

2. We recommend that management adhere to its policy to approve all purchases.
3. The Council should consider amending its vacation policy. It should be clear how vacation is accrued and at what point it is earned. A policy should also be included that addresses suspension of service.

### COMPLIANCE WITH LAWS & REGULATIONS

The following are instances of non-compliance with laws & regulations governing Louisiana government:

- LSA-R.S. 24:515(1) requires the head of every nation subject to examination and audit under the provisions of R.S. 24:515(A) shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which entry is accountable. The records shall include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition and the recipient of the property or equipment disposed of.

The City has corrected its fixed asset ledger by including additions and deletions since June 30, 1993. However, results of our tests of capital outlay items recorded in the general fund showed that several current year additions were not added to the fixed asset ledger.

- LSA-R.S. 39:1311(A) states that the chief executive or administrative officer shall advise the governing authority or independently elected official in writing when:
  - (1) Revenue collections plus projected revenue collections for the remainder of the year, within a fund, are falling to meet estimated annual budgeted revenues by five percent or more.
  - (2) Actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by 5 percent or more.
  - (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by 5 percent or more and fund balance is being used to fund current year expenditures.

The city maintains a Meter Deposit Book that records the amount of meter deposits outstanding at any point in time. This ledger has not been reconciled to the general ledger.

#### Recommendations

1. Regarding the first four comments, adjustments have been recorded to correct the balance outstanding at June 30, 1995. Most of these comments have resulted from the lack of training of finance department personnel. It is suggested that the Finance Director review all general ledger accounts to determine their accuracy.
2. Regarding sales tax returns, we ascertained that the City missed all returns that have been prepared incorrectly. This will result in a refund of overpaid sales taxes.
3. The City should balance the Meter Deposit Book with the general ledger.

#### **COMPLIANCE WITH POLICY**

- The City's policy for approval of fixed asset purchases requires approval by the full Council of all purchases over \$500. In our review of Council meeting minutes it was noted that the full Council did not approve all purchases over \$500.
- The City's policy requires all purchases be approved by either the City manager or the Council. In several instances it was noted that evidence of approval was missing.
- The City's policy for the accrual of vacation needs clarification. The policy does not say when vacation is earned, at date of hire or the beginning of the calendar year. As a result of this confusion, an employee used vacation days that had not been earned. This will be corrected in the current year. There should also be a policy that addresses continued benefits as a result of separation of service.

#### Recommendations

1. We recommend that the City increase the threshold in its policy that requires full Council approval on fixed asset purchases over \$500.



## **Recommendations**

1. *All cash accounts should be properly classified as "cash" within the appropriate funds.*
2. *As transactions occur in all cash accounts, including restricted and debt service accounts, they should be properly recorded in the general ledger of the appropriate funds.*

## **GENERAL ACCOUNTING**

### **Findings**

- *During the course of performing our audit procedures and the testing of accounts, we noted several misclassifications of both receipts and disbursements. Some of these items required adjustment to prevent the financial statements from being misleading.*

*Fund asset additions were recorded as operating expenses in the Enterprise Fund. An adjustment was necessary to reclassify these transactions to properly record them on the Enterprise Fund balance sheet.*

*Accounts payable for the current year had not been recorded. Also, disbursement of prior year accounts payable was not properly classified, and in some instances the amounts were not paid by the appropriate fund.*

*Sales tax collected on gas bills in the Enterprise Fund was not being recorded as a liability; it was recorded as operating revenue. The result was to overstate receivables and revenues.*

*Penalties collected on late gas payments and reconnect charges were recorded as a reduction of accounts receivable instead of operating revenue. The result was to understate receivables and revenues.*

*Sales tax returns on which the City reported its sales tax collections on gas sales were being prepared incorrectly. Sales of gas to nonresidential customers such as other governmental entities were not excluded from sales. Also, the amount reported on the returns included the amount collected for MCP tax. The amount of sales reported on the tax return should have been only the amount of net gas sales to taxable customers. This resulted in an overpayment of sales tax to the state.*



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December 30, 1996

1996-1997  
AUDITED FINANCIAL STATEMENTS

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Honorable Mayor and Members  
of the Commission Council  
City of Donaldsonville  
State of Louisiana  
Donaldsonville, LA 70348

### Customers

In planning and performing the audit for the City of Donaldsonville (the City) as of June 30, 1996, we have reviewed certain records to gain an understanding of the financial operations and internal control structure. Additionally, we have interviewed various City employees to ascertain their job functions and to analyze the operating system as a whole.

During the course of our engagement, we identified certain areas of concern that should immediately be brought to the attention of the City's management. In some cases, management has already addressed the problem and taken the appropriate corrective action. These areas are as follows:

### CASH

#### Findings:

- Cash accounts are not being properly classified on the balance sheets of the general fund and enterprise fund. In several instances, cash was included in an equipment balance and an inventory balance.
- Certain transactions in restricted accounts and debt service accounts were not properly recorded in the general ledger.
- There is a lack of segregation of duties with respect to cash receipts and disbursements. This is a repeat finding from the prior year.

These findings represent weaknesses in the internal control structure.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 1996

<u>Federal Grant Pass-Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grants Number</u>	<u>Federal Disbursements</u>
U.S. Department of HUD:			
Blaise Program - Section 8	14.126	504	\$ 287,447
Pass-through from Louisiana Housing Finance Agency Health and Safety Rehabilitation Grant Program	504 available	504	1,273
Total - U.S. Department of HUD			<u>288,720</u>
U.S. Department of Health and Human Services: Pass-through from Louisiana Department of Environmental Quality Louisiana Community Development Block Grant		504	378,648
Total			<u>\$ 667,368</u>

\* Major Program





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## INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Honorable Mayor and Members  
of the Commission Council  
City of Donaldsonville, Louisiana

We have audited the general purpose financial statements of the City of Donaldsonville, Louisiana for the year ended June 30, 1996 and have issued our report thereon dated December 18, 1996. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, "Audit of State and Local Governments". These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Donaldsonville, Louisiana  
December 18, 1996

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1998

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Quantified Cost</u>
Nonresidential Louisiana Housing Finance Agency	Several requirements of the Louisiana Housing Finance Agency Grant Program have not been met. Some of these requirements include forms that have not been completed, inspections that have not been performed, and projects that have not been completed. Although the City has made significant improvements to its internal control system by hiring a consultant to monitor the program, deficiencies still exist.  The internal controls for the Louisiana Housing Finance Agency Grant Program have not been designed to appropriately monitor the requirements of the grant.	\$108,968

Except as referred to in the fourth paragraph, the results of our procedures to determine compliance indicate that, with respect to the items tested, the City of Donaldsonville complied, in all material respects, with the requirements listed in the third paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

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

*Richard L. Johnson*

Donaldsonville, Louisiana  
December 18, 1996





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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Honorable Mayor and Members  
of the Commission Council  
City of Donaldsonville, Louisiana

We have audited the general purpose financial statements of the City of Donaldsonville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 30, 1996.

In connection with our audit of the general purpose financial statements of the City of Donaldsonville, Louisiana, and with our consideration of the entity's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audit of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing eligibility; reporting; site visits; impositions; and record keeping that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failures to follow the specific requirements referred to in the preceding paragraph that caused us to conclude that the misstatements resulting from those failures are material to the City's financial statements. The results of our tests of the specific requirements disclosed the following instances of noncompliance that may be material to the general purpose financial statements but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the City's June 30, 1996 general purpose financial statements.

The material noncompliance findings are described in the accompanying Schedule of Findings and Questioned Costs.

We considered these material instances of noncompliance in forming our opinion on whether the City's June 30, 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our opinion dated November 3, 1995, on these general purpose financial statements.



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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Mayor and Members  
of the Commission Council  
City of Donaldsonville, Louisiana

We have audited the general purpose financial statements of City of Donaldsonville, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 30, 1996.

We have also audited City of Donaldsonville's compliance with the requirements governing eligibility; reporting; special requirements; contract cost; adjustments; site visits; and inspections that are applicable to its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of City of Donaldsonville is responsible for City of Donaldsonville's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to in the second paragraph, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City of Donaldsonville complied, in all material respects, with the requirements governing eligibility; reporting; review of contract cost; adjustments requests; contract compliance; inspection requests; that are applicable to its major federal financial assistance programs for the year ended June 30, 1996.

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

Donaldsonville, Louisiana  
December 18, 1996

*Robert Postlethwaite, CPA*



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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Mayor and Members  
of the Commission Council,  
City of Donaldsonville, Louisiana

We have audited the general purpose financial statements of City of Donaldsonville, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 10, 1996.

We have applied procedures to test the City of Donaldsonville, Louisiana's, compliance with the following requirements applicable to its Federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

1. Political activity
2. Davis-Bacon Act
3. Civil rights
4. Cash management
5. Federal financial reports
6. Allowable cost
7. Drug-free workplace
8. Administrative requirements

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

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Donaldsonville had not complied, in all material respects, with these requirements.

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

*Robert L. Netterville*

Donaldsonville, Louisiana  
December 10, 1996

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the City's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

**Finding:** There is inadequate segregation of duties to have effective internal controls.

**Cause:** This is due to the size of the accounting staff and economic limitations.

**Recommendations:** No action recommended.

**Management's response:** We concur with the finding.

**Finding:** Several requirements of the Louisiana Housing Finance Agency Grant Program have not been met. Some of these requirements include forms that have not been completed, inspections that have not been performed, and projects that have not been completed. Significant improvement has been made, although finding has been suspended.

**Cause:** The City's internal controls for the Grant Program were not designed to appropriately monitor the requirements of the grant. The City has improved its controls over the program, but deficiencies still exist.

**Recommendation:** We recommend that the City continue to monitor and ensure compliance with the requirements of this grant.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the lack of segregation of duties is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the City in a separate letter dated December 18, 1996.

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

Donaldsonville, Louisiana  
December 18, 1996

*Robert W. Nichols*

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

#### Accounting controls

1. Cash receipts
2. Cash disbursements

#### Administrative Controls

##### General

1. Political activity
2. Davis-Bacon Act
3. Civil rights
4. Cash management
5. Federal financial reports
6. Allowable costs
7. Drug-free workplace
8. Administrative requirements

##### Specific Requirements

1. Eligibility
2. Reporting
3. Special requirements - contract cost, contract adjustments, site visits and inspections, and record keeping.

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

During the year ended June 30, 1996, the City of Mountainville, expended 76 percent of its total federal financial assistance under major federal financial assistance programs.

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



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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURES USED BY ADMINISTRATORS' FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Honorable Mayor and Members  
of the Commission Council,  
City of Donaldsonville, Louisiana

We have audited the general purpose financial statements of the City of Donaldsonville, Louisiana, as of and for the year ended June 30, 1996 and have issued our report thereon dated December 10, 1996. We have also audited the City of Donaldsonville's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated December 10, 1996.

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

In planning and performing our audits for the year ended June 30, 1996, we considered the internal control structure of City of Donaldsonville, in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of City of Donaldsonville, and on the compliance of City of Donaldsonville, with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 10, 1996.

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

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## CITY OF MONROEVILLE, LOUISIANA

Schedule 3

SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES  
JUNE 30, 1996

	Year Ended June 30, 1996
Bernard Francis - Mayor	\$ 3,000
Frank Maxwell - Commissioner of Finance	\$ 1,241
William "Dy" Will - Commissioner of Finance	\$ 2,569
Leslie L. LaFleur - Commissioner of Finance	\$ 2,201
Raymond Jacobs - Commissioner of District No. 1	\$ 3,004
Joe Desobry - Commissioner of District No. 2	\$ 3,004
Larry Sullivan - Commissioner District No. 3	\$ 3,004



CITY OF BOSSALTOONVILLE, LOUISIANA

MEMORIAL OF UNDERSTANDING  
JUNE 26, 1998

Schedule 4

<u>Insurer</u>	<u>Kind of Insurance</u>	<u>Insured Covered</u>	<u>Insurances</u>	<u>Expiration Date</u>
Audubon Insurance Company	Fire and extended coverage	Fire Station	\$ 50,000	July 17, 1998
Audubon Insurance Company	Fire and extended coverage	Community Center including Community Center contents	200,000 40,000 12,000	January 12, 1997
Miller Insurance Company	Fire and extended coverage	City Hall building City Hall contents DPPF Building	100,000 40,000 200,000	April 1, 1997 February 21, 1997
Audubon Insurance Company	Fire and extended coverage Business liability	City Dept. Warehouse Charita Store	10,000 50,000	March 24, 1997
Louisiana Municipal Risk Management Agency	General liability Workers Compensation Collisional Comprehensive	Public officials - Evers and Deshaussins Eligible Employees All Automobiles	500,000 - 100,000	June 16, 1997 March 24, 1997 January, 1997
Stokes Insurance Co.	Collisional and Comprehensive Collisional Comprehensive	1 Automobile 1 Dump Truck	100,000 100,000	January 1, 1997 January 1, 1996
Raymond Marine Insurance	Quantity Quantity Quantity Quantity Quantity	Boys' Baseball Girls' Baseball Girls' Basketball Boys' Basketball Boys' Softball	4,000 10,000 10,000 10,000 10,000	October 24, 1995 October 28, 1995 April 1, 1995 May 18, 1995 October 28, 1995
Western Surety Co. States Surety Co.	Employee Builders Bond Public Employee Bond	Employees Commission	50,000 70,000	May 1, 1996 May 4, 1996



CITY OF DONALDSONVILLE, LOUISIANA

Schedule 1

SCHEDULE OF SEWERAGE CUSTOMERS  
JUNE 30, 1996  
(Without Audit)

Records maintained by the City indicated there were 2,823 customers of Sewerage District No. 1 at June 30, 1996. The monthly service charge is based upon water consumption of each residence. Commercial buildings are charged a higher rate, also based upon water consumption.



OTHER SUPPLEMENTARY INFORMATION



**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**15. Interfund Receivables and Payables**

The following schedule as of June 30, 1996 represents interfund receivables and payables:

	Interfund Receivables	Interfund Payables
General Fund	\$ 380,351	\$ 88,853
Debt Service	-	257,808
Special Revenue:		
Section B	-	8,599
Sales Tax	-	150,000
Girls' Recreation	-	-
Boys' Recreation	-	2,686
L.A. Housing Finance Agency	-	40,000
Enterprise:		
Senior District #1	183,250	-
Gas	78,278	176
LICRMS	51,000	-
Orleans	<u>3,216</u>	<u>32,299</u>
	<u>\$ 597,118</u>	<u>\$ 582,118</u>

**16. Deficit Fund Balance in an Individual Fund**

The following fund had a deficit fund balance at June 30, 1996:

	Deficit
	<u>Balance</u>
L.A. Housing Finance Agency	<u>(\$ 37,685)</u>

This deficit will be covered when the City corrects deficiencies noted by LHPA. At that time, funding from the grantor agency (LHPA) will be sufficient to cover this deficit.

**17. Commitments**

Subsequent to June 30, 1996, the City accepted a bid in the amount of \$48,930 for a truck.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**14. Contracted Services**

The City has a contract with the Assencion Parish Sheriff in which the Sheriff provides law enforcement services to the City. The City operated under a month to month oral contract with the Sheriff from July 1, 1995 through March 1996 with monthly payments of \$25,800.00. From April, 1996 through June, 1996, the City operated under a written agreement with monthly payments of \$47,918.87. For the year ended June 30, 1996 the City expended \$376,248 to the Sheriff for these services. Effective July 1, 1996 a new contract was negotiated resulting in the following future payments:

**Future minimum payments:**

1997	\$	600,000
1998		600,000
1999		600,000
2000		600,000
		<u>2,400,000</u>

Additionally, the City has contracted with WPI for sanitation disposal services. This contract is based on the number of residences using this service and is renewable yearly. The City also has a contract with Waste Management in which the City pays for sanitation disposal services for all businesses within the City. The businesses, in turn, reimburse the City for 25% of the incurred cost. For the year ended June 30, 1996 the City incurred \$225,883 of net sanitation disposal expenditures resulting from these contracts.

## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 12. Rentals Under Operating Leases

##### Rental Income

The City leases a portion of the bottom fronting on the Mississippi River for the purpose of floating and mooring rights of barges and vessels. The term of the lease is for five years, with options to re-lease for two additional option terms of five years each. The minimum lease results in non-cancelable operating leases as of June 30, 1996 as follows:

Year ending June 30:	
1997	\$ 34,508
1998	25,873
1999	26,618
	<u>\$ 87,000</u>

Total rental income for all operating leases except those with terms of a month or less that were not received is \$20,873 for the year ended June 30, 1996.

#### 13. Cash

Cash includes demand deposits and interest bearing demand deposits. Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union or the laws of the United States. Further, the City may deposit funds in time deposits or certificates of deposits with state banks organized under Louisiana law and national banks having principal office in Louisiana.

Also, state law requires that deposits (on the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At year end, the carrying amount of the City's deposits were \$1,508,460 and the bank balance was \$1,772,873. Of the bank balance, \$300,000 was covered by federal depository insurance and \$1,472,873 was covered by collateral held by the pledging bank's agent in the Bank's name (Category II).

Even though the pledged securities are considered uncollateralized (Category II) under the provisions of GASB Statement 3, Louisiana Revised Statute 9:1229 imposes a statutory requirement on the collateral bank to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent has failed to pay deposited funds upon demand.

## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 10. Pension Plan

Substantially all full-time employees of the City of Donaldsonville are members of the Municipal Employees' Retirement System of Louisiana, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All City full-time employees are eligible to participate in the System. Employees who retire at or after age 55 with 30 years of credited service and at or after age 60 with 10 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final compensation for each year of creditable service. Final compensation is the employee's average highest compensation for 36 consecutive months. Benefits fully vest on reaching 10 years of service. Vested employees may begin before age 60 and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established 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 Blvd, Baton Rouge, LA 70809 or by calling (504) 925-4810.

Plan members are required by State statute to contribute 8.5 percent of their annual covered salary and the City is required by the same statute to contribute 3 percent. The current rate is 5.0 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by State statute. The City's contributions to the System for the years ending June 30, 1996 and 1995, were \$4,941 and \$13,309, respectively, and equal to the required contributions for each year.

#### 11. Contingencies

The City has several lawsuits pending involving various matters as June 30, 1996. In the opinion of management and legal counsel, the City has adequate legal defenses for the issues raised and the outcome of these matters will not have a significant effect on the City's financial position as June 30, 1996.

The Mobile And Safety Rehabilitation Grant Program is a federally funded program administered by the Louisiana Housing Finance Agency (LHFA). The original approved budget for the program was \$187,500. The grant was awarded to the City in the spring of 1995. The funds were to be used for the rehabilitation of residential property that met the specifications of the grant document.

Due to deficiencies in record keeping, construction, and inspection, the funding has been suspended by the Louisiana Housing Finance Agency. Although significant improvement has been made, the City is contingently liable for funds received under the program for which the program requirements will have not been met.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**5. Restricted Assets (continued)**

In accordance with the City's Bond Loan and Pledge Agreement, these funds and accounts should be fully funded prior to completion of the construction of the sewer project. As of June 30, 1996, the construction of this sewer project is not completed; therefore, these funds and accounts are not fully funded.

**6. Segments of Enterprise Activities**

Two services, gas and sewerage, are provided by the City and are financed by user charges. The significant financial data for the year ended June 30, 1996 for these two services are as follows:

	Gas Utility	Sewerage District No. 1	Total
Operating revenues	\$ 961,360	\$ 622,754	\$ 1,584,114
Operating expenses	813,261	492,272	1,305,533
Depreciation	71,288	55,847	127,135
Operating income (loss)	146,799	174,635	321,434
Operating transfers in (out)	1,289,879	113,369	1,403,248
Net income (loss)	1,436,678	288,004	1,724,682
Property, plant & equipment additions	49,289	1,348,599	1,397,888
Net working capital	299,874	458,194	758,068
Total assets	664,344	1,657,056	2,321,400
Revenue bonds payable	-	1,470,031	1,470,031
Fund capital	494,357	1,047,025	1,541,382



## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### B. Restricted Assets (continued)

3. The "Sewer Revenue Bond Reserve Fund" requires monthly transfers of a sum equal to 20% transferred to the Sewer Revenue Bond Fund until the fund shall equal \$25,000. No transfers were required since this fund has accumulated \$25,000. This fund is restricted to payment of principal and interest in case of default.
4. The "Sewer Replacement and Extension Fund" requires monthly transfers of a sum of \$150 until the balance shall equal \$9,000. Since the fund has accumulated \$9,000, no transfers are required. The fund is restricted to payments for annual or extraordinary maintenance, repairs, replacements, and extensions and improvements which will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund, or Sewer Revenue Bond Reserve Fund.

The City of Donaldsonville has complied with the above conditions.

5. In accordance with the Ordinance governing the Sewerage District No. 1 Revenue Bonds Series 1995, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the Sewerage District No. 1 Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The "Sewer System Revenue Fund" requires all income derived from its operations or ownership shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation and shall be maintained as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to the following trust accounts.
2. The "Sinking Fund" requires monthly transfers from the Sewer System Revenue Fund to provide payment of the semi-annual interest on and principal of the Revenue Bonds.
3. The "Reserve Fund" requires monthly transfers of a sum equal to 25% transferred to the Sinking Fund until the fund shall equal the Reserve Fund Requirement. The Reserve Fund Requirement is equal to the lesser of (a) 10% of the principal proceeds of the Bonds heretofore paid to the City of Donaldsonville, or (b) the maximum scheduled principal and interest requirements in any succeeding bond year on the Bonds. This fund is restricted to payment of principal and interest in case of default.
4. The "Sewer Renewal and Replacement Fund" requires monthly transfers of a sum equal to 5% of the Net Revenues of the System for the preceding month, provided that such sum is available after provision is made for the payments required to the Sinking Fund and Reserve Fund until the balance shall equal \$50,000. The fund is restricted to payments to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the System. It will also be used to pay principal and interest if there are not sufficient funds in the Sinking Fund, or Reserve Fund.

## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **7. Dedicated Revenues**

##### **Sanitation Revenue Fund**

Proceeds of the 1% sales and use tax were dedicated to the following purposes:

Construction, repair, maintenance and operations of streets, sidewalks, drainage, and for garbage collection; for the construction, maintenance and operation of public utilities, or gas, water and sewerage; for the construction, maintenance, replacement and operation of parks and recreational facilities; for the maintenance and operation of the Police and Fire Departments as well as the purchase of equipment for the Police and Fire Departments; and finally for the maintenance and operation of any department of the City of Donaldsonville, title to which shall be in the public.

Effective March 1, 1994, an additional 1/2% sales and use tax was dedicated to the following purposes:

Maintenance and operation of garbage and trash collection department and operation and maintenance of the sewerage district with maintenance to include purchase of equipment.

##### **MUD - Section 8**

The City has a continuing grant from MUD. The grant proceeds can only be used to operate the Section 8 program.

#### **8. Restricted Assets**

- A. In accordance with the ordinance governing the Sewerage District No. 1 Revenue Bonds Series 1989, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the Sewerage District No. 1 Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to trust accounts in accordance with the requirements of each.
1. The "Sewer System Revenue Fund" requires all income derived from its operations or ownership shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation and shall be maintained as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to the following trust accounts.
  2. The "Sewer Revenue Fund Fund" requires monthly transfers from the Sewer System Revenue Fund to provide payment of the rate maturing interest on and principal of the Revenue Bonds.



**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**5. Changes in Long-Term Debt (continued)**

The annual requirements to amortize all debt outstanding as of June 30, 1998 including interest of \$150,118 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Conditions</u> <u>of</u> <u>Indebtedness</u>	<u>Revenue</u> <u>Receipts</u>	<u>Total</u>
1997	\$ 70,000	\$ 24,375	\$ 94,375
1998	67,500	24,545	92,045
1999	65,000	24,770	89,770
2000	62,500	24,995	87,495
2001	60,000	24,875	84,875
Thereafter	351,715	1,426,151	1,777,866
	<u>\$ 678,805</u>	<u>\$ 1,549,811</u>	<u>\$ 2,228,616</u>

The Debt Service Fund has \$53,750 available to service future bonds and related interest payments.

**6. Excess of Expenditures Over Appropriations in Individual Funds**

The following funds had expenditures in excess of their budgets:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 2,115,485	\$ 1,891,800	\$ 223,685
Sales Tax	\$ 1,179,854	\$ 921,000	\$ 258,854
Section 8	\$ 382,442	\$ 339,000	\$ 43,442
Boy's Recreation	\$ 34,200	\$ 28,500	\$ 5,700

This is a violation of Louisiana law.

## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 5. Changes in Long-Term Debt (continued)

Debt payable at June 30, 1996 are comprised of the following individual issues:

##### GENERAL LONG-TERM DEBT

Certificates of Indebtedness

\$500,000 serial bonds dated August 8, 1995 due in annual installments of \$40,000 through 1996, \$45,000 through 1997, \$50,000 through 2001, \$55,000 through 2003, \$60,000 through 2004, and \$65,000 through 2005, plus interest at 6.25% through August 1, 1995.

\$ 500,000

##### ENTERPRISE FUND

Revenue Bonds Series 1999

\$225,800 Sewerage District No. 1 serial bonds dated April 1, 1999 due in annual installments, \$14,000 through 1997, \$15,800 through 1999, \$16,000 through 2000, \$17,000 through 2002, \$18,000 through 2003, \$19,800 through 2004, \$20,000 through 2005, \$21,000 through 2006, \$22,800 through 2008, \$19,000 through 2009, plus interest at 4.50% paid semi-annually.

\$ 225,800

Revenue Bonds Series 1995

\$1,500,000 Sewer Revenue Bonds authorized, of which \$1,250,000 was issued, dated March 1, 1995. During the Interest Loan Period interest payable January 1 and July 1 in arrears at the rate of 2.95% per annum on the Loan principal disbursed. During the Permanent Loan Period principal is payable July 1 and interest payable January 1 and July 1 at the rate of 2.95% per annum.

1,250,000  
\$ 1,475,800

It is the City's policy to capitalize interest paid on projects under construction. Cumulative capitalized interest amounts to \$26,446 as of June 30, 1996. Interest capitalized for the year ended June 30, 1996 amounted to \$24,817.



**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. Fixed Assets**

A summary of changes in general fixed assets follows:

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
Improvements other than buildings	\$ 136,818	\$ 389,376	\$ -	\$ 526,194
Buildings	843,814	161,809	-	1,005,623
Equipment	277,297	48,528	-	325,825
Land	<u>136,189</u>	<u>-</u>	<u>-</u>	<u>136,189</u>
	<u>\$ 1,393,338</u>	<u>\$ 599,713</u>	<u>\$ -</u>	<u>\$ 1,993,051</u>

A summary of proprietary fixed type property, plant and equipment as June 30, 1996 follows:

Land	\$ 1,500
Gas Plant	619,472
Sewerage System	2,407,218
Construction in Progress	1,803,368
Buildings	3,779
Auto equipment	33,227
Office and other equipment	<u>9,780</u>
	4,778,344
Less: Accumulated depreciation	<u>(1,689,143)</u>
Net	<u>\$ 3,089,201</u>

**5. Changes in Long-Term Debt**

The following is a summary of long-term debt transactions for the year ended June 30, 1996:

	Carrollton of Indebtedness	New Payable	Accumulated Maturities	Revenue Debt	Total
Payable, July 1, 1995	\$ 168,868	\$ 18,165	\$ 9,965	\$ 498,780	\$ 695,768
Additions	500,800	-	-	1,044,321	1,544,321
Deletions	<u>38,808</u>	<u>18,165</u>	<u>1,357</u>	<u>35,080</u>	<u>123,610</u>
Payable, June 30, 1996	<u>\$ 530,860</u>	<u>\$ -</u>	<u>\$ 8,608</u>	<u>\$ 1,409,041</u>	<u>\$ 1,948,519</u>

## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies (continued)

##### M. Residual Equity Transfer

Transfers between funds which are non-recurring, non-operating, and are not expected to be repaid are accounted for as a residual equity transfer.

##### N. Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

##### O. Investments

Investments, which include time certificates of deposit, are stated at cost, which is market value.

#### 2. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of February 28 of each year. Taxes are levied and are annually billed to the taxpayers in November. Billed taxes become delinquent on January 2 of the following year.

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Assumption Parish. For the year ended June 30, 1996, taxes of 6.32 mills were levied on property with assessed valuations totaling \$15,004,000 and were dedicated for general purposes.

Total taxes levied were \$97,826. Substantially all taxes levied have been collected as of June 30, 1996.

#### 3. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 1996 consisted of the following:

Assumption Parish Sales and Use Tax Authority	\$ 80,524
U.S. Department of Housing and Urban Development	1,000
Fire Insurance Taxes from the State of Louisiana	16,291
	<u>\$ 97,815</u>



## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies (continued)

##### H. Bad Debt

Uncollectible amounts due for customer's service for receivables are recognized as bad debts through the establishment of an allowance account as the time information becomes available which would indicate the uncollectibility of the particular receivable.

##### I. Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due from and due to accounts.

##### J. Accumulated Vacation

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of these funds as the benefits accrue to employees.

##### K. 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 (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements, since their inclusion would make the statements overly complex and difficult to read.

##### L. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are prepared Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does 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.



## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies (continued)

##### D. Basis of Accounting (continued)

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 which is recognized when due.

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

##### E. Budgetary Accounting

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

1. A proposed budget is prepared and submitted to the Mayor and City Council prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
3. The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from economic conditions exceeding amounts estimated require approval from the City Council.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General, Special Revenue and Debt Service Funds are adopted in accordance with generally accepted accounting principles (GAAP).
7. The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

##### G. Inventories

Inventory of supplies in the proprietary fund is valued at cost.



## CITY OF DONALDSONVILLE

### NOTES TO FINANCIAL STATEMENTS

#### 3. Summary of Significant Accounting Policies (continued)

##### C. Fixed Assets and Long-Term Liabilities (continued)

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 not capitalized public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. These assets are immovable and of value only to the City; therefore, the need for cumulative accountability is not significant. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

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

All proprietary funds are accounted for on a cost-of-services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

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

Sewerage System	55 years
Gas Plant	25 years
Buildings	25 years
Office Equipment	3-10 years
Automotive Equipment	3-5 years

All fixed assets are stated at historical cost.

##### D. 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 refers 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 non-current assets. Those revenues susceptible to accrual are sales taxes, property taxes, intergovernmental revenues and interest revenue. Fees, licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies (continued)

##### B. Fund Accounting

The accounts of the City 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 revenues 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 two broad fund categories as follows:

##### Governmental Funds

**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 Fund** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Debt Service Funds** - 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.

##### Proprietary Funds

**Enterprise Funds** - 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 through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

##### C. 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 for on a spending or "modified flow" measurement basis and only current assets and current liabilities are generally included on their balance sheets.

## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies**

The City of Donaldsonville, Louisiana was incorporated February 11, 1875 by their home rule charter, under the authority of Article VI, section 5 of the Louisiana Constitution of 1974. The municipal government provided by this home rule charter shall be known as the "Commissaire" form of government and operated by a mayor, commissioner of finance, a commissioner of public works, a commissioner of utilities and a commissioner of parks and recreation.

The accounting and reporting practices of the City of Donaldsonville, Louisiana conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidelines 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.

The following is a summary of certain significant accounting policies and practices:

#### **A. Financial Reporting Entity**

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

Based on the foregoing criteria, the following organization is not part of the City and thus is excluded from the accompanying financial statements:

#### **Donaldsonville Housing Authority**

Donaldsonville Housing Authority's (the Authority) operating and capital expenditures, including debt service, are financed from federal grants and tenant rentals. The City has no involvement in the determination of the Authority's budget, rental rates, or any obligations for the Authority's outstanding debt. Financial transactions between the City and the Authority, reported in the accompanying financial statements, reflect contractual agreements between the parties for the provision of specific services by the City for the Authority.

## CITY OF DONALDSONVILLE, LOUISIANA

Exhibit 5

**COMPARATIVE STATEMENT OF CASH FLOWS**  
**(PROBATIONARY FUND TYPE)**  
**YEARS ENDING JUNE 30, 1998 AND 1997**

	<u>Probationary Funds</u>	
	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 306,283	\$ 368,345
Adjustments to operating income:		
Depreciation	187,750	105,300
Provision for bad debts		1,180
Change in operating assets and liabilities:		
Accounts receivable	( 17,116)	( 15,911)
Due from other funds	( 248,947)	( 45,712)
Inventories	18,856	1,781
Prepaid insurance	( 14,914)	( 5,849)
Accounts payable	( 11,914)	64,865
Accrued payables	( 5,671)	12,789
Due to other funds	28,243	31,686
Customer deposits	13,879	2,131
Net cash provided by operating activities	<u>184,538</u>	<u>482,211</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Interest paid on revenue bonds	( 11,178)	( 11,642)
Revenue certificates retired	( 13,000)	( 15,000)
Operating transfers out	( 98,118)	( 152,088)
Settlement of lawsuit	( 5,735)	—
Net cash used for non-capital financing activities	<u>( 128,031)</u>	<u>( 178,730)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Bond proceeds	1,844,511	180,708
Acquisition of capital assets	( 1,380,828)	( 528,758)
Contributed capital - LITRIG grant	279,848	24,658
Net cash used for capital and related financing activities	<u>( 356,469)</u>	<u>( 323,392)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	11,647	18,598
Net cash provided by investing activities	<u>11,647</u>	<u>18,598</u>
Net increase in cash	2,524	368,299
Cash at beginning of year	<u>847,212</u>	<u>478,913</u>
Cash at end of year	<u>\$ 849,736</u>	<u>\$ 847,212</u>

The accompanying notes are an integral part of this statement.



## CITY OF DONALDSONVILLE, LOUISIANA

Exhibit 4

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS -  
PROPRIETARY FUND - 1996  
YEARS ENDED JUNE 30, 1996 AND 1995**

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$1,271,217	\$1,225,859
Other	( 6,897)	( 4,997)
Total operating revenues	<u>1,264,319</u>	<u>1,220,862</u>
<b>OPERATING EXPENSES</b>		
Gas	254,180	284,474
Depreciation	197,715	185,360
Fuel	280,596	281,282
Materials	( 342,412)	( 142,369)
Total operating expenses	<u>1,267,801</u>	<u>999,411</u>
Operating income	<u>( 3,481)</u>	<u>321,451</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest	11,647	18,898
Interest and fiscal charges	( 11,579)	( 11,490)
Law suit settlements	( 5,215)	-
Total non-operating revenues (expenses)	<u>( 5,147)</u>	<u>( 2,591)</u>
Income before operating transfers	<u>( 8,928)</u>	<u>318,860</u>
<b>OPERATING TRANSFERS</b>		
Operating transfers in	138,718	48,080
Operating transfers out	( 235,820)	( 280,888)
Net operating transfers	<u>( 97,101)</u>	<u>( 232,808)</u>
<b>NET INCREASE</b>	<u>314,747</u>	<u>17,052</u>
Depreciation transferred to contributors	<u>( 48,712)</u>	<u>( 21,785)</u>
Increase in retained earnings	<u>266,035</u>	<u>( 4,733)</u>
<b>RETAINED EARNINGS</b>		
Beginning of year	<u>286,596</u>	<u>287,314</u>
End of year	<u>\$1,080,452</u>	<u>\$, 316,966</u>

The accompanying notes are an integral part of this statement.



Special Systems Fund			Debt Service Fund		
		Variance - Favorable			Variance - Unfavorable
Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
\$ 915,000	\$ 1,019,150	\$ 104,150	\$ -	\$ -	\$ -
-	-	-	-	-	-
150,000	408,982	258,982	-	-	-
50,000	97,863	47,863	-	-	-
1,000	40,399	39,399	1,000	9,276	8,276
1,121,000	1,568,795	447,795	1,000	9,276	8,276
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
247,000	321,658	74,658	-	-	-
331,000	50,651	280,349	-	-	-
-	383,316	383,316	-	-	-
-	31	31	-	-	-
53,500	-	53,500	50,000	125,458	75,458
854,500	705,136	149,364	50,000	125,458	75,458
696,500	804,257	107,757	1,000,000	1,136,162	136,162
-	-	-	-	-	-
-	17,464	17,464	56,000	109,644	53,644
1,631,000	1,796,385	165,385	-	-	-
1,631,000	1,728,719	97,719	56,000	109,644	53,644
1,000	21,513	20,513	1,000	6,318	5,318
83,500	83,500	-	59,838	59,838	-
1,715,500	1,885,733	170,233	1,60,000	1,73,510	13,510

**CITY OF DONALDSONVILLE, LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL,  
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS  
YEAR ENDING JUNE 30, 1996**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Taxes	\$ 221,800	\$ 211,350	( \$ 9,450)
Licenses and permits	213,800	288,668	73,868
Intergovernmental	100,000	141,822	41,822
Charges for services	-	-	-
Fines	34,000	31,150	( 2,850)
Other	40,000	38,234	( 1,766)
Total revenues	610,000	701,224	91,224
<b>EXPENDITURES</b>			
General government	413,000	531,457	( 118,457)
Public safety	516,500	606,018	( 89,518)
Streets	573,400	645,889	( 72,489)
Sanitation	-	13,194	( 13,194)
Recreation	86,500	86,000	( 500)
Welfare	-	-	-
Administration	-	-	-
Debt service	-	30,962	( 30,962)
Total expenditures	1,591,500	2,113,688	( 522,188)
Excess of revenues over (under) expenditures	( 981,500)	1,139,146	1,277,646
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	-	500,000	500,000
Operating transfers in	835,000	892,281	57,281
Operating transfers out	( 36,000)	( 127,383)	( 91,383)
Total other financing sources (uses)	799,000	1,264,900	465,500
Excess of revenues and other sources over (under) expenditures and other uses	( 182,500)	1,404,046	1,586,546
<b>FUND BALANCE</b>			
Beginning of year	364,000	364,000	-
End of year	\$ 181,500	\$ 1,768,046	( \$ 1,586,546)

The accompanying notes are an integral part of this statement.



## CITY OF DONALDSONVILLE, LOUISIANA

Page 2

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 1999**

	General	Special Revenues	Fund Service	Totals (Donalsonville Only)	
				1998	1997
<b>REVENUES</b>					
Taxes	\$ 211,381	\$ 1,019,598	\$ -	\$ 1,230,979	\$ 1,048,248
Licenses and permits	288,668	-	-	288,668	235,889
Intergovernmental	183,921	408,982	-	592,903	631,358
Fees	-	-	-	-	21,457
Charges for services	52,133	97,683	-	149,816	82,473
Other	78,231	43,286	9,235	130,752	288,289
Total revenues	704,334	1,569,549	9,235	1,313,008	1,276,257
<b>EXPENDITURES</b>					
General government	531,437	-	-	531,437	458,088
Public safety	619,819	-	-	619,819	665,589
Streets	845,869	-	-	845,869	547,181
Sanitation	22,208	323,618	-	345,826	350,793
Recreation	98,088	88,658	-	186,746	138,817
Welfare	-	383,818	-	383,818	524,289
Administrative	-	31	-	31	-
Debt service	80,965	-	125,638	206,603	79,885
Total expenditures	1,159,487	798,335	125,638	2,083,460	2,596,652
Excess of revenues over (under) expenditures	(1,258,149)	-828,253	(116,403)	(2,083,460)	(1,320,395)
<b>OTHER FINANCING SOURCES (USES)</b>					
Grant proceeds	500,000	-	-	500,000	-
Operating transfers in	892,285	17,461	189,844	1,099,590	858,434
Operating transfers out	( 127,983)	( 778,183)	-	( 906,166)	( 732,456)
Total other financing sources (uses)	1,264,302	( 760,722)	189,844	693,424	125,978
Excess of revenues and other sources over (under) expenditures and other uses	( 94,847)	21,033	( 26,569)	( 100,000)	3,900
<b>FUND BALANCE</b>					
Beginning of year	264,812	81,200	20,858	366,870	403,134
End of year	\$ 169,965	\$ 102,233	\$ 20,289	\$ 292,487	\$ 407,034

The accompanying notes are an integral part of this statement.





CITY OF DONALDSONVILLE, LOUISIANA

Table 1  
1 of 2

COMBINED BALANCE SHEET - ALL FUNDS, FUND BALANCE ACCOUNT GROUPS  
JUNE 30, 1998

	Governmental Fund Total		Proprietary Fund Total		Accounting Fund Total		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
<b>LIABILITIES</b>								
Accounts payable	11,895	1.35	31,170	3.62	-	-	43,065	5.02
Inventories	24,044	2.80	20,882	2.44	-	-	44,926	5.28
Due to other funds	65,041	7.61	223,388	26.40	-	-	288,429	33.81
Due to other governments	4,500	0.53	-	-	-	-	4,500	0.53
Accounts receivable	-	-	11,790	1.39	-	-	11,790	1.39
Long-term debt	-	-	1,473,571	17.32	504,264	5.93	1,977,835	23.15
Total Liabilities	107,480	12.57	387,430	45.67	504,264	5.93	1,001,174	11.82
<b>FUND EQUITY</b>								
Continental fund	-	-	-	-	2,300,000	27.23	2,300,000	27.23
Investment in general fund assets	-	-	-	-	-	-	-	-
General fund equity	-	-	-	-	86,070	1.01	86,070	1.01
Reserve for revenue bond retirement	-	-	-	-	30,000	0.35	30,000	0.35
Reserve for construction of water works in year	-	-	-	-	80,000	0.95	80,000	0.95
Unreserved	-	-	-	-	-	-	-	-
Plant facilities	-	-	958,739	11.37	-	-	958,739	11.37
Equipment for street and utilities	-	-	63,209	0.75	-	-	63,209	0.75
Equipment for other utilities	-	-	-	-	6,000	0.07	6,000	0.07
Reserve for debt retirement	-	-	-	-	-	-	-	-
Reserve for miscellaneous expenditures	-	-	21,400	0.25	-	-	21,400	0.25
Unreserved - intergovernmental	10,000	1.17	20,000	2.36	-	-	30,000	0.35
Total fund equity	107,480	12.57	387,430	45.67	2,300,000	27.23	3,074,910	35.95

Contingents and mortgages  
liabilities

Total revenues and fund equity	1,001,174	11.82	1,001,174	11.82	1,001,174	11.82	1,001,174	11.82
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The accompanying notes are an integral part of this statement.



**CITY OF DENHAM-SPRINGFIELD, LOUISIANA**

EXHIBIT  
1 of 2

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT CATEGORIES  
FISCAL YEAR 2008**

	Governmental Fund Types		Proprietary Fund Types	Account Groups		Totals	
	General	Special Services		General Fund	Capital Projects	Governmental Fund	Proprietary Fund
Cash	\$ 45,873	\$ 309,328	\$ 46,576	\$ -	\$ -	\$ 1,176,441	\$ 1,268,887
Accounts receivable, net	-	-	184,461	-	-	196,481	82,348
Due from other governments	42,541	8,250	-	-	-	97,081	97,081
Due from other funds	307,201	-	254,707	-	-	877,118	100,504
Inventory	-	-	-	-	-	-	-
Customer deposit account	-	-	124,810	-	-	124,810	107,867
Cash	-	-	108,190	-	-	108,190	81,356
Accounts payable, net	-	-	-	-	-	-	13,894
Prepaid insurance	-	-	46,211	-	-	46,211	51,397
General fund assets	-	-	1,500,000	-	-	2,500,000	1,760,318
Fund assets, net	-	-	1,823,117	-	-	3,023,117	1,768,094
Accounts receivable for debt service fund	-	-	-	-	83,038	83,038	83,038
amount to be provided for general long-term debt	-	-	-	-	459,258	459,258	81,136
<b>Total assets</b>	<b>\$ 403,615</b>	<b>\$ 397,578</b>	<b>\$ 3,384,172</b>	<b>\$ 1,000,000</b>	<b>\$ 528,296</b>	<b>\$ 11,165,109</b>	<b>\$ 12,450,392</b>

The accompanying notes are an integral part of this statement.



We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding:	There is insufficient segregation of duties to have effective internal control.
Cause:	This condition is due to the size of the accounting staff.
Recommendation:	No action recommended.
Management's response:	We concur with the finding.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the lack of segregation of duties is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the City of Denahouville, Louisiana, in a separate letter dated December 10, 1996.

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

*Robert J. Smith, CPA*

Denahouville, Louisiana  
December 10, 1996



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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members  
of the Commission Council  
City of Donaldsonville, Louisiana

We have audited the general purpose financial statements of the City of Donaldsonville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 10, 1996.

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

The management of the City of Donaldsonville is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded 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, even so 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 effect results of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City of Donaldsonville, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

**Finding:** The City's annual budget when compared to actual, results in the following unfavorable variance greater than or equal to \$10 as of June 30, 1996:

General Fund Expenditures  
Sales Tax Expenditures  
Section 8 Housing Expenditures

**Requirement:** LSA-R.S. 38:1584(7)(I) says that the budget document setting forth the proposed financial plan for the general fund and each special revenue fund shall include the following:

- (1) A budget message signed by the preparer which shall include a summary description of the proposed plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

**Finding:** The budget document did not include a budget message.

We considered these instances of noncompliance in forming our opinion on whether the City's June 30, 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated December 10, 1996, on those general purpose financial statements.

We note certain immaterial instances of noncompliance that we have reported to the management of the City of Donaldsonville in a separate letter dated December 10, 1996.

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

*Robert J. Smith - Auditor*

Donaldsonville, Louisiana  
December 10, 1996

## Instances of Non-Compliance

<b>Requirement:</b>	LSA-R.S. 24:515 (C) requires the head of every office, subject to examination and audit under the provisions of R.S. 24:515 (A) shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which utility is accountable. The records must include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition and the recipient of the property or equipment disposed of.
<b>Finding:</b>	The City has corrected its fixed asset ledger by including additions and deletions since June 30, 1993. However, results of our tests of capital asset items recorded in the general fund showed that several current year additions were not added to the fixed asset ledger.
<b>Requirement:</b>	<p>LSA-R.S. 39:1318(A) states that the chief executive or administrative officer shall advise the governing authority an independently elected official in writing when:</p> <ul style="list-style-type: none"><li>(1) Revenue collections plus projected revenue collections for the remainder of the year, within a fund, are falling to meet estimated annual budgeted revenues by 5 percent or more.</li><li>(2) Actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by 5 percent or more.</li><li>(3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by 5 percent or more and fund balance is being used to fund current year expenditures.</li></ul> <p>In addition LSA-R.S. 39:1319 states that, when the governing authority has received notice of the above, the governing authority shall adopt a budget amendment in an open meeting to reflect such changes.</p>



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### **INDEPENDENT AUDITORY REPORT ON COMPLIANCE BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members  
of the Commission Council  
City of Donaldsonville, Louisiana

We have audited the general purpose financial statements of the City of Donaldsonville, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 18, 1996.

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

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

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the City's June 30, 1996 financial statements.



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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
of the Commission Council  
City of Donaldsonville, Louisiana

We have audited the accompanying general purpose financial statements of the City of Donaldsonville, Louisiana, as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget Circular A-133, Audits of State and Local Governments. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Donaldsonville, Louisiana, as of June 30, 1996, and the results of its operations for its governmental funds for the year ended June 30, 1996 and results of its operations and cash flows of its proprietary fund type for the years ended June 30, 1996 and 1995 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 30, 1996 on our consideration of the City of Donaldsonville's internal control structure and a report dated December 30, 1996 on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The 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 Donaldsonville. Such information, except for that portion marked "without audit" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements for the year ended June 30, 1996, and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Donaldsonville, Louisiana  
December 30, 1996



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CITY OF MONROEVILLE, LOUISIANA

FINANCIAL REPORT

JUNE 30, 1996



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**CITY OF DONALDSONVILLE, LOUISIANA**

**FINANCIAL REPORT**

**JUNE 30, 1996**

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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 06/12/96



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LOUISIANA

In addition LSA-R.S. 39:1309 states that when the governing authority has received notice of the above, the governing authority shall adopt a budget amendment in an open meeting to reflect such change.

The City's amended budget when compared to actual, results in the following unfavorable variances greater than or equal to 5% as of June 30, 1995:

Sales Tax Expenditures  
General Fund Expenditures  
Section 8 Housing Expenditures

There should have been a second amendment to discuss these changes.

- LSA-R.S. 39:1304(C)(1) says that the budget document setting forth the proposed financial plan for the general fund and each special revenue fund shall include the following:

(i) A budget message signed by the preparer which shall include a summary description of the proposed plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

The budget document did not include a budget message.

## HEALTH AND SAFETY REHABILITATION GRANT PROGRAM

### Findings

- The Health And Safety Rehabilitation Grant Program is a federally funded program administered by the Louisiana Housing Finance Agency(LHFA). The approved budget for the program is \$187,500. The grant was awarded to the City in the spring of 1995. The funds were to be used for the rehabilitation of residential property that met the specifications of the grant document.

The City began the process of rehabilitating certain houses. As projects were completed, internal inspections were performed and the contractors were paid by LHFA. Shortly after the project began several complaints were filed with LHFA. The complaints pertained to deficiencies in the work performed. In response to the complaints, a representative from LHFA performed inspections of the second, third, and rehab sites. The results of these inspections indicated that the paperwork was not complete, the projects were not complete, and in

since cases the work did not meet Housing Quality Standards. Consequently, funding was suspended by HUD. Although significant improvements have been made with regard to deficiencies the suspension is still in force. The City transferred \$40,000 from its gas fund to pay the remaining contractor costs.

This information is intended for the use of management and the Commission Council and is a matter of public record.

Donaldsonville, Louisiana  
December 10, 1986

*Robert H. Smith, Jr.*

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 Jan 17 1987

