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GOVERNMENT
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LEGISLATIVE AUDITOR
BATON ROUGE, LOUISIANA

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CITY OF JEANERETTE, LOUISIANA

Financial Report

Year Ended June 30, 1998

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 **FEB 2 4 1999**

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INDEPENDENT AUDITORS' REPORT

The Honorable James Alexander, Mayor
and Members of the Board of Aldermen
City of Jeanerette, Louisiana

We have audited the accompanying general purpose financial statements of the City of Jeanerette, Louisiana, as of June 30, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Jeanerette, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue. Required disclosures include: a) any significant amount of resources committed to make systems year 2000 compliant; b) a general description of the Year 2000 issue, including a description of the stages of work in process or completed as of the end of the fiscal year to make systems compliant; c) the additional stages of work necessary to make systems compliant. Insufficient audit evidence exists to support the City's disclosures made in Note 24 to the financial statements. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Further, we do not provide assurance that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Jeanerette, Louisiana does business will be year 2000 ready.

In our opinion, except for the effects on the June 30, 1998 general purpose financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Jeanerette, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

The accompanying general purpose financial statements have been prepared assuming that the City of Jeanerette, Louisiana, will continue as a going concern. As discussed in Note 22 to the general purpose financial statements, the City experienced significant operating losses, fund deficits and an increasing

inability to satisfy current obligations. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 22. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements 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 Jeanerette, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the general purpose financial statements of the City of Jeanerette, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, 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.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 1999 on our consideration of the City of Jeanerette, Louisiana's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
January 15, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

CITY OF JEANERETTE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1998

	Governmental Fund Types				Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups			Totals (Memorandum Only)	
	General Fund	Special Revenue	Debt Service	Capital Projects			General Fixed Assets	Long-Term Debt	General		
									General		Long-Term Debt
ASSETS AND OTHER DEBITS											
Cash and interest-bearing deposits	\$ 25,678	\$ 100,149	\$ 317,920	\$ 169,616	\$ 18,941	\$ -	\$ -	\$ -	\$ -	\$ 632,304	
Receivables -											
Accounts (net)	-	-	-	-	202,158	-	-	-	-	202,158	
Due from other funds	9,065	87,793	101	400	357,460	471,197	-	-	-	926,016	
Due from other governmental agencies	11,304	19,582	-	-	-	-	-	-	-	30,886	
Other	21,750	-	-	-	-	100	-	-	-	21,850	
Restricted assets:											
Cash and interest-bearing deposits	-	-	-	-	48,575	-	-	-	-	48,575	
Buildings	-	-	-	-	-	-	2,315,933	-	-	2,315,933	
Improvements other than buildings	-	-	-	-	-	-	4,516,860	-	-	4,516,860	
Equipment	-	-	-	-	-	-	1,118,420	-	-	1,118,420	
Utility property, plant and equipment (net)	-	-	-	-	5,959,839	-	-	-	-	5,959,839	
Amount available in debt service funds	-	-	-	-	-	-	-	317,892	-	317,892	
Amount to be provided for retirement of general long-term debt and capital lease obligations	-	-	-	-	-	-	-	-	1,373,077	1,373,077	
Total assets and other debits	<u>\$ 67,797</u>	<u>\$ 207,524</u>	<u>\$ 318,021</u>	<u>\$ 170,016</u>	<u>\$ 6,586,973</u>	<u>\$ 471,297</u>	<u>\$ 7,951,213</u>	<u>\$ 1,690,969</u>	<u>\$ 17,463,810</u>	<u>\$ 17,463,810</u>	

(continued)

CITY OF JEANERETTE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
June 30, 1998

	Governmental Fund Types				Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups			Totals (Memorandum Only)	
	General Fund	Special Revenue	Debt Service	Capital Projects			General Fixed Assets	Long-Term Debt	Totals		
									General		Long-Term Debt
LIABILITIES, EQUITY AND OTHER CREDITS											
Liabilities:											
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,826	\$ -	\$ -	\$ 105,826		
Accounts payables	190,103	2,990	-	104,027	109,296	-	-	-	406,416		
Payroll liabilities	-	-	-	-	-	29,478	-	-	29,478		
Accrued expenses	-	290	-	-	-	-	-	-	290		
Deferred revenues	-	13,745	-	-	-	-	-	-	13,745		
Due to other funds	477,589	15,159	-	40,875	56,400	335,993	-	-	926,016		
Payable from restricted assets -											
Customers' deposits	-	-	-	-	80,009	-	-	-	80,009		
General obligation bonds payable	-	-	-	-	-	-	1,605,000	-	1,605,000		
Obligations under capital lease	-	-	-	-	-	-	85,969	-	85,969		
Total liabilities	667,692	32,184	-	144,902	245,705	471,297	1,690,969	-	3,252,749		
Equity and other credits:											
Contributed capital (net of accumulated amortization)	-	-	-	-	6,599,507	-	-	-	6,599,507		
Investment in general fixed assets	-	-	-	-	-	-	7,951,213	-	7,951,213		
Retained earnings (deficit) -											
Unreserved	-	-	-	-	(258,239)	-	-	-	(258,239)		
Fund balances (deficit)-											
Reserved for debt service	-	-	-	-	-	-	-	-	317,892		
Reserved for capital expenditures	-	-	-	82,153	-	-	-	-	82,153		
Unreserved-undesignated	(599,895)	175,340	129	(57,039)	-	-	-	-	(481,465)		
Total equity and other credits	(599,895)	175,340	318,021	25,114	6,341,268	-	7,951,213	-	14,211,061		
Total liabilities, equity and other credits	\$ 67,797	\$207,524	\$318,021	\$170,016	\$6,586,973	\$471,297	\$1,690,969	\$1,690,969	\$17,463,810		

The accompanying notes are an integral part of this statement.

CITY OF JEANERETTE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
Year Ended June 30, 1998

	General Fund	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues:					
Taxes	\$ 279,918	\$551,310	\$223,487	\$ -	\$1,054,715
Licenses and permits	161,912	-	-	-	161,912
Intergovernmental	199,624	214,629	-	586,179	1,000,432
Charges for services	222,767	-	-	-	222,767
Fines and forfeits	8,547	-	-	-	8,547
Interest	-	-	9,201	5,164	14,365
Miscellaneous	66,726	1,515	-	144	68,385
Total revenues	<u>939,494</u>	<u>767,454</u>	<u>232,688</u>	<u>591,487</u>	<u>2,531,123</u>
Expenditures:					
Current -					
General government	616,802	25,462	-	-	642,264
Public safety:					
Police	605,751	-	-	-	605,751
Fire	18,321	-	-	-	18,321
Streets and drainage	232,122	-	-	-	232,122
Sanitation	243,458	-	-	-	243,458
Welfare - feeding program	-	76,724	-	-	76,724
Urban redevelopment and housing	-	106,915	-	-	106,915
Capital outlay	77,113	-	-	685,193	762,306
Debt service -					
Principal retirement	31,811	-	135,000	-	166,811
Interest and fiscal charges	6,255	-	114,093	-	120,348
Other	-	-	149	-	149
Total expenditures	<u>1,831,633</u>	<u>209,101</u>	<u>249,242</u>	<u>685,193</u>	<u>2,975,169</u>
Excess (deficiency) of revenues over expenditures	<u>(892,139)</u>	<u>558,353</u>	<u>(16,554)</u>	<u>(93,706)</u>	<u>(444,046)</u>
Other financing sources (uses):					
Operating transfers in	849,123	38,000	45,683	25,851	958,657
Operating transfers out	(235,817)	(521,183)	(323)	(169,996)	(927,319)
Proceeds from capital lease	59,414	-	-	-	59,414
Total other financing sources (uses)	<u>672,720</u>	<u>(483,183)</u>	<u>45,360</u>	<u>(144,145)</u>	<u>90,752</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(219,419)</u>	<u>75,170</u>	<u>28,806</u>	<u>(237,851)</u>	<u>(353,294)</u>
Fund balances (deficit), beginning	<u>(380,476)</u>	<u>100,170</u>	<u>289,215</u>	<u>262,965</u>	<u>271,874</u>
Fund balances (deficit), ending	<u>\$ (599,895)</u>	<u>\$ 175,340</u>	<u>\$ 318,021</u>	<u>\$ 25,114</u>	<u>\$ (81,420)</u>

The accompanying notes are an integral part of this statement.

CITY OF JEANERETTE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General and Special Revenue Funds
Year Ended June 30, 1998

	General Fund (GAAP Basis)			Special Revenue Funds (Non-GAAP Basis)		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 285,000	\$ 279,918	\$ (5,082)	\$518,000	\$ 551,310	\$ 33,310
Licenses and permits	139,550	161,912	22,362	-	-	-
Intergovernmental	150,200	199,624	49,424	-	-	-
Charges for services	216,000	222,767	6,767	-	-	-
Fines and forfeits	10,000	8,547	(1,453)	-	-	-
Miscellaneous	15,343	66,726	51,383	-	253	253
Total revenues	<u>816,093</u>	<u>939,494</u>	<u>123,401</u>	<u>518,000</u>	<u>551,563</u>	<u>33,563</u>
Expenditures:						
Current -						
General government	459,536	616,802	(157,266)	22,025	25,462	(3,437)
Public safety:						
Police	583,417	605,751	(22,334)	-	-	-
Fire	21,675	18,321	3,354	-	-	-
Streets and drainage	225,100	232,122	(7,022)	-	-	-
Sanitation	216,000	243,458	(27,458)	-	-	-
Capital outlay	2,500	77,113	(74,613)	-	-	-
Debt service -						
Principal retirement	-	31,811	(31,811)	-	-	-
Interest and fiscal charges	-	6,255	(6,255)	-	-	-
Total expenditures	<u>1,508,228</u>	<u>1,831,633</u>	<u>(323,405)</u>	<u>22,025</u>	<u>25,462</u>	<u>(3,437)</u>
Excess (deficiency) of revenues over expenditures	<u>(692,135)</u>	<u>(892,139)</u>	<u>(200,004)</u>	<u>495,975</u>	<u>526,101</u>	<u>30,126</u>
Other financing sources (uses):						
Operating transfers in	85,000	849,123	764,123	-	7,000	7,000
Operating transfers out	-	(235,817)	(235,817)	(495,000)	(521,183)	(26,183)
Proceeds from capital lease	-	59,414	59,414	-	-	-
Total other financing sources (uses)	<u>85,000</u>	<u>672,720</u>	<u>587,720</u>	<u>(495,000)</u>	<u>(514,183)</u>	<u>(19,183)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(607,135)</u>	<u>(219,419)</u>	<u>387,716</u>	<u>975</u>	<u>11,918</u>	<u>10,943</u>
Fund balances (deficit), beginning	<u>(380,476)</u>	<u>(380,476)</u>	<u>-</u>	<u>80,355</u>	<u>80,355</u>	<u>-</u>
Fund balances (deficit), ending	<u>\$(987,611)</u>	<u>\$(599,895)</u>	<u>\$387,716</u>	<u>\$ 81,330</u>	<u>\$ 92,273</u>	<u>\$ 10,943</u>

The accompanying notes are an integral part of this statement.

CITY OF JEANERETTE, LOUISIANA
Proprietary Fund Type

Statement of Revenues, Expenses, and Changes in Retained Earnings
Year Ended June 30, 1998

Operating revenues:	
Charges for services -	
Water sales	\$ 601,271
Sewer service charges	385,939
Connections, installations, etc.	9,807
Penalties	42,228
Miscellaneous	4,792
Total operating revenues	<u>1,044,037</u>
Operating expenses:	
Bad debts	12,460
Chemicals	59,408
Consulting and testing fees	18,743
Depreciation expense	274,946
DEQ fees	38,938
Equipment rental	944
Insurance	57,096
Miscellaneous	18,767
Office expense	8,455
Payroll taxes	3,352
Professional fees	16,435
Retirement	10,905
Salaries	241,040
Supplies and repairs	121,807
Truck expense	13,267
Utilities and telephone	132,579
Total operating expenses	<u>1,029,142</u>
Operating income	<u>14,895</u>
Nonoperating revenues:	
Interest income	142
Refunds	20,680
Total nonoperating revenues	<u>20,822</u>

(continued)

CITY OF JEANERETTE, LOUISIANA
Proprietary Fund Type

Statement of Revenues, Expenses, and Changes in Retained Earnings (Continued)
Year Ended June 30, 1998

Income before operating transfers	<u>35,717</u>
Other financing sources (uses):	
Operating transfers in	463,962
Operating transfers out	<u>(495,300)</u>
Total other financing (uses)	<u>(31,338)</u>
Net income	4,379
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	178,831
Retained earnings (deficit), beginning	<u>(441,449)</u>
Retained earnings (deficit), ending	<u><u>\$ (258,239)</u></u>

The accompanying notes are an integral part of this statement.

CITY OF JEANERETTE, LOUISIANA
Proprietary Fund Type

Statement of Cash Flows
Year Ended June 30, 1998

Cash flows from operating activities:	
Operating Income	<u>\$ 4,379</u>
Adjustments to reconcile net operating income to net cash provided by operating activities -	
Depreciation	274,946
Changes in current assets and liabilities:	
(Increase) in accounts receivable	(23,156)
Increase in accounts payable	47,789
Increase in customer deposits	81
(Increase) in due from other funds	<u>(173,676)</u>
Total adjustments	<u>125,984</u>
Net cash provided by operating activities	130,363
Cash flows from investing activities:	
Purchase of property, plant and equipment	<u>(144,145)</u>
Net (decrease) in cash and cash equivalents	(13,782)
Cash, cash equivalents and restricted cash, beginning of period	<u>81,298</u>
Cash, cash equivalents and restricted cash, end of period	<u><u>\$ 67,516</u></u>

The accompanying notes are an integral part of this statement.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements

INTRODUCTION

The City of Jeanerette was incorporated under special charter in 1878. The City operates under a Mayor-Board of Aldermen form of government.

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Jeanerette conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units.

A. The Reporting Entity

Governmental Accounting Statement 14 established criteria for determining which component units should be considered part of the City of Jeanerette, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the City to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of the above criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

The following component unit has been presented as a blended component unit:

Jeanerette Volunteer Fire Department -

The Jeanerette Volunteer Fire Department is governed by a group of volunteer citizens. The Jeanerette Volunteer Fire Department is not fiscally dependent on the City of Jeanerette; however, the City of Jeanerette includes revenues received and expenditures paid for the Fire Department as part of its general fund. The City of Jeanerette also provides for the Fire Department facilities and equipment and the Jeanerette Volunteer Fire Department provides public safety service almost exclusively to benefit the City of Jeanerette; therefore, these general-purpose financial statements include expenditures incurred directly by the Jeanerette Volunteer Fire Department from public funds in the General Fund. These general-purpose financial statements include operating expenditures paid with self-generated funds of the Jeanerette Volunteer Fire Department.

The following organizations are related organizations which have not been included in the reporting entity:

Jeanerette City Court -

The Jeanerette City Court is staffed by independently elected officials. Although the city does provide facilities and some of its financing, no control is exercised over its operations.

Bicentennial Park and Museum Board --

The Mayor and Board of Alderman are responsible for appointing the members of the Board, but the City's accountability for this organization does not extend beyond making these appointments.

B. Fund Accounting

The accounts of the City of Jeanerette are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

The various funds are grouped, in the financial statements in this report, into six generic fund types and three broad fund categories as follows:

Governmental Fund Types –

General Fund

The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) 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.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by proprietary fund, special assessment funds, and trust funds).

Proprietary Fund Type -

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 cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Jeanerette's enterprise fund is the Utility Fund.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

Fiduciary Fund Type -

Agency Funds

Agency funds are used to account for assets held by the City as an agent for other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Fixed Assets and Long-Term Liabilities

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

All governmental funds are accounted for on a spending or "financial flow" measurement focus, 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, rather than in governmental funds. These assets are recorded as expenditures in the governmental fund types when purchased. The City has elected to capitalize public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including streets, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

All purchased fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. Estimated amounts are immaterial in relation to total 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 services 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.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

C. 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 a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues are recognized when they become measurable and available as current assets.

Sales tax are considered as "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which such taxes are billed to taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services, and franchise fees. Licenses and permits are recognized when received because they are not objectively measurable. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt is recognized as an expenditure when due.

All proprietary funds and are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance.

With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Agency Fund assets and liabilities are accounted for on the modified accrual basis.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

D. Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in these general-purpose financial statements:

1. The Mayor, Finance Chairman, and Secretary-Treasurer prepare a proposed budget and submit it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is 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 ten days 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. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.
8. Budgetary control is exercised at the fund level.

E. Encumbrances

Encumbrance accounting, under which purchase orders, 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 as an extension of formal budgetary integration in the funds.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

F. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days. Investments are stated at cost, which approximates market.

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

I. Restricted Assets

Certain cash balances in the enterprise funds are restricted because they represent customer meter deposits held on behalf of utility customers.

J. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation credits earned by employees range from 4 hours per month to 14 hours per month depending upon length of service. Two-thirds (2/3) of

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

vacation credits earned during an employment year must be taken that year. Only one-third (1/3) of accumulated vacation time may be carried over to the following year. Employees may accumulate a maximum of 120 sick days, and any sick leave credit due an employee whose service with the City is terminated by reason of resignation or discharge is canceled.

The City's liability for accumulated unpaid vacation was immaterial and therefore is not accrued.

K. Fixed Assets

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

The estimated useful lives are as follow:

Water Utility -

Wells	25 years
Storage tanks	30 years
Equipment and automotive	3-10 years
Improvement and lines	15-50 years

Sewerage Utility -

Pump stations, lines and other improvements	30-50 years
Automotive	3-8 years
Other equipment	5-10 years

The City follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use.

At June 30, 1998 no capitalized interest was recorded in the financial statements.

L. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developer's, customers, or other funds.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers.

N. Total Columns on Combined Statements

Total columns on the combined statements – overview are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of 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.

(2) Cash and Cash Equivalents

At June 30, 1998, the City has cash and cash equivalents (book balances) as follows:

Cash and interest-bearing deposits	\$ <u>575,053</u>
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These deposits are state at cost, which approximates market. Under state law, these deposits (or 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998 the City has \$693,984 in deposits (bank balances).

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

These deposits are secured from risk by \$295,097 of federal deposit insurance and \$1,006,875 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the bank, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

(3) Receivables

Accounts receivable in the enterprise funds consisted of the following at June 30, 1998:

Accounts -	
Utility system fund	\$214,618
Less: Allowance for uncollectibles	<u>(12,460)</u>
 Total	 <u>\$202,158</u>

Due from other governmental agencies at June 30, 1998 consisted of:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
Tobacco tax	\$ 7,880	\$ -	\$ 7,880
Beer tax	2,176	-	2,176
Sales tax	-	13,915	13,915
Video poker	1,248	-	1,248
USDA Grant	-	198	198
HUD Grant	-	5,469	5,469
Total	<u>\$11,304</u>	<u>\$19,582</u>	<u>\$30,886</u>

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

Other receivables consisted of the following at June 30, 1998:

	General Fund	Agency Fund	Total
Telephone franchise fee	\$ 5,581	\$ -	\$ 5,581
Cable franchise fee	2,710	-	2,710
Electric franchise fee	12,586	-	12,586
Fines and forfeitures	873	-	873
Miscellaneous	-	100	100
Total	<u>\$21,750</u>	<u>\$ 100</u>	<u>\$21,850</u>

(4) Interfund Receivables, Payables

Interfund receivables and payables at June 30, 1998 consisted of the following:

	Interfund Receivables	Interfund Payables
General fund	\$ 9,065	\$ 477,589
Special revenue funds:		
1 % sales tax fund	15,724	2,772
1/4 % sales tax fund (1973)	37,000	-
1/4 % sales tax fund (1985)	-	1,224
Park fund	9,474	145
HUD Section 8 Housing	2,226	3,153
Water works and street maintenance	3,145	-
Summer feeding program	20,224	7,865
Debt service fund:		
Waterworks Improvement	101	-
Capital projects fund:		
Waterworks improvement project	400	40,875
Enterprise fund:		
Utility fund	357,460	56,400
Agency funds:		
Payroll fund	58,254	22,545
Disbursement fund	412,943	313,448
Total	<u>\$ 926,016</u>	<u>\$ 926,016</u>

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

(5) Restricted Assets -- Proprietary Funds

Restricted assets consisted of the following accounts at June 30, 1998:

Customer meter deposits	<u>\$ 48,575</u>
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(6) Changes in Fixed Assets

A summary of changes in general fixed assets for the year ended June 30, 1998 is as follows:

	Balance 6/30/97	Additions	Deletions	Balance 6/30/98
Buildings	\$2,315,933	\$ -	\$ -	\$2,315,933
Improvements other than buildings	3,831,754	685,106	-	4,516,860
Equipment	<u>1,011,850</u>	<u>106,570</u>	<u>-</u>	<u>1,118,420</u>
Total general fixed assets	<u>\$7,159,537</u>	<u>\$ 791,676</u>	<u>\$ -</u>	<u>\$7,951,213</u>

Summary of enterprise fund type property, plant and equipment at June 30, 1998 is as follows:

	Balance 6/30/97	Additions	Deletions	Balance 6/30/98
Land	\$ 40,372	\$ -	\$ -	\$ 40,372
Equipment	103,055	-	-	103,055
Utility systems:				
Sewer system	6,076,207	144,145		6,220,352
Water system	3,863,389			3,863,389
Less:				
Accumulated depreciation	<u>3,992,383</u>	<u>274,946</u>	<u>-</u>	<u>4,267,329</u>
	<u>\$ 6,090,640</u>	<u>\$(130,801)</u>	<u>\$ -</u>	<u>\$ 5,959,839</u>

Depreciation expense on fixed assets used by enterprise funds for the year ended June 30, 1998 was \$274,946.

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

(7) Interfund Transfers

Transfers between funds for the year ended June 30, 1998, were:

	Transfers in	Transfers out
General Funds:		
1% Sales Tax Fund	\$ 278,000	\$ -
1/4% Sales Tax Fund (1985)	95,500	-
Bond Reserve Fund	323	-
Park Fund	-	10,000
Summer Feeding Program	-	1,000
Utility Fund	475,300	224,817
Special Revenue Funds:		
1% Sales Tax Fund -		
General Fund	-	278,000
1/4% Sales Tax Fund (1973)	2,000	-
1/4% Sales Tax Fund (1985)	2,000	3,000
Sales Tax Bond Sinking Fund	-	45,683
Utility Fund	-	6,000
1/4% Sales Tax Fund (1985)-		
General Fund	-	95,500
1% Sales Tax Fund	3,000	2,000
1% Sales Tax Fund	-	2,000
Utility Fund	-	89,000
Park Fund -		
General Fund	10,000	-
Summer Feeding -		
General Fund	1,000	-
Utility Fund	20,000	-
Debt Service Fund:		
Sales Tax Bond Sinking Fund -		
1% Sales Tax Fund	45,683	-
Sales Tax Bond Reserve Fund -		
General Fund	-	323
Capital Projects Funds:		
LCDBG Street Improvements -		
1986 G.O. Bond Construction	25,851	-
1986 G.O. Bond Construction -		
LCDBG Street Improvements	-	25,851
Utility Fund	-	144,145

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

	Transfers In	Transfers Out
Enterprise Funds:		
Utility Fund-		
General Fund	224,817	475,300
Summer Feeding Program	-	20,000
1% Sales Tax Fund	6,000	-
1/4% Sales Tax Fund (1973)	89,000	-
1986 G.O. Bond Construction	144,145	-
Total	\$1,422,619	\$ 1,422,619

(8) Changes in Long-term Debt

The following is a summary of long-term debt transactions of the City for the year ending June 30, 1998:

	6/30/97	Additions	Deletions	6/30/98
General obligation bonds	\$1,740,000	\$ -	\$135,000	\$1,605,000
Obligations under capital lease	58,366	59,414	31,811	85,969
Total general long-term debt	\$1,798,366	\$59,414	\$166,811	\$1,690,969

General Long-Term Debt

Bonds and obligations under capital leases payable at June 30, 1998 are comprised of the following individual issues:

General Obligation Bonds:

700,000 1980 Public Improvement Bonds due in annual installments of \$50,000 to \$65,000 through 12/1/2000; interest at 8.0%; payable from 1% sales tax revenues	\$180,000
\$845,000 1994 Refunding General Obligation Bonds due in annual installments of \$60,000 to \$105,000 through 3/1/2005; interest at 5.75-6.65%; payable from the levy of a specific ad valorem tax	615,000

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

\$850,000 1996 General Obligation Bonds due in annual installments of \$20,000 to \$70,000 through 3/1/2016; interest at 5.5% - 8% payable from the levy of a specific ad valorem tax	810,000
	<u>\$ 1,605,000</u>

Obligations Under Capital Leases:

Vehicle and computer capital lease obligations due in monthly installments of \$2,482 through 8/30/2000, and \$839 thereafter through 10/31/2001	\$ 85,969
	<u>\$ 85,969</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 1998, including interest payments of \$741,705, are as follows:

Year Ending June 30	General Obligation	Obligations Under Capital Leases	Total
1999	\$ 253,428	\$ 38,077	\$ 291,505
2000	262,558	38,507	301,065
2001	255,298	13,693	268,991
2002	190,258	2,907	193,165
2003	186,998	-	186,998
2004-2008	594,084	-	594,084
2009-2013	372,086	-	372,086
2014-2018	224,780	-	224,780
Total	<u>\$2,339,490</u>	<u>\$ 93,184</u>	<u>\$2,432,674</u>

A resolution adopted October 22, 1980 authorizing the issuance of \$700,000 Public Improvement and Refunding Bonds, Series 1980, requires the establishment and maintenance of a sales tax bond sinking fund. During the year ended June 30, 1998, the City was not in compliance with the terms and conditions of the resolution by failing to make required transfers to the sinking fund.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

(9) Operating lease

The following is a schedule by years of minimum future rentals on noncancelable operating leases as June 30, 1998:

1999	<u>\$3,190</u>
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(10) 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 December. 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 Iberia Parish.

For the year ended June 30, 1998, taxes of 22.07 mills were levied on property with assessed valuations totaling \$16,740,938 and were dedicated as follows:

General corporate purposes	8.72 mills
Debt service:	
Water system improvements	7.85 mills
General obligation bonds	5.50 mills

Total taxes levied for the year ended June 30, 1998 were \$369,517.

(11) Dedication of Proceeds and Flow of Funds – 1% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the City of Jeanerette (1998 collections, \$367,540; 1997, \$365,104) are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining drainage facilities, street lighting facilities, sidewalks, sewers and sewerage disposal works, recreational facilities, public buildings and/or fire department stations and equipment, including fire engines; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements and facilities; and maintaining and operating the municipal police department and garbage collection and disposal facilities, including the purchase of equipment therefore, title to which improvements shall be in the public name; or for any one or more of said purposes; and such tax to be subject to findings funding into bonds by the City into the manner authorized by Louisiana Revised Statutes of 1950.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

A portion of the proceeds of the sales tax collections, after the payment of all reasonable and necessary costs and expenses of collecting and administering the tax, is dedicated to the retirement of public improvement bonds dated December 1, 1980. These monies are required to be transferred monthly to a debt retirement fund in accordance with the schedule of payments in the bond agreement.

(12) Dedication of Proceeds and Flow of Funds – Sales and Use Tax (1973)

Proceeds of a sales and uses tax levied by the City of Jeanerette beginning in 1973 (1998 collections \$91,885; 1997, \$91,276 are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works and waterworks facilities, and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, improvements and facilities.

(13) Dedication of Proceeds and Flow of Funds – Sales and Use Tax (1985)

Proceeds of a 1/4% sales and use tax levied by the City of Jeanerette (1998 collections \$91,885; 1997 \$91,276) beginning of April 1985 are dedicated to and may be used for any lawful corporate purpose.

(14) Adjustment to Budgetary Basis

A reconciliation of the excess of revenues and other sources over expenditures and other uses from GAAP basis to budgetary basis for the special revenue funds follows:

Excess of revenues and other sources over expenditures and other uses (GAAP basis)			\$75,170
	Revenues and Other Sources	Expenditures and Other Uses	
As reported	\$ 805,454	\$ 730,284	
Less:			
Unbudgeted programs -			
Park Fund	10,714	-	(10,714)
Section 8 Housing	106,915	106,915	-
Summer Feeding Program	129,262	76,724	(52,538)
	<u>558,563</u>	<u>546,645</u>	<u>11,918</u>
Totals on budgetary basis	<u>\$ 558,563</u>	<u>\$ 546,645</u>	<u>\$ 11,918</u>

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

(15) Pension Plans

Eligible employees of the City participate in two multiple – employer public employee retirement systems (PERS) which are controlled and administered by two separate boards of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Benefits under each system are established and amended by state statutes. Pertinent information for each system follows:

A. Municipal Employee's Retirement System

Plan members are required to contribute 5.75% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 9.25% of the total annual covered salary. The City's contributions to the system for the years ended June 30, 1998, 1997 and 1996 were \$39,651, \$38,606, \$36,161, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employee's Retirement System, 79337 Office Park Blvd., Baton Rouge, Louisiana, 70809.

B. Municipal Police Employee's Retirement System

Plan members are required to contribute 7.5% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 9.0% of contributions to the system for the years ended June 30, 1998, 1997 and 1996 were \$28,713, \$29,125, \$26,672 respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employee's Retirement System, P. O. Box 94095 – Capital Station, Baton Rouge, Louisiana 70804-9095.

(16) Reservation and Designation of Fund Equity

A. Governmental Funds

The unreserved fund balances for governmental funds represent the amount available for the budgeting future operations. Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

that require that a portion of the fund balance be segregated or (2) to identify the portion of the fund balance that is not appropriable for future expenditures. Designations are established to indicate tentative plans for financial resources utilization in a future period. Specific reservations and designations of the fund balance accounts are summarized below.

Reserved for Debt Service – this reserve is created by the legal restriction of bond agreements requiring the City to segregate a portion of fund balance to service principal and interest payments on general obligation bonds.

Reserve for capital projects – this reserve is for unused bond proceeds to be used for city improvements.

B. Proprietary Funds

Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions.

(17) Contributed Capital

Amounts contributed to the Utility Fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

The sources of contributed capital used to acquire and construct facilities of the enterprise fund are as follows:

	<u>Municipality</u>	<u>Parish Grants</u>	<u>State and Federal Grants</u>	<u>Total</u>
Total contributed capital	\$2,622,167	\$ 10,000	\$6,340,655	\$ 8,972,822
Less: accumulated amortization	-	-	2,373,315	2,373,315
Net contributed capital	<u>\$2,622,167</u>	<u>\$ 10,000</u>	<u>\$3,967,340</u>	<u>\$ 6,599,507</u>

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

(18) Fund Deficits -

The following funds have deficits in unreserved fund balance or retained earnings at June 30, 1998:

General Fund	(599,895)
Capital Projects Funds:	
Waterworks improvement project	(40,459)
Louisiana Community Development Block Grant	(16,580)
Utility Fund	(258,239)

(19) Commitments and Contingencies

A. At June 30, 1998, the City was a defendant in various lawsuits. The City's legal counsel has reviewed the claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City. As a result of the review, the various claims and lawsuits have been categorized into "probable", "reasonably possible", or "remote", as defined by the Governmental Accounting Standards Board. It is the opinion of the City after conferring with legal counsel, that the liability, if any, which might arise from these lawsuits would not have a material adverse effect on the City's financial position.

B. Grant Audits

The City receives grants for specific purposes that are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the City, such allowances, if any, will not be significant.

CITY OF JEANERETTE, LOUISIANA
Notes to Financial Statements (Continued)

(20) Compensation of Elected Officials

A detail of compensation paid to elected officials for the year ended June 30, 1998 follows:

	<u>Compensation</u>	<u>Term Expires</u>
James Alexander, Sr., Mayor	\$ 23,122	June 30, 1999
Board of Aldermen:		
Robert Grattner	5,100	June 30, 1999
Rinzer Bouie, Jr.	5,100	June 30, 1999
Willie Roman	5,100	June 30, 1999
Arthur Kahn	5,100	June 30, 1999
Whitney Vernon	5,100	June 30, 1999
	<u>\$ 48,622</u>	

(21) Expenditures in Excess of Appropriations

The following funds had expenditures in excess of budgeted appropriations:

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 1,508,228	\$ 1,831,632	\$ (323,404)
Special Revenue Funds -			
1% Sales Tax Fund	22,025	25,432	(3,407)
1/4% Sales Tax Fund (1985)	-	30	(30)

(22) Going Concern

As shown on the accompanying general purpose financial statements, the City incurred substantial losses in the general and utility funds and also reports large accumulated fund balance or retained earnings deficits in the respective funds. The City has also experienced difficulties in satisfying current obligations and has been unable to prevent an increasing water loss ratio. These factors create an uncertainty about the City's ability to continue as a going concern.

CITY OF JEANERETTE, LOUISIANA

Notes to Financial Statements (Continued)

The City has adopted a deficit reduction plan which is designed to eliminate the fund balance and retained earnings deficits in the general and utility funds. Elimination of the deficits is to be achieved primarily by an increase in garbage collection fees and utility rates and a corresponding reduction of operating expenditures or expenses. The term of the plan is five years. Additionally, an attempt to restructure unpaid current obligations to a systematic repayment plan will be made.

(23) Subsequent Events

Subsequent to June 30, 1998, the City obtained permission to issue \$200,000 Certificates of Indebtedness to ease cash flow deficiencies and satisfy a portion of its current obligations until ad valorem tax revenues are realized. The certificates are payable at a rate not to exceed five per centum (5%) per annum, is to be repaid on or before March 1, 1999, and is secured by and payable from revenues accruing to the City's budget for the current fiscal year.

(24) Year 2000 Issue (Unaudited)

The Year 2000 issue consists of two shortcomings of electronic data processing systems that make the systems unable to process year-date data accurately beyond the year 1999. The first shortcoming is the result of computer programs being written with date fields consisting of two characters instead of four characters under assumption that the first two characters of a date field would always be 19. Accordingly, subsequent to December 31, 1999, any date sensitive computer systems or embedded chips may recognize the two character year "00" as the year 1900 rather than the year 2000 and process data inaccurately or cease processing altogether. The second shortcoming is that the algorithm used in some computer systems for calculating leap years is unable to detect that the year 2000 is a leap year. Therefore, systems may not register the additional day and date calculations may be incorrect.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 compliant, and that City's remediation efforts will be successful in whole or in part, or that the parties with whom the City transacts business will be Year 2000 compliant.

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF JEANERETTE, LOUISIANA
General Fund

Balance Sheet
June 30, 1998

ASSETS

Cash and interest-bearing deposits	\$ 25,678
Receivables -	
Due from other funds	9,065
Due from other governmental agencies	11,304
Other	<u>21,750</u>
 Total assets	 <u>\$ 67,797</u>

LIABILITIES AND FUND BALANCE

Liabilities -	
Accounts payable	\$ 190,103
Due to other funds	<u>477,589</u>
Total liabilities	667,692
 Fund Balance (deficit)-	
Unreserved - undesignated	<u>(599,895)</u>
 Total liabilities and fund balance	 <u>\$ 67,797</u>

CITY OF JEANERETTE, LOUISIANA
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1998

Revenues:	
Taxes	\$ 279,918
Licenses and permits	161,912
Intergovernmental	199,624
Charges for services	222,767
Fines and forfeits	8,547
Miscellaneous	66,726
Total revenues	<u>939,494</u>
Expenditures:	
Current -	
General government	616,802
Public safety:	
Police	605,751
Fire	18,321
Streets and drainage	232,122
Sanitation	243,458
Capital outlay	77,113
Debt service -	
Principal retirement	31,811
Interest and fiscal charges	6,255
Total expenditures	<u>1,831,633</u>
Deficiency of revenues over expenditures	<u>(892,139)</u>
Other financing sources (uses):	
Operating transfers in	849,123
Operating transfers out	(235,817)
Proceeds from capital lease	59,414
Total other financing sources	<u>672,720</u>
Deficiency of revenues and other sources over expenditures and other uses	(219,419)
Fund (deficit), beginning	<u>(380,476)</u>
Fund (deficit), ending	<u>\$ (599,895)</u>

CITY OF JEANERETTE, LOUISIANA
General Fund

Statement of Revenues - Budget (GAAP Basis) and Actual
Year Ended June 30, 1998

	Budget	Actual	Variance - Favorable (Unfavorable)
TAXES -			
Ad valorem tax	\$ 160,000	\$ 146,052	\$ (13,948)
Franchise fees:			
Electric	55,000	61,751	6,751
Cable TV	15,000	13,135	(1,865)
Telephone	20,000	26,178	6,178
Gas	35,000	32,802	(2,198)
Total taxes	285,000	279,918	(5,082)
LICENSES AND PERMITS -			
Occupational	115,000	154,910	39,910
Permits	24,550	7,002	(17,548)
Total licenses and permits	139,550	161,912	22,362
INTERGOVERNMENTAL -			
Federal grants	-	12,265	12,265
Tobacco taxes	35,000	31,518	(3,482)
Beer taxes	10,000	8,417	(1,583)
Fire protection	15,000	12,930	(2,070)
Video poker	12,000	7,252	(4,748)
La. Commission on Law Enforcement Grant	-	11,220	11,220
Mosquito Control & Drainage	62,000	89,519	27,519
Office of Rural development	-	21,994	21,994
Drug Awareness	1,200	4,509	3,309
Other	15,000	-	(15,000)
Total intergovernmental	150,200	199,624	49,424
CHARGES FOR SERVICES -			
Garbage collection	216,000	222,767	6,767
FINES AND FORFEITS			
	10,000	8,547	(1,453)
MISCELLANEOUS -			
Interest income	-	1,098	1,098
Lease and rents	-	6,510	6,510
Miscellaneous	15,343	59,118	43,775
Total miscellaneous	15,343	66,726	51,383
Total revenues	\$ 816,093	\$ 939,494	\$ 123,401

CITY OF JEANERETTE, LOUISIANA
General Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual
Year Ended June 30, 1998

	Budget	Actual	Variance - Favorable (Unfavorable)
GENERAL GOVERNMENT -			
Salaries-administrative	\$ 145,000	\$ 247,142	\$ (102,142)
Salaries-exec., council, atty.	25,500	22,313	3,187
Legal and professional	37,000	74,979	(37,979)
Accounting and auditing fees	14,600	15,328	(728)
Insurance	64,900	70,906	(6,006)
Retirement	13,500	20,093	(6,593)
Civil service appropriations	500	700	(200)
Council on Aging appropriations	1,000	1,000	-
Equipment rental	2,200	2,188	12
Telephone	8,514	9,481	(967)
Utilities	3,500	6,485	(2,985)
Tax assessor fees	3,900	3,859	41
Inspection fees	4,000	4,133	(133)
Office supplies and expenses	28,281	23,168	5,113
City court expenses	55,524	53,080	2,444
Payroll taxes	10,507	4,126	6,381
Repairs and maintenance	3,950	3,944	6
Travel	10,400	10,235	165
Bank fees	-	27,984	(27,984)
Miscellaneous	26,760	15,658	11,102
Total general government	459,536	616,802	(157,266)
 POLICE PROTECTION -			
Salaries	290,000	335,200	(45,200)
Payroll taxes and employee benefits	6,000	4,547	1,453
Insurance	122,900	99,484	23,416
Retirement	38,800	20,307	18,493
Prisoner expenditures	5,500	6,685	(1,185)
Repairs and maintenance	5,000	5,968	(968)
Auto expense	35,000	37,368	(2,368)
Utilities and telephone	19,000	22,379	(3,379)
Uniforms	2,000	10,502	(8,502)
Office supplies	5,500	5,938	(438)
Training	1,900	1,751	149
Grant expenditures	-	26,664	(26,664)
Miscellaneous	51,817	28,958	22,859
Total police protection	583,417	605,751	(22,334)

(continued)

CITY OF JEANERETTE, LOUISIANA
General Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual (Continued)
Year Ended June 30, 1998

	Budget	Actual	Variance - Favorable (Unfavorable)
FIRE PROTECTION -			
Insurance	\$ 5,625	\$ 5,192	\$ 433
Fire truck maintenance and repairs	5,300	5,252	48
Maintenance of fire station and equipment	1,600	2,702	(1,102)
Utilities and telephone	6,000	1,839	4,161
Training	2,050	1,958	92
Miscellaneous	1,100	1,378	(278)
Total fire protection	21,675	18,321	3,354
STREETS AND DRAINAGE -			
Salaries	95,500	111,030	(15,530)
Payroll taxes and employee benefits	1,500	1,197	303
Retirement	8,300	8,741	(441)
Equipment maintenance	22,050	17,654	4,396
Gradall maintenance	-	6,068	(6,068)
Materials, gravel and hauling	7,000	11,061	(4,061)
Insurance	50,500	37,850	12,650
Paint and signs	500	211	289
Road projects	2,000	1,021	979
Chemical	1,200	742	458
Sidewalk repairs	5,250	4,735	515
Tool and equipment	5,900	3,675	2,225
Utilities and repair	14,700	17,733	(3,033)
Miscellaneous	10,700	10,404	296
Total streets and drainage	225,100	232,122	(7,022)
SANITATION -			
Garbage service contract	216,000	243,458	(27,458)
CAPITAL OUTLAY -			
Police	2,500	61,844	(59,344)
Fire	-	15,269	(15,269)
Total capital outlay	2,500	77,113	(74,613)
DEBT SERVICE -			
Principal retirement	-	31,811	(31,811)
Interest expense	-	6,255	(6,255)
Total debt service	-	38,066	(38,066)
Total expenditures	\$ 1,508,228	\$ 1,831,633	\$ (323,405)

SPECIAL REVENUE FUNDS

1 % Sales Tax Fund

To account for the receipt and use of proceeds of the City's 1 % sales and use tax.

1/4 % Sales Tax Fund (1973)

To account for the receipt and use of proceeds of the City's 1/4% sales and use tax levied since 1973.

1/4 % Sales Tax Fund (1985)

To account for the receipt and use of proceeds of the City's 1/4% sales and use tax levied since April 1, 1985.

Park Fund

To account for the receipt and use of ad valorem taxes dedicated to recreation.

Section 8 Housing Fund

To account for the receipt and use of grants received from the U.S. Department of Housing and Urban Development for rental assistance to low income renters in the City.

Summer Feeding Program Fund

To account for the receipt and use of a grant received from the U.S. Department of Agriculture through the Louisiana Department of Education for the purpose of providing meals at no charge to children during the summer months.

Waterworks and Street Maintenance and Operation Fund

To account for the receipt and use of ad valorem taxes dedicated to the purpose of constructing waterworks and street improvements and paying the maintenance and operating expenses thereof.

CITY OF JEANERETTE, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
June 30, 1998

	1% Sales Tax	1/4% Sales Tax (1973)	1/4% Sales Tax (1985)	Park	Section 8 Housing	Summer Feeding Program	Waterworks and Street Maintenance and Operations	Totals
ASSETS								
Cash and interest-bearing deposits	\$ 8,568	\$ 6,102	\$15,927	\$41,718	\$ 9,218	\$18,616	\$ -	\$100,149
Receivables -								
Due from other funds	15,724	37,000	-	9,474	2,226	20,224	3,145	87,793
Due from other governmental agencies	9,277	2,319	2,319	-	5,469	198	-	19,582
Total assets	<u>\$33,569</u>	<u>\$45,421</u>	<u>\$18,246</u>	<u>\$51,192</u>	<u>\$16,913</u>	<u>\$39,038</u>	<u>\$3,145</u>	<u>\$207,524</u>

LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts payable	\$ 677	\$ -	\$ -	\$ -	\$ 15	\$ 2,298	\$ -	\$ 2,990
Accrued expenses	290	-	-	-	-	-	-	290
Deferred revenue	-	-	-	-	13,745	-	-	13,745
Due to other funds	2,772	-	1,224	145	3,153	7,865	-	15,159
Total liabilities	<u>3,739</u>	<u>-</u>	<u>1,224</u>	<u>145</u>	<u>16,913</u>	<u>10,163</u>	<u>-</u>	<u>32,184</u>
Fund balance:								
Unreserved, undesignated	29,830	45,421	17,022	51,047	-	28,875	3,145	175,340
Total liabilities and fund balance	<u>\$33,569</u>	<u>\$45,421</u>	<u>\$18,246</u>	<u>\$51,192</u>	<u>\$16,913</u>	<u>\$39,038</u>	<u>\$3,145</u>	<u>\$207,524</u>

CITY OF JEANERETTE, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1998

	1% Sales Tax	1/4% Sales Tax (1973)	1/4% Sales Tax (1985)	Park	Section 8 Housing	Summer Feeding Program	Waterworks and Street Maintenance and Operations	Totals
Revenues:								
Taxes	\$ 367,540	\$ 91,885	\$ 91,885	\$ -	\$ -	\$ -	\$ -	\$ 551,310
Intergovernmental	-	-	-	-	106,367	108,262	-	214,629
Miscellaneous	-	172	81	714	548	-	-	1,515
Total revenues	<u>367,540</u>	<u>92,057</u>	<u>91,966</u>	<u>714</u>	<u>106,915</u>	<u>108,262</u>	<u>-</u>	<u>767,454</u>
Expenditures:								
Current -								
General government	25,432	-	30	-	-	-	-	25,462
Welfare - feeding program	-	-	-	-	-	76,724	-	76,724
Urban redevelopment and housing	-	-	-	-	106,915	-	-	106,915
Total expenditures	<u>25,432</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>106,915</u>	<u>76,724</u>	<u>-</u>	<u>209,101</u>
Excess of revenues over expenditures	<u>342,108</u>	<u>92,057</u>	<u>91,936</u>	<u>714</u>	<u>-</u>	<u>31,538</u>	<u>-</u>	<u>558,353</u>
Other financing sources (uses):								
Operating transfers in	4,000	-	3,000	10,000	-	21,000	-	38,000
Operating transfers out	(332,683)	(91,000)	(97,500)	-	-	-	-	(521,183)
Total other financing sources (uses)	<u>(328,683)</u>	<u>(91,000)</u>	<u>(94,500)</u>	<u>10,000</u>	<u>-</u>	<u>21,000</u>	<u>-</u>	<u>(483,183)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,425	1,057	(2,564)	10,714	-	52,538	-	75,170
Fund balance (deficit), beginning	<u>16,405</u>	<u>44,364</u>	<u>19,586</u>	<u>40,333</u>	<u>-</u>	<u>(23,663)</u>	<u>3,145</u>	<u>100,170</u>
Fund balance, ending	<u>\$ 29,830</u>	<u>\$ 45,421</u>	<u>\$ 17,022</u>	<u>\$ 51,047</u>	<u>\$ -</u>	<u>\$ 28,875</u>	<u>\$ 3,145</u>	<u>\$ 175,340</u>

CITY OF JEANERETTE, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Year Ended June 30, 1998

	1% Sales Tax			1/4% Sales Tax (1973)		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 338,000	\$ 367,540	\$ 29,540	\$ 90,000	\$ 91,885	\$ 1,885
Miscellaneous	-	-	-	-	172	172
Total revenues	<u>338,000</u>	<u>367,540</u>	<u>29,540</u>	<u>90,000</u>	<u>92,057</u>	<u>2,057</u>
Expenditures:						
Current -						
General government	22,025	25,432	(3,407)	-	-	-
Total expenditures	<u>22,025</u>	<u>25,432</u>	<u>(3,407)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>315,975</u>	<u>342,108</u>	<u>26,133</u>	<u>90,000</u>	<u>92,057</u>	<u>2,057</u>
Other financing sources (uses)						
Operating transfers in	-	4,000	4,000	-	-	-
Operating transfers out	(315,000)	(332,683)	(17,683)	(90,000)	(91,000)	(1,000)
Total other financing (uses)	<u>(315,000)</u>	<u>(328,683)</u>	<u>(13,683)</u>	<u>(90,000)</u>	<u>(91,000)</u>	<u>(1,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	975	13,425	12,450	-	1,057	1,057
Fund balance, beginning	<u>16,405</u>	<u>16,405</u>	<u>-</u>	<u>44,364</u>	<u>44,364</u>	<u>-</u>
Fund balance, ending	<u>\$ 17,380</u>	<u>\$ 29,830</u>	<u>\$ 12,450</u>	<u>\$ 44,364</u>	<u>\$ 45,421</u>	<u>\$ 1,057</u>

(continued)

CITY OF JEANERETTE, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Budget (Non-GAAP Basis) and Actual
Year Ended June 30, 1998

	1/4% Sales Tax (1985)			Totals		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 90,000	\$ 91,885	\$ 1,885	\$ 518,000	\$ 551,310	\$ 33,310
Miscellaneous	-	81	81	-	253	253
Total revenues	<u>90,000</u>	<u>91,966</u>	<u>1,966</u>	<u>518,000</u>	<u>551,563</u>	<u>33,563</u>
Expenditures:						
Current -						
General government	-	30	(30)	22,025	25,462	(3,437)
Total expenditures	<u>-</u>	<u>30</u>	<u>(30)</u>	<u>22,025</u>	<u>25,462</u>	<u>(3,437)</u>
Excess of revenues over expenditures	<u>90,000</u>	<u>91,936</u>	<u>1,936</u>	<u>495,975</u>	<u>526,101</u>	<u>30,126</u>
Other financing sources (uses)						
Operating transfers in	-	3,000	3,000	-	7,000	7,000
Operating transfers out	(90,000)	(97,500)	(7,500)	(495,000)	(521,183)	(26,183)
Total other financing (uses)	<u>(90,000)</u>	<u>(94,500)</u>	<u>(4,500)</u>	<u>(495,000)</u>	<u>(514,183)</u>	<u>(19,183)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(2,564)	(2,564)	975	11,918	10,943
Fund balance, beginning	<u>19,586</u>	<u>19,586</u>	<u>-</u>	<u>80,355</u>	<u>80,355</u>	<u>-</u>
Fund balance, ending	<u>\$ 19,586</u>	<u>\$ 17,022</u>	<u>\$ (2,564)</u>	<u>\$ 81,330</u>	<u>\$ 92,273</u>	<u>\$ 10,943</u>

DEBT SERVICE FUNDS

Sewerage Improvement of 1973

To accumulate monies for repayment of the 1973 public improvements bonds, which were paid off in the year ended June 30, 1996.

Sewerage District #1 Improvements of 1973

To accumulate monies for repayment of the 1973 public improvements bonds of sewerage district #1, which were paid off in the year ended June 30, 1996.

Waterworks Improvements of 1985 & 1991

To accumulate monies for repayment of the 1985 and 1991 general obligation bonds which are serial bonds due in annual installments, plus interest, through maturity in 2005. Debt service is financed by the levy of an ad valorem tax.

Sales Tax Bond Sinking Fund of 1980

To accumulate monies for the payment of the 1980 public improvement bonds which are serial bonds due in annual installments, plus interest, through maturity in 2000. Debt service is financed by the collection of the 1% sales tax.

Sales Tax Bond Reserve Fund of 1980

To accumulate monies for the payment of the 1980 public improvement bonds (see Sales Tax Sinking Fund of 1980 above).

1996 General Obligation Bonds

To accumulate monies for repayment of the 1996 general obligation bonds which are serial bonds due in annual installments, plus interest, through maturity in 2016. Debt service is financed by the levy of an ad valorem tax.

CITY OF JEANERETTE, LOUISIANA
Debt Service Funds

Combining Balance Sheet
June 30, 1998

	Sewerage Improvements 1973	Sewerage Improvements 1973 (Dist. #1)	Waterworks Improvements 1985 & 1991	Sales Tax Bonds of 1980 Sinking Reserve	1996 General Obligation Bonds	Totals
ASSETS						
Cash and interest-bearing deposits	\$ 68	\$ 61	\$ 159,806	\$ 13,785	\$ 66,665	\$ 317,920
Receivables- Due from other funds	-	-	101	-	-	101
Total assets	<u>\$ 68</u>	<u>\$ 61</u>	<u>\$ 159,907</u>	<u>\$ 13,785</u>	<u>\$ 66,665</u>	<u>\$ 318,021</u>
LIABILITIES AND FUND BALANCE						
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance - Reserved for debt service Unreserved, undesignated	- 68	- 61	159,907	13,785	66,665	317,892
Total fund balance	<u>68</u>	<u>61</u>	<u>159,907</u>	<u>13,785</u>	<u>66,665</u>	<u>318,021</u>
Total liabilities and fund balance	<u>\$ 68</u>	<u>\$ 61</u>	<u>\$ 159,907</u>	<u>\$ 13,785</u>	<u>\$ 66,665</u>	<u>\$ 318,021</u>

CITY OF JEANERETTE, LOUISIANA
Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1998

	Sewerage Improvements		Waterworks Improvements 1985 & 1991	Sales Tax Bonds of 1980		1996 General Obligation Bonds	Totals
	1973	1973 (Dist. #1)		Sinking	Reserve		
Revenues:							
Ad valorem taxes	\$ 18	\$ 4	\$ 131,394	\$ -	\$ -	\$ 92,071	\$ 223,487
Interest income	18	-	3,397	578	3,998	1,210	9,201
Total revenues	<u>36</u>	<u>4</u>	<u>134,791</u>	<u>578</u>	<u>3,998</u>	<u>93,281</u>	<u>232,688</u>
Expenditures:							
Debt service-							
Principal retirement	-	-	65,000	50,000	-	20,000	135,000
Interest and fiscal charges	-	-	43,362	17,266	-	53,465	114,093
Other	-	-	-	45	104	-	149
Total expenditures	<u>-</u>	<u>-</u>	<u>108,362</u>	<u>67,311</u>	<u>104</u>	<u>73,465</u>	<u>249,242</u>
Excess (deficiency) of revenues over expenditures	<u>36</u>	<u>4</u>	<u>26,429</u>	<u>(66,733)</u>	<u>3,894</u>	<u>19,816</u>	<u>(16,554)</u>
Other financing sources (uses):							
Operating transfers in	-	-	-	45,683	-	-	45,683
Operating transfers out	-	-	-	-	(323)	-	(323)
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,683</u>	<u>(323)</u>	<u>-</u>	<u>45,360</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>36</u>	<u>4</u>	<u>26,429</u>	<u>(21,050)</u>	<u>3,571</u>	<u>19,816</u>	<u>28,806</u>
Fund balances, beginning	<u>32</u>	<u>57</u>	<u>133,478</u>	<u>34,835</u>	<u>73,964</u>	<u>46,849</u>	<u>289,215</u>
Fund balances, ending	<u>\$ 68</u>	<u>\$ 61</u>	<u>\$ 159,907</u>	<u>\$ 13,785</u>	<u>\$ 77,535</u>	<u>\$ 66,665</u>	<u>\$ 318,021</u>

CAPITAL PROJECTS FUNDS

Waterworks Improvements Fund

To account for water system improvements to be financed from the proceeds of the \$1,000,000 general obligation bond issue dated November 1, 1985.

Louisiana Community Development Block Grant Fund

To account for the balance remaining from a grant from the State of Louisiana for sewer system improvements.

King Joseph Pavilion Project Fund

To account for the grant process from the State of Louisiana financing the expansion of facilities at the King Joseph Recreation Park.

1996 General Obligation Bonds Construction Fund

To account for street and sewerage improvements to be financed by the proceeds of the \$850,000 general obligation bond issue of 1996.

CITY OF JEANERETTE, LOUISIANA
Capital Projects Funds

Combining Balance Sheet
June 30, 1998

	<u>Waterworks Improvements</u>	<u>Louisiana Community Development Block Grant</u>	<u>King Joseph Pavilion Project</u>	<u>1996 General Obligation Bonds Construction</u>	<u>Totals</u>
ASSETS					
Cash and interest-bearing deposits	\$ 16	\$13,710	\$ 27,148	\$128,742	\$169,616
Receivables - Due from other funds	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>
Total assets	<u>\$ 416</u>	<u>\$13,710</u>	<u>\$ 27,148</u>	<u>\$128,742</u>	<u>\$170,016</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ -	\$30,290	\$ -	\$ 73,737	\$104,027
Due to other funds	<u>40,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,875</u>
Total Liabilities	<u>40,875</u>	<u>30,290</u>	<u>-</u>	<u>73,737</u>	<u>144,902</u>
Fund balances (deficit)-					
Reserved for capital expenditures	-	-	27,148	55,005	82,153
Unreserved - undesignated	<u>(40,459)</u>	<u>(16,580)</u>	<u>-</u>	<u>-</u>	<u>(57,039)</u>
Total fund balances (deficit)	<u>(40,459)</u>	<u>(16,580)</u>	<u>27,148</u>	<u>55,005</u>	<u>25,114</u>
Total liabilities and fund balances	<u>\$ 416</u>	<u>\$13,710</u>	<u>\$ 27,148</u>	<u>\$128,742</u>	<u>\$170,016</u>

CITY OF JEANERETTE, LOUISIANA
Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1998

	Waterworks Improvements	Louisiana Community Development Block Grant	King Joseph Pavilion Project	1996 General Obligation Bonds Construction	Totals
Revenues:					
Intergovernmental	\$ -	\$ 586,179	\$ -	\$ -	\$ 586,179
Interest	-	-	-	5,164	5,164
Miscellaneous	-	-	-	144	144
Total revenues	-	586,179	-	5,308	591,487
Expenditures:					
Capital outlay	-	628,610	-	56,583	685,193
Excess (deficiency) of revenues over expenditures	-	(42,431)	-	(51,275)	(93,706)
Other financing sources (uses):					
Operating transfers in	-	25,851	-	-	25,851
Operating transfers out	-	-	-	(169,996)	(169,996)
Total other financing sources (uses)	-	25,851	-	(169,996)	(144,145)
Excess (deficiency) of revenues and other sources over expenditures	-	(16,580)	-	(221,271)	(237,851)
Fund balances (deficit), beginning	(40,459)	-	27,148	276,276	262,965
Fund balances (deficit), ending	\$ (40,459)	\$ (16,580)	\$ 27,148	\$ 55,005	\$ 25,114

ENTERPRISE FUND

Utility Fund

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

CITY OF JEANERETTE, LOUISIANA
Enterprise Fund

Balance Sheet
June 30, 1998

ASSETS	
Current assets:	
Cash and interest bearing deposits	\$ 18,941
Receivables:	
Accounts (net)	202,158
Due from other funds	<u>357,460</u>
Total current assets	<u>578,559</u>
Restricted assets:	
Customers' deposits	<u>48,575</u>
Total restricted assets	<u>48,575</u>
Property, plant and equipment:	
Property, plant and equipment, at cost, net of accumulated depreciation	<u>5,959,839</u>
Total assets	<u><u>\$ 6,586,973</u></u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Current liabilities (payable from current assets) -	
Accounts payable	\$ 109,296
Due to other funds	<u>56,400</u>
Total current liabilities payable from current assets	<u>165,696</u>
Current liabilities (payable from restricted assets) -	
Customers' deposits	<u>80,009</u>
Total liabilities	<u>245,705</u>
Fund equity:	
Contributed capital, net-	
Municipality	2,622,167
Parish grants	10,000
State and federal grants	<u>3,967,340</u>
Total contributed capital	6,599,507
Retained earnings (deficit) -	
Unreserved	<u>(258,239)</u>
Total fund equity	<u>6,341,268</u>
Total liabilities and fund equity	<u><u>\$ 6,586,973</u></u>

CITY OF JEANERETTE, LOUISIANA
Enterprise Fund

Statement of Revenues, Expenses, and Changes in Retained Earnings
Year Ended June 30, 1998

Operating revenues:	
Charges for services -	
Water sales	\$ 601,271
Sewer service charges	385,939
Connections, installations, etc.	9,807
Penalties	42,228
Miscellaneous	4,792
Total operating revenues	<u>1,044,037</u>
Operating expenses:	
Bad debts	12,460
Chemicals	59,408
Consulting and testing fees	18,743
Depreciation expense	274,946
DEQ fees	38,938
Equipment rental	944
Insurance	57,096
Miscellaneous	18,767
Office expense	8,455
Payroll taxes	3,352
Professional fees	16,435
Retirement	10,905
Salaries	241,040
Supplies and repairs	121,807
Truck expense	13,267
Utilities and telephone	132,579
Total operating expenses	<u>1,029,142</u>
Operating income	<u>14,895</u>
Nonoperating revenues:	
Interest income	142
Refunds	20,680
Total nonoperating revenues	<u>20,822</u>

(continued)

CITY OF JEANERETTE, LOUISIANA
Enterprise Fund

Statement of Revenues, Expenses, and Changes in Retained Earnings (Continued)
Year Ended June 30, 1998

Income before operating transfers	<u>35,717</u>
Other financing sources (uses):	
Operating transfers in	463,962
Operating transfers out	<u>(495,300)</u>
Total other financing (uses)	<u>(31,338)</u>
Net income	4,379
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	178,831
Retained earnings (deficit), beginning	<u>(441,449)</u>
Retained earnings (deficit), ending	<u>\$ (258,239)</u>

CITY OF JEANERETTE, LOUISIANA
Enterprise Fund

Statement of Cash Flows
Year Ended June 30, 1998

Cash flows from operating activities:	
Operating Income	<u>\$ 4,379</u>
Adjustments to reconcile net operating income to net cash provided by operating activities -	
Depreciation	274,946
Changes in current assets and liabilities:	
(Increase) in accounts receivable	(23,156)
Increase in accounts payable	47,789
Increase in customer deposits	81
(Increase) in due from other funds	<u>(173,676)</u>
Total adjustments	<u>125,984</u>
Net cash provided by operating activities	130,363
Cash flows from investing activities:	
Purchase of property, plant and equipment	<u>(144,145)</u>
Net (decrease) in cash and cash equivalents	(13,782)
Cash, cash equivalents and restricted cash, beginning of period	<u>81,298</u>
Cash, cash equivalents and restricted cash, end of period	<u><u>\$ 67,516</u></u>

AGENCY FUNDS

Payroll and Disbursements Funds

To account for the centralization of two clearing accounts which are used for the disbursements of all City funds, including those for purchases, payroll and payroll-related costs.

CITY OF JEANERETTE, LOUISIANA
Agency Funds

Combining Balance Sheet
June 30, 1998

	<u>Payroll Fund</u>	<u>Disbursement Fund</u>	<u>Totals</u>
 ASSETS			
Due from other funds	\$58,254	\$412,943	\$ 471,197
Receivables- Other	<u> -</u>	<u> 100</u>	<u> 100</u>
 Total assets	 <u><u>\$58,254</u></u>	 <u><u>\$413,043</u></u>	 <u><u>\$ 471,297</u></u>
 LIABILITIES			
Bank overdraft	\$ 6,231	\$ 99,595	\$ 105,826
Payroll liabilities	29,478	-	29,478
Due to other funds	<u>22,545</u>	<u>313,448</u>	<u>335,993</u>
 Total liabilities	 <u><u>\$58,254</u></u>	 <u><u>\$413,043</u></u>	 <u><u>\$ 471,297</u></u>

CITY OF JEANERETTE, LOUISIANA
Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 1998

		Balances July 1, 1997	Additions	Deductions	Balances June 30, 1998
<u>PAYROLL FUND</u>					
	ASSETS				
Receivables-					
Due from other funds		\$ 36,833	\$ 827,502	\$806,081	\$ 58,254
Total assets		\$ 36,833	\$ 827,502	\$806,081	\$ 58,254
	LIABILITIES				
Bank overdraft		\$ 3,762	\$ 290,004	\$287,535	\$ 6,231
Payroll liabilities		20,139	34,622	25,283	29,478
Due to other funds		12,932	51,139	41,526	22,545
Total liabilities		\$ 36,833	\$ 375,765	\$354,344	\$ 58,254
<u>DISBURSEMENT FUND</u>					
	ASSETS				
Receivables-					
Due from other funds		\$ 169,719	\$ 367,706	\$124,482	\$ 412,943
Other		-	100	-	100
Total assets		\$ 169,719	\$ 367,806	\$124,482	\$ 413,043
	LIABILITIES				
Bank overdraft		\$ 45,378	\$ 128,966	\$ 74,749	\$ 99,595
Due to other funds		124,341	249,066	59,959	313,448
Total liabilities		\$ 169,719	\$ 378,032	\$134,708	\$ 413,043
<u>TOTALS</u>					
	ASSETS				
Receivables-					
Due from other funds		\$ 206,552	\$1,195,208	\$930,563	\$ 471,197
Other		-	100	-	100
Total assets		\$ 206,552	\$1,195,308	\$930,563	\$ 471,297
	LIABILITIES				
Bank overdraft		\$ 49,140	\$ 418,970	\$362,284	\$ 105,826
Payroll liabilities		20,139	34,622	25,283	29,478
Due to other funds		137,273	300,205	101,485	335,993
Total liabilities		\$ 206,552	\$ 753,797	\$489,052	\$ 471,297

GENERAL FIXED ASSETS ACCOUNT GROUP

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

CITY OF JEANERETTE, LOUISIANA

Statement of General Fixed Assets
June 30, 1998

	<u>1998</u>
General fixed assets, at cost:	
Buildings	\$2,315,933
Improvements other than buildings	4,516,860
Equipment	<u>1,118,420</u>
 Total general fixed assets	 <u><u>\$7,951,213</u></u>
 Investment in general fixed assets	
Property acquired from -	
Federal and state grants	\$4,327,792
Parish grants	97,648
General Fund revenues	1,678,935
Tax bond proceeds	1,188,569
Assessment of property owners	464,732
Donations	<u>193,537</u>
 Total investment in general fixed assets	 <u><u>\$7,951,213</u></u>

CITY OF JEANERETTE, LOUISIANA

Statement of Changes in General Fixed Assets
Year Ended June 30, 1998

	<u>Buildings</u>	Improvements Other Than <u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning of year	\$2,315,933	\$3,831,754	\$1,011,850	\$ 7,159,537
Additions:	-	685,106	106,570	791,676
Deletions:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General fixed assets, end of year	<u>\$2,315,933</u>	<u>\$4,516,860</u>	<u>\$1,118,420</u>	<u>\$ 7,951,213</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amount on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

CITY OF JEANERETTE, LOUISIANA

Statement of General Long-Term Debt
June 30, 1998

	Waterworks Improvements 1985 & 1991	Sales Tax Bond of 1980	1996 General Obligation Bond	Equipment Under Capital Lease	Totals
	Sinking	Reserve			
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT					
Amount available in debt service funds for debt retirement	\$ 159,907	\$ 77,535	\$ 66,665	\$ -	\$ 317,892
Amount to be provided for debt retirement	<u>455,093</u>	<u>(77,535)</u>	<u>743,335</u>	<u>85,969</u>	<u>1,373,077</u>
Total amount available and to be provided	<u>\$ 615,000</u>	<u>\$ -</u>	<u>\$ 810,000</u>	<u>\$ 85,969</u>	<u>\$ 1,690,969</u>
GENERAL LONG-TERM DEBT PAYABLE					
Bonds and certificates of indebtedness payable	\$ 615,000	\$ -	\$ 810,000	\$ -	\$ 1,605,000
Obligations under capital lease	-	-	-	<u>85,969</u>	<u>85,969</u>
Total general long-term debt payable	<u>\$ 615,000</u>	<u>\$ -</u>	<u>\$ 810,000</u>	<u>\$ 85,969</u>	<u>\$ 1,690,969</u>

INTERNAL CONTROL AND COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

The Honorable James Alexander
and Members of the Board of Alderman
City of Jeanerette, Louisiana

We have audited the general purpose financial statements of the City of Jeanerette, Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated January 15, 1999, which was qualified because insufficient audit evidence exists to support the City of Jeanerette's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Jeanerette, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of prior and current audit finding and management's corrective plan as Items 98-1 through 98-7. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City of Jeanerette, Louisiana in a separate letter dated January 15, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Jeanerette, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Jeanerette, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions noted are described in the accompanying schedule of prior and current audit findings and management's corrective action plan as Items 98-8 through 98-18.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions referred to in the schedule of prior and current audit findings and management's corrective action plan, we consider Item 98-7 through 98-13 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Jeanerette, Louisiana in a separate letter dated January 15, 1999.

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

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
January 15, 1999

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

The Honorable James Alexander, Mayor
and Members of the Board of Aldermen
Jeanerette, Louisiana

Compliance

We have audited the compliance of City of Jeanerette (the City), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1998. The City's major federal program is identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

Internal Control Over Compliance

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions referred to in the schedule of prior and current audit findings and management's corrective action plan, we consider Item 98-7 through 98-13 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Jeanerette, Louisiana in a separate letter dated January 15, 1999.

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

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
January 15, 1999

CITY OF JEANERETTE, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 1998

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Department of Agriculture - Summer Food Service	10.555	<u>\$ 76,724</u>
United States Department of Housing and Urban Development		
Direct program:		
Section 8 Housing Assistance	14.156	106,367
Passed through the Louisiana Division of Administration:		
Community Development Block Grants/ Small Cities Program*	14.219	<u>586,179</u>
Total United States Department of Housing and Urban Development		<u>692,546</u>
United States Department of Justice		
COPS Fast Award	16.726	<u>12,265</u>
		<u>\$ 781,535</u>

*Indicates a major federal financial assistance program

CITY OF JEANERETTE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Jeanerette. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City of Jeanerette's general purpose financial statements for the year ended June 30, 1998.

CITY OF JEANERETTE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 1998

Part I. Summary of Auditor's Results:

1. A qualified report was issued on the financial statements.
2. Reportable conditions in internal control were disclosed by the audit of the financial statements. Some reportable conditions were considered to be a material weaknesses.
3. There were no material instances of noncompliance.
4. No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 510 (a) of Circular A-133.
7. The major program was:
U. S. Department of Housing and Urban Development/Community Development Block Grant - Small Cities Program.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520 (b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards

Refer to Items 98-1 through 98-18 on the accompanying Schedule of Prior and Current Audit Findings and Management's Corrective Action Plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510 (a) of Circular A-133:

There were no findings required to be reported under Section 510 (a) of Circular A-133.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan
Year Ended June 30, 1998

I. Prior Year Findings:

Compliance -

Item 97-1 Claim for Reimbursement

Finding:

A claim for reimbursement was filed for \$9,000 in transportation costs for the Summer Reading Program. No documentation could be located which supports this expenditure.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-2 Menu Worksheets

Finding:

Menu worksheets required to be maintained for the Summer Feeding Program were incomplete.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-3 Budget Variances

Finding:

The City violated R.S. 39:1209-1310 by incurring unfavorable budget variances from actual in excess of 5%.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Status:

Unresolved. See Item 98-3.

Item 97-4 Bond Commission Approval

Finding:

The City violated R.S. 47:1803-4 by failing to obtain State Bond Commission approval for incurring debt through a financing arrangement to pay insurance premiums.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-5 Budget Expenditures

Finding:

The City violated R. S. 39:1304 by preparing a budget in which proposed expenditures exceeded estimated funds available.

Status:

Unresolved. See Item 98-30.

Item 97-6 Budget Adoption

Finding:

The City violated R.S. 39:1305 by not adopting the budget at least 15 days prior to the beginning of the budget year.

Status:

Resolved. No instances noted at 6/30/98.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-7 Equipment Purchases

Finding:

The City violated R.S. 38:2212 by failing to obtain three quotes for the purchase of police equipment costing over \$5,000.

Status:

Partially resolved. The City did not comply with all bid regulations during fiscal year and 6/30/98. See Item 98-4.

Internal Control -

Item 97-8 Paid Invoices

Finding:

The paid invoices for the Summer Feeding Program were not marked paid when paid.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-9 Inadequate Segregation of Duties

Finding:

Due to the small number of employees in the Summer Feeding Program, an adequate segregation of duties was not accomplished within the accounting system.

Status:

Unresolved. See Item 98-12.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-10 Reconciliation of Subsidiaries

Finding:

The City failed to investigate differences in the reconciliation of subsidiary accounts receivable ledger records of the utility system on a monthly basis.

Status:

Unresolved. See Item 98-7.

Item 97-11 Grant Documentation

Finding:

The City has applied for and received some grants for equipment for the police department. Initially, we could not locate some documentation for these grants and the purchase of the equipment. After a search, this documentation was located at the police department. We recommend that all expenditures be controlled by City Hall staff and that the proper documentation be retained at City Hall.

Status:

Unresolved. See Item 98-9 and 98-26.

Item 97-12 Equipment Purchases

Finding:

The City purchased police equipment costing over \$5,000 without obtaining three quotes as required by the state bid law. We recommend that all provisions of the state bid law be complied with.

Status:

Partially resolved. See Item 98-4.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-13 Cellular Phone Calls

Finding:

The minutes of February 10, 1997 indicate that the Board ordered a City police officer to reimburse the City for \$1,000.35 in unauthorized cellular phone calls. Contrary to the wishes of the Board, this reimbursement has not been completed. This police officer is still employed by the City. As such, we recommend that the amount owed be withheld from his pay.

Status:

Partially resolved. The City has begun payroll deductionS to recover the unauthorized charges.

Item 97-14 Computer Consultant

Finding:

The City is incurring unnecessary computer consultant expenses for services performed which should be handled by the billing clerk. On a monthly basis, the computer consultant is called in to perform computer functions necessary to complete the utility billing. We recommend that the billing clerk master the procedures necessary to complete the monthly billing without the need for computer consultants.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-15 Utility Rates

Finding:

When the City increased water rates during the early part of 1997, errors were made in the input of the rates into the City's computer. These errors resulted in some customers being overcharged while many were undercharged. We recommend that a calculation be made to determine the extent of these errors and that adjustments be made to customers' accounts.

Status:

Resolved. No instances noted at 6/30/98.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-16 Local Government Budget Act

Finding:

The City violated the Louisiana Local Government Budget Act by not adopting the budget at least fifteen days prior to the new year. We recommend that the requirements of the Louisiana Local Government Act be complied with.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-17 Proper Documentation

Finding:

The maintaining of adequate documentation for travel and meal expenses is necessary for accountability. The City failed to maintain adequate documentation for several charges to the City's credit card. Documentation should include the receipt as well as the business purpose of the expenditure, the persons involved, and the business relationship with those persons. We recommend that this documentation be maintained for all travel and meal expenses.

Status:

Unresolved. See Item 98-9.

Item 97-18 Summer Feeding Program

Finding:

The summer feeding program submitted a claim to the state of Louisiana for \$9,000 in transportation expenses. A signed contract and invoice for these expenses were located in the files. However, payment was never made by the City for this invoice and apparently, the vendor did not pursue the City for payment. We recommend that this contract and invoice be reviewed for authenticity. If this invoice is not valid, payment should be made to the vendor. If this invoice is not valid, the State of Louisiana should be reimbursed for the proceeds received and an investigation pursued.

Status:

Resolved. No instances noted at 6/30/98.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-19 Summer Feeding Program

Finding:

The administrator of the summer program hired his spouse as an employee of the City under this program. We recommend that the legal ethics of this arrangement be researched.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-20 Daily Deposits

Finding:

We recommend that all deposits be made on a daily basis.

Status:

Unresolved. See Item 98-8.

Item 97-21 Water Usage

Finding:

According to the production records of the Water Plant, the City is processing many more gallons of water than is being billed out to customers. Apparently, some of this difference can be explained by leaks in the main lines or inaccurate meters. However, due to the large difference, we suggest that a plan be developed to review the differences in gallons billed versus gallons processed on a monthly basis with the purpose of reducing the City's costs for chemicals and repairs or possible increases in revenue.

Status:

Unresolved. See Item 98-22.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-22 Past Due Bills

Finding:

The City has incurred bad debt expenses in the utility fund partly due to the failure to collect utility bills timely. We observed several utility customers who were allowed many months to pay their bill before any action was taken either to collect or shut off service.

Status:

Unresolved. See Item 98-21.

Item 97-23 Filing

Finding:

Filing should be done in a timely manner and files should be maintained in an orderly fashion. We had difficulty locating some records which should be readily available.

Status:

Unresolved. See Item 98-26.

Item 97-24 Bank Service Charges

Finding:

The City has incurred over \$21,000 in bank service charges for the year ended June 30, 1997 and over \$9,000 during each of the prior two years mainly due to overdraft charges. Overdrafts which generate such a large amount of charges could be construed as borrowings made without Bond Commission approval. We recommend that cash flow analysis be prepared to develop a plan to alleviate cash shortages which are responsible for the bank charges.

Status:

Unresolved. See Item 98-25.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-25 Reconciliations

Finding:

Differences in the utility accounts receivable and customer service deposits reconciliations with the general ledger were not investigated. A proper reconciliation requires the determination of differences and adjustment of the books accordingly. We recommend that such differences not be ignored until the year end.

Status:

Unresolved. See Item 98-7.

Item 97-26 Bond Commission Approval

Finding:

The City failed to get State Bond Commission approval on a financing arrangement for insurance premiums. We recommend that such approval be obtained prior to contracting for the payment schedule.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-27 Cellular Phone Calls

Finding:

We recommend that all calls on cellular phones be logged as to date and business purpose and that such logs be matched to the bills.

Status:

Resolved. No instances noted at 6/30/98.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-28 Fund Deficits

Finding:

As is evident from the financial report of the City, a large deficit was incurred in the General Fund. This deficit comes on the heels of a deficit from the previous year. These deficits are creating a severe cash flow situation for the City which inhibits the City in trying to pay accounts payable timely. This in turn causes the City to incur service charges and thus widen the deficit. The City cannot continue to incur such deficits without dire circumstances. We strongly recommend that the City *immediately take action to reduce the deficits. This can be accomplished by reviewing budget items for places to cut expenditures and/or looking at increasing revenue to the City.* Whatever action the Mayor and Board deem necessary, we recommend that this action not be delayed.

Status:

Unresolved. See Item 98-28.

Item 97-29 Transfers

Finding:

The City is required to make several transfers of monies between funds during the year. For the year ended June 30, 1997, we observed some interfund transfers which were not completed for several months. We recommend that all interfund transfers required be made timely.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-30 Budget Adoption

Finding:

The City adopted a budget and budget adjustments for the General Fund which was not balanced. Also, there were several categories for which expenditures exceeded budgets. Care should be taken to ensure that budgets prepared are in balance and that appropriate budget adjustments are made.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Status:

Resolved. No instances noted at 6/30/98.

Item 97-31 Policies and Procedures Manual

Finding:

We recommend that the City establish and codify a policies and procedures manual, coordinating all policies adopted by the City.

Status:

Unresolved. See Item 98-27.

Item 97-32 Transfer from Park Fund

Finding:

The City transferred \$10,000 out of the Park Fund into the General Fund in the year ended June 30, 1995. This action violated two resolutions by the Board dedicating these funds for the King Joseph Recreation Project. We recommend that the \$10,000 be transferred back to the Park Fund.

Status:

Resolved.

Item 97-33 Narcotics Fund

Finding:

The City maintains a cash fund used by undercover narcotics officers to make drug purchases. This fund was used to buy various supplies during the year contrary to the purpose of this fund. Also, the accounting for this fund needs improvement in order to determine what the balance in this fund should be. We recommend that this fund be used only for undercover drug purchases and that an adequate accounting be maintained.

Status:

Resolved. No instances noted at 6/30/98.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 97-34 Errors in Deposits

Finding:

Due to numerous errors in deposits being made to wrong accounts, some City Hall employees were required to spend large amounts of their time reconciling these deposits. We recommend that better care be taken preparing deposit slips.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-35 Purchase Orders

Finding:

We observed one instance where a purchase order was prepared after services were ordered and performed. A purchase order should be prepared before a purchase or service is initiated. We recommend that the City's purchasing policy be followed.

Status:

Resolved. No instances noted at 6/30/98.

Item 97-36 Summer Feeding

Finding:

We observed that many of the bills of the summer feeding program were not marked paid when paid. We recommend that all bills paid be marked as such.

Status:

Resolved. No instances noted at 6/30/98.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

II. Current Year Findings and Management's Corrective Action Plan:

Compliance -

Item 98-1 Required Transfers

Finding:

Required transfers from the 1% Sales Tax Special Revenue Fund to the Sales Tax Bond Debt Service Sinking Fund required by resolution adopted October 22, 1980 were not timely made.

Management Corrective Action Plan:

The City is aware of the required transfer and will institute procedures necessary to ensure that such transfers are made.

Item 98-2 Prohibited Expenditures

Finding:

The City of Jeanerette incurred expenditures in violation of Louisiana State Constitution Article 14, "Donation, Loan, or Pledge of Public Credit".

Management Corrective Action Plan:

The City was not aware of the constitutional violation and will implement policies and procedures to ensure that all expenditures are for public purposes.

Item 98-3 Budget Variances

Finding:

The City of Jeanerette incurred budget variances in excess of 5% in violation of LSA-RS 39:1310 et seq.

Management Corrective Action Plan:

During the period under audit, the City was in the process of converting to a new accounting software. The conversion process caused a delay in the processing of accounting transactions and the preparation of related financial statements. With the implementation of the new software, monthly comparisons of budget to actual is anticipated and budgetary adjustments executed timely.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 98-4 Public Bid Law

Finding:

The City of Jeanerette violated the provisions of LSA-RS 38:2211 et seq by failing to properly advertise and solicit bids on vehicle purchases.

Management Corrective Action Plan:

The City is aware of the requirements of the public bid law and was under the impression that the vehicles were purchased under state contract. In the future, the requirements of the public bid law will be followed and state contract pricing reviewed prior to purchase.

Item 98-5 Budget Preparation

Finding:

The City of Jeanerette failed to prepare and legally adopt budgets for each special revenue fund in violation of LSA-RS 39:1304(A) et seq.

Management Corrective Action Plan:

The City will comply with all provisions of the Local Government Budget Act and adopt budgets for each special revenue fund.

Item 98-6 Delinquent Report Submission

Finding:

The audit of the financial statements were not completed within six months of the close of the fiscal year in violation of LSA-RS 24:513 (A) (3).

Management Corrective Action Plan:

During the period under audit, the City was in the process of converting to a new accounting software. The conversion process caused a delay in the processing of accounting transactions and the preparation of related financial statements. With the implementation of the new software, the processing delays causing the delinquent submission of the financial statements are not anticipated.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 98-7 Deficit Reduction Plan

Finding:

The City adopted a deficit reduction plan but failed to comply with the terms and conditions of the plan.

Management Corrective Action Plan:

Prior to completion of the current audit, the City developed and adopted a different deficit reduction plan and will implement policies and procedures necessary to comply with the terms and conditions of the new plan.

Internal Control -

Material Weaknesses -

Item 98-8 Subsidiary Register Reconciliation

Finding:

Subsidiary registers (utility receivable and utility customer deposit) are not reconciled to the general ledger on a periodic basis.

Management Corrective Action Plan:

During the period under audit, the City was in the process of converting to a new accounting software. The conversion process caused a delay in the processing of accounting transactions and the preparation of related financial statements. With the implementation of the new software, monthly reconciliations of the registers to the general ledger are currently being performed.

Item 98-9 Timely Deposits

Finding:

Collections on utility deposits are not deposited on a timely basis.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Management Corrective Action Plan:

Prior to the completion of the current audit, polices and procedures were implemented to correct the situation. Collection are now deposited daily.

Item 98-10 Supporting Documentation

Finding:

Expenditures selected for testing did not evidence adequate supporting documentation.

Management Corrective Action Plan:

The City will implement policies and procedures necessary to correct the condition.

Item 98-11 General Ledger Updates

Finding:

General ledger transactions were not updated on a timely basis.

Management Corrective Action Plan:

During the period under audit, the City was in the process of converting to a new accounting software. The conversion process caused a delay in the processing of accounting transactions and the preparation of related financial statements. With the implementation of the new software, timely updates of transactions are expected.

Item 98-12 Bank Reconciliations

Finding:

Bank reconciliations were not prepared on a timely basis.

Management Corrective Action Plan:

During the period under audit, the City was in the process of converting to a new accounting software. The conversion process caused a delay in the processing of accounting transactions and the preparation of related financial statements. With the implementation of the new software, monthly reconciliations are expected.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 98-13 Segregation of Duties

Finding:

The City of Jeanerette does not have adequate segregation of functions within the accounting system.

Management Corrective Action Plan:

The City has determined that it is not cost effective to completely segregate accounting functions. No plan is considered necessary.

Reportable Conditions -

Item 98-14 Periodic Comparisons of Budget to Actual

Finding:

Periodic comparisons of budget to actual were not prepared and evaluated.

Management Corrective Action Plan:

During the period under audit, the City was in the process of converting to a new accounting software. The conversion process caused a delay in the processing of accounting transactions and the preparation of related financial statements. With the implementation of the new software, monthly comparisons of budget to actual is anticipated.

Item 98-15 Review of Journal Entries

Finding:

Nonstandard journal entries are not reviewed and approved by individuals in supervisory capacities.

Management Corrective Action Plan:

The City was not aware of the situation and will implement policies and procedures necessary to correct the condition.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 98-16 Manual Checks

Finding:

The City of Jeanerette has no policy regarding the issuance of manual checks.

Management Corrective Action Plan:

Prior to completion of the current audit, policies and procedures were implemented to correct the situation. A check request form was developed detailing the manual check issuance process including review for adequate funding and supervisory approval.

Item 98-17 Gasoline Pumps

Finding:

The City of Jeanerette is not properly monitoring and documenting usage of gasoline pumps.

Management Corrective Action Plan:

Prior to completion of the current audit, administrative personnel were assigned the responsibility of maintaining and monitoring the usage log.

Item 98-18 Year 2000 Issues

Finding:

The potential effects of the year 2000 issue have not been adequately addressed.

Management Corrective Action Plan:

The City will institute policies and procedures necessary to correct the condition.

Management Letter -

Item 98-19 Budget Message

Finding:

The proposed budget document prepared by the administrative authority and presented to the legislative authority did not contain a budget message as required by LSA-RS 39:1304(C).

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Management Corrective Action Plan:

A budget message was presented to the Board of Aldermen by the mayor; however, the message was presented orally. Future budget messages will be presented in written form.

Item 98-20 Review of Utility Edits

Finding:

Utility billing edits are not reviewed prior to the preparation of customer utility billings.

Management Corrective Action Plan:

Prior to completion of the current audit, policies and procedures were implemented to correct the situation. The edits are reviewed by two different administrative personnel prior to the printing of the customer billings.

Item 98-21 Review of Sales Tax Reports

Finding:

Monthly sales tax reports were not subjected to review by supervisory personnel.

Management Corrective Action Plan:

The City was not aware of the situation and will implement policies and procedures necessary to correct the condition.

Item 98-22 Delinquent Utility Receivables

Finding:

Utility receivables in excess of 90 days past due are not subjected to enforcement action on a timely basis.

Management Corrective Action Plan:

Prior to completion of the current audit, policies and procedures were implemented to correct the situation. Utility receivables in excess of 90 days past due have the service discontinued, customer deposits are applied to the outstanding receivable, and the balance remitted to City Court for collection.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 98-23 Water Loss

Finding:

The City of Jeanerette's water loss rate approximates 46%.

Management Corrective Action Plan:

The City is aware of the significant amount of water loss and is currently considering options to correct the situation.

Item 98-24 Retainers

Finding:

Professional consultants were paid retainers.

Management Corrective Action Plan:

Prior to completion of the current audit, policies and procedures were implemented to correct the situation. Professional consultants are required to submit invoices detailing the services performed and the hourly rates charged for the services.

Item 98-25 Personnel Files

Finding:

The City of Jeanerette's personnel files do not contain adequate documentation such as applications, I9's, or current pay rates.

Management Corrective Action Plan:

The City will implement policies and procedures to correct the situation.

Item 98-26 Excessive Bank Charges

Finding:

The City of Jeanerette incurred bank charges in excess of \$27,900 during the current fiscal year.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Management Corrective Action Plan:

Prior to the completion of the current audit, policies and procedures were implemented to correct the situation. A check request form was developed detailing the check issuance process including review for adequate funding and supervisory approval.

Item 98-27 Filing Practices

Finding:

Inadequate filing practices resulted in delays in producing supporting documentation.

Management Corrective Action Plan:

The City will initiate policies and procedures causing improvement in filing and retention practices.

98-28 Policies and Procedures

Finding:

A codification of adopted policies and procedures has not been developed.

Management Corrective Action Plan:

The City will determine the cost benefit of developing a policies and procedures manual, and correct the condition based upon the determination.

Item 98-29 Deficit Fund Balances

Finding:

Substantial fund deficits exist in numerous funds.

Management Corrective Action Plan:

Prior to completion of the current audit, the City adopted a deficit reduction plan designed to eliminate the deficit in the general and utility funds over a period of five years.

CITY OF JEANERETTE, LOUISIANA

Schedule of Prior and Current Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 1998

Item 98-30 Budgeted Expenditures Over Revenues

Finding:

The amended budget was prepared and adopted with proposed expenditures in excess of estimated funds available in violation of LSA-RS 36:1304.

Management Corrective Action Plan:

The City will implement policies and procedures causing the adoption of budgets having estimated funds available equal to or in excess of proposed expenditures.

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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MANAGEMENT LETTER

The Honorable James Alexander, Sr., Mayor
and Members of the Board of Directors
City of Jeanerette, Louisiana

During our audit of the general purpose financial statements of the City of Jeanerette for the year ended June 30, 1998, we noted certain areas in which the efficiency and effectiveness of the operations of the city could be improved. Our comments are not intended to reflect upon the ability or integrity of the City's personnel.

Budget Message

The proposed budget document prepared by the administrative authority and presented to the legislative authority did not contain a budget message as required by LSA-RS 39:1304(C).

Review of Utility Edits

Utility billing edits are not reviewed prior to the preparation of customer utility billings.

Review of Sales Tax Reports

Monthly sales tax reports were not subjected to review by supervisory personnel.

Delinquent Utility Receivables

Utility receivables in excess of 90 days past due are not subjected to enforcement action on a timely basis.

Water Loss

The City of Jeanerette's water loss rate approximates 46%.

Management Letter
City of Jeanerette

Retainers

Professional consultants were paid retainers.

Personnel Files

The City of Jeanerette's personnel files do not contain adequate documentation such as applications, I9's, or current pay rates.

Budgeted Deficit

The amended budget was prepared and adopted with proposed expenditures in excess of estimated funds available.

Excessive Bank Charges

The City of Jeanerette incurred bank charges in excess of \$27,900 during the current fiscal year.

Filing Practices

Inadequate filing practices resulted in delays in producing supporting documentation.

Policies and Procedures

A codification of adopted policies and procedures has not been developed.

Deficit Fund Balances

Substantial fund deficits exist in numerous funds.

We would like to express our appreciation to you and your staff, particularly your office staff, for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance, please feel free to contact us.

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC
Certified Public Accountants

Lafayette, Louisiana
January 15, 1999