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CITY OF DONALDSONVILLE, LOUISIANA

FINANCIAL REPORT

JUNE 30, 1999

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Release Date 1-19-2000

Waguespack & Associates (APAC)

Certified Public Accountants

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CITY OF DONALDSONVILLE, LOUISIANA

FINANCIAL REPORT

JUNE 30, 1999

CITY OF DONALDSONVILLE, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general-purpose financial statements of the City of Donaldsonville, Louisiana (the City), as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Louisiana Governmental Audit Guide, issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Donaldsonville, Louisiana, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City of Donaldsonville, Louisiana, taken as a whole. The accompanying schedules as listed in the table of contents and schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information, except for that portion marked "without audit" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated 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 a report dated October 27, 1999 on our consideration of the City of Donaldsonville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Waguespack & Associates (APAC)

Donaldsonville, Louisiana
October 27, 1999

CITY OF DONALDSONVILLE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE		ACCOUNT GROUPS			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	ENTERPRISE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)		1999	1998
							1999	1998		
ASSETS AND OTHER DEBITS										
Assets:										
Cash and cash equivalents	\$ 177,213	\$ 253,168	\$ 85,281	\$ 520,234	\$ -	\$ -	\$ -	\$ 1,035,896	\$ 1,196,205	
Certificate of deposit				36,000				36,000	36,000	
Receivables:										
Accounts receivable, net	-	-	-	104,194	-	-	-	104,194	111,248	
Due from other governments	18,455	127,362	-	-	-	-	-	145,817	134,254	
Due from other funds	66,297	695	-	147,292	-	-	-	214,284	463,976	
Restricted assets:										
Cash and cash equivalents -										
Customer deposit account	-	-	-	146,637	-	-	-	146,637	133,140	
Cash - equipment fund	-	-	-	25,676	-	-	-	25,676	10,074	
Cash - bond reserve funds	-	-	-	387,355	-	-	-	387,355	315,939	
Cash - capital improvements and contingencies fund	-	-	-	58,188	-	-	-	58,188	13,030	
Certificates of deposit - bond reserve funds	-	-	-	34,000	-	-	-	34,000	34,000	
Prepaid insurance	-	-	-	36,644	-	-	-	36,644	37,296	
General fixed assets	-	-	-	-	2,707,606	-	-	2,707,606	2,496,787	
Fixed assets, net	-	-	-	4,625,069	-	-	-	4,625,069	4,893,823	
Other Debits:										
Amount available for debt service fund	-	-	-	-	-	-	85,281	85,281	76,190	
Amount to be provided for general long-term debt	-	-	-	-	-	-	294,719	294,719	343,810	
Total Assets and Other Debits	\$ 261,965	\$ 381,225	\$ 85,281	\$ 6,121,289	\$ 2,707,606	\$ 380,000	\$ 9,937,366	\$ 10,295,772		
LIABILITIES, EQUITY AND OTHER CREDITS										
Liabilities:										
Accounts payable	65,103	20,052	-	53,939	-	-	-	139,094	164,922	
Accrued payables	48,678	-	-	64,298	-	-	-	112,976	90,906	
Due to other funds	2,215	212,069	-	-	-	-	-	214,284	463,976	
Due to other governments	-	36,011	-	-	-	-	-	36,011	99,706	
Payable from restricted assets:										
Customer deposits	-	-	-	146,637	-	-	-	146,637	133,140	
Long-term debt	-	-	-	2,730,660	-	-	-	3,110,660	3,293,060	
Total liabilities	115,996	268,132	-	2,995,534	-	-	-	3,759,662	4,245,710	

Continued

The accompanying notes are an integral part of this statement.

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

Continued

	GOVERNMENTAL FUND TYPES			PROPRIETARY	ACCOUNT GROUPS			TOTALS	
	FUND TYPES			FUND TYPE	GENERAL			(MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	ENTERPRISE	GENERAL	FIXED ASSETS	LONG-TERM DEBT	1999	1998
Equity and Other Credits:									
Contributed capital	\$ -	\$ -	\$ -	\$ 1,711,107	\$ -	\$ -	\$ -	\$ 1,711,107	\$ 1,782,009
Investment in general fixed assets	-	-	-	-	2,707,606	-	-	2,707,606	2,496,787
Retained earnings									
Reserved for revenue bond retirement	-	-	-	161,000	-	-	-	161,000	155,000
Reserved for construction of sewer oxidation pond	-	-	-	-	-	-	-	-	-
Reserved for capital improvements and contingencies	-	-	-	58,188	-	-	-	58,188	13,030
Reserved for equipment purchases	-	-	-	16,402	-	-	-	16,402	4,589
Unreserved	-	-	-	1,179,058	-	-	-	1,179,058	1,242,908
Fund balance:									
Designated for sewer, sanitation and law enforcement	-	65,967	-	-	-	-	-	65,967	64,914
Designated for debt retirement	-	-	85,281	-	-	-	-	85,281	76,190
Reserved for rehabilitation expenditures	-	3,226	-	-	-	-	-	3,226	3,226
Unreserved - undesignated	145,969	43,900	-	-	-	-	-	189,869	211,409
Total Equity and Other Credits	145,969	113,093	85,281	3,125,755	2,707,606	-	-	6,177,704	6,050,062
Total Liabilities, Equity and Other Credits	\$ 261,965	\$ 381,225	\$ 85,281	\$ 6,121,289	\$ 2,707,606	\$ 380,000	\$ 9,937,366	\$ 10,295,772	

The accompanying notes are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR JUNE 30, 1998**

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	TOTAL MEMORANDUM ONLY	
				1999	1998
REVENUES					
Taxes	\$ 287,849	\$ 1,406,152	\$ -	\$ 1,694,001	\$ 1,621,668
Licenses and permits	237,281	-	-	237,281	227,954
Intergovernmental	346,506	680,827	-	1,027,333	549,881
Fines	31,418	-	-	31,418	51,914
Charges for services	-	102,757	-	102,757	84,898
Other	93,721	55,889	3,091	152,701	155,085
Total revenues	<u>996,775</u>	<u>2,245,625</u>	<u>3,091</u>	<u>3,245,491</u>	<u>2,691,400</u>
EXPENDITURES					
General government	496,442	-	-	496,442	396,335
Public safety	399,946	622,527	-	1,022,473	891,479
Streets	384,384	329,418	-	713,802	343,315
Sanitation	11,064	386,784	-	397,848	345,016
Recreation	184,135	60,463	-	244,598	213,146
Welfare	-	361,814	-	361,814	345,620
Administration	-	-	-	-	-
Debt Service	-	-	65,000	65,000	67,500
Total expenditures	<u>1,475,971</u>	<u>1,761,006</u>	<u>65,000</u>	<u>3,301,977</u>	<u>2,602,411</u>
Excess of revenues over (under) expenditures	<u>(479,196)</u>	<u>484,619</u>	<u>(61,909)</u>	<u>(56,486)</u>	<u>88,989</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Operating transfers in	780,175	647,977	71,000	1,499,152	1,448,106
Operating transfers out	(370,980)	(1,124,082)	-	(1,495,062)	(1,463,049)
Total other financing sources (uses)	<u>409,195</u>	<u>(476,105)</u>	<u>71,000</u>	<u>4,090</u>	<u>(14,943)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(70,001)</u>	<u>8,514</u>	<u>9,091</u>	<u>(52,396)</u>	<u>74,046</u>
FUND BALANCE					
Beginning of year	174,970	104,579	76,190	355,739	281,693
Prior period adjustment	41,000	-	-	41,000	-
End of year	<u>\$ 145,969</u>	<u>\$ 113,093</u>	<u>\$ 85,281</u>	<u>\$ 344,343</u>	<u>\$ 355,739</u>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUND TYPES

Year Ended June 30, 1999

	GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Taxes	\$ 287,976	\$ 287,849	\$ (127)	\$ 1,424,515	\$ 1,406,152	\$ (18,363)	\$ -	\$ -	\$ -
Licenses and permits	247,230	237,281	(9,949)	-	-	-	-	-	-
Intergovernmental	328,616	346,506	17,890	677,835	680,827	2,992	-	-	-
Charges for service	-	-	-	110,571	102,757	(7,814)	-	-	-
Fines	37,948	31,418	(6,530)	-	-	-	-	-	-
Other	85,647	93,721	8,074	53,580	55,889	2,309	3,545	3,091	(454)
Total revenues	987,417	996,775	9,358	2,266,501	2,245,625	(20,876)	3,545	3,091	(454)
EXPENDITURES									
General government	491,542	496,442	(4,900)	-	-	-	-	-	-
Public safety	419,738	399,946	19,792	622,158	622,527	(369)	-	-	-
Streets	367,274	384,384	(17,110)	329,418	329,418	-	-	-	-
Sanitation	11,124	11,064	60	380,505	386,784	(6,279)	-	-	-
Recreation	171,436	184,135	(12,699)	60,106	60,463	(357)	-	-	-
Welfare	-	-	-	350,114	361,814	(11,700)	-	-	-
Administration	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	65,000	65,000	-
Total expenditures	1,461,114	1,475,971	(14,857)	1,742,301	1,761,006	(18,705)	65,000	65,000	-
Excess of revenues over (under) expenditures	(473,697)	(479,196)	(5,499)	524,200	484,619	(39,581)	(61,455)	(61,909)	(454)
OTHER FINANCING SOURCES (USES)									
Operating transfers in	787,965	780,175	(7,790)	746,637	647,977	(98,660)	71,000	71,000	-
Operating transfers out	(425,051)	(370,980)	54,071	(1,158,213)	(1,124,082)	34,131	-	-	-
Total other financing sources (uses)	362,914	409,195	46,281	(411,576)	(476,105)	(64,529)	71,000	71,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(110,783)	(70,001)	40,782	112,624	8,514	(104,110)	9,545	9,091	(454)
FUND BALANCE									
Beginning of year	174,970	174,970	-	104,579	104,579	-	76,190	76,190	-
Prior period adjustment	-	41,000	41,000	-	-	-	-	-	-
End of year	\$ 64,187	\$ 145,969	\$ 81,782	\$ 217,203	\$ 113,093	\$ (104,110)	\$ 85,735	\$ 85,281	\$ (454)

The accompanying notes are an integral part of this statement.

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
Years Ended June 30, 1999 and 1998**

	ENTERPRISE FUNDS	
	1999	1998
OPERATING REVENUES		
Charges for services	\$ 1,543,711	\$ 1,602,321
Other	9,949	18,247
Total operating revenues	<u>1,553,660</u>	<u>1,620,568</u>
OPERATING EXPENSES		
Gas	432,184	424,299
Depreciation	354,224	336,180
Field	508,901	488,832
Administrative	276,073	276,300
Total operating expenses	<u>1,571,382</u>	<u>1,525,611</u>
Operating income	<u>(17,722)</u>	<u>94,957</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest	21,351	22,873
Interest and fiscal charges	(71,320)	(74,140)
Total non-operating revenues (expenses)	<u>(49,969)</u>	<u>(51,267)</u>
Income (loss) before operating transfers	<u>(67,691)</u>	<u>43,690</u>
OPERATING TRANSFERS		
Operating transfers in	131,692	106,154
Operating transfers out	(135,782)	(91,211)
Net operating transfers	<u>(4,090)</u>	<u>14,943</u>
NET INCOME (LOSS)	(71,781)	58,633
Depreciation transferred to contribution	70,902	70,903
Increase (decrease) in retained earnings	(879)	129,536
RETAINED EARNINGS		
Beginning of year	<u>1,415,527</u>	<u>1,285,991</u>
End of year	<u>\$ 1,414,648</u>	<u>\$ 1,415,527</u>

The accompanying notes are an integral part of this statement.

COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Years Ended June 30, 1999 and 1998

	ENTERPRISE FUNDS	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ (17,722)	\$ 94,957
Adjustments to operating income:		
Depreciation	354,224	336,180
Change in operating assets and liabilities:		
Accounts receivable	6,956	(869)
Due from other funds	101,828	76,384
Prepaid insurance	652	2,002
Accounts payable	(9,381)	(282,066)
Accrued payables	9,397	6,097
Due to other funds	(1,130)	-
Customer deposits	13,497	16,192
Net cash provided by operating activities	<u>458,321</u>	<u>248,877</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating transfers out	(4,090)	14,943
Net cash used for non-capital financing activities	<u>(4,090)</u>	<u>14,943</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest and fiscal charges on revenue bonds	(72,978)	(42,126)
Principal paid on revenue bonds	(140,000)	-
Sewerage certificates retired	(15,000)	(15,000)
Bond proceeds	12,600	297,059
Acquisition of capital assets	(85,469)	(144,838)
Net cash used for capital and related financing activities	<u>(300,847)</u>	<u>95,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	21,351	22,873
Net cash provided by investing activities	<u>21,351</u>	<u>22,873</u>
Net increase (decrease) in cash	174,735	381,788
Cash at beginning of year	<u>963,355</u>	<u>581,567</u>
Cash at end of year	<u>\$ 1,138,090</u>	<u>\$ 963,355</u>

The accompanying notes are an integral part of this statement.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

INTRODUCTION

The City of Donaldsonville, Louisiana (the City) was incorporated February 11, 1975 by their home rule charter, under the authority of Article VI, section 5 of the Louisiana Constitution of 1974. The municipal government provided by this home rule charter shall be known as the "Commission" form of government and operated by a mayor, a commissioner of finance, a commissioner of public works, a commissioner of utilities and a commissioner of parks and recreation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Donaldsonville Housing Authority

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

FUND ACCOUNTING - The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into six generic fund types and two broad fund categories as follows:

Governmental Funds

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

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Proprietary Funds

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

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

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

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The City has not capitalized public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. These assets are immovable and of value only to the City; therefore, the need for cumulative accountability is not significant. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

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

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

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

Sewerage System Plant	20-35 years
Gas Plant	25 years
Sewerage & Gas System equipment	5-10 years
Buildings	25 years
Office Equipment	5-10 years
Automotive Equipment	3-5 years

All fixed assets are stated at historical cost.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Those revenues susceptible to accrual are sales taxes, property taxes, intergovernmental revenues and interest revenue. Fines, licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

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

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

BUDGETS AND BUDGETARY ACCOUNTING - The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- o A proposed budget is prepared and submitted to the Mayor and City Council prior to the beginning of each fiscal year.
- o The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- o *The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.*
- o 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 approval from the City Council.
- o All budgetary appropriations lapse at the end of each fiscal year.
- o Budgets for the General, Special Revenue and Debt Service Funds are adopted in accordance with generally accepted accounting principles (GAAP).
- o The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

BAD DEBTS - Uncollectible amounts due for customers' sewer fee receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

ACCUMULATED UNPAID VACATION - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

COMPARATIVE DATA - Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read.

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

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

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

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

NOTE B - AD VALOREM TAXES

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

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Ascension Parish. For the year ended June 30, 1999, taxes of 6.52 mills were levied on property with assessed valuations totaling \$17,319,370 and were dedicated for general-purposes.

Total taxes levied were \$112,922. Substantially all taxes levied have been collected as of June 30, 1999.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE C - DUE FROM/TO OTHER GOVERNMENTAL UNITS

Amounts due to other governmental units at June 30, 1999 consist of the following:

	<u>Special Revenue Funds</u>
U.S. Department of Housing and Urban Development	\$ <u>36,011</u>

Amounts due from other governmental units at June 30, 1999 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
U.S. Department of Housing and Urban Development	\$ -	\$ 12,804	\$ 12,804
Ascension Parish Sales and Use Tax Authority	-	114,558	114,558
Fire Insurance Taxes from the State of Louisiana	<u>18,455</u>	<u>-</u>	<u>18,455</u>
	<u>\$ 18,455</u>	<u>\$ 127,362</u>	<u>\$ 145,817</u>

NOTE D - FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
Improvements other than buildings	\$ 559,752	\$ 103,818	\$ -	\$ 663,570
Buildings	1,105,414	-	-	1,105,414
Equipment	701,232	57,001	-	758,233
Land	<u>130,389</u>	<u>50,000</u>	<u>-</u>	<u>180,389</u>
	<u>\$ 2,496,787</u>	<u>\$ 210,819</u>	<u>\$ -</u>	<u>\$ 2,707,606</u>

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE D - FIXED ASSETS - Continued

A summary of proprietary fund type property, plant and equipment at June 30, 1999 follows:

Land	\$	1,500
Gas Plant		692,767
Sewerage System		6,379,716
Buildings		3,775
Auto equipment		35,227
Office and other equipment		<u>69,232</u>
		7,182,217
Less: Accumulated depreciation		<u>(2,557,148)</u>
Net	\$	<u>4,625,069</u>

NOTE E - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 1999:

	<u>Certificates of Indebtedness</u>	<u>Accumulated Vacation</u>	<u>Revenue Bonds</u>	<u>Total</u>
Payable, July 1, 1998	\$ 420,000	\$ 16,873	\$ 2,873,060	\$ 3,309,933
Additions	-	-	12,600	12,600
Deletions	<u>40,000</u>	<u>3</u>	<u>155,000</u>	<u>195,003</u>
Payable, June 30, 1999	<u>\$ 380,000</u>	<u>\$ 16,870</u>	<u>\$ 2,730,660</u>	<u>\$ 3,127,530</u>

Bonds payable at June 30, 1999 are comprised of the following individual issues:

GENERAL LONG-TERM DEBT

Certificate of Indebtedness

\$500,000 serial bonds dated August 8, 1995 due in annual installments of \$40,000 through 1998, \$45,000 through 1999, \$50,000 through 2001, \$55,000 through 2003, \$60,000 through 2004, and \$65,000 through 2005, plus interest at 6.25% through August 1, 2005.

\$ 380,000

ENTERPRISE FUND

Revenue Bonds Series 1969

\$395,000 Sewerage District No. 1 serial bonds dated April 1, 1969 due in annual installments, \$15,000 through 1999, \$16,000 through 2000, \$17,000 through 2002, \$18,000 through 2003, \$19,000 through 2004, \$20,000 through 2005, \$21,000 through 2006, \$22,000 through 2008, \$19,000 through 2009, plus interest at 4.50% paid semi-annually.

\$ 191,000

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE E - CHANGES IN LONG-TERM DEBT - Continued

Revenue Bonds Series 1995

\$3,500,000 Sewer Revenue Bonds authorized, of which \$2,505,000 was issued, dated March 1, 1995. During the Interim Loan Period interest payable January 1 and July 1 in arrears at the rate of 2.45% per annum on the Loan proceeds disbursed. During the Permanent Loan Period principal is payable July 1 and interest payable January 1 and July 1 at the rate of 2.45% per annum.

2,539,660
\$ 2,730,660

It is the City's policy to capitalize interest paid on projects under construction. Cumulative capitalized interest amounts to \$54,082 at June 30, 1999. No interest was capitalized for the year ended June 30, 1999 because the construction contract was complete and the plant additions were placed into service. The interim loan will undergo permanent financing in the near future.

The annual requirements to amortize all debt outstanding as of June 30, 1999 including interest of \$625,323 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Certificates</u> <u>of</u> <u>Indebtedness</u>	<u>Revenue</u> <u>Bonds</u> <u>Series</u> <u>1969</u>	<u>Revenue</u> <u>Bonds</u> <u>Series</u> <u>1995</u>	<u>Total</u>
2000	67,344	24,595	205,687	297,626
2001	69,375	24,875	206,817	301,067
2002	66,250	24,110	203,142	293,502
2003	67,969	24,345	204,405	296,719
2004	64,532	24,535	205,546	294,613
Thereafter	<u>132,968</u>	<u>117,995</u>	<u>2,001,493</u>	<u>2,252,456</u>
	<u>\$ 468,438</u>	<u>\$ 240,455</u>	<u>\$ 3,027,090</u>	<u>\$ 3,735,983</u>

The Debt Service Fund has \$85,281 available to service future certificates of indebtedness and related interest payments.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE F- REVENUES AND EXPENDITURES - ACTUAL AND BUDGET

The following funds have actual revenues under budgeted revenues for the year ended June 30, 1999:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds:			
Sales Tax Fund	\$ 1,538,718	\$ 1,512,968	\$ 25,750
LA Community Development Block Grant	<u>314,520</u>	<u>314,519</u>	<u>1</u>
Total Special Revenue Funds	<u>\$ 1,853,238</u>	<u>\$ 1,827,487</u>	<u>\$ 25,751</u>
Debt Service Fund	<u>\$ 3,545</u>	<u>\$ 3,091</u>	<u>\$ 454</u>

The following funds have actual expenditures over budgeted expenditures for the year ended June 30, 1999:

General Fund	<u>\$ 1,461,114</u>	<u>\$ 1,475,971</u>	<u>\$ 14,857</u>
Special Revenue Funds:			
Sales Tax	380,505	386,784	6,279
Section 8	350,114	361,814	11,700
Boys & Girls Recreation	60,106	60,463	357
Law Enforcement	<u>622,158</u>	<u>622,527</u>	<u>369</u>
Total Special Revenue Funds	<u>\$ 1,412,883</u>	<u>\$ 1,431,588</u>	<u>\$ 18,705</u>

NOTE G - DEDICATED REVENUES

Sales Tax Revenue Fund

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

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

Effective March 1, 1984, an additional 1/2% sales and use tax was dedicated to the following purposes:

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

Effective January 1, 1997, an additional 1/2% sales and use tax was dedicated for providing law enforcement services to the City of Donaldsonville.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE G - DEDICATED REVENUES - Continued

HUD - Section 8

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

NOTE H - RESTRICTED ASSETS

1. In accordance with the indenture governing the Sewerage District No. 1 Revenue Bonds Series 1969, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the Sewerage District No. 1 Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the requirements of each.

- o The "Sewer System Revenue Fund" requires all income derived from its operations or ownerships shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation and shall be maintained as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to the following trust accounts.
- o The "Sewer Revenue Bond Fund" required monthly transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest on the principal of the Revenue Bonds.
- o The "Sewer Revenue Bond Reserve Fund" requires monthly transfers of a sum equal to 20% transferred to the Sewer Revenue Bond Fund until the fund shall equal \$25,000. No transfers were required since this fund has accumulated \$25,000. This fund is restricted to payment of principal and interest in case of default.
- o The "Sewer Replacement and Extension Fund" requires monthly transfers of a sum of \$150 until the balance shall equal \$9,000. Since the fund has accumulated \$9,000, no transfers are required. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements which will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund, or Sewer Revenue Bond Reserve Fund.

The balances required in the sinking funds and reserve funds from a strict interpretation of Bond Resolutions, as compared to actual balances, are reflected in the following schedules:

<u>Revenue Bonds Series 1969</u>	<u>Sewer Revenue Bond Fund Sinking Fund</u>	<u>Sewer Revenue Bond Reserve Fund</u>	<u>Sewer Replacement & Extension Reserve Fund</u>	<u>Total</u>
Required balances	\$ 6,149	\$ 25,000	\$ 9,000	\$ 40,149
Actual balances	<u>20,939</u>	<u>25,000</u>	<u>9,000</u>	<u>54,939</u>
Excess/(Shortage)	<u>\$ 14,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,790</u>

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE H - RESTRICTED ASSETS - Continued

The City of Donaldsonville has complied with the above conditions.

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

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

The balances required in the sinking funds and reserve funds from a strict interpretation of Bond Resolution as compared to actual balances, are reflected in the following schedules:

<u>Revenue Bonds Series 1995</u>	<u>Sinking Fund</u>	<u>Revenue Reserve Fund</u>	<u>Sewer Renewal & Replacement Reserve Fund</u>	<u>Total</u>
Required balances	\$ 182,460	\$ 156,124	\$ 14,446	\$ 353,030
Actual balances	<u>192,162</u>	<u>159,809</u>	<u>14,446</u>	<u>366,417</u>
Excess/(Shortage)	<u>\$ 9,702</u>	<u>\$ 3,685</u>	<u>\$ -</u>	<u>\$ 13,387</u>

In accordance with the City's Bond Loan and Pledge Agreement, the sinking and reserve funds should be funded on a monthly basis. During part of the year ended June 30, 1999, the City did not fund the transfers on a monthly or timely basis. Thus, the City was not in compliance with its bond loan and pledge agreement during the year ended June 30, 1999.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE I - SEGMENTS OF ENTERPRISE ACTIVITIES

Two services, gas and sewerage, are provided by the City and are financed by user charges. The significant financial data for the year ended June 30, 1999 for those two services are as follows:

	<u>Gas Utility</u>	<u>Sewerage District No. 1</u>	<u>Total</u>
Operating revenues	\$ 869,369	\$ 684,291	\$1,553,660
Operating expenses	760,021	811,361	1,571,382
Depreciation	38,551	315,673	354,224
Operating income (loss)	109,348	(127,070)	(17,722)
Operating transfers in (out)	(117,342)	113,252	(4,090)
Net income (loss)	827	(72,608)	(71,781)
Property, plant & equipment additions	22,732	62,738	85,470
Net working capital	452,710	112,417	565,127
Total assets	786,985	5,334,304	6,121,289
Revenue bonds payable	-	2,730,660	2,730,660
Fund capital	619,007	2,506,748	3,125,755

NOTE J - PENSION PLAN

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

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

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

Plan members are required by State statute to contribute 8.5 percent of their annual covered salary and the City is required by the same statute to contribute 3.75 percent. The current rate is 5.0 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by State statute. The City's contributions to the System for the years ending June 30, 1999, 1998 and 1997, were \$18,705, \$11,927, and \$14,748, respectively, and equal to the required contributions for each year.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE K - CONTINGENCIES

The City has several lawsuits pending involving various matters at June 30, 1999. In the opinion of management and legal counsel, the City has adequate legal defenses for the issues raised and the outcome of these matters will not have a significant effect on the City's financial position at June 30, 1999.

NOTE L - RENTALS UNDER OPERATING LEASES

Rental Income

The City leases a portion of the bature fronting on the Mississippi River for the purpose of fleeting and mooring rights of barges and vessels. The term of the lease is for five years, with options to re-lease for two additional option terms of five years each. The second option term to re-lease will expire May 31, 2000. All rentals associated with this lease term have been paid as of June 30, 1999.

Total rental income for all operating leases except those with terms of a month or less that were not renewed is \$26,648 for the year ending June 30, 1999.

NOTE M - CASH

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

Also, state law requires that 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.

At year end, the carrying amount of the City's deposits were \$1,723,752 and the bank balance was \$1,399,621. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,299,621 was covered by collateral held by the pledging bank's agent in the Bank's name (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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 district that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE N - CONTRACTED SERVICES

The City has a contract with the Ascension Parish Sheriff in which the Sheriff provides law enforcement services to the City. For the year ended June 30, 1999 the City expended \$622,512 to the Sheriff for these services. Effective July 1, 1996 a new contract was negotiated resulting in the following future minimum payments which are adjusted annually in accordance with the change in the consumer price index (CPI) as stated in the contract. The annual adjustment allowed for by the change in the CPI will not exceed 2% in the second year, 3% in the third year and 4% in the fourth year.

Future minimum payments are as follows:

For year ending June 30, 2000	<u>622,512</u>
	<u>\$ 622,512</u>

Additionally, the City has contracted with BFI for sanitation disposal services. This contract is based on the number of residences using this service and is renewable yearly. The City also has a contract with Waste Management in which the City pays for sanitation disposal services for all businesses within the City. The businesses, in turn, reimburse the City for 25% of the incurred cost. For the year ended June 30, 1999 the City incurred \$283,178 of net sanitation disposal expenditures resulting from these contracts.

NOTE O - INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of June 30, 1999 represents interfund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 66,297	\$ 2,215
Special Revenue:		
Section 8	-	11,691
Sales Tax	695	103,077
Boys' & Girls' Recreation	-	2,606
Law Enforcement	-	94,695
Enterprise:		
Sewer District #1	70,292	-
Gas	<u>77,000</u>	<u>-</u>
	<u>\$ 214,284</u>	<u>\$ 214,284</u>

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE P - OPERATING TRANSFERS

Operating transfers for the year ended June 30, 1999 are as follows:

	TRANSFERS	
	IN	OUT
General Fund		
Gas	\$ 75,709	\$ 3,541
Sewer	-	14,900
Sales Tax	704,466	-
Boys' & Girls' Recreation	-	11,600
Law Enforcement	-	269,940
Debt Service	-	71,000
Sales Tax		
General	-	704,466
Sewer	-	68,077
Law Enforcement	-	351,538
Gas Utility		
General	3,541	75,709
Sewer	-	45,174
Debt Service		
General	71,000	-
LA Community Development Block Grant		
Sewer	14,899	-
Sewer		
Gas	45,174	-
Sales Tax	68,077	-
General	14,900	-
LA Community Development Block Grant	-	14,899
Law Enforcement		
General	269,940	-
Sales Tax	351,538	-
Boys & Girls Recreation		
General	11,600	-
	\$ 1,630,844	\$ 1,630,844

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE Q - DEFICIT FUND BALANCE IN AN INDIVIDUAL FUND

The following individual funds have deficits at June 30, 1999:

	<u>Deficit Balance</u>
Boys & Girls Recreation	\$ <u>(1,858)</u>
Law Enforcement	\$ <u>(94,695)</u>

The City intends to eliminate these deficit fund balances by transferring from other funds that have available fund balance during the next fiscal year.

NOTE R - CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital:

	<u>Primary Government</u>				
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
Balance at July 1, 1998	\$ -	\$ -	\$ 1,782,009	\$ -	\$ 1,782,009
Additions	-	-	-	-	-
Deletions:					
Depreciation transferred to Contributions	-	-	(70,902)	-	(70,902)
Balance at June 30, 1999	\$ -	\$ -	\$ 1,711,107	\$ -	\$ 1,711,107

NOTE S - PRIOR PERIOD ADJUSTMENT

The beginning fund balance of the general fund was adjusted for a correction of an error in recording sale of land in the prior year. The effect of the correction of the error was to increase cash and cash equivalents in the current year by \$41,000 and increase the beginning fund balance by the same amount.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

NOTE T – THE YEAR 2000 ISSUE

The year 2000 issue is a result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond if date sensitive coding is not corrected. The City has assessed all of its systems and is the process of upgrading its software and hardware. The City expects to remedy, validate and test the system changes prior to December 31, 1999 in order to ensure the City is year 2000 compliant.

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.

**GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1999 AND 1998**

ASSETS		1999	1998
Cash		\$ 177,213	\$ 174,230
Due from other governments		18,455	16,915
Due from other funds		66,297	213,171
 Total assets		 261,965	 404,316
LIABILITIES AND FUND BALANCE			
Accounts payable		65,103	87,832
Accrued payables		48,678	34,347
Due to other funds		2,215	81,033
Due to other governments		-	26,134
 Total liabilities		 115,996	 229,346
 Fund balance			
Undesignated		145,969	174,970
 Fund Balance		 145,969	 174,970
 Total liabilities and fund balance		 \$ 261,965	 \$ 404,316

The accompanying notes are an integral part of this statement.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Taxes				
Ad valorem	126,728	126,600	(128)	127,588
Public utility franchise	96,998	96,998	-	87,811
Cable TV franchise	19,542	19,542	-	18,513
Telephone franchise	44,708	44,709	1	33,913
Licenses and permits				
Occupational	111,471	107,854	(3,617)	98,585
Insurance	98,778	91,105	(7,673)	98,806
Other	36,981	38,322	1,341	30,563
Intergovernmental				
Tobacco	40,376	40,377	1	40,377
Corrections	18,486	13,372	(5,114)	14,380
Fire insurance	-	18,455	18,455	16,915
Beer	7,958	12,467	4,509	14,561
Video Poker	58,666	58,705	39	58,280
Parish and state grants	203,130	203,130	-	-
Other	-	-	-	55,592
Fines				
Court fines	37,948	31,418	(6,530)	51,914
Other revenues				
Miscellaneous	39,291	44,151	4,860	30,187
Rentals	24,000	26,648	2,648	27,723
Cable franchise	-	-	-	-
Interest	8,331	7,687	(644)	11,349
Rent-Lemann Center	14,025	15,235	1,210	13,589
	<u>987,417</u>	<u>996,775</u>	<u>9,358</u>	<u>830,646</u>
EXPENDITURES				
General government	491,542	496,442	(4,900)	396,335
Public safety	419,738	399,946	19,792	279,479
Streets	367,274	384,384	(17,110)	343,315
Sanitation	11,124	11,064	60	8,044
Recreation	171,436	184,135	(12,699)	147,090
Total Expenditures	<u>1,461,114</u>	<u>1,475,971</u>	<u>(14,857)</u>	<u>1,174,263</u>
Excess of revenues over (under) expenditures	<u>(473,697)</u>	<u>(479,196)</u>	<u>(5,499)</u>	<u>(343,617)</u>

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 787,965	\$ 780,175	\$ (7,790)	\$ 755,557
Operating transfers out	(425,051)	(370,980)	54,071	(362,497)
Total other financial sources (uses)	362,914	409,195	46,281	393,060
Excess of revenues and other sources over (under) expenditures and other uses	(110,783)	(70,001)	40,782	49,443
FUND BALANCE				
Beginning of year	174,970	174,970	-	125,527
Prior period adjustment	-	41,000	41,000	-
End of year	<u>\$ 64,187</u>	<u>\$ 145,969</u>	<u>\$ 81,782</u>	<u>\$ 174,970</u>

The accompanying notes are an integral part of this statement.

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
GENERAL GOVERNMENT				
General:				
Personnel	\$ 113,038	\$ 117,926	\$ (4,888)	\$ 102,346
Insurance	32,616	30,231	2,385	31,624
Capital outlay	61,555	59,038	2,517	4,307
Election expenses	103	103	-	-
Maintenance	19,684	15,578	4,106	28,381
Building inspector	3,915	2,610	1,305	4,785
Official journal	6,994	6,715	279	6,498
Assessment roll	4,731	4,731	-	2,959
Council minutes	4,950	5,025	(75)	5,475
Supplies	32,017	29,425	2,592	13,313
Dues and subscriptions	2,144	2,388	(244)	3,474
Coroner	-	-	-	-
Utilities	7,940	10,800	(2,860)	11,181
Travel	26,144	23,682	2,462	2,086
Training	2,006	2,082	(76)	773
Professional fees	34,198	48,112	(13,914)	30,118
Contract labor	880	6,530	(5,650)	100
Lawsuit settlement	-	-	-	-
Rentals	22,128	17,759	4,369	20,123
Miscellaneous	17,696	16,940	756	16,378
Telephone	9,694	8,876	818	7,907
Finance:				
Personnel	48,618	52,088	(3,470)	51,954
Insurance	2,203	1,604	599	901
Professional fees	13,420	11,520	1,900	10,330
Capital outlay	2,500	-	2,500	1,179
Maintenance	1,245	1,024	221	1,451
Office supplies	1,421	1,179	242	4,200
Dues and subscriptions	140	40	100	858
Uniforms	600	-	600	597
Computer service	4,044	4,637	(593)	8,828
Utilities	-	-	-	15,017
Telephone	121	77	44	602
Official journal	-	984	(984)	-
Rentals	50	-	50	432
Travel	781	755	26	181
Miscellaneous	2,392	1,975	417	249
Contract labor	1,100	1,237	(137)	-

The accompanying notes are an integral part of this statement.

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
GENERAL GOVERNMENT - Continued				
Mayor's office:				
Personnel	\$ 5,992	\$ 6,221	\$ (229)	\$ 5,990
Maintenance	-	-	-	250
Supplies	150	59	91	-
Dues and subscriptions	1,406	1,506	(100)	100
Travel and entertainment	1,983	2,108	(125)	887
Miscellaneous	310	200	110	215
Telephone	633	677	(44)	286
	<u>491,542</u>	<u>496,442</u>	<u>(4,900)</u>	<u>396,335</u>
Total General				
PUBLIC SAFETY				
Police:				
Maintenance	2,219	2,134	85	851
Supplies	1,565	1,629	(64)	1,975
Telephone	3,991	4,616	(625)	4,646
Utilities	-	-	-	14
Rentals	707	727	(20)	632
Travel and entertainment	-	-	-	-
Traffic control	295	195	100	186
Miscellaneous	90	99	(9)	40
Fire:				
Personnel	278,963	256,641	22,322	214,511
Capital outlay	42,508	44,353	(1,845)	700
Insurance	30,137	29,243	894	19,805
Maintenance	14,326	12,703	1,623	4,786
Supplies	8,726	11,705	(2,979)	5,580
Drug testing	1,735	2,072	(337)	196
Rentals	667	680	(13)	577
Dues and subscriptions	278	506	(228)	184
Uniforms	8,446	8,246	200	1,534
Utilities	11,933	12,658	(725)	12,576
Telephone	1,020	1,218	(198)	761
Travel and entertainment	6,858	3,585	3,273	2,763
Safety	2,752	2,597	155	2,494
Training	150	2,883	(2,733)	1,459
Contract labor	600	-	600	1,490
Miscellaneous	1,772	1,456	316	1,719
	<u>419,738</u>	<u>399,946</u>	<u>19,792</u>	<u>279,479</u>
Total public safety				

The accompanying notes are an integral part of this statement.

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
STREETS				
Personnel	\$ 154,188	\$ 161,871	\$ (7,683)	\$ 142,043
Capital outlay	6,919	9,086	(2,167)	6,627
Maintenance	23,059	28,421	(5,362)	30,561
Uniforms	3,698	3,932	(234)	4,043
Insurance	37,533	32,197	5,336	25,291
Supplies	8,535	9,244	(709)	6,653
Utilities	59,405	56,832	2,573	63,568
Telephone	226	225	1	217
Travel and entertainment	-	-	-	-
Contract labor	7,778	7,777	1	4,778
Rentals	1,355	1,356	(1)	4,022
Asphalt and concrete	15,432	15,406	26	9,583
Lights - streets, parks	9,501	19,646	(10,145)	5,061
Dues and subscriptions	110	85	25	-
Safety	-	66	(66)	160
Training	-	-	-	-
Professional fees	26,719	24,419	2,300	32,189
Drug testing	242	142	100	321
Traffic control	2,393	2,884	(491)	4,331
Miscellaneous	10,181	10,795	(614)	3,867
Total streets	367,274	384,384	(17,110)	343,315
SANITATION				
Personnel	4,319	4,447	(128)	4,465
Insurance	223	129	94	206
Telephone	150	110	40	135
Professional fees	-	-	-	225
Maintenance	-	-	-	-
Supplies	857	800	57	604
Garbage disposal	3,040	3,093	(53)	360
Contract labor	2,475	2,475	-	2,025
Miscellaneous	60	10	50	24
Total sanitation	11,124	11,064	60	8,044

The accompanying notes are an integral part of this statement.

GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
RECREATION				
Parks and Pools:				
Personnel	29,096	29,384	(288)	28,800
Utilities	7,526	8,917	(1,391)	9,536
Supplies	503	563	(60)	3,496
Maintenance	2,110	2,303	(193)	1,739
Contract labor	1,038	888	150	2,500
Rentals	819	669	150	275
Lights - streets, parks	429	429	-	-
Professional fees	642	642	-	11,936
Insurance	4,089	3,702	387	1,871
Baseball costs	-	-	-	-
Basketball costs	803	803	-	-
Telephone	188	179	9	160
Capital outlay	64,310	64,310	-	4,400
Miscellaneous	474	1,364	(890)	4,984
Lemann Center:				
Personnel	1,889	1,389	500	1,462
Maintenance	8,980	5,143	3,837	8,138
Insurance	2,954	2,554	400	2,554
Supplies	4,533	4,050	483	2,600
Telephone	221	202	19	222
Utilities	19,051	21,397	(2,346)	21,921
Capital outlay	20,191	34,032	(13,841)	39,275
Contract labor	1,025	1,050	(25)	520
Dues and subscriptions	100	100	-	100
Rentals	100	-	100	-
Miscellaneous	365	65	300	601
Total recreation	<u>171,436</u>	<u>184,135</u>	<u>(12,699)</u>	<u>147,090</u>
 Total expenditures	 <u>\$ 1,461,114</u>	 <u>\$ 1,475,971</u>	 <u>\$ (14,857)</u>	 <u>\$ 1,174,263</u>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS

Sales Tax Fund - To account for the receipt and use of proceeds of the City's sales and use tax. The taxes are dedicated to capital expenditures for streets and sidewalks, garbage collection, public utilities, parks and recreational facilities, fire department, law enforcement and sewer department.

Boys and Girls Recreation - To account for funds used for the operations of the recreation department.

Law Enforcement - To account for funds used for providing law enforcement services for the City.

Section 8 Housing - To account for funds used to aid low-income families to obtain decent, safe, and sanitary housing through a system of rental subsidies.

LA Housing Finance Agency - To account for funds received from LHFA to be used for the rehabilitation of certain qualified residential buildings.

LA Community Development Block Grant Fund – This fund accounts for the road improvement grant awards.

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1999

WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	Sales Tax Fund	Boys & Girls Recreation		Law Enforcement	Section 8	LA Housing Finance Agency		LA Community Development Block Grant	Totals (Memorandum Only)	
		1999	1998			1999	1998			
ASSETS										
Cash	\$ 159,630	\$ 9,656	\$ -	\$ -	\$ 80,656	\$ 3,226	\$ -	\$ -	\$ 253,168	\$ 326,676
Accounts Receivable	-	-	-	-	-	-	-	-	-	97
Due from other governments	114,558	-	-	-	12,804	-	-	-	127,362	117,339
Due from other funds	695	-	-	-	-	-	-	-	695	1,685
Total assets	\$ 274,883	\$ 9,656	\$ -	\$ -	\$ 93,460	\$ 3,226	\$ -	\$ -	\$ 381,225	\$ 445,797
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$ 11,144	\$ 8,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,052	\$ 13,770
Due to other funds	103,077	2,606	94,695	11,691	-	-	-	-	212,069	253,876
Due to other governments	-	-	-	36,011	-	-	-	-	36,011	73,572
Total Liabilities	114,221	11,514	94,695	47,702	-	-	-	-	268,132	341,218
Fund Balance:										
Designated for sewer, sanitation and law enforcement	160,662	-	(94,695)	-	-	-	-	-	65,967	64,914
Reserved for rehabilitation expenditures	-	-	-	-	45,758	3,226	-	-	3,226	3,226
Undesignated	-	(1,858)	-	-	-	-	-	-	43,900	36,439
Total fund balance	160,662	(1,858)	(94,695)	45,758	3,226	-	-	-	113,093	104,579
Total liabilities and fund balance	\$ 274,883	\$ 9,656	\$ -	\$ 93,460	\$ 3,226	\$ -	\$ -	\$ -	\$ 381,225	\$ 445,797

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	Sales Tax Fund	Boys & Girls Recreation	Law Enforcement	Section 8	LA		Totals (Memorandum Only)
					Housing Finance Agency	Community Development Block Grant	
REVENUES							
Taxes:							
Sales tax revenues, net of discounts allowed	\$ 1,406,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,353,843
Intergovernmental:							
HUD receipts	-	-	-	361,814	-	314,519	345,620
Other	-	-	-	4,494	-	-	4,156
Charges for service							
Commercial garbage	102,757	-	-	-	-	-	84,898
User fee	-	-	-	-	-	-	-
Other							
Interest	4,059	65	-	-	-	-	10,828
Recreation income	-	51,765	-	-	-	-	57,684
Miscellaneous	-	-	-	-	-	-	-
Total revenues	1,512,968	51,830	-	366,308	-	314,519	1,857,029
EXPENDITURES							
Public safety	-	-	622,527	-	-	-	612,000
Streets	-	-	-	-	-	329,418	329,418
Sanitation	386,784	-	-	-	-	-	336,972
Welfare	-	-	-	361,814	-	-	345,620
Recreation	-	60,463	-	-	-	-	66,056
Administration	-	-	-	-	-	-	-
Total expenditures	386,784	60,463	622,527	361,814	-	329,418	1,360,648
Excess of revenues over (under) expenditures	1,126,184	(8,633)	(622,527)	4,494	-	(14,899)	496,381

Continued

**SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR JUNE 30, 1998**

	Sales Tax Fund	Boys & Girls Recreation	Law Enforcement	Section 8	LA		Totals
					Housing Finance Agency	Community Development Block Grant	
	1999	1998	1999	1998	1999	1998	(Memorandum Only)
OTHER FINANCING USES							
Operating transfers in	\$ -	\$ 11,600	\$ 621,478	\$ -	\$ -	\$ 14,899	\$ 622,549
Operating transfers out	(1,124,082)	-	-	-	-	-	(1,100,552)
Total other financing sources (uses)	(1,124,082)	11,600	621,478	-	-	14,899	(478,003)
Excess of revenues over (under) expenditures and other uses	2,102	2,967	(1,049)	4,494	-	8,514	18,378
Fund balance at beginning of year	158,560	(4,825)	(93,646)	41,264	3,226	-	86,201
Fund balance at end of year	\$ 160,662	\$ (1,858)	\$ (94,695)	\$ 45,758	\$ 3,226	\$ -	\$ 104,579

The accompanying notes are an integral part of this statement.

SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

	<u>1999</u>		Variance - Favorable (Unfavorable)	<u>1998</u> Actual
	<u>Budget</u>	<u>Actual</u>		
REVENUES				
Taxes				
Sales tax revenues, net of discounts allowed	\$ 1,424,515	\$ 1,406,152	\$ (18,363)	\$ 1,353,843
Charges for services				
Commercial garbage	110,571	102,757	(7,814)	84,898
Other				
Interest	3,632	4,059	427	10,758
Total revenues	<u>1,538,718</u>	<u>1,512,968</u>	<u>(25,750)</u>	<u>1,449,499</u>
EXPENDITURES				
Sanitation				
Garbage disposal	380,505	386,784	(6,279)	336,972
Administrative				
Office supplies	-	-	-	-
Total expenditures	<u>380,505</u>	<u>386,784</u>	<u>(6,279)</u>	<u>336,972</u>
Excess (deficiency) of revenues over expenditures	<u>1,158,213</u>	<u>1,126,184</u>	<u>(32,029)</u>	<u>1,112,527</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	2,861
Operating transfers out	<u>(1,158,213)</u>	<u>(1,124,082)</u>	<u>34,131</u>	<u>(1,097,552)</u>
Total other financing sources (uses)	<u>(1,158,213)</u>	<u>(1,124,082)</u>	<u>34,131</u>	<u>(1,094,691)</u>
Excess of revenues over (under) expenditures and other uses	<u>-</u>	<u>2,102</u>	<u>2,102</u>	<u>17,836</u>
Fund balance at beginning of year	<u>158,560</u>	<u>158,560</u>	<u>-</u>	<u>140,724</u>
Fund balance at end of year	<u>\$ 158,560</u>	<u>\$ 160,662</u>	<u>\$ 2,102</u>	<u>\$ 158,560</u>

The accompanying notes are an integral part of this statement.

SECTION 8
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Intergovernmental				
HUD receipts	\$ 358,315	\$ 361,814	\$ 3,499	\$ 345,620
Other	5,000	4,494	(506)	1,156
Other				
Interest	950	-	(950)	-
Miscellaneous	-	-	-	-
Total revenues	<u>364,265</u>	<u>366,308</u>	<u>2,043</u>	<u>346,776</u>
EXPENDITURES				
Welfare				
Rent and utility assistance	311,400	313,055	(1,655)	300,226
General and administrative	38,714	48,759	(10,045)	45,394
Total expenditures	<u>350,114</u>	<u>361,814</u>	<u>(11,700)</u>	<u>345,620</u>
Excess of revenues over (under) expenditures	14,151	4,494	(9,657)	1,156
FUND BALANCE				
Beginning of year	<u>41,264</u>	<u>41,264</u>	<u>-</u>	<u>40,108</u>
End of year	<u>\$ 55,415</u>	<u>\$ 45,758</u>	<u>\$ (9,657)</u>	<u>\$ 41,264</u>

The accompanying notes are an integral part of this statement.

BOYS AND GIRLS RECREATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Other				
Interest	\$ 73	\$ 65	\$ (8)	\$ 70
Recreation	48,925	51,765	2,840	57,684
Total revenues	48,998	51,830	2,832	57,754
EXPENDITURES				
Recreation	60,106	60,463	(357)	66,056
Total expenditures	60,106	60,463	(357)	66,056
Excess of revenues over (under) expenditures	(11,108)	(8,633)	2,475	(8,302)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	15,933	11,600	(4,333)	7,400
Operating transfers out	-	-	-	-
Total other financing sources (uses)	15,933	11,600	(4,333)	7,400
Excess of revenues over (under) expenditures and other uses	4,825	2,967	(1,858)	(902)
FUND BALANCE				
Beginning of year	(4,825)	(4,825)	-	(3,923)
End of year	\$ -	\$ (1,858)	\$ (1,858)	\$ (4,825)

The accompanying notes are an integral part of this statement.

LA HOUSING FINANCE AGENCY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Intergovernmental				
Other	\$ -	\$ -	\$ -	\$ 3,000
	-	-	-	3,000
EXPENDITURES				
Welfare				
Contract labor	-	-	-	-
Professional fees	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	3,000
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	(3,000)
Total financing sources (uses)	-	-	-	(3,000)
Excess of revenues over (under) expenditures and other uses	-	-	-	-
FUND BALANCE				
Beginning of year	3,226	3,226	-	3,226
End of year	\$ 3,226	\$ 3,226	\$ -	\$ 3,226

The accompanying notes are an integral part of this statement.

LAW ENFORCEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Charges for services				
User fee	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
EXPENDITURES				
Public safety				
Sheriff contract	622,158	622,527	(369)	612,000
Office supplies	-	-	-	-
Total expenditures	622,158	622,527	(369)	612,000
Excess of revenues over (under) expenditures	(622,158)	(622,527)	(369)	(612,000)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	715,804	621,478	(94,326)	612,288
Operating transfers out	-	-	-	-
Total other financing sources (uses)	715,804	621,478	(94,326)	612,288
Excess of revenues over (under) expenditures and other uses	93,646	(1,049)	(94,695)	288
FUND BALANCE				
Beginning of year	(93,646)	(93,646)	-	(93,934)
End of year	\$ -	\$ (94,695)	\$ (94,695)	\$ (93,646)

The accompanying notes are an integral part of this statement.

**LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998**

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Intergovernmental	\$ 314,520	\$ 314,519	\$ (1)	\$ -
Total revenue	314,520	314,519	(1)	-
EXPENDITURES				
Streets	329,418	329,418	-	-
Total expenditures	329,418	329,418	-	-
Excess of revenues over (under) expenditures	(14,898)	(14,899)	(1)	-
OTHER FINANCING SOURCES				
Operating transfers in	14,900	14,899	(1)	
Operating transfers out	-	-	-	-
Total other financing sources (uses)	14,900	14,899	(1)	-
Excess of revenues over (under) expenditures and other uses	2	-	(2)	-
FUND BALANCE				
Beginning of year	-	-	-	-
End of year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

DEBT SERVICE FUNDS

Certificate of Indebtedness Series 1995 - To accumulate funds for payments on certificates of indebtedness which are due in various annual installments.

**DEBT SERVICE FUND
BALANCE SHEET
June 30, 1999
WITH COMPARATIVE TOTALS FOR JUNE 30, 1998**

CERTIFICATE OF INDEBTEDNESS - SERIES 1995

	1999	1998
ASSETS		
Cash and related investments	\$ 85,281	\$ 204,127
Total assets	\$ 85,281	\$ 204,127
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ -	\$ 127,937
Fund balance:		
Designated for debt retirement	85,281	76,190
Total liabilities and fund balance	\$ 85,281	\$ 204,127

The accompanying notes are an integral part of this statement.

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

CERTIFICATE OF INDEBTEDNESS - SERIES 1995

	<u>1999</u>	<u>1998</u>
REVENUE		
Other		
Interest	\$ 3,091	\$ 3,725
Total revenue	<u>3,091</u>	<u>3,725</u>
EXPENDITURES		
Debt service:		
Principal retirement	40,000	40,000
Interest and fiscal charges	<u>25,000</u>	<u>27,500</u>
Total expenditures	<u>65,000</u>	<u>67,500</u>
Excess (deficiency) of revenues over expenditures	(61,909)	(63,775)
OTHER FINANCING SOURCES		
Operating transfers in	<u>71,000</u>	<u>70,000</u>
Total other financing sources (uses)	<u>71,000</u>	<u>70,000</u>
Excess of revenues and other sources over (under) expenditures	9,091	6,225
FUND BALANCE		
Beginning of year	<u>76,190</u>	<u>69,965</u>
End of year	<u>\$ 85,281</u>	<u>\$ 76,190</u>

The accompanying notes are an integral part of this statement.

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

CERTIFICATE OF INDEBTEDNESS - SERIES 1995

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
REVENUES				
Other				
Interest earned	\$ 3,545	\$ 3,091	\$ (454)	\$ 3,725
Total revenue	<u>3,545</u>	<u>3,091</u>	<u>(454)</u>	<u>3,725</u>
EXPENDITURES				
Debt service:				
Principal retirement	40,000	40,000	-	40,000
Interest and fiscal charges	25,000	25,000	-	27,500
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>-</u>	<u>67,500</u>
Excess of revenues over (under) expenditures	(61,455)	(61,909)	(454)	(63,775)
OTHER FINANCING SOURCES				
Operating transfers in	71,000	71,000	-	70,000
Total other financing sources (uses)	<u>71,000</u>	<u>71,000</u>	<u>-</u>	<u>70,000</u>
Excess of revenues over (under) expenditures and other uses	<u>9,545</u>	<u>9,091</u>	<u>(454)</u>	<u>6,225</u>
FUND BALANCE				
Beginning of year	<u>76,190</u>	<u>76,190</u>	<u>-</u>	<u>69,965</u>
End of year	<u>\$ 85,735</u>	<u>\$ 85,281</u>	<u>\$ (454)</u>	<u>\$ 76,190</u>

The accompanying notes are an integral part of this statement.

ENTERPRISE FUNDS

Gas, Utility and Sewer District No. 1 - To account for the provision of gas and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in these funds, including but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

**ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1999 AND 1998**

	Gas Utility Fund	Sewerage District No. 1	Totals (Memorandum Only)	
			1999	1998
ASSETS				
CURRENT				
Cash and cash equivalents	\$ 312,362	\$ 207,872	\$ 520,234	\$ 491,172
Certificates of deposit	36,000	-	36,000	36,000
Accounts receivable, net	50,072	54,122	104,194	111,151
Due from other funds	77,000	70,292	147,292	249,120
Prepaid insurance	18,322	18,322	36,644	37,296
Total current assets	493,756	350,608	844,364	924,739
RESTRICTED				
Cash and cash equivalents - customer deposits	126,932	19,705	146,637	133,140
Cash - equipment fund	16,402	9,274	25,676	10,074
Cash - bond reserve fund	-	387,355	387,355	315,939
Cash - capital improvements and contingencies fund	58,188	-	58,188	13,030
Certificates of deposit - bond reserve funds	-	34,000	34,000	34,000
Total restricted assets	201,522	450,334	651,856	506,183
Fixed assets, net	91,707	4,533,362	4,625,069	4,893,823
Total assets	\$ 786,985	\$ 5,334,304	\$ 6,121,289	\$ 6,324,745
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Payable from current assets:				
Accounts payable	\$ 27,760	\$ 26,179	\$ 53,939	\$ 63,320
Accrued payables	13,286	51,012	64,298	56,559
Due to other funds	-	-	-	1,130
Long-term debt	-	161,000	161,000	155,000
Payable from restricted assets:				
Customer deposits	126,932	19,705	146,637	133,140
Long-term debt	-	2,569,660	2,569,660	2,718,060
Total liabilities	167,978	2,827,556	2,995,534	3,127,209
FUND EQUITY				
Contributed capital	122,240	1,588,867	1,711,107	1,782,009
Retained earnings				
Reserved for revenue bond retirement	-	161,000	161,000	155,000
Reserved for capital improvements and contingencies	58,188	-	58,188	13,030
Reserved for equipment purchased	16,402	-	16,402	4,589
Unreserved	422,177	756,881	1,179,058	1,242,908
Total fund equity	619,007	2,506,748	3,125,755	3,197,536
Total liabilities and fund equity	\$ 786,985	\$ 5,334,304	\$ 6,121,289	\$ 6,324,745

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

	Gas Utility Fund	Sewerage District No. 1	Totals (Memorandum Only)	
			1999	1998
OPERATING REVENUES				
Charges for services	\$ 863,939	\$ 679,772	\$ 1,543,711	\$ 1,602,321
Other	5,430	4,519	9,949	18,247
Total operating revenues	<u>869,369</u>	<u>684,291</u>	<u>1,553,660</u>	<u>1,620,568</u>
OPERATING EXPENSES				
Gas	432,184	-	432,184	424,299
Depreciation	38,551	315,673	354,224	336,180
Field	134,197	374,704	508,901	488,832
Administrative	155,089	120,984	276,073	276,300
Total operating expenses	<u>760,021</u>	<u>811,361</u>	<u>1,571,382</u>	<u>1,525,611</u>
Operating income (loss)	<u>109,348</u>	<u>(127,070)</u>	<u>(17,722)</u>	<u>94,957</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest	8,821	12,530	21,351	22,873
Interest and fiscal charges	-	(71,320)	(71,320)	(74,140)
Total non-operating revenues (expenses)	<u>8,821</u>	<u>(58,790)</u>	<u>(49,969)</u>	<u>(51,267)</u>
Income (loss) before operating transfers	<u>118,169</u>	<u>(185,860)</u>	<u>(67,691)</u>	<u>43,690</u>
OPERATING TRANSFERS				
Operating transfers in	3,541	128,151	131,692	106,154
Operating transfers out	(120,883)	(14,899)	(135,782)	(91,211)
Net operating transfers	<u>(117,342)</u>	<u>113,252</u>	<u>(4,090)</u>	<u>14,943</u>
Net income (loss)	827	(72,608)	(71,781)	58,633
Depreciation transferred to contributions	-	70,902	70,902	70,903
Increase (decrease) in retained earnings	827	(1,706)	(879)	129,536
Retained earnings at beginning of year	<u>495,940</u>	<u>919,587</u>	<u>1,415,527</u>	<u>1,285,991</u>
Retained earnings at end of year	<u>\$ 496,767</u>	<u>\$ 917,881</u>	<u>\$ 1,414,648</u>	<u>\$ 1,415,527</u>

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND
COMBINING SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

EXPENSES	Gas	Sewerage	Totals	
	Utility Fund	District No. 1	(Memorandum Only)	
	1999	1998	1999	1998
Gas	\$ 432,184	\$ -	\$ 432,184	\$ 424,299
Depreciation	38,551	315,673	354,224	336,180
Field				
Personnel	71,916	123,342	195,258	184,519
Professional fees	8,259	10,442	18,701	26,010
Maintenance	22,742	67,195	89,937	61,512
Contract labor	-	13,830	13,830	13,595
Weed control and chemicals	-	37,088	37,088	31,442
Supplies	16,425	10,834	27,259	24,969
Postage	588	-	588	-
Oxidation testing	-	8,708	8,708	15,240
Utilities	3,292	85,747	89,039	105,583
Authorization on fees-LMGA	669	-	669	-
Gas and oil	2,597	4,376	6,973	8,001
Uniforms	1,307	2,780	4,087	3,718
Rentals	2,351	5,998	8,349	5,836
Insurance - general	1,537	2,126	3,663	3,489
Training	-	180	180	1,015
Safety Expense	-	19	19	370
Miscellaneous	2,514	2,039	4,553	3,533
Total field	134,197	374,704	508,901	488,832
Administration				
Personnel	72,533	31,271	103,804	79,870
Professional	7,620	7,200	14,820	23,771
Maintenance	6,543	5,927	12,470	6,755
Contract labor	601	-	601	-
Supplies	5,761	4,729	10,490	9,202
Postage	10,919	2,822	13,741	12,912
Authorization for LMGA	9,460	-	9,460	12,239
Bad debt	5,856	1,175	7,031	15,250
Computer service	5,775	13,431	19,206	19,745
Utilities	1,074	3,378	4,452	2,396
Administrative Fees	-	12,698	12,698	13,202
Safety Expenses	-	-	-	4,649
Training	99	-	99	714
Miscellaneous	1,679	3,024	4,703	12,132
Rentals	877	877	1,754	1,710
Uniforms	-	-	-	1,194
Insurance - general	26,292	34,452	60,744	60,559
Total administration	155,089	120,984	276,073	276,300
Total operating expenses	\$ 760,021	\$ 811,361	\$ 1,571,382	\$ 1,525,611

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

	Gas Utility Fund	Sewerage District No. 1	Totals (Memorandum Only)	
			1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 109,348	\$ (127,070)	\$ (17,722)	\$ 94,957
Adjustments to operating income:				
Depreciation	38,551	315,673	354,224	336,180
Change in operating assets and liabilities:				
Accounts receivable	5,787	1,169	6,956	(869)
Due from other funds	37,997	63,831	101,828	76,384
Prepaid insurance	326	326	652	2,002
Accounts payable	3,957	(13,338)	(9,381)	(282,066)
Accrued payables	5,399	3,998	9,397	6,097
Due to other funds	(1,130)	-	(1,130)	-
Customer deposits	7,812	5,685	13,497	16,192
Net cash provided by operating activities	<u>208,047</u>	<u>250,274</u>	<u>458,321</u>	<u>248,877</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers in (out)	<u>(117,342)</u>	<u>113,252</u>	<u>(4,090)</u>	<u>14,943</u>
Net cash provided by (used for) non-capital financing activities	<u>(117,342)</u>	<u>113,252</u>	<u>(4,090)</u>	<u>14,943</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on revenue bonds	-	(140,000)	(140,000)	-
Interest paid on revenue bonds	-	(72,978)	(72,978)	(42,126)
Sewerage certificates retired	-	(15,000)	(15,000)	(15,000)
Bond proceeds	-	12,600	12,600	297,059
Acquisition of capital assets	<u>(22,732)</u>	<u>(62,737)</u>	<u>(85,469)</u>	<u>(144,838)</u>
Net cash used for capital and related financing activities	<u>(22,732)</u>	<u>(278,115)</u>	<u>(300,847)</u>	<u>95,095</u>

The accompanying notes are an integral part of this statement.

ENTERPRISE FUNDS
 COMBINING SCHEDULE OF CASH FLOWS
 YEAR ENDED JUNE 30, 1999
 WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 1998

	Gas Utility Fund	Sewerage District No. 1	Totals (Memorandum Only)	
			1999	1998
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	8,821	12,530	21,351	22,873
Net cash provided by investing activities	8,821	12,530	21,351	22,873
Increase in cash	76,794	97,941	174,735	381,788
Cash at beginning of year	437,090	526,265	963,355	581,567
Cash at end of year	<u>\$ 513,884</u>	<u>\$ 624,206</u>	<u>\$ 1,138,090</u>	<u>\$ 963,355</u>

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

CITY OF DONALDSONVILLE, LOUISIANA

Schedule 1

SCHEDULE OF SEWERAGE CUSTOMERS

**June 30, 1999
(Without Audit)**

Records maintained by the City indicated there were 3,006 customers of Sewerage District No. 1 at June 30, 1999. The monthly service charge is based upon water consumption of each residence. Commercial buildings are charged at a higher rate which is also based upon water consumption.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE
June 30, 1999

<u>Issuer</u>	<u>Kind of Insurance</u>	<u>Property Covered</u>	<u>Insurance</u>	<u>Expiration Date</u>
Bourg Insurance Agency	Fire and extended coverage	Fire Station	\$ 80,000	July 17, 2000
Bourg Insurance Agency	Fire and extended coverage	Community Center building Community Center contents	500,000 25,000	January 12, 2000 January 12, 2000
Shelter Insurance Company	Fire and extended coverage	City Hall building City Hall contents DMV Building	300,000 40,000 160,000	April 13, 2000 February 23, 2000
Bourg Insurance Agency	Fire and extended coverage Business liability	Gas Dept. Warehouse Charles Street	20,000 50,000	March 14, 2000 March 14, 2000
Louisiana Municipal Risk Management Agency	General liability Worker's Compensation Collision and Comprehensive	Public officials - Errors and Omissions Eligible Employees 13 Automobiles	500,000 - 500,000	June 16, 2000 March 16, 2000 January 2, 2000
Audubon Insurance Company	Collision and Comprehensive	6 Automobiles	181,241	January 1, 2000
Gaynell Martin Insurance	Casualty Casualty Casualty	Girls' Basketball Boys' Basketball All Star Boys	8,500 8,500 8,500	May 7, 1999 May 9, 1999 August 23, 1999
K&K Insurance Group, Inc.	Medical & Accidental Medical & Accidental	Boys' Baseball Girls' Softball	1,000 8,500	February 1, 2000 February 1, 2000
Western Surety Co Western Surety Co	Employees Blanket Bond Public Employees Bond	Employees Commission	50,000 70,000	May 1, 2000 April 5, 2000

CITY OF DONALDSONVILLE, LOUISIANA

Schedule 3

SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
June 30, 1999

	<u>Year Ended</u> <u>June 30, 1999</u>
Harold Capello - Mayor	\$ 5,990
Heldon "Jay" Weil - Commissioner of Finance	\$ 4,992
Raymond Jacobs - Commissioner of District No. 1	\$ 3,994
Joe Bonadona - Commissioner of District No. 2	\$ 3,994
Leroy Sullivan - Commissioner District No. 3	\$ 3,994

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS AND OTHER SCHEDULES
REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND OMB A-133**

CITY OF DONALDSONVILLE, LOUISIANA

Schedule 4

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 1999**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's ID Number	Total Current Year Expenditures
U.S. Department of HUD:			
Direct Program-Section 8	14.857	N/A	\$ <u>361,814*</u>
Pass-through from Louisiana Division of Administration/ Community Development Block Grant Program	14.228	N/A	\$ <u>314,519*</u>
Total – U.S. Department of HUD			\$ <u>676,333</u>

*Major Program

CITY OF DONALDSONVILLE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 1999

GENERAL

The Schedule of Federal Awards presents the activity of all Federal awards programs of the City of Donaldsonville, Louisiana (the City).

The City reporting entity is defined in Note A to the City's general-purpose financial statements. All Federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, is included on the schedule.

BASIS OF ACCOUNTING

The Schedule of Federal Awards is presented using the modified accrual basis of accounting. The basis of accounting for the various funds is described more fully in Note A to the City's general-purpose financial statements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 1999

A. Summary of Audit Results

- o The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the City of Donaldsonville, Louisiana.
- o The reportable conditions in internal control disclosed during the audit of the general-purpose financial statements are reported in the 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 condition is reported as a material weakness. (See 99-1 in part B of this Schedule)
- o There were instances of noncompliance material to the general-purpose financial statements which were disclosed during the audit and reported in the Report On Compliance And Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards. (See 99-2 and 99-3 in Part B of the Schedule)
- o The reportable conditions in internal control disclosed during the audit of the major federal award programs are reported in the 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 condition is reported as a material weakness. (See 99-4 in Part C of this Schedule)
- o The auditor's report on compliance for the major federal award programs for City of Donaldsonville, Louisiana, expresses an unqualified opinion.
- o Audit findings relative to the major federal award program City of Donaldsonville, Louisiana, are reported in Part C of this Schedule.
- o The programs identified as major programs included:

	Federal
	<u>CFDA Number</u>
Section 8 Housing	14.857
Louisiana Community Development Block Grant	14.228

- o The threshold for distinguishing Types A and B programs was \$300,000.
- o The City of Donaldsonville, Louisiana, was not determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

99-1 SEPARATION OF DUTIES

Due to the size of the City of Donaldsonville's accounting staff, there is an insufficient segregation of duties to have an effective internal control.

Since the cost of an internal control system should not outweigh the benefits derived from it, we can not recommend that additional personnel be added, and have no recommendation to make in this area.

Management of the City concurs with the finding. However, due to staff limitations, no action will be taken at this time.

FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 1999

B. Findings - Financial Statement Audit - Continued

99-2 BOND RESERVE REQUIREMENTS 2097

As noted in Note H of the general-purpose financial statements, the City of Donaldsonville failed to comply with certain requirements of the loan and pledge agreement which governs the Sewerage District No. 1 Revenue Bonds, Series 1995. In accordance with the City's Bond Loan and Pledge Agreement, the sinking and reserve funds should be funded on a monthly basis. During the beginning of the year ended June 30, 1999, the City did not fund the transfers on a monthly or timely basis. During December 1998, the City started and is currently making deposits into the reserve accounts on a monthly basis.

We recommend that the city continue to transfer the monies to the respective reserve funds on a monthly/timely basis in order to properly fund the accounts in accordance with the various bond reserve fund requirements.

Management of the City concurs with the finding and the recommendations will be implemented immediately.

99-3 BUDGET AMENDMENTS 11

Louisiana Statutes require that the City amend its operating budgets when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

For the year ended June 30, 1999, one of the City funds met this requirement and the budget was not amended.

We recommend that management of the City monitor more closely budget to actual statements during the year and comply with this requirement.

Management of the City concurs with the finding and the recommendations will be implemented immediately.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

99-4 SEPARATION OF DUTIES

Due to the size of the City of Donaldsonville's accounting staff, there is an insufficient segregation of duties to have an effective internal control.

Since the cost of an internal control system should not outweigh the benefits derived from it, we can not recommend that additional personnel be added, and have no recommendation to make in this area.

Management of the City concurs with the finding. However, due to staff limitations, no action will be taken at this time.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 1999

INTERNAL CONTROL FINDINGS

98-1 SEPERATION OF DUTIES

Condition: Due to the size of the City of Donaldsonville's accounting staff, there is an insufficient segregation of duties to have an effective internal control.

Current status: This finding still applies and is noted in the current audit for year ending June 30, 1999. (See current finding noted on 99-1.)

COMPLIANCE FINDINGS

98-2 BUDGET TO ACTUAL AMOUNTS NOT BEING REVIEWED PROPERLY

Condition: The City did not enter the amended budgeted amounts into the accounting and financial reporting system in a timely or accurate manner.

Current Status: The amended budgeted amounts were entered into the City's accounting and financial reporting system in order for the council to properly monitor variances and amend the City's budget.

98-3 BOND RESERVE REQUIREMENTS

Condition: The City failed to comply with certain requirements of the loan and pledge agreement which governs the Sewerage District No. 1 Revenue Bonds, Series 1995. During the year ended June 30, the City did not fund the transfers on a monthly or timely basis. Secondly, the City failed to deposit the funds of each bond reserve fund into separate bank accounts.

Current status: Starting in December 1998, the City started and is currently making deposits into separate reserve accounts on a monthly basis. (See current finding noted as 99-2.)

98-4 BUDGET AMENDMENTS

Condition: Louisiana Statues require that the City amend its operating budgets when fund balance is being budgeted, and there is a 5% unfavorable variance in revenues or expenditures. For the year ended June 30, 1998, two of the City funds met this requirement and the budget was not amended.

Current status: One of the City's funds was not properly amended resulting in variances in excess of 5%. (See current finding noted as 99-3.)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 1999

COMPLIANCE FINDINGS - Continued

98-5 BUDGET ADOPTION

Condition: Louisiana statutes require adoption of a budget for all funds. This budget should be balanced with approved expenditures not exceeding the total estimated funds available. For two funds, the City adopted a budget in which the expenditures exceeded total estimated funds available.

Current status: The City budgeted all funds in the current year with approved expenditures not exceeding the total estimated funds available.

98-6 PUBLICATION OF AMENDED BUDGETS

Condition: For all funds, the City failed to publish the final amended budgets that were approved by the City Council.

Current Status: The City published the final amended budgets for all funds in the official journal for the year ended June 30, 1999.



City of Donaldsonville

HAROLD CAPELLO
MAYOR AND COMMISSIONER OF PUBLIC HEALTH AND SAFETY

HELDON "JAY" WEIL
COMMISSIONER OF FINANCE
RAYMOND J. JACOBS
COMMISSIONER DISTRICT NO. 1

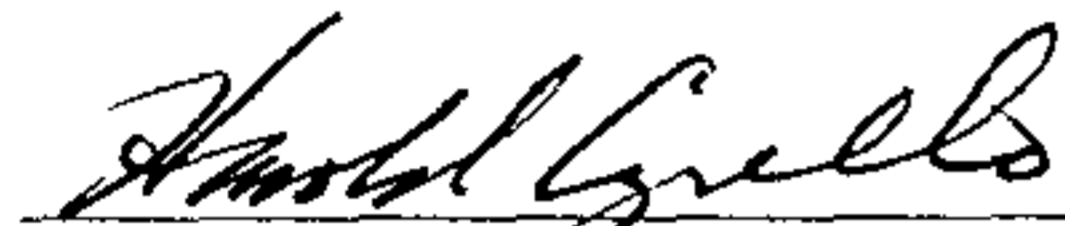
JOSEPH C. BONADONA
COMMISSIONER DISTRICT NO. 2
LEROY J. SULLIVAN, SR.
COMMISSIONER DISTRICT NO. 3

Corrective Action Plan for Current Year Audit Findings For the Year Ended June 30, 1999

<u>Ref. No.*</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)**</u>	<u>Anticipated Completion Date</u>
99-1	Separation of Duties	Not feasible at this time.	Harold Capello Sandra Cost	N/A
99-2	Bond Reserve Requirements	Transfers have been made on a monthly basis.	Harold Capello Sandra Cost	01-Jul-99
99-3	Budget Amendments	The budget will be closely reviewed and amended before it exceeds the total budgeted expenditures as deemed necessary.	Harold Capello Sandra Cost	Monthly basis
99-4	Separation of Duties	Not feasible at this time.	Harold Capello Sandra Cost	N/A

Corrective Action Plan for
Current Year Audit Findings
For the Year Ended June 30, 1999

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.



Mayor Harold Capello



Sandra Cost, Finance Director

* Reference number the auditor assigns to the audit finding.

** Name(s) of contact person(s) responsible for corrective action.

WAGUESPACK & ASSOCIATES

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

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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

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

We have audited the general-purpose financial statements of the City of Donaldsonville, Louisiana (the City), as of and for the year ended June 30, 1999, and have issued our report thereon dated October 27, 1999. We conducted our audit 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 Louisiana Governmental Audit Guide issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants.

Compliance

As part of obtaining reasonable assurance about whether the City'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 findings and questioned costs as items 99-2 and 99-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1.

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

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, we consider the reportable conditions noted as items 99-1 to be a material weakness.

This report is intended for the information of the Commission Council, management, the Legislative Auditor and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Waguespach & Associates (APAC)

Donaldsonville, Louisiana
October 27, 1999

WAGUESPACK & ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

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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

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

Compliance

We have audited the compliance of the City of Donaldsonville, Louisiana (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 each of its major federal programs for the year ended June 30, 1999. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 Louisiana Governmental Audit Guide, issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants; 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.

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.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance 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, we consider the reportable condition noted as 99-4 to be a material weakness.

This report is intended for the information of the Commission Council, management, the Legislative Auditor, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Wagner & Associates (APAC)

Donaldsonville, Louisiana

October 27, 1999