sinking Fund	\$ 24,085	\$ 24,085	\$ -
Reserve Fund	29,514	29,514	-
Depreciation and Contingency Fund	28,728	28,728	-
Totals	\$ 82,327	\$ 82,327	\$ -

The City performed a defeasance of its Series 1987 Sales Tax Bonds in accordance with Chapter 14 of Title 39 of the Louisiana Revised Statutes of 1950, as amended. An advance refunding was performed whereby new debt (Series 1990 Sales Tax Bonds) was issued to provide money to pay interest on old, outstanding debt as it becomes due and to pay principal on the old debt as it matures. The proceeds from the sale of the advance refunding bonds has been placed in an irrevocable trust with Bank One (Escrow Agent) to be used solely for satisfying scheduled payments of both interest and principal of the defeasible debt. The total amount of defeased debt outstanding at August 31, 1999 is \$2,160,000.

NOTE F

MAUSOLEUM ENDOWED CARE TRUST FUND

The City entered into an agreement with the Citizens Bank and Trust Company on June 24, 1966 creating "Lake Lawn Park, Inc., Endowed Care Trust, Town of Mandeville". This trust fund was created to provide for the maintenance and care of the mausoleum. On July 19, 1991, the account was transferred to the Whitney National Bank Trust Division upon the closing of the Trust Department at Citizens Bank. The trust can make disbursements to the City "upon presentation to the company of an itemized and notarized statement of maintenance expenses and costs approved and signed by the mayor". This account is not reflected on the financial statements because the Trust Fund is not considered a part of the reporting entity. The balance of this account as of June 30, 1999 is:

Fed GNMA Trust and Fed Max-Cap Funds	<u>\$ 47,110</u>
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**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE G

OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the combined financial statements, of certain information concerning individual funds including:

Individual fund interfund receivable and payable balances. Such balances at August 31, 1999 were:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 196,958	\$ 5,906
Debt Service Funds	-	82,855
Capital Projects Funds	-	4,627
Enterprise Fund	-	103,570
	\$ 196,958	\$ 196,958

NOTE H

LITIGATION

The City is a defendant in several lawsuits which are currently pending. The City persists in its vigorous defense of these lawsuits and maintains that the defenses available should shield the City from liability or, at a minimum, preclude the amount of damages sought by the plaintiffs. The majority of the cases are covered by insurance and, in the opinion of legal counsel for the City, the ultimate resolutions of these cases will not result in a significant liability to the City.

NOTE I

RESERVE FOR CAPITAL EXPENDITURES

The reserve for capital expenditures is \$59,912. The reserve for capital expenditures is restricted for certain police acquisitions.

NOTE J

SELF-INSURANCE PROGRAM

As of March 1, 1991, the City became self-insured for up to \$25,000 per employee with respect to its medical insurance. The plan is serviced by an independent service company. The City is also partially self-insured for up to \$25,000 per occurrence/\$50,000 aggregate for the year with respect to its property and casualty insurance.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE K

PENSION PLANS

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)

Plan Description and Provisions:

All of the City's full-time employees, other than police employees, participate in the MERS, a multiple-employer, cost sharing pension plan. The payroll for employees covered by the MERS for the year ended August 31, 1999 was \$1,596,512. The City's total payroll, excluding police department, was \$1,638,419.

Employees can retire providing they meet one of the following criteria:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to 2% of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

If a member's employment is terminated before the member is eligible for any benefits under MERS, the member shall receive a refund of his member contributions.

Description of Funding Policy:

The System's contribution requirements are not actuarially determined. Instead, the contribution requirements are currently established by statute. As of July 1, 1998, the statutory rates were 5% member contribution and 3.75% employer contribution of the total covered payroll. The City has elected to pay the member contribution as an additional benefit to City employees. The City's contribution requirement for the years ended August 31, 1999, 1998 and 1997 was \$131,272, \$106,540 and \$103,065 which represents 8.23%, 7.71%, and 7.58%, respectively, equal to the required contributions for each year.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE K

PENSION PLANS (Continued)

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) (Continued)

Description of Funding Policy: (Continued)

The City has approved an upgrade in employees' retirement benefits by participating in Plan A of the MERS effective September 1, 2000. This upgrade will increase the City's contribution rate to approximately 15% in future years. The City has included an additional \$97,000 in its operating budget for the year end August 31, 2000 for the additional contribution required for Plan A.

Trend Information:

Five-year historical trend information presenting the MERS' progress in accumulating sufficient assets to pay benefits when due is presented in the MERS June 30, 1998 annual financial report. The MERS June 30, 1999 annual financial report was not available as of the date of this audit report. That report may be obtained by writing to MERS at 7937 Office Park Blvd., Baton Rouge, LA 70809.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM (MPERS)

Plan Description and Provision:

All of the City's full-time police officers participate in the MPERS, a multiple-employer, cost sharing pension plan. The payroll for employees covered by the MPERS was \$829,381 including \$112,220 of state supplemental pay. The City's total police department payroll was \$1,343,472.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 25 years of creditable service at any age or has 20 years creditable service and is age 50 or has 12 years creditable service and is age 55.

Benefit's rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years creditable service not to exceed 100% of final salary.

A member is eligible to receive disability benefits if he was an active contributing member of the Retirement System or, if he is no longer a member but has 20 years creditable service established in the System and suffers disability which has been certified by examination by a member of the State-wide Medical Disability Board. A service related disability requires no certain number of years of creditable service, however, a non-service connected disability requires five years of creditable service.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE K

PENSION PLANS (Continued)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM (MPERS) (Continued)

Plan Description and Provision: (Continued)

The disability benefits are calculated at three percent of average final compensation multiplied by years of creditable service, but shall not be less than 40% nor more than 60% of average final compensation. Upon reaching the age required for regular retirement, the disability pensioner receives the greater of disability benefit or accrued benefit earned to date of disability.

Upon the death of an active contributing member, or disability retiree, the plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40-60% of the member's average final compensation.

Description of Funding Policy:

Effective July 1, 1994, contributions for all member employees are established by statute at 7.5% of employee's earnable compensation excluding overtime, but including state supplemental pay and 9% employer contribution. The City has elected to pay the member contribution as an additional benefit to City police employees. The City's contribution requirement for the years ended August 31, 1999, 1998 and 1997 was \$160,091, \$167,485 and \$139,814 which represents 19.31%, 18.64% and 17.4% of covered payroll, respectively.

Trend Information:

Five-year historical trend information presenting the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the MPERS June 30, 1998 annual financial statements. The MPERS June 30, 1999 annual financial report was not available as of the date of this audit report. That report may be obtained by writing to MPERS at 8401 United Plaza Blvd., Room 270, Baton Rouge, LA 70809-7017.

NOTE L

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by an independent plan administrator through an administrative service agreement. The City's administrative involvement is limited to transmitting amounts withheld to the plan administrator who performs investing functions.

Plan assets are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets will not be diverted to any other purpose. Accordingly, the plan assets and related liabilities have not been included herein.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M

CASH AND TIME CERTIFICATES OF DEPOSIT

At August 31, 1999, the carrying amount of the City's deposits was \$4,595,505 (including \$142,239 of restricted cash), and the bank balance was \$5,115,446. Of the bank balances, \$2,017,229 was covered by federal depository insurance and \$2,007,654 was covered by collateral pledged to the **CITY OF MANDEVILLE, LOUISIANA**, by the institutions.

NOTE N

INVESTMENTS

The City's investments (which include \$812,999 reserved for debt service) are categorized below to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name.

	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government Securities and Instrumentalities	\$ -	\$2,339,332	\$ -	\$ 2,339,332	\$ 2,310,693
Investment in a Pool Managed by the Louisiana Asset Management Pool				4,142,685	4,142,685
Total Investment				\$ 6,482,017	\$ 6,453,378

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE O

LEASE

The City entered into a lease agreement with a local government entity commencing on the 1st day of January 1997 and terminating on the last day of December 2047. The City (Lessor) will receive \$25 annually, payable in advance on or before the first day of January of each calendar year during the term of the lease. In addition, Lessee shall pay to the City a sum of money equal to the amount of the lowest responsive bid submitted by a responsible contractor for the construction on City owned property of a maintenance facility to be used by the Lessee during the term of the lease. In accordance with the lease agreement, the Lessee is responsible for paying for all necessary insurance on the property, applicable taxes, utilities and proper maintenance. The Lessee may not assign any rights under the lease nor may grant any subleases. At the termination of the lease, Lessor shall retain ownership of all improvements constructed on the property.

NOTE P

CONTINGENT LIABILITY

Included in the utility and plant equipment account of the City's Enterprise Fund is a sewer and water treatment facility. The City was notified of a proposed civil penalty from the Environmental Protection Agency (EPA) with a maximum amount of \$137,500 for non-compliance with its wastewater treatment permit. A liability of \$55,000 has been accrued as of August 31, 1999, and a provision for loss in a corresponding amount has been charged to operations for the year ended August 31, 1999. The City is currently upgrading its facility to improve the wastewater treatment process under the guidance of the EPA. For the year ending August 31, 2000, an amount of \$675,000 has been included in its operating budget to meet all applicable environmental standards.

NOTE Q

ON-BEHALF PAYMENTS

In accordance with GASB No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance", the amount of state supplemental wages paid directly to police officers, has been recognized by the City as revenues and expenditures. The amount recognized for the year ended August 31, 1999 was \$112,220.

NOTE R

YEAR 2000 COMPLIANCE (UNAUDITED)

Time and space saving programming decisions made in prior years resulted in two-digit codes that may not correctly recognize "00" as the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be reprogrammed or replaced to make them year 2000 compliant.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE R

YEAR 2000 COMPLIANCE (UNAUDITED) (Continued)

The City is significantly dependent on computerized systems for essential operations and to provide services to citizens. As a continuing process, the City is actively engaged in making necessary changes to its systems and equipment to achieve year 2000 compliance. These changes included system upgrades and equipment replacements. The City has included in its operating budget for the year end August 31, 2000, the estimated costs associated for the replacement of computer hardware and software.

The City has completed testing of its systems, which include Financial, Personnel-Payroll, Public Safety, and Public Works, for year 2000 compliance. However, the completion of all assessing and testing stages is not a guarantee that the systems will be year 2000 compliant.

NOTE S

SUBSEQUENT EVENTS

In September 1999, the City issued \$6,600,000 of Sales Tax Bonds in order to finance future water construction projects. The bonds are secured by and payable solely from the avails or proceeds received by the City from the levy and collection of a 1% sales and use tax currently being collected by the City.

NOTE T

FUND DEFICIT

The general purpose financial statements include the Water Fund II, which has a cumulative fund deficit of \$4,405 at August 31, 1999. During 2000, anticipated excess revenues will be sufficient to remove the deficit.

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF MANDEVILLE, LOUISIANA**, (the "City") adopted the Home Rule Charter on November 16, 1985 under the provisions of Article VI, Section 5, of the Louisiana Constitution of 1974. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation and utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the **CITY OF MANDEVILLE, LOUISIANA**, conform to generally accepted accounting principles as applicable to governments except for the valuation of fixed assets as further discussed in this note. 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 Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

1. REPORTING ENTITY

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

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

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

**CITY OF MANDEVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. REPORTING ENTITY (Continued)

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

Based on the previous criteria, the City has determined that there are no component units that are part of the reporting entity.

2. FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is 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 six generic fund types and three broad fund categories as follows:

GOVERNMENTAL FUND TYPES

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.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

CAPITAL PROJECTS FUND

Capital Projects Fund is 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).

GENERAL FUND

To account for all financial resources except those required to be accounted for in another fund.

**CITY OF MANDEVILLE, LOUISIANA
GENERAL FUND**

COMPARATIVE BALANCE SHEET

ASSETS

	August 31,	
	1999	1998
CURRENT ASSETS		
Cash	\$ 1,695,928	\$ 791,169
Investments - at Amortized Cost	318,819	1,252,267
Receivables:		
Grants	191,902	219,517
Other	12,213	40,735
Due from Other Funds:		
Enterprise Fund	103,570	87,340
Water Fund II	4,627	-
Debt Service Fund	88,761	125,419
Meter Deposits	2,580	2,580
Inventory:		
Unsold Cemetery Plots and Mausoleum Crypts	18,631	19,448
Total Current Assets	2,437,031	2,538,475
RESTRICTED ASSETS		
Cash	59,912	65,316
Total Restricted Assets	59,912	65,316
Total Assets	\$ 2,496,943	\$ 2,603,791
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 604,836	\$ 561,151
Payroll Taxes and Retirement Payable	12,937	9,962
Construction Deposit	-	85,897
Due to Other Funds:		
Debt Service Fund	5,906	5,906
Total Liabilities	623,679	662,916
FUND BALANCE		
Reserved for Inventory of Unsold Cemetery and Mausoleum Crypts	18,631	19,448
Reserved for Capital Expenditures	59,912	65,316
Unreserved and Undesignated	1,794,721	1,856,111
Total Fund Balance	1,873,264	1,940,875
Total Liabilities and Fund Balance	\$ 2,496,943	\$ 2,603,791

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Taxes:				
Ad Valorem	\$ 850,000	\$ 850,867	\$ 867	\$ 811,683
Franchise	450,000	442,955	(7,045)	437,426
Total Taxes	<u>1,300,000</u>	<u>1,293,822</u>	<u>(6,178)</u>	<u>1,249,109</u>
Licenses and Permits:				
Building Permits	125,000	144,609	19,609	199,954
Insurance Licenses	290,000	312,238	22,238	286,069
Privilege and Occupational Licenses	275,000	284,224	9,224	262,471
Contractors' Licenses	16,000	16,680	680	11,740
Beer and Liquor Licenses	46,000	47,541	1,541	38,759
Dog Licenses	500	56	(444)	50
Total Licenses and Permits	<u>752,500</u>	<u>805,348</u>	<u>52,848</u>	<u>799,043</u>
Intergovernmental:				
Tobacco Taxes	38,000	37,964	(36)	37,964
Federal Grants	2,463,500	457,218	(2,006,282)	281,586
State Grants	-	894,536	894,536	55,450
Video Poker Revenue	95,000	102,004	7,004	87,840
Total Intergovernmental	<u>2,596,500</u>	<u>1,491,722</u>	<u>(1,104,778)</u>	<u>462,840</u>
Charges for Services:				
Garbage Fees	540,000	554,923	14,923	541,529
Tax Research	2,000	2,615	615	2,720
Zoning Fees	35,000	33,776	(1,224)	12,224
Culvert Fees	1,000	1,258	258	3,009
Total Charges for Services	<u>578,000</u>	<u>592,572</u>	<u>14,572</u>	<u>559,482</u>
Fines and Forfeits:				
Police Fees	180,000	190,957	10,957	199,808
Interest Income	45,000	77,935	32,935	91,892
Miscellaneous:				
Sale of Cemetery Plots	22,000	23,700	1,700	19,610
Miscellaneous	145,000	145,981	981	37,131
Donation	4,000	3,146	(854)	4,330
Sale of Property/Equipment	2,000	7,227	5,227	5,808
Total Miscellaneous	<u>173,000</u>	<u>180,054</u>	<u>7,054</u>	<u>66,879</u>
On-behalf Payments	-	112,220	112,220	109,330
Total Revenues	<u>5,625,000</u>	<u>4,744,630</u>	<u>(880,370)</u>	<u>3,538,383</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL (Continued)
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
EXPENDITURES				
Current:				
General Government	4,374,000	2,436,324	1,937,676	2,024,699
Public Safety - Police	2,525,500	2,475,124	50,376	2,346,560
Public Works - Streets and Sanitation	2,368,500	2,184,709	183,791	1,886,857
On-behalf Payments	-	112,220	(112,220)	109,330
Cemetery	20,000	18,591	1,409	18,222
Total Expenditures	<u>9,288,000</u>	<u>7,226,968</u>	<u>2,061,032</u>	<u>6,385,668</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,663,000)</u>	<u>(2,482,338)</u>	<u>1,180,662</u>	<u>(2,847,285)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers:				
Sales Tax Fund	2,438,500	2,438,500	-	2,298,000
Special Sales Tax Fund	380,000	380,000	-	828,000
Hazard Mitigation	-	(24,750)	(24,750)	-
Debt Service	(380,000)	(378,206)	1,794	(376,786)
Total Other Financing Sources	<u>2,438,500</u>	<u>2,415,544</u>	<u>(22,956)</u>	<u>2,749,214</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(1,224,500)	(66,794)	1,157,706	(98,071)
FUND BALANCE - BEGINNING	1,940,875	1,940,875	-	2,038,476
ADDITION (REDUCTION) IN RESERVE FOR INVENTORY	-	(817)	(817)	470
FUND BALANCE - ENDING	<u>\$ 716,375</u>	<u>\$ 1,873,264</u>	<u>\$ 1,156,889</u>	<u>\$ 1,940,875</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
GENERAL FUND**

**STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
GENERAL GOVERNMENT				
Salaries	\$ 621,500	\$ 621,759	\$ (259)	\$ 573,321
Council Meeting Fees	45,000	44,297	703	45,703
City Attorney Retainer	5,000	4,800	200	4,800
Advertising	13,500	14,510	(1,010)	9,691
Audit and Accounting	20,500	20,150	350	20,150
Council on Aging	2,500	2,500	-	2,500
Humanities	16,500	6,300	10,200	14,530
Janitorial Service and Supplies	23,000	22,224	776	22,164
Maintenance of Equipment	2,500	1,621	879	1,683
Membership, Dues and Subscriptions	16,000	16,535	(535)	8,928
Miscellaneous	2,000	957	1,043	508
Office Supplies	13,000	12,823	177	11,061
Payroll Taxes	50,000	44,796	5,204	43,334
Postage	7,500	7,206	294	6,875
Retirement	52,500	51,416	1,084	43,695
Stationery and Printing	10,500	10,495	5	8,144
Telephone	17,500	15,219	2,281	19,845
Animal Control	24,000	20,940	3,060	20,940
Youth Service	10,000	10,000	-	10,000
Travel, Meetings and Conferences	12,000	11,940	60	8,886
Utilities	28,000	24,442	3,558	29,680
City Engineer Retainer	6,000	6,000	-	6,000
Economic Development Council	6,000	5,675	325	5,675
City Hall Maintenance	12,000	11,799	201	9,065
General Insurance	10,000	9,978	22	8,461
Employee Medical Insurance	82,000	79,565	2,435	129,553
Workmen's Compensation	4,000	2,662	1,338	3,522
Computer Programs and Supplies	14,500	13,725	775	11,580
Recreation - Equipment Maintenance	6,000	5,872	128	3,574
Mayor Allowance	4,000	3,958	42	2,983
Banquets	4,000	3,491	509	2,496
Decorations and Beautification	5,000	4,699	301	4,603
Insurance - Property	1,000	856	144	1,000
General Liability Claims	35,000	31,820	3,180	55,598
Planning and Zoning Meeting Fees	8,500	8,400	100	8,400
Election Expense	1,500	1,165	335	-
Insurance - Vehicle	1,500	1,050	450	1,000

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
GENERAL FUND**

**STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (Continued)
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
GENERAL GOVERNMENT (Continued)				
Car Allowance	500	481	19	487
Drainage District	46,000	-	46,000	-
Recreation	9,000	7,500	1,500	7,750
Capital Outlays	2,031,500	307,352	1,724,148	130,774
Engineer Fees - Special Projects	226,000	157,270	68,730	74,339
Garbage Collection Fees	544,000	537,011	6,989	515,454
Social Service Programs	3,000	2,500	500	-
Fuel, Oil and Lube	4,000	3,691	309	3,746
Contract Labor	116,000	109,813	6,187	74,234
Vehicle Maintenance	7,000	6,213	787	2,826
Coroner Fees	6,000	6,000	-	5,000
Recording Fees	2,500	2,032	468	657
Civil Service	2,000	1,818	182	997
Training	13,500	13,499	1	10,214
Community Center	6,000	5,938	62	1,414
Equipment Rental	9,000	8,791	209	8,693
Hurricane	65,000	64,675	325	-
Parks and Parkways	89,000	46,095	42,905	28,166
Total General Government	<u>\$ 4,374,000</u>	<u>\$ 2,436,324</u>	<u>\$ 1,937,676</u>	<u>\$ 2,024,699</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
GENERAL FUND**

**STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (Continued)
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
PUBLIC SAFETY - POLICE				
Salaries	\$ 1,328,000	\$ 1,344,691	\$ (16,691)	\$ 1,229,584
Conferences and Conventions	13,500	13,465	35	5,955
Insurance - Police Professional	15,500	14,449	1,051	14,522
Insurance - Employee Medical	280,000	279,547	453	194,343
Insurance - Building	2,000	1,665	335	1,609
Maintenance and Repairs of Vehicles	42,000	41,858	142	38,113
Dues and Subscription	2,500	2,128	372	1,769
Workmen's Compensation	45,500	38,894	6,606	44,968
Payroll Taxes	111,500	110,688	812	101,664
Retirement	195,000	160,090	34,910	167,485
Telephone	19,000	18,346	654	20,984
Maintenance of Radios and Radar	13,000	11,715	1,285	14,801
Uniforms	24,000	19,848	4,152	16,498
Janitorial	12,000	11,955	45	9,480
Schools and Training Course	20,500	19,609	891	13,035
Office Supplies	9,500	9,293	207	10,563
Capital Outlays	215,000	218,206	(3,206)	339,177
Utilities	15,000	14,013	987	15,919
Prisoner Expense	500	234	266	115
Vehicle and Equipment Insurance	11,000	9,143	1,857	12,000
Civil Service	3,000	2,987	13	2,492
Computer Supplies	11,000	10,915	85	6,468
Printing	4,000	3,079	921	3,219
Police Supplies	16,500	15,041	1,459	12,685
Postage	3,500	2,977	523	3,831
Fuel, Oil and Lube	34,000	32,843	1,157	37,974
Crime Prevention	51,000	41,740	9,260	13,559
Crime Investigation	3,000	2,775	225	2,577
Equipment Maintenance and Repair	2,500	1,770	730	75
Building Maintenance and Repair	16,500	15,914	586	7,079
Equipment Rental	5,500	5,246	254	4,017
Total Public Safety - Police	\$ 2,525,500	\$ 2,475,124	\$ 50,376	\$ 2,346,560

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
GENERAL FUND**

**STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) (Continued)
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
PUBLIC WORKS -				
STREETS AND SANITATION				
Salaries	\$ 506,500	\$ 498,120	\$ 8,380	\$ 430,660
Workmen's Compensation	21,500	18,982	2,518	20,589
Fuel, Oil and Lube	15,000	13,112	1,888	13,436
Insurance - Employee Medical	87,000	83,478	3,522	25,902
Retirement	45,000	41,354	3,646	31,292
Maintenance of Vehicles	22,000	21,742	258	15,174
Payroll Taxes	39,500	38,485	1,015	33,622
Sand, Asphalt and Gravel	76,000	72,812	3,188	71,711
Supplies	21,500	21,802	(302)	22,457
Contract Labor	55,000	49,013	5,987	49,978
Uniforms	3,000	2,995	5	2,287
Canal and Drainage Maintenance	8,000	6,756	1,244	9,254
Utilities	72,000	71,118	882	67,403
Radio Maintenance	2,000	1,699	301	2,266
Capital Outlay	1,330,500	1,185,563	144,937	1,024,593
Signs and Lights	11,000	10,081	919	23,927
Vehicle and Equipment Insurance	4,000	3,800	200	1,098
Mosquito and Pest Control	2,500	2,298	202	989
Insurance - General	8,000	7,076	924	7,013
Equipment Maintenance	19,500	19,380	120	21,863
Office Supplies	5,500	5,175	325	3,108
Insurance - Property	1,500	1,500	-	1,310
Telephone	5,000	3,395	1,605	3,653
Equipment Rental	1,000	68	932	115
Building Maintenance	6,000	4,905	1,095	3,157
	<u>6,000</u>	<u>4,905</u>	<u>1,095</u>	<u>3,157</u>
Total Public Works - Streets and Sanitation	<u>\$ 2,368,500</u>	<u>\$ 2,184,709</u>	<u>\$ 183,791</u>	<u>\$ 1,886,857</u>

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUNDS

SALES TAX FUND - To account for the receipt and use of proceeds of the City's 1% sales and use tax and the state Parish & Municipal Motor Vehicle sales tax. These taxes are dedicated to capital expenditures for constructing, improving, extending and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal, waterworks, fire protection, beach improvements, seawalls and extensions, harbor improvements and other works of permanent public improvements in the town.

SPECIAL SALES TAX FUND - To account for 1½% of the sales and use tax and the state Parish & Municipal Motor Vehicle sales tax. One percent became effective January 1, 1987 and is to be used for the retirement of the 1990 Advance Refunding Bonds for \$6,265,000 and 1991 Public Improvements Bonds for \$1,865,000. The additional ½% became effective August 1, 1991 and is to be used for street improvements.

All monies remaining in the Special Sales Tax Fund on the 20th day of each month in excess of all reasonable and necessary expenses of collection and administration of the Tax and after making the required payments into the Sinking Fund and the Reserve 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 used by the Issuer for any of the purposes for which the imposition of the Tax is authorized or for the purpose of retiring Bonds in advance of their maturities.

HAZARD MITIGATION FUND – To account for Federal Grant funds received to finance certain qualifying projects that will reduce the possibility of future damage caused by high waters in the City.

**CITY OF MANDEVILLE, LOUISIANA
SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET
August 31, 1999
With Comparative Totals For August 31, 1998**

	Sales Tax Fund	Special Sales Tax Fund	Hazard Mitigation Fund	Totals	
				1999	1998
ASSETS					
Cash	\$ 106,745	\$ 624,093	\$ 131,493	\$ 862,331	\$ 772,834
Investments - at Amortized Cost	40,823	1,266,297	-	1,307,120	272,444
Interest Receivable	-	1,034	-	1,034	991
Other Receivable	7,255	-	-	7,255	-
Due from Other Fund - Special Sales Tax	-	-	-	-	921
Total Assets	\$ 154,823	\$ 1,891,424	\$ 131,493	\$ 2,177,740	\$ 1,047,190
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to Other Funds -					
Capital Projects - Streets	\$ -	\$ -	\$ -	\$ -	\$ 1,841
Sales Tax	-	-	-	-	921
Other Liabilities	-	-	131,493	131,493	-
Total Liabilities	-	-	131,493	131,493	2,762
FUND BALANCES					
Unreserved and Undesignated	154,823	-	-	154,823	97,778
Designated for Future Expenditures	-	1,891,424	-	1,891,424	946,650
Total Fund Balances	154,823	1,891,424	-	2,046,247	1,044,428
Total Liabilities and Fund Balances	\$ 154,823	\$ 1,891,424	\$ 131,493	\$ 2,177,740	\$ 1,047,190

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Year Ended August 31, 1999
With Comparative Totals For The Year Ended August 31, 1998

	Sales Tax Fund	Special Sales Tax Fund	Hazard Mitigation Fund	Totals	
				1999	1998
REVENUES					
Taxes:					
Sales and Use	\$ 3,916,136	\$ 2,480,023	\$ -	\$ 6,396,159	\$ 5,910,902
Interest Income	8,294	62,386	-	70,680	58,993
Federal Grants	-	-	451,382	451,382	-
Miscellaneous Income	-	-	-	-	1,097
Total Revenues	<u>3,924,430</u>	<u>2,542,409</u>	<u>451,382</u>	<u>6,918,221</u>	<u>5,970,992</u>
EXPENDITURES					
General Government:					
Miscellaneous	-	-	-	-	45
Public Safety	-	-	476,132	476,132	-
Collection Expense	73,598	-	-	73,598	68,035
Total Expenditures	<u>73,598</u>	<u>-</u>	<u>476,132</u>	<u>549,730</u>	<u>68,080</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,850,832</u>	<u>2,542,409</u>	<u>(24,750)</u>	<u>6,368,491</u>	<u>5,902,912</u>
OTHER USES					
Operating Transfers:					
General Fund	(2,438,500)	(380,000)	-	(2,818,500)	(3,126,000)
Capital Projects - Water	-	-	-	-	(500,000)
Debt Service Funds	-	(804,635)	-	(804,635)	(804,310)
Enterprise Fund	-	(460,000)	-	(460,000)	(312,000)
Capital Projects - Streets	(1,355,287)	-	-	(1,355,287)	(1,224,097)
Total Other Uses	<u>(3,793,787)</u>	<u>(1,644,635)</u>	<u>-</u>	<u>(5,438,422)</u>	<u>(5,966,407)</u>
OTHER SOURCES					
Operating Transfers:					
Enterprise Fund	-	-	-	-	50,000
General Fund	-	-	24,750	24,750	-
Debt Service Funds	-	47,000	-	47,000	45,000
Total Other Sources	<u>-</u>	<u>47,000</u>	<u>24,750</u>	<u>71,750</u>	<u>95,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>57,045</u>	<u>944,774</u>	<u>-</u>	<u>1,001,819</u>	<u>31,505</u>
FUND BALANCES - BEGINNING	<u>97,778</u>	<u>946,650</u>	<u>-</u>	<u>1,044,428</u>	<u>1,012,923</u>
FUND BALANCES - ENDING	<u>\$ 154,823</u>	<u>\$ 1,891,424</u>	<u>\$ -</u>	<u>\$ 2,046,247</u>	<u>\$ 1,044,428</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
SALES TAX FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Taxes:				
Sales and Use	\$ 3,718,500	\$ 3,916,136	\$ 197,636	\$ 3,601,548
Interest Income	7,000	8,294	1,294	7,282
Total Revenues	<u>3,725,500</u>	<u>3,924,430</u>	<u>198,930</u>	<u>3,608,830</u>
EXPENDITURES				
General Government:				
Miscellaneous	-	-	-	45
Collection Expense	71,000	73,598	(2,598)	68,035
Total Expenditures	<u>71,000</u>	<u>73,598</u>	<u>(2,598)</u>	<u>68,080</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,654,500</u>	<u>3,850,832</u>	<u>196,332</u>	<u>3,540,750</u>
OTHER USES				
Operating Transfers:				
General Fund	(2,438,500)	(2,438,500)	-	(2,298,000)
Capital Projects - Streets	(1,216,000)	(1,355,287)	(139,287)	(1,224,097)
Total Other Uses	<u>(3,654,500)</u>	<u>(3,793,787)</u>	<u>(139,287)</u>	<u>(3,522,097)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	-	57,045	57,045	18,653
FUND BALANCE - BEGINNING	<u>98,000</u>	<u>97,778</u>	<u>(222)</u>	<u>79,125</u>
FUND BALANCE - ENDING	<u>\$ 98,000</u>	<u>\$ 154,823</u>	<u>\$ 56,823</u>	<u>\$ 97,778</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
SPECIAL SALES TAX FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Taxes:				
Sales and Use	\$ 2,431,500	\$ 2,480,023	\$ 48,523	\$ 2,309,354
Miscellaneous	-	-	-	1,097
Interest Income	45,000	62,386	17,386	51,711
Total Revenues	<u>2,476,500</u>	<u>2,542,409</u>	<u>65,909</u>	<u>2,362,162</u>
EXPENDITURES				
General Government:				
Miscellaneous	500	-	500	-
Total Expenditures	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,476,000</u>	<u>2,542,409</u>	<u>66,409</u>	<u>2,362,162</u>
OTHER USES				
Operating Transfers:				
General Fund	(380,000)	(380,000)	-	(828,000)
Capital Projects - Water	-	-	-	(500,000)
Debt Service Fund	(805,000)	(804,635)	365	(804,310)
Enterprise Fund	(1,020,000)	(460,000)	560,000	(312,000)
Capital Projects - Streets	-	-	-	-
Total Other Uses	<u>(2,205,000)</u>	<u>(1,644,635)</u>	<u>560,365</u>	<u>(2,444,310)</u>
OTHER SOURCES				
Operating Transfers:				
Enterprise Fund	-	-	-	50,000
Debt Service Funds	45,000	47,000	2,000	45,000
Total Other Sources	<u>45,000</u>	<u>47,000</u>	<u>2,000</u>	<u>95,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	316,000	944,774	628,774	12,852
FUND BALANCE - BEGINNING	<u>946,500</u>	<u>946,650</u>	<u>150</u>	<u>933,798</u>
FUND BALANCE - ENDING	<u>\$ 1,262,500</u>	<u>\$ 1,891,424</u>	<u>\$ 628,924</u>	<u>\$ 946,650</u>

The accompanying notes are an integral part of these financial statements.

DEBT SERVICE FUNDS

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and the payment of principal and interest on the 1994 Water Improvements Bonds. Financing is being provided by Ad Valorem taxes.

SALES TAX BOND SINKING FUND - 1990 Advance Refunding Bonds and 1991 Public Improvement Bonds

The Sales Tax Bond Sinking Fund is used to accumulate monies for the payment of principal and interest of the 1990 Advance Refunding Bonds and 1991 Public Improvement Sales Tax Bonds. These are serial bonds due in varying annual installments, plus interest, until maturity in 2009. Proceeds of sales and use tax of \$67,072 monthly for the period of January 1, 1998 through December 20, 1998 and \$67,043 for the succeeding twelve months are required to be deposited monthly into this fund according to the bond agreement. The required monthly payments vary from year to year.

SALES TAX BOND RESERVE FUND - 1990 Advance Refunding Bonds and 1991 Public Improvement Bonds

The Reserve Fund is required to be maintained for the purpose of paying the principal of and the interest on the Bonds payable from the Sinking Fund as to which there would otherwise be default. Upon the delivery of the Bonds, the sum of \$621,640 and \$186,500, respectively, was required to be transferred, from the proceeds of the Bonds, to the Reserve Fund, and such amount is required to be maintained in the Reserve Fund. Any amounts on deposit in the Reserve Fund with respect to the bonds in excess of the Reserve Fund requirement are to be transferred to the Sales Tax Fund and thus spent within a one year period.

**CITY OF MANDEVILLE, LOUISIANA
DEBT SERVICE FUNDS**

**COMBINING BALANCE SHEET
August 31, 1999
With Comparative Totals For August 31, 1998**

ASSETS	Sales Tax Bond 1990 and 1991 Issues			Totals	
	Bond Sinking Fund	Bond Reserve Fund	Debt Service Fund	1999	1998
	Cash	\$ 158,107	\$ 43,215	\$ 43,641	\$ 244,963
Investments - at Amortized Cost	234,039	812,999	703,614	1,750,652	1,624,449
Receivable:					
Tax Liens	-	-	36,891	36,891	31,289
Total Assets	\$ 392,146	\$ 856,214	\$ 784,146	\$ 2,032,506	\$ 1,996,473
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Matured Bonds and Interest					
Payable	\$ -	\$ -	\$ 68	\$ 68	\$ 68
Due to Other Funds:					
General Fund	-	-	82,855	82,855	119,513
Total Liabilities	-	-	82,923	82,923	119,581
FUND BALANCES					
Reserved for Debt Service	392,146	856,214	701,223	1,949,583	1,876,892
Total Liabilities and Fund Balances	\$ 392,146	\$ 856,214	\$ 784,146	\$ 2,032,506	\$ 1,996,473

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Year Ended August 31, 1999
With Comparative Totals 1998

	Sales Tax Bond 1990 and 1991 Issues			Totals	
	Bond Sinking Fund	Bond Reserve Fund	Debt Service Fund	1999	1998
	Fund	Fund	Fund		
REVENUES					
Taxes:					
Ad Valorem	\$ -	\$ -	\$ 150,292	\$ 150,292	\$ 164,020
Interest Income	11,564	41,933	33,807	87,304	81,606
Miscellaneous	-	-	73	73	608
Total Revenues	<u>11,564</u>	<u>41,933</u>	<u>184,172</u>	<u>237,669</u>	<u>246,234</u>
EXPENDITURES					
Principal Retirement	385,000	-	50,000	435,000	435,000
Debt Service - Interest and Fiscal Charges	407,193	-	64,258	471,451	500,295
Miscellaneous	4,331	-	11,831	16,162	14,243
Total Expenditures	<u>796,524</u>	<u>-</u>	<u>126,089</u>	<u>922,613</u>	<u>949,538</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(784,960)</u>	<u>41,933</u>	<u>58,083</u>	<u>(684,944)</u>	<u>(703,304)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers:					
Special Sales and Use Tax Fund	804,635	(47,000)	-	757,635	759,310
Total Other Financing Sources (Uses)	<u>804,635</u>	<u>(47,000)</u>	<u>-</u>	<u>757,635</u>	<u>759,310</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	19,675	(5,067)	58,083	72,691	56,006
FUND BALANCES - BEGINNING	<u>372,471</u>	<u>861,281</u>	<u>643,140</u>	<u>1,876,892</u>	<u>1,820,886</u>
FUND BALANCES - ENDING	<u>\$ 392,146</u>	<u>\$ 856,214</u>	<u>\$ 701,223</u>	<u>\$ 1,949,583</u>	<u>\$ 1,876,892</u>

The accompanying notes are an integral part of these financial statements.

CAPITAL PROJECTS FUNDS

WATER FUND I - To account for the cost of constructing and acquiring extensions and improvements to the waterworks system of the City, including, specifically, the funding of a portion of the cost of (i) the installation of new watertrunk lines, water distribution lines and interior water lines, and (ii) the construction of improvements to existing water wells and to the control system, title to which shall be in the public. Financing was provided by the issuance of \$3,000,000 of Certificates of Indebtedness, Series 1994 and \$1,500,000 1994 General Obligation Bonds. The Certificates of Indebtedness are secured by and payable solely from a pledge and dedication of the excess of annual revenues of the City above statutory, necessary and usual charges in each of the Fiscal Years during which the Certificates are outstanding. The Bonds are secured solely from a pledge of revenues to be derived from unlimited Ad Valorem taxation.

WATER FUND II - To account for the cost of constructing and acquiring extensions and improvements to the waterworks system of the City, including, specifically, the funding of a portion of the cost of (i) the installation of new watertrunk lines, water distribution lines and interior water lines, and (ii) the construction of improvements to existing water wells and to the control system, title to which shall be in the public. Financing to be provided by the issuance of \$6,600,000 of Sales Tax Bonds, Series 1999 in September 1999. The Sales Tax Bonds are secured by and payable solely from the avails or proceeds received by the City from the levy and collection of a 1% sales and use tax currently being collected by the City.

STREETS FUND - To account for the costs of constructing, acquiring, extending and improving (i) streets and/or (ii) roadside drains and roadside drainage facilities. Financing was provided by issuance of \$6,265,000 1990 Advance Refund Bonds and 1991 Public Improvement Bonds for \$1,865,000. These Bonds are secured solely from a pledge of revenue to be derived from the collection of a 1% special sales tax and a ½% sales tax.

**CITY OF MANDEVILLE, LOUISIANA
CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET
August 31, 1999
With Comparative Totals For August 31, 1998**

ASSETS	Water Fund I	Water Fund II	Streets Fund	Totals	
	1999	1998	1999	1998	1998
Cash	\$ 129,578	\$ 66,222	\$ 883,010	\$ 1,078,810	\$ 2,353,247
Investments - at Amortized Cost	760,990	-	1,262,023	2,023,013	590,441
Interest Receivable	536	-	1,397	1,933	3,587
Due from Other Fund	-	-	-	-	1,841
Total Assets	<u>\$ 891,104</u>	<u>\$ 66,222</u>	<u>\$ 2,146,430</u>	<u>\$ 3,103,756</u>	<u>\$ 2,949,116</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 29,639	\$ 66,000	\$ -	\$ 95,639	\$ 327,347
Due to General Fund	-	4,627	-	4,627	-
Total Liabilities	<u>29,639</u>	<u>70,627</u>	<u>-</u>	<u>100,266</u>	<u>327,347</u>
 FUND BALANCES (DEFICIT)					
	<u>861,465</u>	<u>(4,405)</u>	<u>2,146,430</u>	<u>3,003,490</u>	<u>2,621,769</u>
Total Fund Balances	<u>861,465</u>	<u>(4,405)</u>	<u>2,146,430</u>	<u>3,003,490</u>	<u>2,621,769</u>
 Total Liabilities and Fund Balances	 <u>\$ 891,104</u>	 <u>\$ 66,222</u>	 <u>\$ 2,146,430</u>	 <u>\$ 3,103,756</u>	 <u>\$ 2,949,116</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For The Year Ended August 31, 1999
With Comparative Totals 1998

	Water Fund I	Water Fund II	Streets Fund	Totals	
				1999	1998
REVENUES					
Federal Grant	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 3,162
Interest	56,298	322	60,557	117,177	129,877
Miscellaneous	-	-	27,590	27,590	-
Total Revenues	<u>56,298</u>	<u>322</u>	<u>118,147</u>	<u>174,767</u>	<u>133,039</u>
EXPENDITURES					
Construction Contracts	432,172	-	420,379	852,551	2,129,308
Engineers' Fees	160,450	-	127,833	288,283	228,700
Other Costs	2,359	4,727	413	7,499	365
Total Expenditures	<u>594,981</u>	<u>4,727</u>	<u>548,625</u>	<u>1,148,333</u>	<u>2,358,373</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(538,683)</u>	<u>(4,405)</u>	<u>(430,478)</u>	<u>(973,566)</u>	<u>(2,225,334)</u>
OTHER FINANCING SOURCES					
Operating Transfers:					
Special Sales Tax Fund	-	-	-	-	500,000
Sales Tax Fund	-	-	1,355,287	1,355,287	1,224,097
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1,355,287</u>	<u>1,355,287</u>	<u>1,724,097</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(538,683)</u>	<u>(4,405)</u>	<u>924,809</u>	<u>381,721</u>	<u>(501,237)</u>
FUND BALANCES - BEGINNING	<u>1,400,148</u>	<u>-</u>	<u>1,221,621</u>	<u>2,621,769</u>	<u>3,123,006</u>
FUND BALANCES - ENDING	<u>\$ 861,465</u>	<u>\$ (4,405)</u>	<u>\$ 2,146,430</u>	<u>\$ 3,003,490</u>	<u>\$ 2,621,769</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
CAPITAL PROJECTS FUNDS
WATER FUND I**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Interest	\$ 45,000	\$ 56,298	\$ 11,298	\$ 82,642
Total Revenues	<u>45,000</u>	<u>56,298</u>	<u>11,298</u>	<u>82,642</u>
EXPENDITURES				
Construction Contracts	1,305,000	432,172	872,828	1,277,700
Engineers' Fees	135,000	160,450	(25,450)	162,004
Other Costs	5,000	2,359	2,641	200
Total Expenditures	<u>1,445,000</u>	<u>594,981</u>	<u>850,019</u>	<u>1,439,904</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,400,000)</u>	<u>(538,683)</u>	<u>861,317</u>	<u>(1,357,262)</u>
OTHER FINANCING SOURCES				
Operating Transfer: Special Sales Tax	-	-	-	500,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(1,400,000)</u>	<u>(538,683)</u>	<u>861,317</u>	<u>(857,262)</u>
FUND BALANCE - BEGINNING	<u>1,400,000</u>	<u>1,400,148</u>	<u>148</u>	<u>2,257,410</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 861,465</u>	<u>\$ 861,465</u>	<u>\$ 1,400,148</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
CAPITAL PROJECTS FUNDS
WATER FUND II**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Interest	\$ -	\$ 322	\$ 322	\$ -
Total Revenues	-	322	322	-
EXPENDITURES				
Bond Issuance Costs	-	4,727	(4,727)	-
Total Expenditures	-	4,727	(4,727)	-
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(4,405)	(4,405)	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND (DEFICIT) - ENDING	\$ -	\$ (4,405)	\$ (4,405)	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF MANDEVILLE, LOUISIANA
CAPITAL PROJECTS FUNDS
STREETS FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999
With Comparative Actual Amounts For The Year Ended August 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Grant	\$ 30,000	\$ 30,000	\$ -	\$ 3,162
Miscellaneous	32,500	27,590	(4,910)	-
Interest	40,000	60,557	20,557	47,235
Total Revenues	<u>102,500</u>	<u>118,147</u>	<u>15,647</u>	<u>50,397</u>
EXPENDITURES				
Construction Contracts	2,311,000	420,379	1,890,621	851,608
Engineers' Fees	224,000	127,833	96,167	66,696
Other Costs	5,000	413	4,587	165
Total Expenditures	<u>2,540,000</u>	<u>548,625</u>	<u>1,991,375</u>	<u>918,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,437,500)</u>	<u>(430,478)</u>	<u>2,007,022</u>	<u>(868,072)</u>
OTHER FINANCING SOURCES				
Operating Transfer: Sales Tax	<u>1,216,000</u>	<u>1,355,287</u>	<u>139,287</u>	<u>1,224,097</u>
Total Other Financing Sources	<u>1,216,000</u>	<u>1,355,287</u>	<u>139,287</u>	<u>1,224,097</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(1,221,500)	924,809	2,146,309	356,025
FUND BALANCE - BEGINNING	<u>1,221,500</u>	<u>1,221,621</u>	<u>121</u>	<u>865,596</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 2,146,430</u>	<u>\$ 2,146,430</u>	<u>\$ 1,221,621</u>

The accompanying notes are an integral part of these financial statements.

ENTERPRISE FUND

WATER AND SEWER DEPARTMENTS - To account for the provision of water and sewer services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

LIABILITIES AND FUND EQUITY

	August 31,	
	1999	1998
CURRENT LIABILITIES		
(PAYABLE FROM CURRENT ASSETS)		
Accounts Payable and Accrued Expenses	\$ 129,887	\$ 68,522
Payroll Taxes and Retirement Payable	6,075	5,257
Due to Other Funds	103,570	87,340
Accrued Loss Contingency	55,020	65,000
Customer Deposits	232,453	220,073
Total Current Liabilities (Payable from Current Assets)	527,005	446,192
 CURRENT LIABILITIES		
(PAYABLE FROM RESTRICTED ASSETS)		
Revenue Bonds	23,000	22,000
Accrued Interest	6,902	7,727
Total Current Liabilities (Payable from Restricted Assets)	29,902	29,727
 LONG-TERM LIABILITIES		
Revenue Bonds	161,000	184,000
Total Long-Term Liabilities	161,000	184,000
Total Liabilities	717,907	659,919
 FUND EQUITY		
Contributed Capital:		
Government	13,974,244	13,621,911
Intergovernmental	464,653	464,653
Customers	265,948	265,948
Total Contributed Capital	14,704,845	14,352,512
Retained Earnings:		
Reserved for Debt Service	52,425	49,467
Unreserved	3,103,169	2,477,416
Total Retained Earnings	3,155,594	2,526,883
Total Fund Equity	17,860,439	16,879,395
Total Liabilities and Fund Equity	\$ 18,578,346	\$ 17,539,314

**CITY OF MANDEVILLE, LOUISIANA
ENTERPRISE FUND**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS**

	For The Years Ended August 31,	
	1999	1998
OPERATING REVENUES		
Charges for Services:		
Water	\$ 570,406	\$ 574,587
Sewerage	778,321	757,474
Tapping Fees - Water Department	50,225	46,321
Tapping Fees - Sewer Department	30,230	32,800
Delinquent Charges	55,078	58,212
Service Charge	20,679	23,054
Sewer Inspection Fees	2,575	2,750
Sewer Impact Fees	81,146	92,525
Water Impact Fees	100,088	89,825
Water Inspection Fees	2,850	2,825
Miscellaneous	181,202	105,806
	<u>1,872,800</u>	<u>1,786,179</u>
OPERATING EXPENSES		
Water Department	812,259	727,161
Sewer Department	1,205,220	1,193,856
	<u>2,017,479</u>	<u>1,921,017</u>
Total Operating Expenses		
Operating (Loss)	<u>(144,679)</u>	<u>(134,838)</u>
NON-OPERATING REVENUES (EXPENSES)		
Grant Income	24,700	50,000
Interest Income	57,876	59,846
Interest and Fiscal Charges	(9,475)	(10,563)
	<u>73,101</u>	<u>99,283</u>
Total Non-Operating Revenues		
(Loss) Before Operating Transfers	<u>(71,578)</u>	<u>(35,555)</u>
OPERATING TRANSFERS IN		
Special Revenue Fund	460,000	262,000
	<u>460,000</u>	<u>262,000</u>
Total Net Operating Transfers In		
NET INCOME	388,422	226,445
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED WITH SALES TAX BONDS THAT REDUCES CONTRIBUTED CAPITAL FROM GOVERNMENT	<u>240,289</u>	<u>241,052</u>
NET INCREASE IN RETAINED EARNINGS	628,711	467,497
RETAINED EARNINGS - BEGINNING	<u>2,526,883</u>	<u>2,059,386</u>
RETAINED EARNINGS - ENDING	<u>\$ 3,155,594</u>	<u>\$ 2,526,883</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANDEVILLE, LOUISIANA
ENTERPRISE FUND**

COMPARATIVE STATEMENTS OF CASH FLOWS

	For The Years Ended August 31,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 388,422	\$ 226,445
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	427,712	497,407
Change in Assets and Liabilities:		
(Increase) in Accounts Receivable	(10,327)	(25,951)
(Increase) in Other Receivables	(30,988)	(714)
Decrease in Due from Other Funds	-	59,543
(Increase) Decrease in Inventory	8,550	(17,713)
Increase in Accounts Payable and Accrued Expenses	61,365	14,030
Increase in Payroll Taxes and Retirement Payable	818	1,158
Increase (Decrease) in Due to Other Funds	16,230	(8,757)
Increase in Customer Deposits	12,380	10,242
Increase (Decrease) in Accrued Loss Contingency	(9,980)	65,000
(Decrease) in Accrued Interest Payable	(825)	(787)
Net Cash Provided by Operating Activities	863,357	819,903
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in Investments	(415,293)	(6,600)
Net Cash (Used in) Investing Activities	(415,293)	(6,600)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(1,083,215)	(1,931,878)
Principal Paid on Revenue Bond Maturities	(22,000)	(21,000)
Capital Contributed from Other Funds	592,622	1,424,404
Net Cash (Used in) Capital and Related Financing Activities	(512,593)	(528,474)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(64,529)	284,829
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	718,090	433,261
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 653,561	\$ 718,090
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	\$ 10,300	\$ 11,350

The accompanying notes are an integral part of these financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

**CITY OF MANDEVILLE, LOUISIANA
COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES**

	August 31,	
	1999	1998
GENERAL FIXED ASSETS		
Land	\$ 891,836	\$ 643,006
Buildings	1,774,871	1,567,732
Improvements Other Than Buildings	1,067,345	1,067,345
Equipment	3,520,709	3,162,139
	<u> </u>	<u> </u>
Total General Fixed Assets	<u>\$ 7,254,761</u>	<u>\$ 6,440,222</u>
 INVESTMENT IN GENERAL FIXED ASSETS		
General Fund	\$ 5,458,386	\$ 5,044,308
Hazard Mitigation Fund	248,830	-
Enterprise Fund	17,204	17,204
Sales Tax Fund	136,269	136,269
Federal Revenue Sharing	507,061	507,061
Capital Projects	302,881	302,881
Contributions	133,800	133,800
Federal Grant	450,330	298,699
	<u> </u>	<u> </u>
Total Investment in General Fixed Assets	<u>\$ 7,254,761</u>	<u>\$ 6,440,222</u>

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY SCHEDULES

**CITY OF MANDEVILLE, LOUISIANA
ENTERPRISE FUND**

**STATEMENT OF REVENUES AND EXPENSES - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999**

	1999		Variance - Favorable (Unfavorable)
	Budget	Actual	
OPERATING REVENUES			
Charges for Services:			
Water Fees	\$ 560,000	\$ 570,406	\$ 10,406
Sewerage Fees	765,000	778,321	13,321
Tapping Fees:			
Water Department	43,000	50,225	7,225
Sewer Department	28,000	30,230	2,230
Service Charge	21,000	20,679	(321)
Delinquent Charges	58,000	55,078	(2,922)
Sewer Inspection Fees	2,500	2,575	75
Miscellaneous	196,000	181,202	(14,798)
Sewer Impact Fees	58,000	81,146	23,146
Water Inspection Fees	2,500	2,850	350
Water Impact Fees	90,000	100,088	10,088
 Total Operating Revenues	 \$ 1,824,000	 \$ 1,872,800	 \$ 48,800

See independent auditor's report on supplementary information.

**CITY OF MANDEVILLE, LOUISIANA
ENTERPRISE FUND**

**STATEMENT OF REVENUES AND EXPENSES - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999**

	1999		Variance - Favorable (Unfavorable)
	Budget	Actual	
WATER DEPARTMENT EXPENSES			
Salaries	\$ 310,000	\$ 316,736	\$ (6,736)
Payroll Taxes	24,500	23,490	1,010
Retirement	23,500	20,270	3,230
Employee Medical Insurance	45,000	59,955	(14,955)
Workmen's Compensation	12,000	10,379	1,621
Insurance - General	5,500	5,158	342
Insurance - Vehicle	2,000	1,900	100
Insurance - Property	2,000	1,977	23
Engineers' Fees	13,000	8,296	4,704
Water Connection Supplies Tap	56,000	63,133	(7,133)
Purification Chemicals	27,000	26,008	992
Utilities	49,000	41,526	7,474
Contract Labor	6,000	3,995	2,005
Pumps Maintenance	12,000	14,248	(2,248)
Radio Maintenance	1,500	720	780
Uniforms	4,000	3,772	228
Small Tools and Supplies	11,000	10,823	177
Vehicle Repair and Maintenance	7,500	6,928	572
Fuel, Oil and Lube	7,000	6,770	230
Travel, Convention and Conferences	2,000	1,483	517
Computer Programs and Supplies	3,000	2,155	845
Printing	3,000	2,645	355
Depreciation	21,500	142,161	(120,661)
Telephone	11,500	11,314	186
Bad Debt Expense	2,000	8,280	(6,280)
Office Supplies	2,000	1,616	384
Postage	7,000	6,610	390
Training	3,000	652	2,348
Membership, Dues and Subscriptions	1,500	922	578
Service Charges	500	477	23
Building Maintenance	2,500	2,472	28
Equipment Maintenance	2,000	980	1,020
Water Testing	500	-	500
Water Plant Maintenance	3,000	2,634	366
Emergency Repairs	2,000	1,774	226
Total Water Department Expenses	685,500	812,259	(126,759)

See independent auditor's report on supplementary information.

**CITY OF MANDEVILLE, LOUISIANA
ENTERPRISE FUND**

**STATEMENT OF REVENUES AND EXPENSES - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended August 31, 1999**

	1999		Variance - Favorable (Unfavorable)
	Budget	Actual	
SEWER DEPARTMENT EXPENSES			
Salaries	283,500	237,897	45,603
Payroll Taxes	23,000	18,206	4,794
Retirement	24,000	18,232	5,768
Employee Medical Insurance	50,000	48,394	1,606
Workmen's Compensation	10,000	6,674	3,326
Insurance - General	5,000	5,000	-
Insurance - Vehicle	2,000	1,900	100
Insurance - Building	3,000	2,824	176
Purification Chemical	20,000	11,944	8,056
Plant Maintenance and Repair	105,000	104,357	643
Sewer Connection Supplies	10,000	10,627	(627)
Sewer Testing	41,000	37,970	3,030
Utilities	144,000	131,786	12,214
Contract Labor	9,000	7,755	1,245
Pumps Maintenance	86,500	83,351	3,149
Radio Maintenance and Repair	1,500	291	1,209
Uniforms	4,000	3,792	208
Small Tools and Supplies	12,000	11,193	807
Vehicle Repair and Maintenance	7,000	6,651	349
Fuel, Oil and Lube	7,000	6,492	508
Travel, Convention and Conferences	2,000	1,765	235
Sand, Asphalt and Gravel	5,000	4,409	591
Computer Programs and Supplies	3,000	1,933	1,067
Printing	2,000	922	1,078
Depreciation	1,700,000	285,551	1,414,449
Telephone	6,500	4,887	1,613
Office Supplies	1,500	510	990
Postage	7,000	6,385	615
Training	3,000	2,034	966
Membership, Dues and Subscriptions	1,000	498	502
Building Maintenance	1,000	286	714
Equipment Maintenance	8,000	7,422	578
Equipment Rental	1,500	429	1,071
Licenses and Permits	5,000	4,971	29
Engineers' Fees	13,000	6,288	6,712
Litigation Settlement	110,000	105,175	4,825
Emergency Repairs	2,000	16,419	(14,419)
Total Sewer Department Expenses	2,719,000	1,205,220	1,513,780
Total Operating Expenses	\$ 3,404,500	\$ 2,017,479	\$ 1,387,021

See independent auditor's report on supplementary information.

GOVERNMENTAL AUDIT SECTION



**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 Edward Price, III, Mayor
and Members of the City Council
City of Mandeville, Louisiana

We have audited the general purpose financial statements of **CITY OF MANDEVILLE, LOUISIANA** as of and for the year ended August 31, 1999, and have issued our report thereon dated October 7, 1999. Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Detail records of inventories of fixed assets were not maintained for the General Fixed Assets Account Group and the Enterprise Fund prior to September 1, 1979. Because such records are not available for all of the City's fixed assets, we were unable to satisfy ourselves as to the propriety of the recorded amounts of the General Fixed Assets Account Group and the Enterprise Fund.

Compliance

As part of obtaining reasonable assurance about whether **CITY OF MANDEVILLE, LOUISIANA**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 99-1.

Internal Control Over Financial Reporting

In planning and performing our audit we considered CITY OF MANDEVILLE, LOUISIANA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect CITY OF MANDEVILLE, LOUISIANA's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-2.

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. Our consideration of the internal control over financial would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weakness. However, we do not believe that the reportable condition described in item 99-2 is a material weakness.

This report is intended solely for the information and use of the management of the City of Mandeville, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.



A Professional Accounting Corporation

October 7, 1999

Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the management of the City of Mandeville, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.

Sabate, Schit, Rongje, Neal

A Professional Accounting Corporation

October 7, 1999

CITY OF MANDEVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For The Year Ended August 31, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of the City.
2. One reportable condition relating to the audit of the financial statements of the City was disclosed during the audit and is reported in Part B of this schedule.
3. One instance of noncompliance material to the financial statements of the City was disclosed during the audit and is reported in Part B of this schedule.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion.
6. No findings related to the audit of the major federal award programs.
7. The programs tested as major programs are as follows:

<u>PROGRAM</u>	<u>CFDA or Other No.</u>
U.S. Dept. of H.U.D.- 98EDI/SP	14.XX-LA-0000-98-0027-OED EDI/SP
Federal Emergency Management Agency	83.516

8. The City did not qualify as a low risk auditee. The threshold for distinguishing Types A and B programs was \$300,000.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

99-1 The City's deposits were not sufficiently collateralized throughout the fiscal year ended August 31, 1999, at one local financial institution in accordance with Louisiana Revised Statute 39:1221.

We recommend that the City establish a system of reviewing pledged collateral reports from all financial institutions that it transacts with on a monthly basis. This procedure will eliminate the possibility of loss deposits due to a failed financial institution.

99-2 We noted during our testing of cash receipts and the related revenue journal that certain transactions were not timely deposited and recorded. Although controls appeared to be properly designed to prevent this occurrence, certain personnel failures reduced their effectiveness.

We recommend that the City revisit the controls in place for reviewing payments received at City Hall. Included in these controls should be the comparison of the carbon copies of the issued receipts with the revenue journal and actual deposited amount. A designated employee from each department should be required to date and initial each deposit that all required procedures have been performed.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**CITY OF MANDEVILLE, LOUISIANA
STATUS OF PRIOR YEAR AUDIT OF FINDINGS
For The Year Ended August 31, 1998**

There were no findings noted in the prior year audit.

CITY OF MANDEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 August 31, 1999

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Award Amount</u>	<u>Total Federal Revenue Recognized</u>
<u>U. S. Department of Housing and Urban Development</u>				
Trailhead Facility LA-98-0027-OED EDI/SP	14.XX		1,000,000	<u>\$ 234,838</u>
<u>U. S. Department of Justice</u>				
COPS UNIVERSAL HIRING GRANT	16.710	95-CFWX-2177	472,391	\$ 137,638
COPS PROBLEM SOLVING	16.710	97-PRWX-0538	104,823	30,617
COPS SCHOOL BASED PARTNERSHIP	16.710	98-SBWX-0064	95,150	<u>54,125</u>
Total Department of Justice				<u>\$ 222,380</u>
Federal Emergency Management Agency Passed through State Dept. of Military, Office of Emergency Preparedness				
Flood Hazard Mitigation Grant	83.516		582,876	<u>\$ 451,382</u>
TOTAL FEDERAL AWARDS				<u>\$ 908,600</u>
Expenses Deferred from Prior Year	\$ 44,059			
Current Year Expenditures / Reimbursements	672,639			
Grants Receivable at August 31, 1999	<u>191,902</u>			
	<u>\$ 908,600</u>			

EDWARD J. PRICE, III
MAYOR

City of Mandeville

CITY COUNCIL

LINDA P. BARNETT
SECRETARY/CLERK

"THE HEART OF THE OZONE BELT"

DENIS P. BECHAC
MAYOR PRO-TEM

JACK B. MCGUIRE
AT LARGE



HOMER J. FOUQUIER, JR.
DISTRICT I

ADELAIDE J. BOETTNER
DISTRICT II

ZELLA F. WALKER
DISTRICT III

December 14, 1999

Single Audit Clearinghouse
1201 E 10th Street
Jeffersonville, IN 47132

Re: Findings - Financial Statements Audit

Dear Sir/Madam:

The action taken on the reportable condition and the material noncompliance disclosed in the audit of financial statements for the year ended August 31, 1999, performed by LaPorte, Sehart, Romig & Hand, are as follows:

Findings

- 99-1 The City now receives and reviews pledged collateral reports from all financial institutions that we transact with on a monthly basis.
- 99-2 The city now has an employee who compares the amount of deposit with the revenue journal and another employee who compares the carbon copy of the receipt with the revenue journal.

If you have any questions, please contact me.

Sincerely,

Milton G. Steibing
Director of Finance