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CITY OF MONROE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED MAY 31, 1997

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Reference Date Jul 6/ 1998

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mr. John A. Northcutt, Mayor
and the Members of the City Council
City of Gonzales, Louisiana

I have audited the accompanying general-purpose financial statements of the city of Gonzales, Louisiana, as of and for the year then ended, May 31, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Gonzales, Louisiana's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

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

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Gonzales, Louisiana, as of May 31, 1997, 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, 1997, on my consideration of the City of Gonzales, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts.

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

November 14, 1987

Conrad P. Bourque

CITY OF MONROE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

MAY 31, 1997

	GOVERNMENTAL FUND TYPES			PROPRIETARY
	DEBT			FUND
	GENERAL	SERVICE	PROJECTS	TYPE
ASSETS				
Cash	\$2,808,068	\$ 296,478	\$ 829,948	\$ 317,246
Investments, at cost:				
Certificates of deposit	145,129	-	-	-
Other	428,482	868,224	1,826,122	1,376,226
Receivables:	-	-	-	183,766
Due from other funds	193,934	16,846	168,174	-
Due from other government agencies	21,675	-	261,289	-
Accrued interest	6,518	6,918	-	-
Restricted assets:				
Cash	-	-	-	168,746
Due from other funds	-	-	-	786,315
Construction in progress	-	-	-	\$25,265
Property, plant, and equipment, net of accumulated depreciation	-	-	-	14,960,785
Amount available in debt service fund	-	-	-	-
Amount to be provided for unpaid vacation	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
General fixed assets	-	-	-	-
Total Assets	\$3,501,772	\$1,282,572	\$3,025,064	\$38,022,292

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTALS	
	GENERAL	GENERAL	(MEMORANDUM	ONLY)
	FIXED ASSETS	LONG-TERM DEBT	1997	1998
\$ -	\$ -	\$ -	\$ 4,209,334	\$ 1,266,416
-	-	-	240,220	280,881
-	-	-	4,889,820	8,886,820
-	-	-	183,764	183,882
-	-	-	510,954	385,186
380,800	-	-	603,837	688,603
-	-	-	13,830	14,257
-	-	-	188,746	184,153
-	-	-	786,288	-
-	-	-	828,288	-
-	-	-	14,088,785	14,248,878
-	-	455,000	488,000	1,328,788
-	-	78,663	78,663	73,571
-	-	-	-	3,811,312
-	8,887,431	-	8,887,431	7,738,341
<u>\$ 380,800</u>	<u>\$8,887,431</u>	<u>\$ 533,663</u>	<u>\$18,832,332</u>	<u>\$17,868,508</u>

CITY OF MONROE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

MAY 31, 1987

(CONTINUED)

	GOVERNMENTAL FUND TYPES			PROPRIETARY
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	FUND
				TYPE ENTERPRISE
LIABILITIES, FUND EQUITY, AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$ 103,888	\$ -	\$ 238,881	\$ 44,748
Accrued expenses	64,366	-	-	25,128
Payable from restricted assets:				
Customer deposits	-	-	-	188,746
Due to other funds	13,000	106,309	-	144,816
General obligation bonds payable	-	-	-	-
series 1988 bonds payable	-	-	-	523,265
Total liabilities	181,254	106,309	238,881	846,855
FUND EQUITY AND OTHER CREDITS:				
Contributed capital	-	-	-	13,224,167
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved	-	-	-	726,389
Unreserved	-	-	-	3,332,932
Fund balances:				
Reserved for debt service	-	589,164	-	-
Unreserved	3,329,527	-	2,816,480	-
Total fund balances	3,329,527	589,164	2,816,480	4,038,321
Total fund equity and other credits	3,329,527	589,164	2,816,480	12,229,889
Total liabilities, fund equity, and other credits	\$1,821,721	\$1,383,473	\$2,055,044	\$18,029,744

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTALS	
	GENERAL FUND ASSETS	GENERAL LONG-TERM DEBT	(BOOKS/PAGES) CH. 71	
			1987	1986
\$ -	\$ -	\$ -	\$ 187,218	\$ 201,467
-	-	78,663	179,167	186,730
-	-	-	108,746	104,157
280,899	-	-	1,245,263	385,188
-	-	455,800	455,000	4,248,000
-	-	-	828,283	-
280,899	-	533,463	2,699,659	5,097,740
-	-	-	13,331,167	12,486,236
-	8,687,431	-	8,687,431	7,739,941
-	-	-	786,389	67,581
-	-	-	3,332,812	1,156,483
-	-	-	939,184	1,236,329
-	-	-	8,536,986	8,088,371
-	-	-	12,114,465	12,545,500
-	8,687,431	-	22,822,822	12,371,766
\$ 280,899	\$ 8,687,431	\$ 533,463	\$ 25,932,782	\$ 27,829,506

CITY OF COSSALES, LOUISIANA

COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED MAY 31, 1997

	<u>GENERAL</u>	<u>DEPT SERVICE</u>
REVENUES:		
Taxes	\$3,166,706	\$ 488,881
Franchise fees	572,488	-
Licenses and permits	888,537	-
Fines and forfeits	233,930	-
Miscellaneous	267,271	-
Charges for services	221,773	-
Intergovernmental	148,584	-
Interest	287,863	22,412
Total revenues	<u>5,465,586</u>	<u>714,194</u>
EXPENDITURES:		
Current:		
General Government	688,694	-
Public Safety:		
Police	2,483,488	-
Fire	139,898	-
streets and parks	627,028	-
Sanitation	313,508	-
Recreation	403,404	-
Drainage	173,843	-
Recreation building	38,893	-
Sanitification	18,842	-
Capital and other outlays	112,472	-
Debt service:		
Principal retirement	-	488,088
Interest & fiscal charges	-	288,142
Total expenditures	<u>3,846,262</u>	<u>784,138</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,619,324	28,248
OTHER FINANCING SOURCES (USES):		
Payment to refunded bond agent	(3,488,884)	
Transfers (out) in	(235,350)	(784,388)
Total other financing sources (uses)	<u>(3,724,234)</u>	<u>(1,068,736)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,104,910)	(677,061)
FUND BALANCE, BEGINNING OF YEAR	<u>5,823,862</u>	<u>1,238,233</u>
FUND BALANCE, END OF YEAR	<u>47,210,207</u>	<u>2,561,172</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS	TOTALS	
	MEMORANDUM ONLY	
	1957	1958
\$1,004,700	\$4,940,473	\$4,034,204
-	572,000	987,414
-	500,810	507,500
-	220,810	216,541
3,430	200,807	92,374
-	221,770	210,200
860,811	710,125	600,000
<u>130,354</u>	<u>460,230</u>	<u>370,518</u>
1,783,887	7,873,877	7,579,673
-	400,000	500,000
-	1,441,405	1,430,627
-	130,000	94,000
-	620,000	841,837
-	212,000	261,870
-	400,400	253,240
-	171,041	172,824
-	90,000	73,044
-	10,040	-
1,374,463	1,404,909	1,381,200
-	400,000	400,000
-	200,145	200,563
<u>1,374,463</u>	<u>1,605,054</u>	<u>1,582,323</u>
430,120	1,900,600	1,774,744
-	(1,400,000)	-
<u>230,120</u>	<u>(700,000)</u>	<u>63,473</u>
<u>230,120</u>	<u>(469,396)</u>	<u>63,473</u>
684,374	(2,320,307)	1,842,310
<u>2,182,178</u>	<u>9,201,481</u>	<u>7,480,123</u>
<u>22,814,881</u>	<u>27,008,144</u>	<u>29,322,540</u>

CITY OF MONROE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL AND CAPITAL PROJECTS FUNDS
 YEAR ENDED MAY 31, 1997

	GENERAL FUND		VARIANCE - FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES:			
Taxes	\$2,876,300	\$3,166,706	\$ 290,406
Franchise fees	576,400	573,094	(3,306)
Licenses and permits	542,600	588,813	46,213
Fines and forfeits	211,000	232,919	21,919
Miscellaneous	104,200	167,171	62,971
Charges for services	219,800	221,773	1,973
Intergovernmental	150,150	148,004	(2,146)
Interest	42,000	292,383	250,383
Total revenues	<u>4,662,050</u>	<u>5,465,994</u>	<u>803,944</u>
EXPENDITURES:			
Current:			
General government	754,000	688,694	65,306
Public safety			
Police	1,466,225	1,443,495	2,730
Fire	178,800	139,896	(3,904)
Streets and parks	810,000	827,028	(17,028)
Sanitation	302,200	313,000	(10,800)
Recreation	450,000	469,004	(19,004)
Waste	187,300	171,941	15,359
Recreation building	42,800	15,901	26,899
Densification	26,450	10,943	15,507
Capital and other outlays	<u>481,325</u>	<u>312,472</u>	<u>168,853</u>
Total expenditures	<u>\$4,845,825</u>	<u>\$3,944,382</u>	<u>\$ 901,443</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>816,225</u>	<u>1,521,612</u>	<u>705,387</u>
OTHER FINANCING SOURCES (USES):			
Payment to refunded bond escrow agent	-	(3,488,604)	(3,488,604)
Operating transfers in (out)	<u>(228,182)</u>	<u>(228,182)</u>	<u>-</u>
Total other sources (uses)	<u>(228,182)</u>	<u>(3,716,786)</u>	<u>(3,488,604)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>-</u>	<u>(1,195,174)</u>	<u>(1,195,174)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>\$5,921,051</u>	<u>\$5,921,051</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$5,921,051</u>	<u>\$4,725,877</u>	<u>(1,195,174)</u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUND

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
\$ 958,100	\$1,884,786	\$ 926,686
-	-	-
-	-	-
3,000	2,436	(564)
-	-	-
348,000	888,831	540,831
<u>48,000</u>	<u>138,354</u>	<u>90,354</u>
1,333,100	3,793,587	240,487
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>1,818,200</u>	<u>3,374,483</u>	<u>443,783</u>
<u>1,818,200</u>	<u>3,374,483</u>	<u>443,783</u>
(488,390)	419,124	904,274
-	-	-
<u>488,390</u>	<u>235,128</u>	<u>(253,262)</u>
<u>488,390</u>	<u>235,128</u>	<u>(253,262)</u>
-	654,274	654,274
<u>2,362,370</u>	<u>2,362,378</u>	<u>-</u>
<u>\$2,162,378</u>	<u>\$2,816,453</u>	<u>\$ 654,274</u>

CITY OF MONROE, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGE IN RETAINED EARNINGS -
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 YEAR ENDED MAY 31, 1997

OPERATING INCOME:	
Charges for services:	
Gas sales	\$ 841,615
Sewer service charges	263,500
Water sales	441,533
Miscellaneous	<u>88,778</u>
Total operating income	1,635,426
OPERATING EXPENSES:	
Gas department	761,939
General and administrative	231,397
Depreciation & amortization	443,764
Sewer treatment	288,328
Water department	379,823
Sewer department	147,482
Provision for bad debts	<u>5,798</u>
Total operating expenses	<u>2,258,131</u>
OPERATING (LOSS)	(622,705)
NON-OPERATING INCOME:	
Operating transfer in	766,389
Interest income	<u>18,432</u>
Net nonoperating income	784,821
NET INCOME	162,116
DEPRECIATION TRANSFERRED TO CONTRIBUTIONS	443,764
RETAINED EARNINGS, BEGINNING OF YEAR	<u>1,115,460</u>
RETAINED EARNINGS, END OF YEAR	<u>\$1,521,340</u>

The accompanying notes are an integral part of this statement.

CITY OF MONROE, LOUISIANA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE - ENTERPRISE FUND

YEAR ENDED MAY 31, 1993

CASH FLOWS FROM OPERATING ACTIVITIES:

Net operating loss	\$ (365,427)
Adjustments to reconcile net loss to net cash (used in) operating activities:	
Depreciation and amortization	443,364
Provision for bad debts	5,799
(Increase) Decrease in:	
Accounts receivable	23,834
Other current assets	8,432
Due from other funds	(709,309)
Increase in:	
Accounts payable	1,801
Accrued liabilities	7,564
Due to other fund	<u>119,233</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES (467,209)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from long term debt	125,285
Operating transfer from other funds	709,309
Contributions from City of Monroe	884,804
Contributions from Special Construction	<u>18,151</u>

NET CASH PROVIDED BY CAPITAL AND RELATED FIN. ACT. 1,980,331

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	78,412
Purchase of investments	(19,894)
Purchase of plant and equipment	<u>(1,122,122)</u>

NET CASH USED IN INVESTING ACTIVITIES (1,131,854)

NET INCREASE IN CASH AND CASH EQUIVALENTS 304,268

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 121,324CASH AND CASH EQUIVALENTS, END OF YEAR \$ 425,592

The accompanying notes are an integral part of this statement.

CITY OF MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MAY 11, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Monroe, Louisiana, was incorporated April 15, 1822, under the provision of the Lawless Act. The City operates under a Mayor - City Council form of government.

The accounting and reporting practices of the City of Monroe, 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 24:117 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

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

Based on the foregoing criteria, certain organizations are not part of the City and are thus excluded from the accompanying financial statements. These are the Friends of the Museum, Beautification Board, and Committee on Cultural Affairs. 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 Monroe, 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 operating activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and account groups as follows:

CITY OF MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1997
(CONTINUED)

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 MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1987

(CONTINUED)

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

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

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and 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:

	YEARS
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. Leased fixed assets of \$10,000 are stated at their estimated fair value on the date received.

CITY OF GONZALES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1987
(CONTINUED)

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 prepares 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, 1997
(CONTINUED)

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 City Council. 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, 1987
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bad Debts - Uncollectible amounts due for ad valorem taxes and customers' utility receivables are expensed when the debt becomes uncollectible, which is not materially different from generally accepted accounting principles. The City considers any utility receivable where service has been disconnected to be uncollectible. All utility receivables with service are considered collectible. As of May 31, 1987, \$5,788 was considered uncollectible.

Prepaid Expense - Payments made, which will benefit periods beyond May 31, 1987, 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 types, 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 MONROE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS

MAY 31, 1997
 (CONTINUED)

NOTE 3 - DEPOSITS AND INVESTMENTS

The carrying amount of the City's deposits, including certificates of deposit, with financial institutions as of May 31, 1997, was \$4,453,269 and the bank balance was \$5,146,333. The bank balance is categorized as follows:

Amount insured by FDIC	\$ 398,693
Amounts collateralized with securities held by trust departments of banks other than the fiscal agent. The collateral consists of bearer bonds.	4,043,438
Amounts uninsured and unsecured	-
	<u>\$5,146,333</u>

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

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name. As of May 31, 1997, investments consisted of the following:

	Categories		Carrying Amount	Market Value
	1	2		
U. S. Government Securities	\$ -	\$ 408,493	\$ 408,493	\$ 393,349
LAMP Funds	-	-	4,156,836	4,156,836
Total Investments	\$ -	\$ 408,493	\$4,565,329	\$4,550,185

CITY OF COSTALIER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1997
(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, 1997, taxes of 14.55 mills were levied on property with assessed valuations totaling \$49,848,308 and were dedicated as follows:

Debt service	6.40 mills
General corporate purposes	5.10 mills
Fire department	3.05 mills

Total taxes levied were \$725,883. At May 31, 1997, 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	\$ 360,834	\$ -
Debt Service Fund	-	689,884
Capital Projects Fund	308,374	-
Proprietary Fund	881,388	-
Agency Fund(Sales tax)	-	388,888
	<u>\$1,550,604</u>	<u>\$1,078,772</u>

NOTE 5 - RESTRICTED ASSETS

Restricted assets at May 31, 1997, were applicable to the following:

	UTIL. FUND
Customer Deposits	\$188,748
Due from Debt Service Fund for 1996 Series Reserve Fund	700,389

CITY OF MONROE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS

MAY 31, 1987
 (CONTINUED)

NOTE 6 - CONCENTRATION OF CREDIT RISK - PROPRIETARY FUND

Accounts receivable from utility customers were comprised of the following sources: residential - 61%; commercial - 37%; 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 5-31-86	Additions	Retirements	Balance 5-31-87
Land	\$ 263,300	\$ -	\$ -	\$ 263,300
Buildings	1,682,378	109,822	-	1,792,200
Improvements other than buildings	4,407,118	714,884	-	5,122,002
Equipment	873,695	103,747	7,450	969,992
Vehicles	428,842	82,712	56,228	455,326
Totals	<u>\$7,583,333</u>	<u>\$1,991,165</u>	<u>\$ 63,678</u>	<u>\$9,510,820</u>

A summary of proprietary fund type property, plant, and equipment at May 31, 1987 follows:

Land	\$ 118,828
Storage buildings	22,474
Lines, meters, and plants	19,858,583
Equipment	218,813
Vehicles	192,263
Total	<u>\$20,417,961</u>
 Less accumulated depreciation	 <u>-5,516,878</u>
	<u>\$14,901,083</u>

CITY OF MONROE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS

MAY 31, 1997
 (CONTINUED)

NOTE 8 - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the city of Monroe for the year ended May 31, 1997:

	General obligation	Utility	Total
Bonds payable, June 1, 1996	\$4,348,000	\$ -	\$4,348,000
Debt issued	-	525,265	525,265
Debt matured	-405,000	-	-405,000
Deferred bonds	-3,388,000	-	-3,388,000
Bonds payable, May 31, 1997	<u>\$ 455,000</u>	<u>\$ 525,265</u>	<u>\$ 980,265</u>

Debt payable at May 31, 1997, are comprised of the following individual issues:

General obligation bonds:

\$780,000 Public Improvement bonds dated October 1, 1977, due in annual installments of \$45,000 - \$68,000 through April 1, 2002; interest at 5.75% (This is secured by collection of sales tax.) 265,000

\$1,200,000 Sewer improvement bonds dated October 1, 1977, due in annual installments of \$10,000 through October 1, 2002; interest at 5.75% (This is secured by levy and collection of ad valorem taxes.) 50,000

\$80,000 General obligation refunding issued dated September 1, 1991, due in annual installments of \$15,000 - \$98,000 through March 1, 2002; interest at 6.04 - 6.44 (This issue is secured by levy and collection of ad valorem taxes.) 140,000

\$ 455,000

Utility obligation bonds:

\$7,500,000 Sewer improvement bonds dated May 20, 1987, due in annual installments of \$200,000 to \$225,000 through March 1, 2017; interest at 7.95% (This is secured by collection of sales tax.) \$ 525,265

CITY OF MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1987
(CONTINUED)

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

The annual requirements to amortize all debts outstanding as of May 31, 1987, including interest payments of \$43,293 are as follows (This information does not include the Sewer Improvement Bonds dated May 31, 1987, because the obligation amount has not yet been determined):

Years ending May 31	General Obligation
1988	\$ 100,000
1989	91,875
1990	83,467
1991	87,788
1992	87,873
Thereafter	-
	\$ 550,003

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

Bonds resolution of August, 1977 requires 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 here in a Sales Tax Fund, which is considered an Agency Fund. Fixed monthly payments are required to be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund presently in the amount of \$6,000. The 1977 bond issue required payments to be made into a "Bond Reserve Fund" until such time as \$104,164 was accumulated. The money in this reserve fund is to be retained solely for the purpose of paying the principal and the interest on the bonds payable from the aforesaid sinking fund as to which there would otherwise be default. Any monies remaining in the Sales Tax Fund after making the required payments into the Bond Sinking Fund for the current month and for prior months during which the required payments may not have been made, shall be considered as surplus.

CITY OF SONZALE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1987

(CONTINUED)

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

Each 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.

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 1 percent of their final-average salary for each year of creditable service.

CITY OF MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

MAY 31, 1997
(CONTINUED)

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, 7837 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 325-4810.

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 Monroe is required to contribute at an actuarially determined rate. The current rate is 8.25 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 Monroe 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 Monroe to the System under Plan A for the year ending May 31, 1997, were \$28,624.

CITY OF MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1987

(CONTINUED)

NOTE 18 - 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 15 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 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 70806-3304, or by calling (504) 388-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Monroe is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Monroe 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 Monroe for the year ending May 31, 1987, were \$81,074.

CITY OF MONROE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1997
(CONTINUED)

NOTE 11 - CONTRIBUTED CAPITAL-PROPRIETARY FUND

During the year ended May 31, 1997, the City's Capital Project Fund expended \$1,883,878 for the benefit of the Proprietary (Utility) Fund. These expenditures were \$1,888,484 for improvements to the sewer and water systems, \$40,391 for equipment, and \$44,803 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 - GENERAL LONG-TERM DEBT

The City deposited money in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Series bonds. As a result, the 1989 Series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The City advance refunded the 1989 Series bonds to reduce its total debt service payments over the next 22 years by almost \$3.4 million. Also the Louisiana Department of Environmental Quality required a first lien on the 1/2 cent sales tax proceeds as a condition of the City's participation in their Municipal Facilities Revolving Loan Fund (See Note 14).

NOTE 14 - SEWER IMPROVEMENT

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

CITY OF MONROE, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - ACTUAL COMPARED
 TO BUDGETARY BASIS - PROPRIETARY FUND TYPE - ENTERPRISE FUND
 YEAR ENDED MAY 31, 1997

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS
OPERATING INCOME:		
Charges for utility services:		
Gas sales	\$ 841,815	\$ -
Sewer service charges	868,880	-
Water sales	443,533	-
Miscellaneous	52,778	-
Total operating income	<u>1,810,803</u>	<u>-</u>
OPERATING EXPENSES:		
Gas department	783,939	-
General and administrative	331,397	-
Depreciation and amortization	443,764	(1) (443,764)
Sewer treatment	388,318	-
Water department	379,613	-
Sewer department	147,493	-
Provision for bad debts	5,728	(2) (5,728)
Total operating expenses	<u>1,879,138</u>	<u>(449,492)</u>
OPERATING (LOSS)	(348,437)	-
NONOPERATING INCOME:		
Operating transfer in	784,389	-
Interest income	78,832	-
Net nonoperating income	<u>863,221</u>	<u>-</u>
NET INCOME	414,784	449,542
DEPRECIATION TRANSFERRED TO CONT.	443,764	(1) (443,764)
RETAINED EARNINGS, BEGINNING OF YEAR	2,355,463	-
RETAINED EARNINGS, END OF YEAR	<u>\$ 2,818,321</u>	<u>\$ 2,818,321</u>

- (1) The city does not budget depreciation expense.
 (2) The city does not budget bad debts.

The accompanying notes are an integral part of this statement.

ACTUAL ON BUDGETARY BASIS	BUDGET	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 841,615	\$ 760,000	\$ 81,615
505,588	880,000	(14,412)
443,502	430,000	8,502
<u>59,725</u>	<u>75,000</u>	<u>(15,275)</u>
1,840,803	1,840,000	78,803
743,838	757,950	(14,112)
311,387	248,000	17,400
-	-	-
388,210	349,000	(19,310)
278,442	287,400	7,788
143,882	178,000	32,548
<u>-</u>	<u>-</u>	<u>-</u>
<u>1,828,558</u>	<u>1,849,000</u>	<u>11,442</u>
82,838	-	82,838
706,309	-	706,309
<u>78,412</u>	<u>-</u>	<u>78,412</u>
<u>784,721</u>	<u>-</u>	<u>784,721</u>
848,656	-	848,656
-	-	-
3,158,483	3,158,483	-
<u>\$ 4,024,112</u>	<u>\$ 3,158,483</u>	<u>\$ 865,629</u>

CITY OF MONROE, LOUISIANA
 CAPITAL PROJECTS FUND - CAPITAL OUTLAYS
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL

YEAR ENDED MAY 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
Sales tax	\$ 950,100	\$1,004,704	\$ 234,604
Video poker proceeds	340,000	568,811	228,811
Miscellaneous	3,000	3,004	(344)
Interest	<u>40,000</u>	<u>139,154</u>	<u>99,354</u>
Total	1,333,100	1,793,567	460,467
EXPENDITURES:			
capital outlays:			
Street overlay project	580,000	404,841	185,159
Police capital	70,100	44,186	25,914
Street lighting	-	-	-
Street department	142,700	82,938	59,762
Sidewalk construction	15,000	18,160	(3,160)
Tourist center	18,300	3,451	6,849
Drainage department	1,800	1,888	(88)
Civic center	58,300	38,171	20,129
Recreation capital	131,300	100,330	31,170
Sewer rehabilitation	300,000	267,840	132,160
Sewer imp. program	58,000	-	58,000
Utility dept. capital	325,200	389,588	(64,388)
General administration	<u>122,500</u>	<u>122,878</u>	<u>1,522</u>
Total	1,818,200	1,174,482	643,718
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
	(485,100)	419,114	904,214
OTHER FINANCING SOURCES:			
Operating transfers in	<u>485,100</u>	<u>225,150</u>	<u>(259,950)</u>
EXCESS OF EXPENDITURES AND OTHER SOURCES OVER REVENUES			
	\$ -	\$ 644,274	\$ 644,274

The accompanying notes are an integral part of this statement.

CITY OF MONROE, LOUISIANA

YEAR ENDED MAY 31, 1987

SCHEDULE OF PER DIEM FEE

	<u>Monthly</u>	<u>Annual</u>
Alvin "Bully" Dragg	\$500	\$ 6,000
Frank Gordon	500	6,000
Dalton Marchand	500	6,000
Kenneth Mizeau	500	6,000
Larry Savell	500	6,000
Ronald Napuepack	500	6,000
		<u>\$36,000</u>

Conrad P. Bourque

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CERTIFIED PUBLIC ACCOUNTANT

MEMBER
AMERICAN INSTITUTE OF CPAs
SOCIETY OF LOUISIANA CPAs

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

To the Honorable Mr. John A. Berthelet, Mayor
and the Members of the City Council
City of Monroee, Louisiana

I have audited the financial statements of the City of Monroee, Louisiana, as of and for the year ended May 31, 1997, and have issued my report dated November 14, 1997. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Monroee, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be

Instance of Non-Compliance

Requirements: LSA-R.S. 19:1310(B) states that the chief executive or administrative officer shall advise the governing authority in writing when:

Actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by 3 percent or more.

In addition LSA-R.S. 19:1309 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.

Finding: The City's amended budget when compared to actual, results in the following unfavorable variance greater than \$4 as of May 31, 1987:

General Fund Expenditures

This finding was a result of the City making a payment to a refunded bond escrow agent on May 29, 1987. The timing of the payment was unavoidable. However, there was not enough time before fiscal year end to amend the budget. Therefore, the unfavorable variance was created.

I considered this instance of noncompliance in forming my opinion on whether the city's May 31, 1987 general-purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated November 14, 1987 on these general-purpose financial statements.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Gonzales, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

November 14, 1987

Conrad P. Bourque

Conrad P. Bourque

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1004 B. WENTZLEY STREET / THOMAS CORNELL PLAZA
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CERTIFIED PUBLIC ACCOUNTANT

MEMBER
AMERICAN INSTITUTE OF CPAS
SOCIETY OF LOUISIANA CPAs

November 14, 1997

Dr. Sarial 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