

CITY OF GONZALES, LOUISIANA  
CAPITAL PROJECTS FUND - CAPITAL OUTLAYS  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED MAY 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Sales tax	\$ 829,500	\$1,042,077	\$ 212,577
Video poker proceeds	380,000	503,017	123,017
Miscellaneous	6,000	5,675	(325)
Interest	40,000	109,855	69,855
Total	<u>1,255,500</u>	<u>1,660,624</u>	<u>405,124</u>
<b>EXPENDITURES:</b>			
Capital Outlays:			
Street overlay project	300,000	281,802	18,198
Police capital	49,100	44,850	4,250
Street lighting	-	-	-
Street department	113,200	18,070	95,130
Sidewalk construction	25,000	275	24,725
Tourist center	12,000	705	11,295
Drainage department	30,100	20,663	9,437
Civic center	4,800	-	4,800
Recreation capital	85,700	21,403	64,297
Carver park renovations	3,000	-	3,000
Sewer rehabilitation	362,750	197,519	165,231
Sewer imp. escrow	58,000	-	58,000
Utility dept. capital	133,400	70,973	62,427
General administration	803,500	721,782	81,718
Miscellaneous	-	9	(9)
Total	<u>1,980,550</u>	<u>1,378,051</u>	<u>602,499</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(725,050)	282,573	1,007,623
<b>OTHER FINANCING SOURCES:</b>			
Operating transfers in(out)	<u>725,050</u>	<u>65,473</u>	<u>(659,577)</u>
EXCESS OF EXPENDITURES AND OTHER SOURCES OVER (UNDER) REVENUES	<u>\$ -</u>	<u>\$ 348,046</u>	<u>\$ 348,046</u>

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	1996	1995
\$ -	\$ -	\$ -	\$ 201,667	\$ 203,905
-	-	73,571	156,730	132,254
-	-	-	-	-
-	-	-	104,157	104,115
-	-	-	-	2,790
369,461	-	-	395,186	1,053,683
-	-	4,240,000	4,240,000	4,645,000
-	-	-	-	-
<u>369,461</u>	<u>-</u>	<u>4,313,571</u>	<u>5,097,740</u>	<u>6,141,747</u>
-	-	-	12,487,320	17,311,250
-	7,739,941	-	7,739,941	6,683,896
-	-	-	67,581	67,581
-	-	-	3,154,378	(1,696,310)
-	-	-	1,236,225	1,223,197
-	-	-	<u>8,086,321</u>	<u>6,257,132</u>
-	-	-	12,544,505	5,851,600
-	<u>7,739,941</u>	<u>-</u>	<u>32,771,766</u>	<u>29,846,746</u>
<u>\$ 369,461</u>	<u>\$7,739,941</u>	<u>\$4,313,571</u>	<u>\$37,869,506</u>	<u>\$35,988,493</u>

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTALS	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)	
			1996	1995
\$ -	\$ -	\$ -	\$ 1,266,416	\$ 1,741,082
-	-	-	250,081	3,140,932
-	-	-	8,856,622	3,461,557
-	-	-	181,002	156,023
-	-	-	395,186	1,053,682
369,461	-	-	499,603	455,127
-	-	-	-	2,660
-	-	-	14,257	4,151
-	-	-	104,157	121,905
-	-	-	-	52,581
-	-	-	14,248,670	14,399,504
-	-	1,228,788	1,228,788	1,223,197
-	-	73,571	73,571	70,393
-	-	3,011,212	3,011,212	3,421,803
-	7,739,941	-	7,739,941	6,683,896
<u>\$ 369,461</u>	<u>\$7,739,941</u>	<u>\$4,313,571</u>	<u>\$37,869,506</u>	<u>\$35,988,493</u>

The Honorable Mr. John A. Berthelot, Mayor  
and the Members of the Board of Aldermen  
Page 2

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

November 14, 1996

*Conrad P. Bourque*

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mr. John A. Berthelot, Mayor  
and the Members of the Board of Aldermen  
City of Gonzales, Louisiana

I have audited the accompanying general purpose financial statements of the City of Gonzales, Louisiana, as of May 31, 1996, and for the year then ended. These general purpose financial statements are the responsibility of the City of Gonzales, Louisiana, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Gonzales, Louisiana, as of May 31, 1996, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 14, 1996, on my consideration of the City of Gonzales's internal control structure and a report dated November 14, 1996, on its compliance with laws and regulations.

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CITY OF GONZALES, LOUISIANA  
FINANCIAL REPORT  
YEAR ENDED MAY 31, 1996

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LEGISLATIVE AUDITOR

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date DEC 18 1996

CAPITAL PROJECTS	TOTALS	
	MEMORANDUM ONLY	
	1996	1995
\$1,042,077	\$4,834,244	\$4,553,987
-	567,414	520,669
-	597,509	575,604
-	216,341	192,048
5,675	92,376	274,078
-	210,286	199,860
503,017	685,589	545,509
109,855	375,914	265,159
<u>1,660,624</u>	<u>7,579,673</u>	<u>7,126,914</u>
-	558,824	529,366
-	1,439,627	1,250,102
-	94,500	83,092
-	841,637	773,914
-	361,876	284,571
-	153,248	166,627
-	172,424	131,764
-	73,944	24,025
1,378,051	1,381,286	1,332,860
-	405,000	405,000
-	320,563	372,467
<u>1,378,051</u>	<u>5,802,929</u>	<u>5,353,788</u>
282,573	1,776,744	1,773,126
-	-	-
<u>65,473</u>	<u>65,473</u>	<u>29,896</u>
<u>65,473</u>	<u>65,473</u>	<u>29,896</u>
348,046	1,842,217	1,803,022
<u>1,814,133</u>	<u>7,480,329</u>	<u>5,677,307</u>
<u>\$2,162,179</u>	<u>\$9,322,546</u>	<u>\$7,480,329</u>



CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
(CONTINUED)

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NOTE 10 - PENSION PLAN (CONTINUED)

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Gonzales is required to contribute at an actuarially determined rate. The current rate is 5.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and City of Gonzales are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions of the City of Gonzales to the System under Plan A for the year ending May 31, 1996, were \$86,556.

CITY OF GONZALES, LOUISIANA

YEAR ENDED MAY 31, 1996

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SCHEDULE OF PER DIEM PAID

	<u>Monthly</u>	<u>Annual</u>
Alvin "Bully" Dragg	\$500	\$ 6,000
Frank Gordon	500	6,000
Dalton Marchand	500	6,000
Larry Savell	500	6,000
Ronald Waguespack	500	<u>6,000</u>
		<u>\$30,000</u>

CITY OF GONZALES, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
 (CONTINUED)

NOTE 11 - CONTRIBUTED CAPITAL-PROPRIETARY FUND

During the year ended May 31, 1996, the City's Capital Project Fund expended \$279,229 for the benefit of the Proprietary (Utility) Fund. These expenditures were \$234,232 for improvements to the sewer and water systems, \$6,065 for equipment, and \$38,910 for vehicles. The expenditures were capitalized with a corresponding increase in contributed capital.

NOTE 12 - CONTINGENCIES

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

NOTE 13 - PRIOR PERIOD ADJUSTMENT

The City changed its method of accounting for depreciation of Utility Fund assets purchased from contributed capital. Depreciation expense is now closed to the contributed capital account. The reason for this change is that the City is not attempting to recover (within the Utility Fund) the cost of equipment purchased by contributed capital. This intention is reflected in the amount of rates charged to its customers. The effect of this change is listed below:

	<u>PRIOR</u>	<u>ADJUSTMENT</u>	<u>ADJUSTED</u>
Beg. Retained Earnings	\$ 1,696,310	\$(4,681,184)	\$(3,154,378)*
Beg. Contributed Capital	(17,311,250)	4,681,184	(12,487,320)^

\*Adjusted amount includes prior period adjustment of \$(4,681,184) and current net income of \$(169,504).

^Adjusted amount includes prior period adjustment of \$4,681,184 and other adjustments of \$142,746.

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November 14, 1996

Dr. Daniel G. Kyle, CPA  
Legislative Auditor  
State of Louisiana  
P. O. Box 94397  
Baton Rouge, La. 70804-9397

Dear Dr. Kyle,

I want to inform you that no management letter was issued  
in connection with this audit report.

*Conrad P. Bourque*

The Honorable Mr. John A. Berthelot, Mayor  
and the Members of the Board of Aldermen  
Page 2

In planning and performing my audit of the general purpose financial statements of the City of Gonzales, Louisiana, for the year ended May 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted no matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

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

November 14, 1996

*Conrad P. Bourque*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE OR  
BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mr. John A. Berthelot, Mayor  
and the Members of the Board of Aldermen  
City of Gonzales, Louisiana

I have audited the general purpose financial statements of the City of Gonzales, Louisiana, as of and for the year ended May 31, 1996, and have issued my report thereon dated November 14, 1996.

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

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Honorable Mr. John A. Berthelot, Mayor  
and the Members of the Board of Aldermen  
City of Gonzales, Louisiana

I have audited the general purpose financial statements of the City of Gonzales, Louisiana, for the year ended May 31, 1996, and have issued my report dated November 14, 1996.

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

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

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

November 14, 1996

Conrad P. Bourque

CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
(CONTINUED)

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NOTE 10 - PENSION PLAN (CONTINUED)

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

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Gonzales is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Gonzales are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions of the City of Gonzales for the year ending May 31, 1996, were \$81,181.



CITY OF GONZALES, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
 (CONTINUED)

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October, and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Ascension Parish.

For the year ended May 31, 1996, taxes of 15.80 mills were levied on property with assessed valuations totaling \$36,681,110 and were dedicated as follows:

Debt service	7.00 mills
General corporate purposes	5.53 mills
Fire department	3.27 mills

Total taxes levied were \$579,562. At May 31, 1996, only a minor amount of taxes were uncollected and adjudicated to the City.

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES

Interfund receivables and payables consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 266,797	\$ -
Debt Service Fund	37,678	-
Capital Projects Fund	90,711	-
Proprietary Fund	-	25,725
Agency Fund(Sales tax)	-	369,461
	\$ 395,186	\$ 395,186

NOTE 5 - RESTRICTED ASSETS

Restricted assets at May 31, 1996, were applicable to the following:

	<u>UTIL. FUND</u>
Customer Deposits	\$104,115

CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
(CONTINUED)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

- 1) The City Mayor and Clerk prepare a proposed budget message and budget and submits same to the Board of Aldermen prior to the beginning of each fiscal year.

CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
(CONTINUED)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

3) A public hearing is held on the proposed budget at least two weeks after publication of the call for the hearing.

4) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

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

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

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

Investments - Investments, are stated at cost or amortized cost.

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

CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
(CONTINUED)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bad Debts - Uncollectable amounts due for ad valorem taxes and customers' utility receivables are expensed when the debt becomes uncollectible, which is not materially different from generally accepted accounting principles. The City considers any utility receivable where service has been disconnected to be uncollectible. All utility receivables with service are considered collectible. As of May 31, 1996, \$23,727 was considered uncollectible.

Prepaid Expense - Payments made, which will benefit periods beyond May 31, 1996, are recorded as prepaid expense.

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

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

Total Columns on Combined Statements - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

CITY OF GONZALES, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
 (CONTINUED)

NOTE 2 - DEPOSITS AND INVESTMENTS

The carrying amount of the City's deposits, including certificates of deposit, with financial institutions as of May 31, 1996, was \$1,621,527 and the bank balance was \$1,798,667. The bank balance is categorized as follows:

Amount insured by FDIC	\$ 201,275
Amounts collateralized with securities held by trust departments of banks other than the fiscal agent. The collateral consists of bearer bonds.	1,597,392
Amounts uninsured and unsecured	-
	\$1,798,667

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

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name. As of May 31, 1995, investments consisted of the following:

	Categories		Carrying Amount	Market Value
	1	2		
U. S. Government Securities	\$ -	\$ 678,444	\$ 678,444	\$ 673,805
LAMP Funds	-	-	8,178,178	8,178,178
Total Investments	\$ -	\$ 678,444	\$8,856,622	\$8,856,622

CITY OF GONZALES, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
 (CONTINUED)

NOTE 8 - CHANGES IN LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debts outstanding as of May 31, 1996, including interest payments of \$2,049,909 are as follows:

Years ending <u>May 31</u>	<u>General Obligation</u>
1997	\$ 678,378
1998	536,490
1999	472,270
2000	475,955
2001	473,388
Thereafter	<u>3,653,428</u>
	<u>\$6,289,909</u>

NOTE 9 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS - 1 1/2% SALES AND USE TAX

Bonds resolutions by August, 1977, and July, 1989, require that the proceeds of the special 1 1/2% sales and use tax now being levied and collected by the City be deposited with the City's regularly designated fiscal agent bank in a Sales Tax Fund, which is considered an Agency Fund. Fixed monthly payments are required to be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund presently in the amounts of \$5,235 and \$32,443, respectively. The 1977 bond issue required payments to be made into a "Bond Reserve Fund" until such time as \$104,164 was accumulated. The 1989 bond issue required \$409,910 of the bond proceeds to be set aside into the "Bond Reserve Fund". The monies in these reserve funds are to be retained solely for the purpose of paying the principal and the interest on the bonds payable from the aforesaid sinking fund as to which there would otherwise be default. Any monies remaining in the Sales Tax Fund after making the required payments into the Bond Sinking Fund for the current month and for prior months during which the required payments may not have been made, shall be considered as surplus.

<u>CAPITAL PROJECTS FUND</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
\$ 829,500	\$1,042,077	\$ 212,577
-	-	-
-	-	-
-	-	-
6,000	5,675	(325)
-	-	-
380,000	503,017	123,017
40,000	109,855	69,855
<u>1,255,500</u>	<u>1,660,624</u>	<u>405,124</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>1,980,550</u>	<u>1,378,051</u>	<u>602,499</u>
<u>1,980,550</u>	<u>1,378,051</u>	<u>602,499</u>
(725,050)	282,573	1,007,623
<u>725,050</u>	<u>65,473</u>	<u>(659,577)</u>
<u>725,050</u>	<u>65,473</u>	<u>(659,577)</u>
-	348,046	348,046
<u>1,814,133</u>	<u>1,814,133</u>	<u>-</u>
<u>\$1,814,133</u>	<u>\$2,162,179</u>	<u>\$ 348,046</u>

CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
(CONTINUED)

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NOTE 9 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS - 1 1/2% SALES  
AND USE TAX (CONTINUED)

Such surplus may be transferred to the General Fund for the purpose of paying all or any portion of the necessary costs and expenses of collecting the tax, the cost of constructing, acquiring, improving and/or extending any of the capital improvements or any other purpose for which the tax is authorized, or for the purpose of retiring bonds herein authorized in advance of their maturities either by purchase of bonds then outstanding at prices not greater than the then redemption prices of said bonds or by retiring such bonds at the prices and in the manner set forth in said resolution of August 22, 1977, and July 24, 1989.

NOTE 10 - PENSION PLAN

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

A. Municipal Employees Retirement System of Louisiana (System)

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service.



CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
(CONTINUED)

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

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

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

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

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

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

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

All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets of \$15,000 are stated at their estimated fair value on the date received.

CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
(CONTINUED)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Type:

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

Proprietary Fund Type:

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Type:

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

CITY OF GONZALES, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The following is a summary of certain significant accounting policies:

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

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and account groups as follows:

<u>ACTUAL ON BUDGETARY BASIS</u>	<u>BUDGET</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
\$ 853,307	\$ 766,000	\$ 87,307
582,298	560,000	22,298
441,207	410,000	31,207
<u>44,899</u>	<u>60,000</u>	<u>(15,101)</u>
1,921,711	1,796,000	125,711
735,253	703,400	(31,853)
239,854	262,350	22,496
-	-	-
375,275	358,700	(16,575)
302,687	285,000	(17,687)
147,988	186,550	20,875
<u>-</u>	<u>-</u>	<u>-</u>
1,801,057	1,796,000	(5,057)
120,654	-	120,654
72,577	-	72,577
<u>-</u>	<u>-</u>	<u>-</u>
72,577	-	72,577
193,231	-	193,231
(1,696,310)	(1,696,310)	-
<u>4,681,184</u>	<u>4,681,184</u>	-
<u>\$ 3,178,105</u>	<u>\$ 2,984,874</u>	<u>\$ 193,231</u>

CITY OF GONZALES, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
YEAR ENDED MAY 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:

Net operating loss		\$ (333,114)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	430,041	
Provision for bad debts	23,727	
(Increase) decrease in:		
Accounts receivable	(48,706)	
Other assets	(3,103)	
Increase (decrease) in:		
Accounts payable	2,700	
Accrued liabilities	1,383	
Due to other fund	<u>(264,349)</u>	

NET CASH USED IN OPERATING ACTIVITIES (191,421)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Contributions from City of Gonzales		279,779
Contributions from Special Construction		<u>7,538</u>

NET CASH PROVIDED BY CAPITAL AND RELATED FIN. ACT. 287,317

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income		72,577
Purchase of investments		(449,271)
Purchase of plant and equipment		<u>(279,229)</u>

NET CASH USED IN INVESTING ACTIVITIES (655,923)

NET (DECREASE) IN CASH AND CASH EQUIVALENTS (560,027)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 680,878

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 120,851

The accompanying notes are an integral part of this statement.

CITY OF GONZALES, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS -  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
YEAR ENDED MAY 31, 1996

=====	
OPERATING REVENUES:	
Charges for services:	
Gas sales	\$ 853,307
Sewer service charges	582,298
Water sales	441,207
Miscellaneous	<u>44,899</u>
Total operating revenues	1,921,711
OPERATING EXPENSES:	
Gas department	735,253
General and administrative	239,854
Depreciation & amortization	430,041
Sewer treatment	375,275
Water department	302,687
Sewer department	147,988
Provision for bad debts	<u>23,727</u>
Total operating expenses	<u>2,254,825</u>
OPERATING (LOSS)	(333,114)
NON-OPERATING REVENUE (EXPENSE):	
Interest income	72,577
Depreciation transferred to contributions	<u>430,041</u>
Net nonoperating revenues	<u>502,618</u>
NET INCOME	169,504
(DEFICIT), BEGINNING OF YEAR	(1,696,310)
PRIOR PERIOD ADJUSTMENT	<u>4,681,184</u>
(DEFICIT), END OF YEAR	<u>\$ 3,154,378</u>

The accompanying notes are an integral part of this statement.

CITY OF GONZALES, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS

MAY 31, 1996  
 (CONTINUED)

NOTE 6 - CONCENTRATION OF CREDIT RISK - PROPRIETARY FUND

Accounts receivable from utility customers were comprised of the following sources: residential -68%; commercial -30%; other governmental agencies - 2%. Outstanding balances are partially secured by deposits made when service is requested.

NOTE 7 - FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>5-31-95</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>5-31-96</u>
Land	\$ 261,308	\$ -	\$ -	\$ 261,308
Buildings	998,788	692,490	-	1,691,278
Improvements other than buildings	4,160,509	326,609	-	4,487,118
Equipment	878,173	31,672	36,150	873,695
Vehicles	<u>385,118</u>	<u>76,732</u>	<u>35,308</u>	<u>426,542</u>
Totals	<u>\$6,683,896</u>	<u>\$1,127,503</u>	<u>\$ 71,458</u>	<u>\$7,739,941</u>

A summary of proprietary fund type property, plant, and equipment at May 31, 1996 follows:

Land	\$ 118,828
Storage buildings	22,474
Lines, meters, and plants	18,857,901
Equipment	193,022
Vehicles	<u>167,670</u>
Total	\$19,359,895
Less accumulated depreciation	<u>5,111,225</u>
	\$14,248,670