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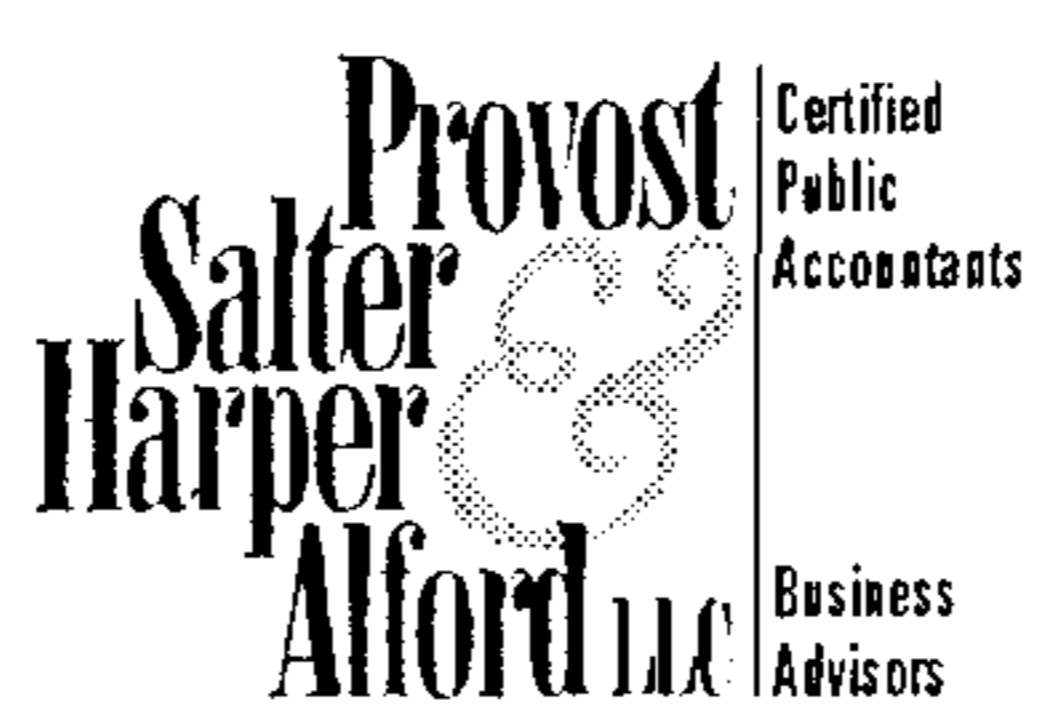
**CITY OF PORT ALLEN, LOUISIANA**

**FINANCIAL REPORT**

**June 30, 1998**

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

Release Date ~~DEC 16 1998~~



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# CITY OF PORT ALLEN, LOUISIANA

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# CITY OF PORT ALLEN, LOUISIANA

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**INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Honorable Mayor and Members of the City Council  
City of Port Allen, Louisiana

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the City of Port Allen, Louisiana, as of and for the year ended June 30, 1998, as listed in the accompanying 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.

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

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The City of Port Allen, Louisiana has included such disclosures in Note 15. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City of Port Allen, Louisiana's disclosures with respect to the year 2000 issue made in Note 15. Further, we do not provide assurance that the City of Port Allen, Louisiana is or will be year 2000 ready, that the City of Port Allen's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Port Allen, Louisiana does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all

material respects, the financial position of the City of Port Allen, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly in all material respects, the financial position of each of the *individual funds and account groups of the City of Port Allen, Louisiana, as of June 30, 1998, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles.*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 1998, on our consideration of the City of Port Allen's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Port Allen, Louisiana taken as a whole and on the combining and individual fund and account group financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. In addition, the other schedules listed in the table of contents as supplementary information is presented for additional analysis, and is not a required part of the general purpose financial statements. Such information, except for the "Schedule of Insurance in Force" and "Utility Customers," marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

The financial statements for the year ended June 30, 1997 were audited by us, and we expressed an unqualified opinion on them in our report dated December 9, 1997.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

*Provost, Salter, Harper & Alford, L.L.C.*

November 20, 1998

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**CITY OF PORT ALLEN, LOUISIANA**

*General Purpose Financial Statements*

*June 30, 1998*

**CITY OF PORT ALLEN, LOUISIANA**

*Combined Balance Sheet*

June 30, 1998

*All Fund Types, Account Groups and Discretely Presented Component Unit*

ASSETS AND OTHER DEBITS	Governmental Fund Types				Proprietary Fund Type Enterprise	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit City Court of Port Allen	Totals Reporting Entity (Memorandum Only)
	General	Capital Projects		Debt Service		General Fixed Assets	Long Term Debt			
		Special Revenue	Capital							
Cash and cash equivalents	\$ 1,348,002	\$ 548,809	\$ 2,928	\$ 27,847	\$ 1,094,495	\$ -	\$ -	\$ 3,022,081	\$ 29,221	\$ 3,051,302
Investments	563,218	-	-	-	-	-	-	563,218	-	563,218
Receivables (net of allowance for uncollectibles)										
Interest	1,382	-	-	-	-	-	-	1,382	-	1,382
Taxes	60,556	-	-	-	-	-	-	60,556	-	60,556
Accounts	26,129	-	-	-	166,032	-	-	192,161	-	192,161
Special assessment	-	-	-	2,347	-	-	-	2,347	-	2,347
Intergovernmental	214,375	55,091	-	-	-	-	-	269,466	-	269,466
Due from other funds	50,373	1,200	97,055	-	555	-	-	149,183	-	149,183
Prepaid insurance	8,697	282	-	-	2,929	-	-	11,908	-	11,908
Restricted assets	-	-	-	-	69,565	-	-	69,565	-	69,565
Property, plant and equipment (net where applicable of accumulated depreciation)	-	-	-	-	1,557,712	3,898,184	-	5,455,896	28,337	5,484,233
<b>Total assets</b>	<b>2,272,732</b>	<b>605,382</b>	<b>99,983</b>	<b>30,194</b>	<b>2,891,288</b>	<b>3,898,184</b>	<b>-</b>	<b>9,797,763</b>	<b>57,558</b>	<b>9,855,321</b>
<b>Other Debits</b>										
Amount available in debt service fund	-	-	-	-	-	-	16,437	16,437	-	16,437
Amount to be provided for retirement of general long term debt	-	-	-	-	-	-	508,655	508,655	-	508,655
<b>Total other debits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>525,092</b>	<b>525,092</b>	<b>-</b>	<b>525,092</b>
<b>Total Assets and Other Debits</b>	<b>\$ 2,272,732</b>	<b>\$ 605,382</b>	<b>\$ 99,983</b>	<b>\$ 30,194</b>	<b>\$ 2,891,288</b>	<b>\$ 3,898,184</b>	<b>\$ 525,092</b>	<b>\$ 10,322,855</b>	<b>\$ 57,558</b>	<b>\$ 10,380,413</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Combined Balance Sheet. Continued*

June 30, 1998

*All Fund Types, Account Groups and Discretely Presented Component Unit*

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types						Proprietary Fund Type			Account Groups			Totals Primary Government (Memorandum Only)	Component Unit City Court of Port Allen	Totals Reporting Entity (Memorandum Only)	
	Special Revenue		Capital Projects		Debt Service		Enterprise		General	Fixed Assets	Long Term Debt	General				Government (Memorandum Only)
	General															
Liabilities																
Accounts payable and accrued liabilities	\$ 209,112	\$ 217,154	\$ -	\$ -	\$ 11,565	\$ -	\$ 134,635	\$ -	\$ -	\$ -	\$ -	\$ 572,467	\$ 26,569	\$ 599,036		
Compensated absences	52,459	13,652	-	-	-	-	50,454	-	70,092	-	-	186,657	-	186,657		
Liabilities payable from restricted assets	-	-	-	-	-	-	69,565	-	-	-	-	69,565	-	69,565		
Due to other funds	97,055	18,719	1,200	-	-	-	32,209	-	-	-	-	149,183	-	149,183		
Deferred revenue	-	-	-	-	2,192	-	-	-	-	-	-	2,192	-	2,192		
Due to other governments	-	-	-	-	-	-	502,091	-	-	-	-	502,091	-	502,091		
General obligation bonds	-	-	-	-	-	-	-	-	455,000	-	-	455,000	-	455,000		
<b>Total liabilities</b>	<b>358,627</b>	<b>249,525</b>	<b>1,200</b>	<b>1,200</b>	<b>13,757</b>	<b>1,200</b>	<b>788,954</b>	<b>-</b>	<b>525,092</b>	<b>-</b>	<b>1,937,155</b>	<b>26,569</b>	<b>1,963,724</b>			
Fund Equity and Other Credits																
Investment in general fixed assets	-	-	-	-	-	-	-	3,898,184	-	-	-	3,898,184	28,337	3,926,521		
Contributed capital	-	-	-	-	-	-	1,045,088	-	-	-	1,045,088	-	-	1,045,088		
Retained earnings	-	-	-	-	-	-	1,057,246	-	-	-	1,057,246	-	-	1,057,246		
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fund balances																
Reserved for capital outlay																
Entrance signs	75,500	-	-	-	-	-	-	-	-	-	75,500	-	-	75,500		
Reserved for prepaid insurance	8,697	-	-	-	-	-	-	-	-	-	8,697	-	-	8,697		
Reserved for public safety	12,298	-	-	-	-	-	-	-	-	-	12,298	-	-	12,298		
Reserved for debt service	-	-	-	-	16,437	-	-	-	-	-	16,437	-	-	16,437		
Unreserved, undesignated	1,817,610	355,857	98,783	-	-	-	-	-	-	-	2,272,250	2,652	-	2,274,902		
<b>Total fund equity and other credits</b>	<b>1,914,105</b>	<b>355,857</b>	<b>98,783</b>	<b>98,783</b>	<b>16,437</b>	<b>2,102,334</b>	<b>3,898,184</b>	<b>-</b>	<b>8,385,700</b>	<b>-</b>	<b>8,385,700</b>	<b>30,989</b>	<b>8,416,689</b>			
<b>Total Liabilities, Fund Equity And Other Credits</b>	<b>\$ 2,272,732</b>	<b>\$ 605,382</b>	<b>\$ 99,983</b>	<b>\$ 99,983</b>	<b>\$ 30,194</b>	<b>\$ 2,891,288</b>	<b>\$ 3,898,184</b>	<b>\$ 525,092</b>	<b>\$ 10,322,855</b>	<b>\$ 57,558</b>	<b>\$ 10,380,413</b>					



**CITY OF PORT ALLEN, LOUISIANA**

*Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Fund Types and Discretely Presented Component Unit*

Year Ended June 30, 1998

	General	Special Revenue	Capital Projects	Debt Service	Totals Primary Government (Memorandum Only)	Component Unit City Court of Port Allen	Totals Reporting Entity (Memorandum Only)
<b>Revenues</b>							
Taxes	\$ 534,426	\$ -	\$ -	\$ -	\$ 534,426	\$ -	\$ 534,426
Licenses and permits	236,501	-	-	-	236,501	-	236,501
Intergovernmental	2,068,195	1,175,216	-	-	3,243,411	9,534	3,252,945
Charges for services	248,705	-	-	-	248,705	-	248,705
Fines and forfeitures	24,830	-	-	-	24,830	177,510	202,340
Special assessments	-	-	-	4,808	4,808	-	4,808
Interest	87,161	15,207	1,369	1,051	104,788	-	104,788
Miscellaneous	18,296	-	-	-	18,296	-	18,296
<b>Total revenues</b>	<b>3,218,114</b>	<b>1,190,423</b>	<b>1,369</b>	<b>5,859</b>	<b>4,415,765</b>	<b>187,044</b>	<b>4,602,809</b>
<b>Expenditures</b>							
<b>Current</b>							
General government	435,712	-	-	-	435,712	188,735	624,447
Public safety	1,042,545	455,445	-	-	1,497,990	-	1,497,990
Highways and streets	423,587	31,117	335,931	-	790,635	-	790,635
Drainage	279,382	-	-	-	279,382	-	279,382
Sanitation	235,075	-	-	-	235,075	-	235,075
Health	20,798	-	-	-	20,798	-	20,798
Welfare	-	494,093	-	-	494,093	-	494,093
Culture and recreation	95,521	-	-	-	95,521	-	95,521
Fleet maintenance	68,817	-	-	-	68,817	-	68,817
Capital outlay							
General government	193,698	-	-	-	193,698	-	193,698
Public safety	114,133	44,438	-	-	158,571	-	158,571
Highways and streets	5,017	-	-	-	5,017	-	5,017
Culture and recreation	32,547	-	-	-	32,547	-	32,547
Debt Service							
Principal	-	-	-	50,000	50,000	-	50,000
Interest and fiscal charge	-	-	-	29,518	29,518	-	29,518
<b>Total expenditures</b>	<b>2,946,832</b>	<b>1,025,093</b>	<b>335,931</b>	<b>79,518</b>	<b>4,387,374</b>	<b>188,735</b>	<b>4,576,109</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Combined Statement of Revenues, Expenditures and Changes in Fund Balances. Continued*

*All Governmental Fund Types and Discretely Presented Component Unit*

Year Ended June 30, 1998

	General	Special Revenue	Capital Projects	Debt Service	Totals Primary Government (Memorandum Only)	Component Unit of City Court of Port Allen	Totals Reporting Entity (Memorandum Only)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	271,282	165,330	(334,562)	(73,659)	28,391	(1,691)	26,700
<b>Other Financing Sources (Uses)</b>							
Sales of general fixed assets	7,575	-	-	-	7,575	-	7,575
Operating transfers in	-	-	150,000	79,518	229,518	-	229,518
Operating transfers out	(150,000)	(79,518)	-	-	(229,518)	-	(229,518)
Penalty	-	(9,872)	-	-	(9,872)	-	(9,872)
<b>Total other financing sources (uses)</b>	(142,425)	(89,390)	150,000	79,518	(2,297)	-	(2,297)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	128,857	75,940	(184,562)	5,859	26,094	(1,691)	24,403
<b>Fund Balances</b>							
Beginning	1,885,248	279,917	183,345	10,578	2,359,088	4,343	2,363,431
Residual equity transfer in (out)	(100,000)	-	100,000	-	-	-	-
<b>Ending</b>	\$ 1,914,105	\$ 355,857	\$ 98,783	\$ 16,437	\$ 2,385,182	\$ 2,652	\$ 2,387,834

**CITY OF PORT ALLEN, LOUISIANA**

*Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - All Government Fund Types*

*Year Ended June 30, 1998*

	General Fund			Special Revenue Funds			Capital Projects Fund			Debt Service Funds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues</b>												
Taxes	\$ 521,784	\$ 534,426	\$ 12,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	236,184	236,501	317	-	-	-	-	-	-	-	-	-
Intergovernmental	2,021,028	2,068,195	47,167	1,125,204	1,175,216	50,012	-	-	-	-	-	-
Charges for services	253,476	248,705	(4,771)	-	-	-	-	-	-	-	-	-
Fines and forfeitures	24,000	24,830	830	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	4,808	4,808	-
Interest	78,000	87,161	9,161	9,456	15,207	5,751	1,602	1,369	(233)	880	1,051	171
Miscellaneous	27,324	18,296	(9,028)	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,161,796</b>	<b>3,218,114</b>	<b>56,318</b>	<b>1,134,660</b>	<b>1,190,423</b>	<b>55,763</b>	<b>1,602</b>	<b>1,369</b>	<b>(233)</b>	<b>5,688</b>	<b>5,859</b>	<b>171</b>
<b>Expenditures</b>												
<b>Current</b>												
General government	457,332	435,712	21,620	-	-	-	-	-	-	-	-	-
Public safety	1,049,202	1,042,545	6,657	469,632	455,445	14,187	-	-	-	-	-	-
Highways and streets	467,700	423,587	44,113	32,817	31,117	1,700	315,246	335,931	(20,685)	-	-	-
Drainage	319,260	279,382	39,878	-	-	-	-	-	-	-	-	-
Sanitation	235,080	235,075	5	-	-	-	-	-	-	-	-	-
Health	20,400	20,798	(398)	-	-	-	-	-	-	-	-	-
Welfare	-	-	-	502,887	494,093	8,794	-	-	-	-	-	-
Culture and recreation	115,572	95,521	20,051	-	-	-	-	-	-	-	-	-
Fleet maintenance	73,854	68,817	5,037	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
General government	215,436	193,698	21,738	-	-	-	-	-	-	-	-	-
Public safety	116,808	114,133	2,675	49,800	44,438	5,362	-	-	-	-	-	-
Highways and streets	7,200	5,017	2,183	-	-	-	-	-	-	-	-	-
Culture and recreation	32,796	32,547	249	-	-	-	-	-	-	-	-	-
<b>Debt Service</b>												
Principal	-	-	-	-	-	-	-	-	-	50,000	50,000	-
Interest and fiscal charge	-	-	-	-	-	-	-	-	-	29,524	29,518	6
<b>Total expenditures</b>	<b>3,110,640</b>	<b>2,946,832</b>	<b>163,808</b>	<b>1,055,136</b>	<b>1,025,093</b>	<b>30,043</b>	<b>315,246</b>	<b>335,931</b>	<b>(20,685)</b>	<b>79,524</b>	<b>79,518</b>	<b>6</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>51,156</b>	<b>271,282</b>	<b>220,126</b>	<b>79,524</b>	<b>165,330</b>	<b>85,806</b>	<b>(313,644)</b>	<b>(334,562)</b>	<b>(20,918)</b>	<b>(73,836)</b>	<b>(73,659)</b>	<b>177</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Combined Statement of Revenues, Expenditures and Changes in Fund Balances. Continued  
Budget and Actual - All Government Fund Types*

Year Ended June 30, 1998

	General Fund		Special Revenue Funds		Capital Projects Fund		Debt Service Funds		Variance- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
<b>Other Financing Sources (Uses)</b>									
Sales of general fixed assets	\$ 6,000	\$ 7,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	6,000	-	-	-	150,000	150,000	79,524	79,518	(6)
Operating transfers out	(150,000)	(150,000)	(79,524)	(79,518)	-	-	-	-	-
Penalty	-	-	-	(9,872)	-	(9,872)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(138,000)</b>	<b>(142,425)</b>	<b>(79,524)</b>	<b>(89,390)</b>	<b>150,000</b>	<b>150,000</b>	<b>79,524</b>	<b>79,518</b>	<b>(6)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(86,844)</b>	<b>128,857</b>	<b>215,701</b>	<b>75,940</b>	<b>(163,644)</b>	<b>(184,562)</b>	<b>5,688</b>	<b>5,859</b>	<b>171</b>
<b>Fund Balance</b>									
Beginning	1,885,248	1,885,248	279,917	279,917	183,345	183,345	-	10,578	10,578
Residual	(100,000)	(100,000)	-	-	100,000	100,000	-	-	-
<b>Ending</b>	<b>\$1,698,404</b>	<b>\$1,914,105</b>	<b>\$ 279,917</b>	<b>\$ 355,857</b>	<b>\$ 119,701</b>	<b>\$ 98,783</b>	<b>\$ 5,688</b>	<b>\$ 16,437</b>	<b>\$ 10,749</b>

## CITY OF PORT ALLEN, LOUISIANA

### *Comparative Statements of Revenues, Expenses and Changes in Retained Earnings Proprietary Fund Type - Enterprise Fund*

	<b>1998</b>	<b>1997</b>
<b>Operating Revenues</b>		
Charges for services		
Gas sales	\$ 806,782	\$ 943,044
Water sales	329,441	315,395
Sewer service charges	419,547	413,107
Extension, reconnection and other charges	7,445	7,065
Delinquent charges	25,058	24,112
	1,588,273	1,702,723
<b>Operating Expenses</b>		
Personal services	600,026	596,414
Contractual services and other	325,472	295,492
Supplies	37,068	37,063
Materials	477,259	565,910
Heat, light and power	90,767	88,460
Depreciation	92,220	88,057
	1,622,812	1,671,396
<b>Operating Income (Loss)</b>	(34,539)	31,327
<b>Nonoperating Revenues</b>		
Interest on investments	41,677	38,862
Other revenue	10,207	20,880
	51,884	59,742
<b>Net Income</b>	17,345	91,069
<b>Retained Earnings</b>		
Beginning	1,039,901	948,832
Ending	\$ 1,057,246	\$ 1,039,901

**CITY OF PORT ALLEN, LOUISIANA****Comparative Statements of Cash Flows****Years Ended June 30, 1998 and 1997****Proprietary Fund Type - Enterprise Fund**

	1998	1997
<b>Cash Flows From Operating Activities</b>		
Operating income (loss)	\$ (34,539)	\$ 31,327
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	92,220	88,057
Provisions for doubtful accounts	6,383	20,809
Change in assets and liabilities		
Decrease (increase) in accounts receivable	8,218	(21,093)
Decrease (increase) in due from other funds	18,362	(6,429)
Increase (decrease) in accounts payable and accrued expenses	564,656	(55,233)
(Decrease) in due to other funds	(44,240)	(16,714)
Other prepaids and accruals, net	2,969	226
<b>Net Cash Provided By Operating Activities</b>	<b>614,029</b>	<b>40,950</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Other revenue	10,207	20,880
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(542,979)	(73,074)
Capital contribution	-	18,918
<b>Net Cash (Used In) Capital and Related Financing Activities</b>	<b>(542,979)</b>	<b>(54,156)</b>
<b>Cash Flows From Investing Activities</b>		
Interest on investments	41,677	38,862
<b>Increase in Cash and Cash Equivalents</b>	<b>122,934</b>	<b>46,536</b>
<b>Cash and Cash Equivalents</b>		
Beginning, including restricted accounts 1998, \$67,035; 1997, \$65,280	1,041,126	994,590
Ending, including restricted accounts 1998, \$69,565; 1997, \$67,035	<b>\$ 1,164,060</b>	<b>\$ 1,041,126</b>
<b>Cash and Cash Equivalents</b>	<b>\$ 1,094,495</b>	<b>\$ 974,091</b>
<b>Restricted Assets</b>	<b>69,565</b>	<b>67,035</b>
<b>Ending</b>	<b>\$ 1,164,060</b>	<b>\$ 1,041,126</b>

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# CITY OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements

June 30, 1998

## 1. Summary of Significant Accounting Policies

The financial statements of the City of Port Allen, Louisiana (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Blended component unit: The Port Allen Fire Subdistrict No. 3 serves the citizens of the government.

Discretely presented component units: The City Court of Port Allen serves the citizens of the City. The voters elect the judge. The City is required to provide facilities and funding for the operation of the Court.

The government is a municipal corporation governed by an elected Mayor and five member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are in substance, part of the government's operations, and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a December 31 year end.

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# CITY OF PORT ALLEN, LOUISIANA

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## *Notes to Financial Statements, Continued*

*June 30, 1998*

Complete financial statements for the City Court may be obtained at the Court's administrative office: City Court of Port Allen, 330 South Alexander, Port Allen, Louisiana.

Excluded from the reporting entity:

*Port Allen Volunteer Fire Department and Port Allen Auxiliary Police Department.* These potential component units provide volunteer fire and police services within the city limits. Although the City does provide facilities and/or some financing, it does not exercise direct control over their operations.

*Port Allen City Constable.* This potential component unit is an independently elected official and provides services to residents, generally within the geographic boundaries of the City. However, the City does not have the ability to exercise influence over its daily operations and does not provide any funding for the office.

*Fund Accounting.* The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked moneys (special revenue funds), the acquisition of capital assets (capital projects fund) and the servicing of general long term debt (debt service fund). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Services from such activities are provided to outside parties (enterprise funds).

*Basis of Accounting.* The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and



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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 1998*

current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, fines, interest revenue and charges for services. Sales taxes collected and held by the Parish and beer and tobacco taxes collected and held by the State at year end on behalf of the City also are recognized as revenue. Licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The proprietary fund type utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant moneys are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**Budgets.** Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 1998*

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds. Encumbrances outstanding at year end are immaterial and not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

*Cash, Cash Equivalents and Investments.* Cash and cash equivalents include amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the City.

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in Louisiana banks, or any other federally insured investment.

Investments are stated at cost or amortized cost, which approximates market.

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

*Inventories.* Purchases of operating supplies are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

*Prepaid Items.* Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items.

*Restricted Assets.* Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next 12 months. The "revenue bond account renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

*Fixed Assets.* General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 1998*

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund type is computed using the straight line method.

*Compensated Absences.* In accordance with GASB Statement No. 16, vested or accumulated vacation leave is accrued and recorded as earned. Accumulating sick leave benefits estimated to be taken as "terminal leave" prior to retirement are not accrued but are reported as expenditures when paid. Such amounts, in the opinion of management, cannot be reasonably estimated. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

*Long Term Obligations.* Long term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long term debt account group. Long term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

*Fund Equity.* Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

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

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

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 1998*

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

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

## 2. Legal Compliance – Budgets

On or before May 15 of each year, all agencies of the City submit requests for appropriation to the City’s finance director so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 16, the proposed budget is presented to the City’s Council for review. The City’s Council holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City’s finance director or the revenue estimates must be changed by an affirmative vote of a majority of the City’s Council.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

## 3. Deposits and Investments

Deposits. At June 30, 1998, the City had cash and cash equivalents (book balance) totaling \$3,091,646.

Under State law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). 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. The City’s deposits are categorized to give an indication of the level of risk assumed by the City. The categories are described as follows:

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 1998

- Category 1.* Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2.* Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3.* Collateralized with securities held by the pledging financial institution's trust department or agent but not in the entity's name.

At June 30, 1998	Bank Balance	1	Category 2	3	Carrying Amount
Deposits	\$ 1,080,166	\$ -	\$ -	\$ 1,100,000	\$ 990,946
Certificates of Deposit	2,100,000	-	-	2,149,050	2,100,000
Cash on hand	700	-	-	-	700
Total cash	\$ 3,180,866	\$ -	\$ -	\$ 3,249,050	\$ 3,091,646

Investments. The City's investments are categorized as either (a) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the City in the City's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

	Categories			Carrying Amount	Market Value
	1	2	3		
U.S. Government agencies	\$ 563,218	\$ -	\$ -	\$ 563,218	\$ 563,218

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 1998

## 4. Receivables

Receivables at June 30, 1998 consist of the following:

	General	Special Revenue	Debt Service	Enterprise	Total
Receivables					
Interest	\$ 1,382	\$ -	\$ -	\$ -	\$ 1,382
Taxes	60,555	-	-	-	60,555
Accounts	26,129	-	-	177,135	203,264
Special assessments	-	-	2,347	-	2,347
Inter-governmental	214,375	59,083	-	-	273,458
Gross receivables	302,441	59,083	2,347	177,135	541,006
Less allowance for Uncollectibles	-	-	-	11,103	11,103
Net total receivables	\$ 302,441	\$ 59,083	\$ 2,347	\$ 166,032	\$ 529,903

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is mailed in October. The billings are due on or before December 31. On January 1 of the following year, the bill becomes delinquent and the City may assess penalties and interest.

## 5. Property, Plant and Equipment

The following is a summary of changes in the general fixed assets account group during the fiscal year.

	Balance July 1, 1997	Additions	Retirements	Balance June 30, 1998
Land	\$ 342,127	\$ -	\$ -	\$ 342,127
Buildings	750,251	162,622	-	912,873
Improvements other than buildings	565,845	69,701	1,302	634,244
Equipment	1,828,027	146,443	85,698	1,888,772
Construction in progress	110,440	9,728	-	120,168
Total	\$ 3,596,690	\$ 388,494	\$ 87,000	\$ 3,898,184

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# CITY OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, Continued

June 30, 1998

The following is a summary of proprietary fund type, enterprise fund property, plant and equipment at June 30, 1998.

Land	\$ 25,773
Buildings	58,040
Improvements other than buildings	3,106,925
Machinery and equipment	235,602
Construction in progress	<u>520,171</u>
	3,946,511
Less accumulated depreciation	<u>2,388,799</u>
Net property, plant and equipment	\$ <u>1,557,712</u>

In the enterprise fund, the following estimated useful lives are used to compute depreciation:

Buildings	33 years
Improvements other than buildings	33-50 years
Machinery and equipment	3-10 years

## 6. Long Term Debt

**General Obligation Debt.** The Port Allen Fire Protection Subdistrict Number 3 of the West Baton Rouge Parish Fire Protection District Number 1 issued certificates of indebtedness on May 1, 1995 for the purchase of fire trucks and other fire fighting equipment. The certificates were issued in denominations of \$5,000 with interest payable February 1 and August 1 of each year through 2005 with interest from 5.2% to 6.35%. The certificates are secured by a pledge of the excess annual revenues of the Port Allen Fire Protection Subdistrict Number 3 of the West Baton Rouge Parish Fire Protection District Number 1.

Annual debt services requirements to maturity, including interest of \$119,330 are as follows:

<b>Fiscal year ending June 30,</b>	
1999	\$ 82,756
2000	79,566
2001	81,320
2002	82,720
2003	83,756
Thereafter	<u>164,212</u>
	574,330
Less amount representing interest	<u>119,330</u>
	\$ <u>455,000</u>

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 1998

Changes in Long Term Liabilities. During the year ended June 30, 1998, the following changes occurred in liabilities reported in the general long term debt account group.

	Balance July 1, 1997	Additions	Reductions	Balance June 30, 1998
General obligation debt	\$ 505,000	\$ -	\$ 50,000	\$ 455,000

## 7. Interfund Assets/Liabilities

### Due From/To Other Funds.

Receivable Fund	Payable Fund	Amount
General	Fire District	\$ 18,164
	Utility	32,209
		\$ 50,373
LCDBG Special Revenue	General Fund	\$ 1,200
	Utility	555
Capital Projects	General Fund	\$ 97,055

## 8. Due to Other Governments

Proprietary Fund Type – Enterprise – The \$502,091 is proceeds received from the Louisiana Department of Environmental Quality Municipal Facilities Revolving Loan Fund for financing the costs of in-progress construction of a sewer effluent force main and pumping station. The City has been approved for a line of credit up to \$1,300,000 for this project. The construction is scheduled to be completed December 1, 1998.

## 9. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.



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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 1998*

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

### 10. Retirement Commitments

#### *Municipal Employees Retirement System of Louisiana (MERS)*

*Plan Description.* All of the City's full time general employees participate in the MERS, a cost sharing, multiple employer defined benefit pension plan administered by a separate Board of Trustees. MERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. MERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana, 70809, or by calling (504) 925-4810.

*Funding Policy.* Plan members are required by state statute to contribute 9¼% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 5¾% of annual covered payroll. The City has elected to pay both the employee and employer contributions. The contribution requirements of plan members and employers are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The City's contributions to MERS for the years ending June 30, 1998, 1997, 1996 and 1995 were \$152,537, \$157,615, \$154,641 and \$136,401, respectively, and were equal to the required contributions for each year.

#### *Municipal Police Employees Retirement System (MPERS)*

*Plan Description.* All of the City's full time police employees participate in the MPERS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. MPERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Police Employees Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana, 70809, or by calling (504) 929-7411.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 1998*

*Funding Policy.* Plan members are required by state statute to contribute 7½% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 9.0% of annual covered payroll. The City has elected to pay both the employee and employer contributions. The contribution requirements of plan members and the employer are established by, and may be amended by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to MPERS for the years ending June 30, 1998, 1997, 1996 and 1995 were \$107,886, \$104,605, \$96,983 and \$97,504, respectively, and were equal to the required contributions for each year.

### *Firefighters' Retirement System (FRS)*

*Plan Description.* All of the Port Allen Fire Subdistrict No. 3's full time fire employees participate in the FRS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. FRS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana, 70806, or by calling (504) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 8.0% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 9.0% of annual covered payroll. The City has elected to pay both the employee and the employer contributions. The contribution requirements of plan members and the employer are established by, and may be amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to FRS for the years ending June 30, 1998, 1997, 1996 and 1995 were \$31,734, \$32,915, \$36,597 and \$35,606, respectively, and were equal to the required contributions for each year.

### *Louisiana State Employees Retirement System (LASERS)*

*Plan Description.* All the City's judicial employees participate in the LASERS, a cost-sharing, multiple employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 1998*

Funding Policy. Plan members are required by state statute to contribute 11½% of their annual covered salary and employers are required to contribute at an actuarially determinable rate. The current employer rate is 13% of annual covered payroll. The City has elected to pay both the employee and the employer contributions. The contribution requirements of plan members and the employer are established by and amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to LASERS for the years ending June 30, 1998, 1997, 1996 and 1995 were \$5,449, \$5,147, \$4,989, and \$4,622, respectively, and were equal to the required contributions for each year.

### **11. Other Post Employment Benefits**

The government provides post retirement health care benefits as per the requirements of a local resolution for certain retirees. The government pays 50% of the premiums of health care coverage for employees who retire with 25 years of full time service and who agree to pay the remaining 50% of the premium. The government's regular health care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

The benefits are authorized under Louisiana R.S. 33:5151. The City Council passed a resolution to provide the benefits on July 1, 1992 and may rescind the benefits at any time by a majority vote of the Board.

As of year end, there were 10 employees who had retired with 25 years of full time service that were receiving the 50% premium coverage benefit. The government finances the plan on a pay-as-you-go basis. For the year ended June 30, 1998, the government recognized as incurred \$6,684 of expenditures.

### **12. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City purchases commercial insurance policies at levels which management believes is adequate to protect the City. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 1998*

## **13. Subsequent Events**

On July 1, 1998, the City of Port Allen, Louisiana issued Certificates of Indebtedness Series 1998 in the amount of \$2,300,000 for the purpose of improving city streets and acquiring land for the proposed site of a new wastewater treatment facility. The certificates effective interest rate is 4.43% and they mature July 1, 1999 to July 1, 2008.

## **14. Prior Year Amounts**

Some of the amounts presented in the prior year have been reclassified to conform to the current year presentation.

## **15. Year 2000 Readiness**

The City of Port Allen, Louisiana has assessed its systems in anticipation of the year 2000 as it relates to its computer systems and other electronic equipment. The year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00." Computer programs have to be adjusted to recognize the difference between those two years or the program will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the year 2000 issue could affect electronic equipment – such as environmental systems and vehicles containing computer chips that have date recognition features.

The City has identified various computer systems and pieces of electronic equipment that are critical to conducting the City's operations and that need to be year 2000 compliant. The City is assigning resources to remediate those systems that need to be repaired. The cost of repairs and resources needed have been immaterial to date and are not expected to be material to future operations.

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**CITY OF PORT ALLEN, LOUISIANA**

*Combining, Individual Fund and Account Group Statements and Schedules June 30, 1998*

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## **CITY OF PORT ALLEN, LOUISIANA**

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*General Fund*

*June 30, 1998*

The general fund is used to account for resources, traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

## CITY OF PORT ALLEN, LOUISIANA

### Comparative Balance Sheets

June 30, 1998 and 1997

### General Fund

ASSETS	1998	1997
<b>Assets</b>		
Cash and cash equivalents	\$ 1,348,002	\$ 1,227,842
Investments	563,218	549,351
Receivables		
Interest	1,382	423
Taxes	60,556	55,835
Accounts	26,129	25,810
Intergovernmental	214,375	185,626
Due from other funds	50,373	156,407
Prepaid insurance	8,697	8,491
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 2,272,732</b>	<b>\$ 2,209,785</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 156,855	\$ 227,627
Payroll deductions and taxes	52,258	41,878
Due to other funds	97,055	-
Compensated absences payable	52,459	55,032
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>358,627</b>	<b>324,537</b>
	<hr/>	<hr/>
<b>Fund Balance</b>		
Reserved for capital outlay		
Municipal Building	-	62,571
Entrance signs	75,500	5,228
Reserved for prepaid insurance	8,697	8,492
Reserved for public safety	12,298	7,218
Unreserved, undesignated	1,817,610	1,801,739
	<hr/>	<hr/>
<b>Total fund balance</b>	<b>1,914,105</b>	<b>1,885,248</b>
	<hr/>	<hr/>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,272,732</b>	<b>\$ 2,209,785</b>
	<hr/> <hr/>	<hr/> <hr/>

## CITY OF PORT ALLEN, LOUISIANA

### Comparative Statements of Revenues, Expenditures and Changes in Fund Balance General Fund

Years Ended June 30, 1998 and 1997

	1998	1997
<b>Revenues</b>		
Taxes	\$ 534,426	\$ 515,432
Licenses and permits	236,501	237,356
Intergovernmental	2,068,195	2,101,103
Charges for services	248,705	243,482
Fines and forfeitures	24,830	29,813
Interest	87,161	89,497
Miscellaneous	18,296	44,183
Total revenues	3,218,114	3,260,866
<b>Expenditures</b>		
Current		
General government	435,712	408,848
Public safety	1,042,545	1,035,656
Highways and streets	423,587	559,227
Drainage	279,382	322,542
Sanitation	235,075	242,981
Health	20,798	19,700
Culture and recreation	95,521	91,964
Fleet maintenance	68,817	67,978
Capital outlay		
General government	193,698	11,095
Public safety	114,133	56,751
Highways and streets	5,017	16,824
Drainage	-	41,331
Culture and recreation	32,547	60,941
Total expenditures	2,946,832	2,935,838
<b>Excess of Revenues Over Expenditures</b>	271,282	325,028
<b>Other Financing Sources (Uses)</b>		
Sales of general fixed assets	7,575	20,709
Operating transfers out	(150,000)	(150,000)
Operating transfers in	-	61,039
Total other financing sources (uses)	(142,425)	(68,252)
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	128,857	256,776
<b>Fund Balance</b>		
Beginning	1,885,248	1,728,472
Residual equity transfer	(100,000)	(100,000)
Ending	\$ 1,914,105	\$ 1,885,248



**CITY OF PORT ALLEN, LOUISIANA**

*Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual*      *Years Ended June 30, 1998 and 1997*  
**General Fund**

	1998		1997		Variance - Favorable (Unfavorable)	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
<b>Revenues</b>						
Taxes	\$ 521,784	\$ 534,426	\$ 12,642	\$ 515,432	\$ 9,632	\$ 9,632
Licenses and permits	236,184	236,501	317	237,356	1,172	1,172
Intergovernmental	2,021,028	2,068,195	47,167	2,101,103	3,719	3,719
Charges for services	253,476	248,705	(4,771)	243,482	3,874	3,874
Fines and forfeitures	24,000	24,830	830	29,813	5,813	5,813
Interest	78,000	87,161	9,161	89,497	18,445	18,445
Miscellaneous	27,324	18,296	(9,028)	44,183	21,359	21,359
<b>Total revenues</b>	<b>3,161,796</b>	<b>3,218,114</b>	<b>56,318</b>	<b>3,260,866</b>	<b>64,014</b>	<b>64,014</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	457,332	435,712	21,620	408,848	20,728	20,728
Public safety	1,049,202	1,042,545	6,657	1,035,656	(3,372)	(3,372)
Highways and streets	467,700	423,587	44,113	559,227	(15,859)	(15,859)
Drainage	319,260	279,382	39,878	322,542	9,958	9,958
Sanitation	235,080	235,075	5	242,981	(573)	(573)
Health	20,400	20,798	(398)	19,700	700	700
Culture and recreation	115,572	95,521	20,051	91,964	9,688	9,688
Fleet maintenance	73,854	68,817	5,037	67,978	4,706	4,706
Capital outlay						
General government	215,436	193,698	21,738	11,095	(4,695)	(4,695)
Public safety	116,808	114,133	2,675	56,751	(763)	(763)
Highways and streets	7,200	5,017	2,183	16,824	8	8
Drainage	-	-	-	41,331	101	101
Culture and recreation	32,796	32,547	249	60,941	(9,113)	(9,113)
<b>Total expenditures</b>	<b>3,110,640</b>	<b>2,946,832</b>	<b>163,808</b>	<b>2,947,352</b>	<b>11,514</b>	<b>11,514</b>

**CITY OF PORT ALLEN, LOUISIANA**

**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual, Continued Years Ended June 30, 1998 and 1997**  
**General Fund**

	1998		1997		Variance - Favorable (Unfavorable)	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
<b>Excess of Revenues Over Expenditures</b>	51,156	271,282	220,126	325,028	249,500	75,528
<b>Other Financing Sources (Uses)</b>						
Sales of general fixed assets	6,000	7,575	1,575	20,709	20,500	209
Operating transfers out	(150,000)	(150,000)	-	(150,000)	(150,000)	-
Operating transfers in	6,000	-	(6,000)	61,039	65,000	(3,961)
Total other financing sources (uses)	(138,000)	(142,425)	(4,425)	(68,252)	(64,500)	(3,752)
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(86,844)	128,857	215,701	256,776	185,000	71,776
<b>Fund Balance</b>						
Beginning	1,885,248	1,885,248	-	1,728,472	1,728,472	-
Residual equity transfer	(100,000)	(100,000)	-	(100,000)	(100,000)	-
Ending	\$ 1,698,404	\$ 1,914,105	\$ 215,701	\$ 1,885,248	\$ 1,813,472	\$ 71,776

## CITY OF PORT ALLEN, LOUISIANA

### Comparative Schedules of Revenues Compared to Budget

#### General Fund

Years Ended June 30, 1998 and 1997

	1998		1997		Variance - Favorable (Unfavorable)	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
<b>Taxes</b>						
Ad valorem	\$ 245,784	\$ 252,344	\$ 241,200	\$ 246,361	\$ 6,560	\$ 5,161
Franchise	276,000	282,082	264,600	269,071	6,082	4,471
Total taxes	521,784	534,426	505,800	515,432	12,642	9,632
<b>Licenses and permits</b>						
Business licenses and permits		11,550	-	10,618	11,550	10,618
Alcoholic beverages	-				(11,233)	(9,446)
Professional and occupational	236,184	224,951	236,184	226,738		
Total licenses and permits	236,184	236,501	236,184	237,356	317	1,172
<b>Intergovernmental</b>						
State operating grants						
Health and welfare	27,000	27,000	5,400	5,328	-	(72)
Streets	4,836	4,835	4,832	4,835	(1)	3
Public safety	6,348	6,350	1,240	1,202	2	(38)
State shared revenues						
Tobacco tax	31,800	31,883	33,000	31,884	83	(1,116)
Alcoholic beverage tax	20,448	28,595	20,448	17,254	8,147	(3,194)
Video poker revenue	36,000	46,138	36,000	36,298	10,138	298
West Baton Rouge Parish operating grants						
Recreation	40,000	40,000	30,000	30,000	-	-
West Baton Rouge Parish shared revenues						
General sales and use tax	1,854,596	1,883,394	1,966,464	1,974,302	28,798	7,838
Total intergovernmental	2,021,028	2,068,195	2,097,384	2,101,103	47,167	3,719

**CITY OF PORT ALLEN, LOUISIANA**

*Comparative Schedules of Revenues Compared to Budget, Continued*

**General Fund**

*Years Ended June 30, 1998 and 1997*

	1998		1997		Variance - Favorable (Unfavorable)	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
<b>Charges for services</b>						
Public safety - protective inspection fees	11,892	13,669	4,500	8,257	1,777	3,757
Sanitation - refuse collection charges	241,584	235,036	235,108	235,225	(6,548)	117
<b>Total charges for services</b>	<b>253,476</b>	<b>248,705</b>	<b>239,608</b>	<b>243,482</b>	<b>(4,771)</b>	<b>3,874</b>
<b>Fines and forfeitures</b>	<b>24,000</b>	<b>24,830</b>	<b>24,000</b>	<b>29,813</b>	<b>830</b>	<b>5,813</b>
<b>Interest</b>	<b>78,000</b>	<b>87,161</b>	<b>71,052</b>	<b>89,497</b>	<b>9,161</b>	<b>18,445</b>
<b>Miscellaneous</b>	<b>27,324</b>	<b>18,296</b>	<b>22,824</b>	<b>44,183</b>	<b>(9,028)</b>	<b>21,359</b>
<b>Total Revenues</b>	<b>\$ 3,161,796</b>	<b>\$ 3,218,114</b>	<b>\$ 3,196,852</b>	<b>\$ 3,260,866</b>	<b>\$ 56,318</b>	<b>\$ 64,014</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Comparative Schedules of Expenditures Compared To Budget  
General Fund*

Years Ended June 30, 1998 and 1997

	1998		1997		Variance - Favorable (Unfavorable)	Actual	Budget	Actual	Budget	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual						
<b>Current</b>										
General government										
Legislative										
Personal services	\$ 55,890	\$ 55,890	\$ -	\$ 56,133	\$ -	\$ 56,133	\$ -	\$ 56,133	\$ -	
Judicial										
Personal services	52,656	52,690	(34)	50,988	(35)	51,023	(35)	51,023	(35)	
Supplies	300	300	-	600	341	259	341	600	259	
Other services and charges	10,056	9,049	1,007	8,364	893	7,471	893	8,364	7,471	
Executive										
Personal services	32,401	32,382	19	30,857	(172)	31,029	(172)	30,857	31,029	
Administrative										
Personal services	146,885	146,547	338	143,136	627	142,509	627	143,136	142,509	
Supplies	8,616	6,769	1,847	8,610	592	8,018	592	8,610	8,018	
Other services and charges	150,528	132,085	18,443	130,888	18,482	112,406	18,482	130,888	112,406	
Total general government	457,332	435,712	21,620	429,576	20,728	408,848	20,728	429,576	408,848	
Public safety										
Police										
Personal services	848,310	853,233	(4,923)	836,756	1,876	834,880	1,876	836,756	834,880	
Supplies	48,876	46,758	2,118	49,956	2,514	47,442	2,514	49,956	47,442	
Other services and charges	143,400	132,700	10,700	140,652	(5,917)	146,569	(5,917)	140,652	146,569	
Protective inspection										
Other services and charges	8,616	9,854	(1,238)	4,920	(1,845)	6,765	(1,845)	4,920	6,765	
Total public safety	1,049,202	1,042,545	6,657	1,032,284	(3,372)	1,035,656	(3,372)	1,032,284	1,035,656	
Highways and streets										
Personal services	213,708	196,226	17,482	209,100	(418)	209,518	(418)	209,100	209,518	
Supplies	64,752	40,877	23,875	139,788	(17,551)	157,339	(17,551)	139,788	157,339	
Other services and charges	189,240	186,484	2,756	194,480	2,110	192,370	2,110	194,480	192,370	
Total highways and streets	467,700	423,587	44,113	543,368	(15,859)	559,227	(15,859)	543,368	559,227	

**CITY OF PORT ALLEN, LOUISIANA**

*Comparative Schedules of Expenditures Compared To Budget, Continued*  
*General Fund*

Years Ended June 30, 1998 and 1997

	1998		1997		Variance - Favorable (Unfavorable)	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
Drainage						
Personal services	175,008	159,672	15,336	219,863	219,863	2,105
Supplies	69,060	54,209	14,851	45,115	45,115	14,777
Other services and charges	75,192	65,501	9,691	57,564	57,564	(6,924)
Total drainage	319,260	279,382	39,878	322,542	322,542	9,958
Sanitation						
Other services and charges	235,080	235,075	5	242,981	242,981	(573)
Health						
Other services and charges	20,400	20,798	(398)	19,700	19,700	700
Culture and recreation						
Personal services	69,372	54,939	14,433	53,210	53,210	718
Supplies	13,620	11,716	1,904	16,391	16,391	(3,047)
Other services and charges	32,580	28,866	3,714	22,363	22,363	12,017
Total culture and recreation	115,572	95,521	20,051	91,964	91,964	9,688
Fleet maintenance						
Personal services	57,990	57,523	467	55,883	55,883	493
Supplies	7,260	4,093	3,167	4,458	4,458	3,198
Other services and charges	8,604	7,201	1,403	7,637	7,637	1,015
Total fleet maintenance	73,854	68,817	5,037	67,978	67,978	4,706
Total current expenditures	2,738,400	2,601,437	136,963	2,748,896	2,748,896	25,976

**CITY OF PORT ALLEN, LOUISIANA**

*Comparative Schedules of Expenditures Compared To Budget, Continued*

*General Fund*

Years Ended June 30, 1998 and 1997

	1998		1997		Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
<b>Capital Outlay</b>					
General government	215,436	193,698	21,738	11,095	(4,695)
Public safety					
Police	116,808	114,133	2,675	56,751	(763)
Highways and streets	7,200	5,017	2,183	16,824	8
Drainage	-	-	-	41,331	101
Culture and recreation	32,796	32,547	249	60,941	(9,113)
Total capital outlay expenditures	372,240	345,395	26,845	186,942	(14,462)
<b>Total Expenditures</b>	\$ 3,110,640	\$ 2,946,832	\$ 163,808	\$ 2,935,838	\$ 11,514

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## **CITY OF PORT ALLEN, LOUISIANA**

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### *Special Revenue Funds*

*June 30, 1998*

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Port Allen Fire Subdistrict Number 3 – This fund is used to account for the activities of the fire district (a blended component unit of The City of Port Allen).

Low-Income Housing Assistance Fund – This fund is used to account for the expenditure and subsequent reimbursement of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low income citizens who qualify.

Street Improvements Fund - This fund is used to account for the receipt and subsequent expenditure of funds received from the U.S. Department of Housing and Urban Development for rehabilitation of the City's streets.



## CITY OF PORT ALLEN, LOUISIANA

### Combining Balance Sheet Special Revenue Fund

June 30, 1998 and 1997

ASSETS	Port Allen	Street	Low-Income	Totals	
	Fire		Housing	1998	1997
	Subdistrict	Improvements	Assistance		
	Number 3				
Cash	\$ 336,847	\$ 2,500	\$ 209,462	\$ 548,809	\$ 534,610
Receivables					
Intergovernmental	55,091	-	-	55,091	72,827
Due from other funds	-	1,200	-	1,200	-
Prepaid insurance	282	-	-	282	244
<b>Total Assets</b>	<b>\$ 392,220</b>	<b>\$ 3,700</b>	<b>\$ 209,462</b>	<b>\$ 605,382</b>	<b>\$ 607,681</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 3,700	\$ 213,454	\$ 217,154	\$ 706
Compensated absences payable	13,652	-	-	13,652	12,244
Due to other funds	18,719	-	-	18,719	97,785
Due to other governments	-	-	-	-	217,029
<b>Total liabilities</b>	<b>32,371</b>	<b>3,700</b>	<b>213,454</b>	<b>249,525</b>	<b>327,764</b>
<b>Fund Balances</b>					
Unreserved, undesignated	359,849	-	(3,992)	355,857	279,917
<b>Total fund balances</b>	<b>359,849</b>	<b>-</b>	<b>(3,992)</b>	<b>355,857</b>	<b>279,917</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 392,220</b>	<b>\$ 3,700</b>	<b>\$ 209,462</b>	<b>\$ 605,382</b>	<b>\$ 607,681</b>

## CITY OF PORT ALLEN, LOUISIANA

*Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Special Revenue Fund*

*Years Ended June 30, 1998 and 1997*

	Port Allen Fire Subdistrict Number 3	Street Improvements	Low-Income Housing Assistance	Totals	
				1998	1997
<b>Revenues</b>					
Intergovernmental	\$ 644,126	\$ 31,117	\$ 499,973	\$ 1,175,216	\$ 1,300,703
Interest	15,207	-	-	15,207	10,276
Total revenues	<u>659,333</u>	<u>31,117</u>	<u>499,973</u>	<u>1,190,423</u>	<u>1,310,979</u>
<b>Expenditures</b>					
Current					
Public safety	455,445	-	-	455,445	443,003
Highways and streets	-	31,117	-	31,117	18,820
Welfare	-	-	494,093	494,093	436,426
Capital outlay					
Public safety	44,438	-	-	44,438	5,858
Highways and streets	-	-	-	-	201,942
Total expenditures	<u>499,883</u>	<u>31,117</u>	<u>494,093</u>	<u>1,025,093</u>	<u>1,106,049</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>159,450</u>	<u>-</u>	<u>5,880</u>	<u>165,330</u>	<u>204,930</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers out	(79,518)	-	-	(79,518)	(143,334)
Penalty	-	-	(9,872)	(9,872)	-
Total other financing sources (uses)	<u>(79,518)</u>	<u>-</u>	<u>(9,872)</u>	<u>(89,390)</u>	<u>(143,334)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>79,932</u>	<u>-</u>	<u>(3,992)</u>	<u>75,940</u>	<u>61,596</u>
<b>Fund Balance</b>					
Beginning	279,917	-	-	279,917	218,321
Ending	<u>\$ 359,849</u>	<u>\$ -</u>	<u>\$ (3,992)</u>	<u>\$ 355,857</u>	<u>\$ 279,917</u>

**CITY OF PORT ALLEN, LOUISIANA**

*Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual*      *Years Ended June 30, 1998 and 1997*  
*Port Allen Fire Subdistrict No. 3 Fund*

	1998		1997		Variance - Favorable (Unfavorable)	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
<b>Revenues</b>						
Intergovernmental	\$ 589,500	\$ 644,126	\$ 54,626	\$ 641,476	\$ 17,084	\$ 17,084
Interest	9,456	15,207	5,751	10,276	4,120	4,120
<b>Total revenues</b>	<b>598,956</b>	<b>659,333</b>	<b>60,377</b>	<b>651,752</b>	<b>21,204</b>	<b>21,204</b>
<b>Expenditures</b>						
Current						
Public safety						
Fire						
Personal services	298,776	305,757	(6,981)	301,970	(3,622)	(3,622)
Supplies	35,700	26,940	8,760	35,653	455,000	455,000
Other services and charges	135,156	122,748	12,408	105,380	(14,804)	(14,804)
Capital outlay						
Public safety						
Fire	49,800	44,438	5,362	5,858	(1,208)	(1,208)
<b>Total expenditures</b>	<b>519,432</b>	<b>499,883</b>	<b>19,549</b>	<b>448,861</b>	<b>(13,731)</b>	<b>(13,731)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>79,524</b>	<b>159,450</b>	<b>79,926</b>	<b>202,891</b>	<b>7,473</b>	<b>7,473</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers out	(79,524)	(79,518)	6	(141,295)	19,123	19,123
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>-</b>	<b>79,932</b>	<b>79,932</b>	<b>61,596</b>	<b>26,596</b>	<b>26,596</b>
<b>Fund Balance</b>						
Beginning	279,917	279,917	-	218,321	-	-
Ending	\$ 279,917	\$ 359,849	\$ 79,932	\$ 279,917	\$ 26,596	\$ 26,596

**CITY OF PORT ALLEN, LOUISIANA**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Street Improvements Fund**

	1998		1997		Variance - Favorable (Unfavorable)	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
<b>Revenues</b>						
Intergovernmental	\$ 32,817	\$ 31,117	\$ 247,708	\$ 220,762	\$ (1,700)	\$ (26,946)
Interest	-	-	-	-	-	-
<b>Total revenues</b>	<b>32,817</b>	<b>31,117</b>	<b>247,708</b>	<b>220,762</b>	<b>(1,700)</b>	<b>(26,946)</b>
<b>Expenditures</b>						
Current						
Highways and streets	32,817	31,117	21,620	18,820	1,700	2,800
Other services and charges	-	-	226,088	201,942	-	24,146
Capital outlay						
Highways and streets	-	-	-	-	-	-
<b>Total expenditures</b>	<b>32,817</b>	<b>31,117</b>	<b>247,708</b>	<b>220,762</b>	<b>1,700</b>	<b>26,946</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	-	-	-	-
<b>Fund Balance</b>						
Beginning	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF PORT ALLEN, LOUISIANA**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Low Income Housing Assistance Fund**

	1998		1997		Variance - Favorable (Unfavorable)	Actual	Budget	Actual	Budget	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual						
<b>Revenues</b>										
Intergovernmental	\$ 502,887	\$ 499,973	\$ (2,914)	\$ 438,465	\$ (217,029)	\$ 438,465	\$ 655,494	\$ 438,465	\$ (217,029)	
<b>Expenditures</b>										
Interest	-	-	-	5,814	(5,814)	5,814	-	5,814	-	(5,814)
Welfare										
Housing assistance	440,788	431,883	8,905	384,291	202,533	384,291	586,824	384,291	202,533	
Program administration										
Administration	59,099	59,210	(111)	43,321	16,349	43,321	59,670	43,321	16,349	
Audit	3,000	3,000	-	3,000	-	3,000	3,000	3,000	-	
Total expenditures	502,887	494,093	8,794	436,426	213,068	436,426	649,494	436,426	213,068	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	5,880	5,880	2,039	(3,961)	2,039	6,000	2,039	(3,961)	
<b>Other Financing (Uses)</b>										
Operating transfers out	-	-	-	(2,039)	3,961	(2,039)	(6,000)	(2,039)	3,961	
Penalty	-	(9,872)	(9,872)	-	-	-	-	-	-	
<b>Excess of Revenues Over Expenditures and Other Financing Uses</b>	-	(3,992)	(3,992)	-	-	-	-	-	-	
<b>Fund Balance</b>										
Beginning	-	-	-	-	-	-	-	-	-	
Ending	\$ -	\$ (3,992)	\$ (3,992)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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## **CITY OF PORT ALLEN, LOUISIANA**

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### *Capital Projects Fund*

*June 30, 1998*

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Improvement Fund – this fund is operational through excess revenues of the General fund of the City of Port Allen, Louisiana. No federal assistance is received. The City Council approves amounts to be transferred to the Capital Projects Fund through budget appropriation or through residual equity transfers.

## CITY OF PORT ALLEN, LOUISIANA

*Comparative Balance Sheets*

*June 30, 1998 and 1997*

*Capital Projects Fund*

<b>ASSETS</b>	<b>1998</b>	<b>1997</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,928	\$ 184,436
Due from other funds	97,055	-
Total assets	<u>\$ 99,983</u>	<u>\$ 184,436</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to other funds	\$ 1,200	\$ 1,091
Total liabilities	<u>1,200</u>	<u>1,091</u>
<b>Fund Balance</b>		
Unreserved, undesignated	<u>98,783</u>	<u>183,345</u>
Total fund balance	<u>98,783</u>	<u>183,345</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 99,983</u></u>	<u><u>\$ 184,436</u></u>

## CITY OF PORT ALLEN, LOUISIANA

### *Comparative Statements of Revenues, Expenditures      Years Ended June 30, 1998 and 1997 and Changes in Fund Balances Capital Projects Fund*

	1998	1997
<b>Revenues</b>		
Interest	\$      1,369	\$      7,458
Total revenues	1,369	7,458
<b>Expenditures</b>		
Current		
Highways and streets	335,931	583,949
Total expenditures	335,931	583,949
<b>(Deficiency) of Revenues Over Expenditures</b>	(334,562)	(576,491)
<b>Other Financing Sources (Uses)</b>		
Operating transfers in	150,000	150,000
Total other financing sources (uses)	150,000	150,000
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(184,562)	(426,491)
<b>Fund Balance</b>		
Beginning	183,345	509,836
Residual equity transfer	100,000	100,000
Ending	\$      98,783	\$      183,345



**CITY OF PORT ALLEN, LOUISIANA**

**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Capital Projects Fund**

Years Ended June 30, 1998 and 1997

	1998		1997		Variance -
	Budget	Actual	Budget	Actual	Favorable (Unfavorable)
<b>Revenues</b>					
Interest	\$ 1,602	\$ 1,369	\$ 960	\$ 7,458	\$ 6,498
Total revenues	1,602	1,369	960	7,458	6,498
<b>Expenditures</b>					
Current					
Highways and streets	315,246	335,931	762,729	583,949	178,780
Total expenditures	315,246	335,931	762,729	583,949	178,780
<b>Deficiency of Revenues Over Expenditures</b>	(313,644)	(334,562)	(761,769)	(576,491)	185,278
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	150,000	150,000	250,000	150,000	(100,000)
Total other financing sources (uses)	150,000	150,000	250,000	150,000	(100,000)
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(163,644)	(184,562)	(511,769)	(426,491)	85,278
<b>Fund Balance</b>					
Beginning	183,345	183,345	509,836	509,836	-
Residual equity transfer	100,000	100,000	100,000	100,000	-
Ending	\$ 119,701	\$ 98,783	\$ (20,918)	\$ 98,067	\$ 85,278

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## **CITY OF PORT ALLEN, LOUISIANA**

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### *Debt Service Fund*

*June 30, 1998*

The debt service funds are used to account for the accumulation of resources and payment of general long term debt principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

Port Allen Fire Subdistrict Number 3 – This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest of the fire district (a blended component unit of the City of Port Allen).

California Avenue – This fund is used to account for the receipt of special assessments and interest and the payment of the related debt principal and interest of the special assessment bonds of \$110,000 issued in 1988.

# CITY OF PORT ALLEN, LOUISIANA

## Combining Balance Sheet Debt Service Funds

June 30, 1998 and 1997

ASSETS	Port Allen	California	Totals	
	Fire Subdistrict Number 3	Avenue	1998	1997
Cash and cash equivalents	\$ 11,565	\$ 16,282	\$ 27,847	\$ 22,391
Receivables				
Special assessment	-	2,347	2,347	7,940
<b>Total Assets</b>	<b>\$ 11,565</b>	<b>\$ 18,629</b>	<b>\$ 30,194</b>	<b>\$ 30,331</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 11,565	\$ -	\$ 11,565	\$ 12,753
Deferred revenue	-	2,192	2,192	7,000
<b>Total liabilities</b>	<b>11,565</b>	<b>2,192</b>	<b>13,757</b>	<b>19,753</b>
<b>Fund Balances</b>				
Reserved for debt service	-	16,437	16,437	10,578
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,565</b>	<b>\$ 18,629</b>	<b>\$ 30,194</b>	<b>\$ 30,331</b>

## CITY OF PORT ALLEN, LOUISIANA

### Combining Statement of Revenues, Expenditures and Changes in Fund Balance Debt Service Funds

Years Ended June 30, 1998 and 1997

	Port Allen Fire Subdistrict Number 3	California Avenue	Totals	
			1998	1997
<b>Revenues</b>				
Special assessments	\$ -	\$ 4,808	\$ 4,808	\$ 4,808
Interest	-	1,051	1,051	1,339
Total revenues	-	5,859	5,859	6,147
<b>Expenditures</b>				
Debt service				
Principal	50,000	-	50,000	50,000
Interest and fiscal charges	29,518	-	29,518	32,295
Total expenditures	79,518	-	79,518	82,295
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(79,518)	5,859	(73,659)	(76,148)
<b>Other Financing Sources</b>				
Operating transfers in	79,518	-	79,518	82,295
<b>Excess (Deficiency) of Revenues And Other Financing Sources Over Expenditures</b>	-	5,859	5,859	6,147
<b>Fund Balance</b>				
Beginning	-	10,578	10,578	4,431
Ending	\$ -	\$ 16,437	\$ 16,437	\$ 10,578

**CITY OF PORT ALLEN, LOUISIANA**

**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Port Allen Fire Subdistrict No. 3 Debt Service Fund**

	1998			1997		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Expenditures</b>						
Debt service						
Principal	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ -
Interest and fiscal charges	29,524	29,518	6	32,068	32,295	(227)
Total expenditures	79,524	79,518	6	82,068	82,295	(227)
<b>(Deficiency) of Revenues Over Expenditures</b>	<b>(79,524)</b>	<b>(79,518)</b>	<b>6</b>	<b>(82,068)</b>	<b>(82,295)</b>	<b>(227)</b>
<b>Other Financing Sources</b>						
Operating transfers in	79,524	79,518	(6)	82,068	82,295	227
<b>(Deficiency) of Revenues And Other Financing Sources Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>						
Beginning	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF PORT ALLEN, LOUISIANA**

**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual** **Years Ended June 30, 1998 and 1997**  
**California Avenue Debt Service Fund**

	1998		1997		Variance - Favorable (Unfavorable)	Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
<b>Revenues</b>						
Special assessments	\$ 4,808	\$ 4,808	\$ -	\$ 4,808	\$ -	\$ (753)
Interest	880	1,051	171	1,339	3,000	(1,661)
<b>Total revenues</b>	<b>5,688</b>	<b>5,859</b>	<b>171</b>	<b>6,147</b>	<b>8,561</b>	<b>(2,414)</b>
<b>Expenditures</b>						
Debt service	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,688</b>	<b>5,859</b>	<b>171</b>	<b>6,147</b>	<b>8,561</b>	<b>(2,414)</b>
<b>Fund Balance</b>						
Beginning	-	10,578	10,578	4,431	4,431	-
Ending	\$ 5,688	\$ 16,437	\$ 10,749	\$ 10,578	\$ 12,992	\$ (2,414)

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## **CITY OF PORT ALLEN, LOUISIANA**

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### *Enterprise Fund*

*June 30, 1998*

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Utility Fund – This fund is used to account for the provision of gas, water and sewer services to the residents of the City.

**CITY OF PORT ALLEN, LOUISIANA****Comparative Balance Sheets**

June 30, 1998 and 1997

**Utility Fund**

<b>ASSETS</b>	<b>1998</b>	<b>1997</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,094,495	\$ 974,091
Receivables		
Accounts, net of allowance for uncollectibles: 1998, \$11,103; 1997, \$10,895	166,032	180,633
Prepaid insurance	2,929	3,368
Due from other funds	555	18,917
Total current assets	<u>1,264,011</u>	<u>1,177,009</u>
<b>Restricted Assets</b>		
Customer deposits	<u>69,565</u>	<u>67,035</u>
<b>Plant and Equipment, at cost, net of accumulated depreciation</b>		
1998, \$2,388,798; 1997, \$2,331,778	<u>1,557,712</u>	<u>1,106,953</u>
<b>Total Assets</b>	<u><u>\$ 2,891,288</u></u>	<u><u>\$ 2,350,997</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 134,635	\$ 78,530
Compensated absences	50,454	43,994
Due to other governments	502,091	-
Due to general fund	32,209	76,449
Total current liabilities	<u>719,389</u>	<u>198,973</u>
<b>Current Liabilities Payable From Restricted Assets</b>		
Customer deposits	<u>69,565</u>	<u>67,035</u>
Total liabilities	<u>788,954</u>	<u>266,008</u>
<b>Fund Equity</b>		
Contributed capital	1,045,088	1,045,088
Retained earnings		
Unreserved	<u>1,057,246</u>	<u>1,039,901</u>
Total fund equity	<u>2,102,334</u>	<u>2,084,989</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 2,891,288</u></u>	<u><u>\$ 2,350,997</u></u>



## CITY OF PORT ALLEN, LOUISIANA

### Comparative Schedules of Operating Expenses by Department

Years Ended June 30, 1998 and 1997

#### Utility Fund

	1998	1997
<b>Gas System</b>		
Personal service	\$ 104,820	\$ 104,170
Contractual services and other	37,714	44,387
Supplies	5,533	5,995
Materials	408,112	516,993
Heat, light and power	4,009	4,037
Depreciation	18,632	18,817
Total gas system	578,820	694,399
<b>Water System</b>		
Personal service	104,820	104,171
Contractual services and other	49,007	38,843
Supplies	7,051	6,232
Materials	30,609	22,421
Heat, light and power	29,846	28,266
Depreciation	17,361	17,006
Total water system	238,694	216,939
<b>Sewerage Treatment Plant</b>		
Personal service	210,818	212,373
Contractual services and other	102,060	114,231
Supplies	15,284	18,499
Materials	22,311	25,152
Heat, light and power	50,117	48,689
Depreciation	23,632	24,927
Total sewerage treatment plant	424,222	443,871
<b>Sewer System</b>		
Contractual services and other	78,243	29,801
Materials	16,227	1,344
Heat, light and power	4,958	5,602
Depreciation	8,218	8,218
Total sewer system	107,646	44,965
<b>General Administration</b>		
Personal service	179,568	175,700
Contractual services and other	58,448	68,230
Supplies	9,200	6,337
Heat, light and power	1,837	1,866
Depreciation	24,377	19,089
Total general administration	273,430	271,222
<b>Total Operating Expenses</b>	\$ 1,622,812	\$ 1,671,396

See Notes to Financial Statements.

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**CITY OF PORT ALLEN, LOUISIANA**

*General Fixed Assets Account Group*

*June 30, 1998*

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of General Fixed Assets by Source*

*General Fixed Assets Account Group*

*June 30, 1998*  
*With Comparative Totals For June 30, 1997*

	City of		Port Allen Fire Subdistrict Number 3	Totals	
	Port Allen	1998		1997	1997
General Fixed Assets					
Land	\$ 342,127	\$	-	\$ 342,127	\$ 342,127
Buildings	479,878		432,995	912,873	750,251
Improvements other than buildings	575,806		58,438	634,244	565,845
Equipment	1,315,218		573,554	1,888,772	1,828,027
Construction in progress	120,168		-	120,168	110,440
<b>Total general fixed assets</b>	<b>\$ 2,833,197</b>	<b>\$</b>	<b>1,064,987</b>	<b>\$ 3,898,184</b>	<b>\$ 3,596,690</b>
Investment in General Fixed Assets					
Acquired prior to July 1, 1974*	\$ 109,562	\$	-	\$ 109,562	\$ 110,388
Acquired after June 30, 1974 from					
General fund revenues	1,654,231		524,306	2,178,537	1,876,217
Federal grants	947,563		-	947,563	947,563
Bonds	-		540,681	540,681	540,681
State grants	121,841		-	121,841	121,841
<b>Total investment in general fixed assets</b>	<b>\$ 2,833,197</b>	<b>\$</b>	<b>1,064,987</b>	<b>\$ 3,898,184</b>	<b>\$ 3,596,690</b>

\*Records reflecting source from which assets were acquired were not maintained prior to July 1, 1974.

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**CITY OF PORT ALLEN, LOUISIANA**

*Supplementary Information*

*June 30, 1998*

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Federal Financial Assistance*

Year Ended June 30, 1998

Federal Grants/Program Title	Federal CFDA Number	Program or Award Amount	(Deferred) Accrued Revenue at July 1, 1997	Cash Received	Revenue Recognized	Expenditures	(Deferred) Accrued Revenue at June 30, 1998
<b>U.S. Department of HUD</b>							
Major Program							
Section 8 Housing Assistance							
Payments Program, Existing Housing	14.182	\$ 729,885	\$ (217,029)	\$ 496,398	\$ 499,973	\$ 499,973	\$ (213,454)
Pass-Through - State of Louisiana							
LCDBG - Street Program	14.228	\$ 263,197	-	34,817	31,117	31,117	(3,700)
			\$ (217,029)	\$ 531,215	\$ 531,090	\$ 531,090	\$ (217,154)

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Bonds Payable*

June 30, 1998

	Issue Date	Final Maturity Date	Interest		Annual Serial Payments	Bonds Issued	Refired	Outstanding	Unmatured Interest Coupons
			Rates	Payment Dates					
<b>General Obligation Debt</b>									
Certificates of indebtedness	5/1/95	2/1/05	5.2% to 6.35%	2/1 and 8/1	\$45,000 to \$75,000	\$ 600,000	\$145,000	\$ 455,000	\$ 119,326

## CITY OF PORT ALLEN, LOUISIANA

### Schedule of Insurance in Force (Unaudited)

June 30, 1998

Insurer	Coverage	Risks Covered	Limits of Coverage	Expiration Date
Audubon Insurance Company	Scheduled equipment	Contractor's equipment physical damage	ACV subject to \$250 deductible	1/1/99
Audubon Indemnity Company	Vehicle fleet	Collision and comprehensive	ACV subject to deductibles of \$500, \$1,000 and \$250, respectively	1/1/99
Hartford Steam Boiler	All City owned property	Boiler and machinery	\$250M each occurrence subject to \$1,000 deductible	1/1/99
Vesta Fire Insurance Company	Buildings and contents	Fire and extended coverage	\$620M	11/3/98
Louisiana Municipal Association Liability Program	All employees, volunteer firemen and auxiliary policemen	Workmen's compensation	Statutory	12/31/98
Louisiana Municipal Association Liability Program	All City owned property and automobiles.	Comprehensive general liability and automobile liability	Combined single limit \$500M	4/30/99
Louisiana Municipal Association Liability Program	Law enforcement officers	Personal injury and property damage	Combined single limit \$500M subject to \$2,500 deductible	4/30/99
Louisiana Municipal Association Liability Program	All employees, volunteer firemen and auxiliary policemen	Public officials errors and omissions	Combined single limit \$500M ACV subject to \$2,500 deductible	4/30/99
Vesta Fire Insurance	Valuable papers & electronic data equipment (hardware, processing media & extra expenses)	Fire and extended coverage	\$25,000 valuable papers, \$250 deductible, \$41,100 EDP hardware, \$11,365 on programs, \$20,000 extra expense	11/3/98
Western Surety Company	Mayor, Chief of Police, Finance Director, Employees	Dishonesty	\$10,000 - \$50,000	7/1/98
American Alternative Insurance Company	Fire department buildings	Fire and extended coverage	\$390,457	7/1/98
American Alternative Insurance Company	Fire department property and vehicles	Comprehensive general liability	\$2,000M aggregate limit	7/1/98
American Alternative Insurance Company	EMS wrongful acts	Wrongful acts	\$2,000M aggregate limit	7/1/98

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**CITY OF PORT ALLEN, LOUISIANA**

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*Utility Customers*

*June 30, 1998 (Unaudited)*

The City had 2,057 and 2,073 water and sewer and 1,628 and 1,660 gas customers at June 30, 1998 and 1997, respectively.



**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Compensation Paid to Council Members For the Year Ended June 30, 1998*

Dean Hotard, Mayor pro tem	\$ 10,200
Ralph Bergeron, Councilman	9,600
Clarence Lawrence, Councilman	9,600
Irvie Johnson, Councilman	9,600
Lillian Ragan, Councilman	9,600
	<hr/>
	\$ 48,600

**INDEPENDENT AUDITOR'S 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 City Council  
Port Allen, Louisiana

We have audited the financial statements of the City of Port Allen, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated November 20, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance.

As part of obtaining reasonable assurance about whether the City of Port Allen, Louisiana's 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting.

In planning and performing our audit, we considered the City of Port Allen, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Port Allen, Louisiana'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 item 98-1.

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 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 believe the reportable condition described above is a material weakness.

This report is intended for the information of the Mayor, Members of the City Council, management and federal and state awarding agencies and pass through entities. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

*Provost, Salter, Harper & Alford, L.L.C.*

November 20, 1998

**INDEPENDENT AUDITOR'S 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 City Council  
Port Allen, Louisiana

Compliance.

We have audited the compliance of the City of Port Allen, Louisiana, 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, 1998. The City of Port Allen, Louisiana'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 of Port Allen, Louisiana's management. Our responsibility is to express an opinion on the City of Port Allen, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Port Allen, Louisiana'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 of Port Allen, Louisiana's compliance with those requirements.

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

Internal Control Over Compliance.

The management of the City of Port Allen, Louisiana 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 of Port Allen, Louisiana'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. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 98-1.

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 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 believe the reportable condition described above is a material weakness.

This report is intended for the information of the Mayor, Members of the City Council, management and federal and state awarding agencies and pass through entities. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

*Provost, Salter, Harper & Alford, L.L.C.*

November 20, 1998

**CITY OF PORT ALLEN, LOUISIANA***Schedule of Findings and Questioned Costs**Year Ended June 30, 1998*Section I – Summary of Auditor's ResultsFinancial Statements.

Type of auditor's report issued: Unqualified  
 Internal control over financial reporting:  
   Material weakness identified? Yes  
   Reportable condition identified not considered to be material weaknesses? None reported  
 Noncompliance material to financial statements noted? No

Federal Awards.

Internal Control over major programs:  
   Material weakness identified? Yes  
   Reportable condition identified not considered to be material weaknesses? None reported  
 Type of auditor's report issued on compliance for major programs: Unqualified  
 Any audit findings disclosed that are required to be reported in accordance  
 with Circular A-133, § 510(a)? Yes  
 Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.182</u>	<u>Section 8 Housing</u>
<u>14.228</u>	<u>LCDBG – Street Program</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000  
 Auditee qualified as low risk auditee? No

**CITY OF PORT ALLEN, LOUISIANA***Schedule of Findings and Questioned Costs, Continued**Year Ended June 30, 1998**Section II – Financial Statement Findings**Reportable Conditions – Material Weakness*

*Item 98-1.* The City is not large enough to permit an adequate segregation of employee duties for effective internal accounting control over the financial reporting (journal entry preparation, approval and recordation) cycles.

*Criteria.* Financial reporting under the control of one person represents a failure to segregate incompatible accounting activities.

*Effect.* The condition is such that errors, either intentional or unintentional, in the processing of financial reports, could occur and not be detected in a timely manner and in the ordinary course of operations.

*Cause.* The size of the City and the limited number of employees did not permit an adequate segregation of incompatible duties.

*Recommendation.* To the extent that it is practical to do so, Management should segregate employee duties and perform supervisory reviews.

*Management's Response.* We recognize the problem and we perform supervisory reviews to mitigate the effect, however based on the size of the City, there is nothing else that we can do that is cost effective.

*Independent Auditor's Comments on Resolution of Prior Audit Findings*

Item 98-1 is a repeat of prior year's findings. There were no other findings reported in the prior year.

*Section III – Federal Award Findings and Questioned Costs*

See Finding 98-1 above, related to segregation of employee duties.



Certified  
Public  
Accountants

Business  
Advisors

1000 Poydras Street  
New Orleans, Louisiana 70112  
504.581.1111

To the Honorable Mayor and  
Members of the City Council  
City of Port Allen  
Port Allen, Louisiana

This letter is intended to confirm that the Council is fully informed about significant matters relating to the conduct of the annual audit of City of Port Allen so that you can appropriately discharge your oversight responsibility and so that we comply with our obligations to you under professional standards. This letter is intended solely for the use of the City Council of City of Port Allen.

The following summarizes various matters which must be communicated to you under generally accepted auditing standards.

#### *The Auditor's Responsibility Under Generally Accepted Auditing Standards*

We originally communicated to the City Council in our arrangement letter that the audit would be conducted in accordance with generally accepted auditing standards. An audit, as such, is not designed to include a detailed audit of all transactions nor to discover all defalcations, irregularities or illegal acts, should any exist. An audit conducted in accordance with generally accepted auditing standards is designed to obtain reasonable rather than absolute assurance about the financial statements. We believe that our audit accomplished those objectives.

#### *Significant Accounting Policies*

Management has the ultimate responsibility for the appropriateness of the accounting policies and procedures used by the City. The City did not adopt any significant new accounting policies and procedures during the current year which should be brought to your attention.

#### *Management Judgments and Accounting Estimates*

Accounting estimates are an integral part of the preparation of the financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we concur with the results of those estimates.



Significant Audit Adjustments

There were no significant audit adjustments made from the original trial balance presented to us to begin our audit.

Other Information in Documents Containing Audited Financial Statements

We have not been informed of any documents that contain your audited financial statements. If there were such documents, we have a responsibility to determine that financial information included in those documents is not materially inconsistent with the audited financial statements of the City.

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements or on the wording of our report on the financial statements.

Consultation With Other Accountants

We are not aware nor have we been informed of any consultations management had with other independent accountants about accounting or auditing matters. Also, there were no major issues discussed regarding the application of accounting principles or auditing standards in connection with our engagement.

Difficulties Encountered in Performing the Audit

We encountered no difficulty in the performance of the audit.

Material Contingencies

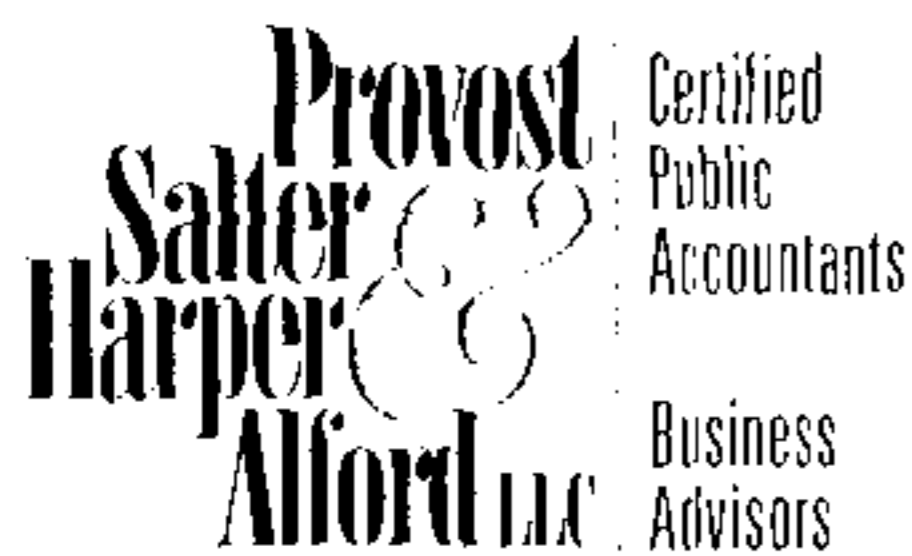
The financial statements reflect no disclosures associated with material contingencies and there were no matters we believe should be disclosed as such.

We would be pleased to respond to any questions you have about the foregoing or to discuss any other matter you would like to discuss.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

*Provost, Salter, Harper & Alford, L.L.C.*

November 20, 1998



To The Mayor and City Council  
City of Port Allen, Louisiana  
Port Allen, Louisiana

We have performed an audit of the financial statements of the City of Port Allen, Louisiana, for the year ended June 30, 1998 and 1997, and have issued our report thereon dated November 20, 1998. In planning and performing our audit of the financial statements of the City of Port Allen, Louisiana, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on its internal control structure. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. However, we noted a matter involving the internal control structure and its operation that we consider to be a material weakness as defined above as reported in our report on internal control and compliance.

#### *New Reporting Model*

The Governmental Accounting Standards Board (GASB) has issued an exposure draft "Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments." When effective, this new pronouncement will require significant changes in the financial statements issued by the City. The pronouncement is scheduled to be effective starting with your July 1, 2000 fiscal year. Among the changes that will be required are,

- Management Discussion and Analysis (MD&A) which will introduce the financial statements by providing a brief, objective and easily readable analysis of the City's performance for the year and its financial position at year end.
- An entity-wide perspective which will provide aggregate information about the City as a whole. It will provide information about the City and its component units without displaying funds. The financial statements will distinguish between the governmental and business type activities of the City.
- A fund perspective financial statement which will present information about the City's fund types.

The City will report all capital assets, including infrastructure assets at the entity wide perspective and will report depreciation expense as a charge to operations. It also requires retroactive reporting of all major infrastructures acquired during the last twenty-five years. Once inventoried, the total cost must be established and depreciation calculated on the cost and estimated useful lives of the assets.

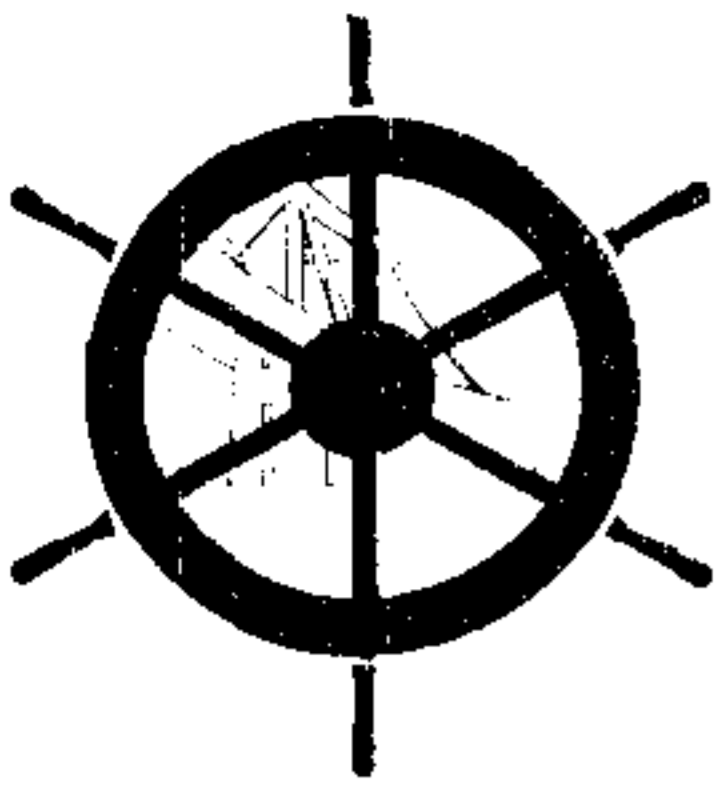
The changes that will be required by this new pronouncement are extensive and will require that management start planning now for its implementation.

This report is intended solely for the information and use of the Mayor, City Council, management and others within the organization.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

November 20, 1998



901-010 111 1:54

# CITY OF PORT ALLEN

December 7, 1998

Provost, Salter, Harper & Alford, L.L.C.  
8550 United Plaza Boulevard, Suite 600  
Baton Rouge, Louisiana 70809

Gentlemen:

This letter is in response to the finding in our financial report as of June 30, 1998, and your letter to the City Council dated November 20, 1998:

Finding 98-1

The City recognizes the problem and we perform supervisory reviews to mitigate the effect. However, based on the size of the city, there is nothing else that we can do that is cost effective.

We hope that this response fulfills the requirements of the Louisiana Legislative Auditor's office.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marilyn B. Robertson', written over a horizontal line.

Marilyn B. Robertson  
Mayor

dn