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CITY OF ZACHARY, LOUISIANA

FINANCIAL REPORT

OCTOBER 31, 1998

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Release Date ~~MAY 05 1999~~

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M. Darryl Yoes

CITY OF ZACHARY, LOUISIANA

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

To the Honorable Mayor and Members
of the City Council
City of Zachary, Louisiana

We have audited the accompanying general purpose financial statements of the City of Zachary, Louisiana, and the individual fund and account group financial statements of the City as of and for the year ended October 31, 1998, as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

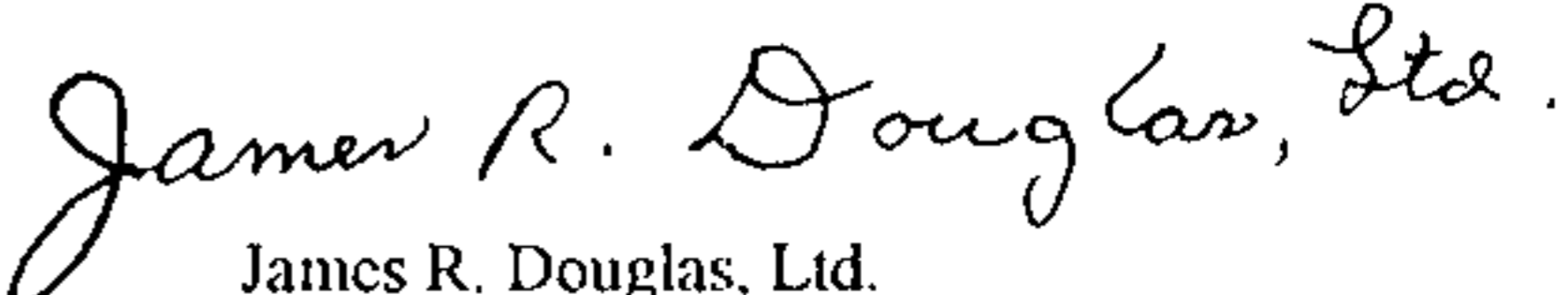
We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Zachary, Louisiana as of October 31, 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 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 Zachary, Louisiana, at October 31, 1998, and the results of operations of such funds and the cash flows of the individual proprietary fund 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 February 11, 1999, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the individual fund and account group financial statements. The Schedule of Federal Financial Assistance 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. The other schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Zachary, Louisiana. Such information is marked "unaudited", and we express no opinion on this information.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose, individual fund, and account group financial statements of the City of Zachary, Louisiana.


James R. Douglas, Ltd.
Certified Public Accountants

February 11, 1999

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

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND COMPONENT UNITS

October 31, 1998

ASSETS	Governmental Fund Types			Proprietary Fund Type	Account Groups			Totals (memorandum only)		Totals (memorandum only) Reporting Entity
	Special Revenue Fund		Capital Projects Fund		General Fixed Assets	Long-Term Debt	Primary Government	City Court of Zachary		
	General Fund	Special Revenue Fund	Capital Projects Fund							
Cash	\$ 136,172	\$ 1,547,745	\$ 114,789	\$ 243,576	\$ -	\$ -	\$ 12,858	\$ -	\$ 2,055,140	
Savings accounts	107,714	-	-	87,782	-	-	-	-	195,496	
Certificate of deposit	679,683	557,691	-	581,249	-	-	-	-	1,818,623	
Receivables (net, where applicable of allowance for uncollectibles):										
Sales tax	273,552	-	-	-	-	-	-	-	273,552	
Accounts	48,801	-	-	335,171	-	-	-	-	383,972	
Other	-	-	-	4,307	-	-	-	-	4,307	
Inventory	-	-	-	106,280	-	-	-	-	106,280	
Due from other funds	314,745	7,336	-	-	-	-	-	-	322,081	
Restricted assets:										
Cash	-	-	-	162,869	-	-	-	-	162,869	
Certificate of deposit	-	-	-	60,000	-	-	-	-	60,000	
Land	-	-	-	29,761	1,820,651	-	-	-	1,850,412	
Buildings	-	-	-	-	2,309,788	-	-	-	2,309,788	
Construction in process	-	-	-	178,857	-	-	-	-	178,857	
Improvements other than building	-	-	-	9,538,665	-	-	-	-	9,538,665	
Accumulated depreciation	-	-	-	(5,668,977)	-	-	-	-	(5,668,977)	
Machinery and equipment	-	-	-	723,315	2,761,295	-	56,815	-	3,541,425	
Accumulated depreciation	-	-	-	(471,157)	-	-	-	-	(471,157)	
Total assets	1,560,667	2,112,772	114,789	5,911,698	6,891,734	-	69,673	16,591,660	16,661,333	
Other debits:										
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	219,824	-	219,824	219,824	
Total assets and other debits	1,560,667	2,112,772	114,789	5,911,698	6,891,734	219,824	69,673	16,811,484	16,881,157	

(CONTINUED)

The accompanying notes are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND COMPONENT UNITS (CONTINUED)

October 31, 1998

	Governmental Fund Types				Proprietary Fund Type	Account Groups			Totals (memorandum only)		
	Special Revenue Fund		Capital Projects Fund			Enterprise Fund	General Fixed Assets	General Long-Term Debt	City Court of Zachary	Totals (memorandum only) Primary Government	Totals (memorandum only) Reporting Entity
	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund							
LIABILITIES, EQUITY AND OTHER CREDITS											
Liabilities:											
Accounts Payable	\$ 69,393	\$ 671	\$ 98,202	\$ 322,379	\$ -	\$ -	\$ -	\$ -	\$ 490,645	\$ 490,645	
Compensated absences	-	-	-	37,624	-	165,424	-	-	203,048	203,048	
Other payables	133,180	-	-	92,791	-	-	-	-	225,971	225,971	
Due to other funds	7,336	-	16,587	298,158	-	-	-	-	322,081	322,081	
Payable from restricted assets - Customers' deposits	-	-	-	205,690	-	-	-	-	205,690	205,690	
Note payable	-	-	-	-	-	54,400	-	-	54,400	54,400	
Total liabilities	209,909	671	114,789	956,642	-	219,824	-	-	1,501,835	1,501,835	
Fund equity and other credits											
Contributed capital	-	-	-	2,503,708	-	-	-	-	2,503,708	2,503,708	
Designated for street improvement	-	2,112,101	-	-	-	-	-	-	2,112,101	2,112,101	
Investment in general fixed assets	-	-	-	-	6,891,734	-	-	56,815	6,891,734	6,948,549	
Retained earnings - unreserved	-	-	-	2,451,348	-	-	-	-	2,451,348	2,451,348	
Fund balance - unreserved	1,350,758	-	-	-	-	-	-	12,858	1,350,758	1,363,616	
Total fund equity and other credits	1,350,758	2,112,101	-	4,955,056	6,891,734	-	-	69,673	15,309,649	15,379,322	
Total liabilities, fund equity and other credits	1,560,667	2,112,772	114,789	5,911,698	6,891,734	219,824	-	69,673	16,811,484	16,881,157	

The accompanying notes are an integral part of this statement.

COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - ALL GOVERNMENTAL FUND TYPES AND COMPONENT UNITS
Year Ended October 31, 1998

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (memorandum only) Primary Government	City Court of Zachary	Totals (memorandum only) Reporting Entity
Revenues:						
Taxes	\$3,705,974	\$ 689,848	\$ -	\$ 4,395,822	\$ -	\$ 4,395,822
Licenses and permits	410,723	-	-	410,723	-	410,723
Intergovernmental	551,502	-	313,872	865,374	-	865,374
Charges for services	282,288	-	-	282,288	-	282,288
Commissions	457,682	-	-	457,682	-	457,682
Fines	89,442	-	-	89,442	-	89,442
Miscellaneous	84,943	57,742	-	142,685	108,985	251,670
Total revenues	<u>5,582,554</u>	<u>747,590</u>	<u>313,872</u>	<u>6,644,016</u>	<u>108,985</u>	<u>6,753,001</u>
Expenditures:						
General government	1,521,651	-	-	1,521,651	57,525	1,579,176
Public safety -						
Police	1,588,076	-	-	1,588,076	-	1,588,076
Fire	815,556	-	-	815,556	-	815,556
Streets	863,169	18,656	-	881,825	-	881,825
Sanitation	336,751	-	-	336,751	-	336,751
Debt service	179,176	-	-	179,176	-	179,176
Capital outlays	-	-	1,156,136	1,156,136	3,452	1,159,588
Total expenditures	<u>5,304,379</u>	<u>18,656</u>	<u>1,156,136</u>	<u>6,479,171</u>	<u>60,977</u>	<u>6,540,148</u>

(CONTINUED)

The accompanying notes are an integral part of this statement.

COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - ALL GOVERNMENTAL FUND TYPES AND COMPONENT UNITS (CONTINUED)
Year Ended October 31, 1998

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (memorandum only) Primary Government	City Court of Zachary	Totals (memorandum only) Reporting Entity
Excess (deficiency) of revenues over expenditures	278,175	728,934	(842,264)	164,845	48,008	212,853
Other financing sources:						
Transfers from (to) other funds	(276,611)	(236,118)	918,746	406,017	(65,000)	341,017
Excess (deficiency) of revenues and other sources over expenditures	1,564	492,816	76,482	570,862	(16,992)	553,870
Fund balance, beginning	1,349,194	1,619,285	(76,482)	2,891,997	29,850	2,921,847
Fund balance, ending	1,350,758	2,112,101	-	3,462,859	12,858	3,475,717

The accompanying notes are an integral part of this statement.

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

Year Ended October 31, 1998

	General Fund			Special Revenue Fund			Total		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes	\$ 3,315,000	\$ 3,705,974	\$ 390,974	\$ 593,500	\$ 689,848	\$ 96,348	\$ 3,908,500	\$ 4,395,822	\$ 487,322
Licenses and permits	402,000	410,723	8,723	-	-	-	402,000	410,723	8,723
Intergovernmental	536,000	551,502	15,502	-	-	-	536,000	551,502	15,502
Charges for services	266,000	282,288	16,288	-	-	-	266,000	282,288	16,288
Commissions	429,500	457,682	28,182	-	-	-	429,500	457,682	28,182
Fines	78,000	89,442	11,442	-	-	-	78,000	89,442	11,442
Miscellaneous	83,500	84,943	1,443	21,000	57,742	36,742	104,500	142,685	38,185
Total revenues	5,110,000	5,582,554	472,554	614,500	747,590	133,090	5,724,500	6,330,144	605,644
Expenditures:									
General government	1,581,000	1,521,651	59,349	-	-	-	1,581,000	1,521,651	59,349
Public safety -									
Police	1,715,700	1,588,076	127,624	-	-	-	1,715,700	1,588,076	127,624
Fire	986,000	815,556	170,444	-	-	-	986,000	815,556	170,444
Streets	838,500	863,169	(24,669)	963,200	18,656	944,544	1,801,700	881,825	919,875
Sanitation	337,500	336,751	749	-	-	-	337,500	336,751	749
Debt service	180,000	179,176	824	-	-	-	180,000	179,176	824
Total expenditures	5,638,700	5,304,379	334,321	963,200	18,656	944,547	6,601,900	5,323,035	1,278,865
Excess (deficiency) of revenues over expenditures	(528,700)	278,175	806,875	(348,700)	728,934	1,077,634	(877,400)	1,007,109	1,884,509

The accompanying notes are an integral part of this statement.

(CONTINUED)

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

Year Ended October 31, 1998

	General Fund		Variance - Favorable (Unfavorable)	Special Revenue Fund		Variance - Favorable (Unfavorable)	Total	
	Budget	Actual		Budget	Actual		Budget	Actual
Other financing sources (uses):								
Transfers from other funds	65,000	80,000	15,000	-	-	-	80,000	15,000
Transfers to other funds	(356,611)	(356,611)	-	(225,758)	(236,118)	(10,360)	(592,729)	(10,360)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(820,311)	1,564	821,875	(574,458)	492,816	1,067,274	494,380	1,889,149
Fund balance, beginning	<u>1,349,194</u>	<u>1,349,194</u>	<u>-</u>	<u>1,619,285</u>	<u>1,619,285</u>	<u>-</u>	<u>2,968,479</u>	<u>-</u>
Fund balance, ending	<u>528,883</u>	<u>1,350,758</u>	<u>821,875</u>	<u>1,044,827</u>	<u>2,112,101</u>	<u>1,067,274</u>	<u>3,462,859</u>	<u>1,889,149</u>

The accompanying notes are an integral part of this statement.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED
EARNINGS - PROPRIETARY FUND TYPE - ENTERPRISE FUND
Years Ended October 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for service -		
Water sales	\$ 840,932	\$ 796,427
Gas sales	1,462,343	1,374,749
Sewer service charges	187,274	175,625
Installation charges	41,316	27,783
Miscellaneous revenues	29,713	24,633
Total operating revenues	<u>2,561,578</u>	<u>2,399,217</u>
Operating expenses:		
Water department expenses	714,633	588,401
Gas department expenses	1,013,935	1,076,578
Sewer department expenses	612,173	294,247
General and administrative expenses	122,174	129,179
Depreciation	347,707	320,158
Total operating expenses	<u>2,810,622</u>	<u>2,408,563</u>
Operating income (loss)	<u>(249,044)</u>	<u>(9,346)</u>
Nonoperating revenues:		
Interest income	35,306	41,863
Disposition of plant and equipment	5,000	1,766
Total nonoperating revenues	<u>40,306</u>	<u>43,629</u>
Income (loss) before operating transfers	<u>(208,738)</u>	<u>34,283</u>
Transfers to:		
Capital Projects Funds	(326,017)	-
General Fund	(15,000)	(15,000)
Net retained earnings (deficit)	<u>(341,017)</u>	<u>(15,000)</u>
Retained earnings, beginning	<u>(549,755)</u>	<u>19,283</u>
Retained earnings, ending	<u>3,001,103</u>	<u>2,981,820</u>
	<u>2,451,348</u>	<u>3,001,103</u>

The accompanying notes are an integral part of this statement.

**STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE -
ENTERPRISE FUND**
Years Ended October 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (249,044)	\$ (9,346)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	347,707	320,158
Changes in assets and liabilities -		
Decrease (increase) in receivables	32,154	(13,918)
Increase (decrease) in accounts payable and other liabilities	313,636	(11,430)
Increase (decrease) in due to other funds	(13,798)	(139,826)
All other, net	(1,667)	1,962
Net cash provided by operating activities	<u>428,988</u>	<u>147,600</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers	(341,017)	(15,000)
Net cash (used for) noncapital financing activities	<u>(341,017)</u>	<u>(15,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to property and equipment	(313,361)	(277,679)
Sale of capital assets	5,000	2,501
Net cash (used for) capital and related financing activities	<u>(308,361)</u>	<u>(275,178)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificate of deposit	(23,376)	(22,394)
Interest income	35,306	41,863
Net cash provided by investing activities	<u>11,930</u>	<u>19,469</u>
Increase (decrease) in cash and cash equivalents	(208,460)	(123,109)
Cash and cash equivalents at beginning of year, including restricted accounts (1998 - \$206,151; 1997 - \$196,485)	<u>787,687</u>	<u>910,796</u>
Cash and cash equivalents at end of year, including restricted accounts (1998 - \$222,869; 1997 - \$206,151)	<u><u>579,227</u></u>	<u><u>787,687</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Zachary, 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.

A. Reporting Entity –

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component unit (City Court of Zachary) which is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

City Court of Zachary – In conformity with generally accepted accounting principles, the financial statements of the Court have been included in the financial reporting entity as a discretely presented component unit. This unit is reported in a separate column to emphasize that they are legally separate from the City. Note 9 presents financial statements of the City Court of Zachary.

The following organization is excluded from the reporting entity:

Zachary Volunteer Fire Department – This potential component unit provides volunteer fire service to the City. Although the City does provide facilities and/or some financing, it does not exercise direct control over its operations.

B. Fund Accounting –

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental 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 designated 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: (1) governmental and (2) 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 special revenue funds (used to account for the proceeds of specific revenue sources [other than capital projects] that are legally restricted to expenditures for specific purposes) and capital projects funds (used to account for major capital expenditures not financed by enterprise funds). 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).

C. 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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Basis of Accounting (continued) –

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 are 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.

The modified accrual basis of accounting is used by all governmental fund types. 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 remitted within 30 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.

Those revenues susceptible to accrual (being held at year end on behalf of the City) are sales and property taxes which are collected and held by the Parish and beer and tobacco taxes which are collected and held by the State.

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

D. Budgets –

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

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.

E. Cash, Cash Equivalents, and Investments –

Cash and cash equivalents include amounts in demand deposits, savings accounts, and certificates of deposit with a maturity date within three months of the date purchased. Certificates of deposit with a maturity date of over three months when purchased are considered investments.

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.

F. Short-term Interfund Receivables/Payables –

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

G. Inventories –

Inventory of supplies in the proprietary fund is valued at cost (first-in, first-out).

Purchase of operating supplies by governmental fund types are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

H. Restricted Assets –

Certain resources set aside for the repayment of customers' deposits are classified as restricted assets on the balance sheet because their use is limited by law.

I. Property, plant, and equipment –

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Property, plant, and equipment acquired or constructed for general governmental operations is recorded as an expenditure in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group.

Property, plant, and equipment acquired for proprietary funds is capitalized in the fund to which it applies.

Property, plant, and equipment is stated at cost. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

The estimated useful lives for each major class of depreciable fixed assets are as follows:

Structures and improvements	30-50 years
Machinery and equipment	5-25 years

J. Compensated Absences –

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

K. Fund Equity –

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from individuals or other funds. Reserves represent those portions of fund equity not appropriate for expenditures.

L. Interfund Transactions –

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

M. Bad Debts –

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

N. 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 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.

O. 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 September 1st of each year, the mayor submits to the council a proposed operating budget. At the meeting of the council at which the operating budget is submitted, the council orders a public hearing on it and causes it to be published in the official journal. The budget is adopted not later than the second to last regular meeting of the fiscal year.

The operating budget may be amended to provide for: (1) supplemental appropriations, (2) emergency appropriations, (3) reductions of appropriations, and (4) transfer of appropriations.

Each year, no later than the time of submission of the operating budget, for the ensuing year, the mayor prepares and submits to the council a capital improvement program covering a period of at least five years.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary. The budget amounts used for comparative purposes in the accompanying financial statements include the supplementary appropriations.

3. CASH, SAVINGS ACCOUNTS, AND CERTIFICATES OF DEPOSIT

As of October 31, 1998, the carrying amount of the City’s deposits (including cash, savings accounts, and certificates of deposit) was \$4,273,959. The bank balances of these deposits totaled \$4,340,203 of which \$300,000 was covered by federal depository insurance, and \$4,040,203 was collateralized with securities held by the pledging bank’s agent in the bank’s name.

To give an indication of the level of risk assumed by the City, the deposits are categorized as follows:

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. CASH, SAVINGS ACCOUNTS, AND CERTIFICATES OF DEPOSIT (CONTINUED)

At October 31, 1998	Bank Balance	Category			Carrying Amount
		1	2	3	
Deposits	\$ 2,266,084	\$ -	\$ -	\$ 2,266,084	\$ 2,199,840
Savings Accounts	195,496	-	-	195,496	195,496
Certificates of deposit	1,878,623	-	-	1,878,623	1,878,623
Total	4,340,203	-	-	4,340,203	4,273,959

4. RECEIVABLES

Receivables at October 31, 1998 consist of the following:

	General	Enterprise	Total
Sales tax	\$ 273,552	\$ -	\$ 273,552
Accounts	48,801	347,171	395,972
Other	-	4,307	4,307
Gross receivables	322,353	351,478	673,831
Less allowance for uncollectible accounts	-	(12,000)	(12,000)
Net receivables	322,353	339,478	661,831

Property taxes are levied as of January 1st on property values assessed as of the same date. The tax levy is mailed during December and the taxes are due on or before December 31st. If taxes are unpaid by June, the property is offered at tax sale and 30 days after the tax sale, a lien is placed on the property.

5. FIXED ASSETS

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

	Balance October 31, 1997	Additions	Deletions	Balance October 31, 1998
Land	\$ 1,820,651	\$ -	\$ -	\$ 1,820,651
Buildings and improvements	2,309,788	-	-	2,309,788
Equipment	2,288,715	472,580	-	2,761,295
	6,419,154	472,580	-	6,891,734

The following is a summary of proprietary fund type, enterprise fund fixed assets at October 31, 1998:

Land	\$ 29,761
Structures and improvements	6,616,947
Construction in process	178,857
Machinery and equipment	723,315
New gas system	2,345,585
New sewer system	576,133
	10,470,598
Less accumulated depreciation	(6,140,134)
	4,330,464

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended October 31, 1998:

	<u>Certificates of Indebtedness</u>	<u>Note Payable</u>	<u>Total</u>
Debt outstanding, November 1, 1997	\$175,873	\$ 68,000	\$243,873
Repayments	<u>(175,873)</u>	<u>(13,600)</u>	<u>(189,473)</u>
Debt outstanding, October 31, 1998	<u>-----</u>	<u>54,400</u>	<u>54,400</u>

During the year ended October 31, 1995, \$800,000 in Certificates of Indebtedness, Series 1994, were issued by the City to provide for additional fire protection facilities. These Certificates were secured by a pledge and dedication of the excess of annual revenues above statutory, necessary and unusual charges. The Certificates, which bore interest at the rate of 5%, were subject to prepayment at any time at a price equal to the principal amount thereof plus accrued interest to the date of prepayment. The final payment on the Certificates was made during the year ended October 31, 1998.

During the year ended October 31, 1997, the City purchased the Railroad Depot at a cost of \$85,000. The Act of Sale provided for a downpayment of \$17,000 and the balance of \$68,000 to be paid equally over a five year period with interest at 6% annually. The Act of Sale provides that the seller may, upon 90 days notice, demand payment in full.

Presented below is a summary of debt service requirements to maturity by year:

<u>Year to end October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 13,600	\$ 3,264	\$ 16,864
2000	13,600	2,448	16,048
2001	13,600	1,632	15,232
2002	<u>13,600</u>	<u>816</u>	<u>14,416</u>
	<u>54,400</u>	<u>8,160</u>	<u>62,560</u>

7. CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the City. The City Attorney has advised us that all material claims have been tendered to the insurer for the City and that the dollar amount claimed by the plaintiffs does not exceed the policy limits.

8. 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 multiple-employer, cost-sharing 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 (225) 925-4810.

Funding policy: Covered employees are required by state statute to contribute 9.25% of their salary to MERS (the City is currently paying 4% of the required contribution). The City is required by this statute to contribute the remaining amounts necessary to pay benefits when due (currently 5.75%). The contribution requirements of plan members and 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 year. The contribution requirement for the year ended October 31, 1998, was \$169,279, which consisted of \$110,031 from the City and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. RETIREMENT COMMITMENTS (CONTINUED)

\$59,248 (5.25% of covered payroll) from employees. The City's contributions to MERS for the year ended October 31, 1997, 1996, and 1995 were \$102,650, \$98,862, and \$93,606, 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 (225) 929-7411.

Funding policy: Covered employees are required by state statute to contribute 7.5% of their salary to MPERS. The City is required by this statute to contribute the remaining amounts necessary to pay benefits when due (currently 9%). 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 contribution requirement for the year ended October 31, 1998, was \$117,225, which consisted of \$63,941 from the City and \$53,284 (7.5% of covered payroll) from employees. The City's contributions to MPERS for the years ended October 31, 1997, 1996, and 1995 were \$59,384, \$50,890, and \$52,086, respectively, and were equal to the required contributions for each year.

Firefighters' Retirement System (FRS)

Plan description: All of the City'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 (225) 925-4060.

Funding policy: Covered employees are required by state statute to contribute 8% of their salary to FRS. The City is required by this statute to contribute the remaining amounts necessary to pay benefits when due (currently 9%). 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 contribution requirement for the year ended October 31, 1998, was \$72,232, which consisted of \$38,241 from the City and \$33,991 (8% of covered payroll) from employees. The City's contributions to FRS for the year ended October 31, 1997, 1996, and 1995 were \$28,394, \$26,267, and \$17,192, respectively, and were equal to the required contributions for each fiscal year.

Louisiana State Employees' Retirement System (LASERS)

Plan description: The Judge of the City Court of Zachary participates in the LASERS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirements, 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, 70804, or by calling (225) 922-0600.

Funding policy: Covered employees are required by state statute to contribute 11.5% of their salary to LASERS. The City is required by this statute to contribute the remaining amounts necessary to pay benefits when due (currently 12.4% (13% prior to July 1, 1998)). 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 for the years ended October

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. RETIREMENT COMMITMENTS (CONTINUED)

31, 1998, 1997, and 1996 were \$1,754, \$1,689, and \$1,627, respectively, and, together with the amounts contributed by the City Court of Zachary, were equal to the required contributions for each year.

9. CITY COURT OF ZACHARY

The financial statements of the City Court of Zachary (a discretely presented component unit) follow:

COMBINED BALANCE SHEET – FUND TYPE AND ACCOUNT GROUP
October 31, 1998

	<u>Governmental Fund Type General</u>	<u>General Fixed Account Group</u>	<u>Total (memorandum Only)</u>
ASSETS			
Cash	\$ 12,858	\$ -	\$ 12,858
Equipment	-	56,815	56,815
Total assets	<u>12,858</u>	<u>56,815</u>	<u>69,673</u>
FUND EQUITY			
Investment in general fixed assets	-	56,815	56,815
Fund balance -- unreserved	12,858	-	12,858
Total fund equity	<u>12,858</u>	<u>56,815</u>	<u>69,673</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – GOVERNMENTAL FUND TYPE – GENERAL**
Year ended October 31, 1998

Revenues:	
Criminal court collections	\$ 218,451
Garnishments collected	74,785
Court cost	<u>30,842</u>
Total revenues	<u>324,078</u>
Expenditures:	
Current –	
Intergovernmental	112,066
Remittance of garnishments, restitutions, etc.	103,026
General government	57,526
Capital outlays	<u>3,452</u>
Total expenditures	<u>276,070</u>
Excess of revenues over expenditures	48,008

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. CITY COURT OF ZACHARY (CONTINUED)

Other financing uses:

Transfers to other funds	<u>(65,000)</u>
Excess (deficiency) of revenues and other sources over expenditures	(16,992)
Fund balance, beginning	<u>29,850</u>
Fund balance, ending	<u>12,858</u>

CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets follows:

Balance, October 31, 1997	\$ 53,363
Additions	<u>3,452</u>
Balance, October 31, 1998	<u>56,815</u>

RELATED PARTY TRANSACTIONS

The City of Zachary, Louisiana incurs expenditures on behalf of the Court. These expenditures include compensation to Court personnel along with the related pension cost and employee benefits. During the City's fiscal year ended October 31, 1998, the following expenditures were paid on behalf of the Court:

Court expenses	\$26,060
Judge's salary	7,220
Prosecutor's salary	10,490
Marshal's salary	<u>10,490</u>
	<u>54,260</u>

The Court makes distributions to the City. During the year ended October 31, 1998, the following distributions were made on behalf of the City.

Fines	\$89,442
Marshal	4,991
Article 887 C & D	7,039
Probation	240
Garnishment fee	4,804
Marshal (payroll)	<u>5,550</u>
	112,066
Transfer to General Fund	<u>65,000</u>
	<u>177,066</u>

10. YEAR 2000

Many computer systems ("IT systems") and equipment and instruments with embedded microprocessors ("non-IT systems") were designed to recognize only the last two digits of a calendar year. With the arrival of the Year 2000, these systems and microprocessors may encounter operating problems due to their inability to distinguish years after 1999 from years preceding 1999. As a result, the City is engaged in an extensive project to remediate or replace its date-sensitive IT systems and non-IT systems.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. YEAR 2000 (CONTINUED)

The project involves four stages: (1) awareness stage; (2) assessment stage; (3) remediation stage; and (4) validation/testing stage.

The following chart indicates the estimated state of completion of each stage of this project as of October 31, 1998:

	<u>Stage</u>
Office computers	Validation/testing
Billing system	Assessment
Other electronic office equipment	Not applicable
Police Department	Assessment
Fire Department	Assessment
Utility Department –	
Water	Not applicable
Gas	Assessment

The completion of the above stages, however, is not a guarantee that systems and equipment will be year 2000-compliant.

The cost of repairs and resources needed to insure that the City will be year 2000-compliant have been immaterial to date and are not expected to be material to future operations.

**FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS**

GENERAL FUND

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

**CITY OF ZACHARY, LOUISIANA
GENERAL FUND**

**BALANCE SHEETS
October 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	\$ 136,172	\$ 245,313
Savings accounts	107,714	105,217
Certificates of deposit	679,683	676,878
Sales tax receivable	273,552	211,835
Other receivables	48,801	52,989
Due from other funds	314,745	409,575
Total assets	<u>1,560,667</u>	<u>1,701,807</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	69,393	203,838
Other payables	133,180	126,977
Due to other funds	7,336	21,798
Total liabilities	<u>209,909</u>	<u>352,613</u>
Fund balance:		
Unreserved - undesignated	<u>1,350,758</u>	<u>1,349,194</u>
Total liabilities and fund balance	<u>1,560,667</u>	<u>1,701,807</u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended October 31, 1998
(With Comparative Actual Amounts for Year Ended October 31, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes	\$3,315,000	\$3,705,974	\$ 390,974	\$3,246,603
Licenses and permits	402,000	410,723	8,723	348,153
Intergovernmental	536,000	551,502	15,502	426,161
Charges for services	266,000	282,288	16,288	275,735
Commissions	429,500	457,682	28,182	429,820
Fines	78,000	89,442	11,442	68,297
Miscellaneous	83,500	84,943	1,443	79,125
Total revenues	<u>5,110,000</u>	<u>5,582,554</u>	<u>472,554</u>	<u>4,873,894</u>
Expenditures:				
General government	1,581,000	1,521,651	59,349	1,374,983
Public safety -				
Police	1,715,700	1,588,076	127,624	1,432,950
Fire	986,000	815,556	170,444	925,159
Streets	838,500	863,169	(24,669)	792,753
Sanitation	337,500	336,751	749	326,708
Debt service	180,000	179,176	824	269,230
Total expenditures	<u>5,638,700</u>	<u>5,304,379</u>	<u>334,321</u>	<u>5,121,783</u>
Excess (deficiency) of revenues over expenditures	<u>(528,700)</u>	<u>278,175</u>	<u>806,875</u>	<u>(247,889)</u>
Other financing sources (uses):				
Transfers from City Court	50,000	65,000	15,000	50,000
Transfers from Utility Fund	15,000	15,000	-	15,000
Transfers to Capital Projects Fund	(356,611)	(356,611)	-	-
Total other financing sources (uses)	<u>(291,611)</u>	<u>(276,611)</u>	<u>15,000</u>	<u>65,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(820,311)</u>	<u>1,564</u>	<u>821,875</u>	<u>(182,889)</u>
Fund balance, beginning	<u>1,349,194</u>	<u>1,349,194</u>	<u>-</u>	<u>1,532,083</u>
Fund balance, ending	<u><u>528,883</u></u>	<u><u>1,350,758</u></u>	<u><u>821,875</u></u>	<u><u>1,349,194</u></u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
Year Ended October 31, 1998
(With Comparative Actual Amounts for Year Ended October 31, 1997)

	1998		Variance -	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Taxes:				
Ad valorem - industrial	\$ 30,000	\$ 28,806	\$ (1,194)	\$ 25,504
Ad valorem - other	85,000	101,348	16,348	89,742
Sales tax	3,200,000	3,575,820	375,820	3,131,357
	<u>3,315,000</u>	<u>3,705,974</u>	<u>390,974</u>	<u>3,246,603</u>
Licenses and permits:				
Occupational licenses	300,000	302,283	2,283	273,493
Building permits	45,000	48,632	3,632	29,498
Electrical contractor license	5,500	5,320	(180)	4,650
Electrical permits	18,500	20,939	2,439	14,876
Other contractor license	11,000	9,504	(1,496)	9,015
Other permits	22,000	24,045	2,045	16,621
	<u>402,000</u>	<u>410,723</u>	<u>8,723</u>	<u>348,153</u>
Intergovernmental:				
911 operations	54,000	54,000	-	54,000
Video poker revenue	55,000	45,036	(9,964)	52,311
Tobacco tax	48,000	45,898	(2,102)	45,898
Alcoholic beverage tax	12,000	10,385	(1,615)	5,840
Beer tax	22,500	18,227	(4,273)	17,008
City - parish street maintenance	45,000	44,880	(120)	43,050
Grant - Police Department	140,000	180,000	40,000	162,390
Grant - D.A.R.E.	24,500	28,644	4,144	17,361
Grant - Rural Development	100,000	99,765	(235)	-
Grant - J.A.Z.	11,500	1,394	(10,106)	5,031
Transportation fund	23,500	23,273	(227)	23,272
	<u>536,000</u>	<u>551,502</u>	<u>15,502</u>	<u>426,161</u>
Charges for services:				
Refuse collection charges	260,000	276,796	16,796	269,644
Refuse billing fees	6,000	5,492	(508)	6,091
	<u>266,000</u>	<u>282,288</u>	<u>16,288</u>	<u>275,735</u>
Commissions:				
Cable franchise fee	54,500	54,099	(401)	50,058
Sale of electricity	350,000	378,850	28,850	354,484
Sale of insurance	25,000	24,733	(267)	25,278
	<u>429,500</u>	<u>457,682</u>	<u>28,182</u>	<u>429,820</u>
Fines	<u>78,000</u>	<u>89,442</u>	<u>11,442</u>	<u>68,297</u>

(CONTINUED)

STATEMENTS OF REVENUES COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended October 31, 1998
(With Comparative Actual Amounts for Year Ended October 31, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Miscellaneous:				
Interest income	\$ 35,000	\$ 34,679	\$ (321)	\$ 27,830
City court	-	11,843	11,843	7,559
Marshal's fund	12,500	10,541	(1,959)	9,258
Sale of equipment	5,000	8,280	3,280	9,774
Food Pantry	-	3,508	3,508	4,074
Investigative fund	-	1,820	1,820	1,050
All other	31,000	14,272	(16,728)	19,580
	<u>83,500</u>	<u>84,943</u>	<u>1,443</u>	<u>79,125</u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended October 31, 1998
(With Comparative Actual Amounts for Year Ended October 31, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
General government:				
Salaries	\$ 34,500	\$ 29,125	\$ 5,375	\$ 28,333
Office expense	13,500	13,609	(109)	11,505
Electricity	3,500	3,327	173	602
City Hall vehicle	1,000	944	56	1,075
Supplies and maintenance	15,000	14,909	91	7,522
Insurance	220,000	157,646	62,354	189,358
Medicare	8,100	8,313	(213)	6,391
F.I.C.A. tax	8,500	2,861	5,639	16,078
Capital outlays	8,200	1,900	6,300	38,900
Telephone	3,400	3,302	98	2,498
Assessment roll fee	5,100	5,098	2	5,049
Code book expense	5,500	5,417	83	4,712
Dues, donations, and subscriptions	4,100	4,122	(22)	3,639
Civil defense - expense	500	-	500	-
- salary	4,500	4,332	168	4,206
Recreation - expense	115,000	218,357	(103,357)	66,294
- salary	27,500	24,644	2,856	2,271
- Z. A. P.	7,300	7,100	200	5,640
- capital outlays	270,000	225,243	44,757	272,091
Music enrichment program	1,800	-	1,800	1,500
Cultural Day Camp	3,000	2,622	378	144
Miscellaneous	5,000	4,343	657	6,921
Retirement	15,500	15,493	7	14,765
Audit	11,200	11,175	25	11,212
Health insurance	7,500	6,377	1,123	7,433
Attorney - retainer	5,700	5,616	84	5,148
Inspection - expense	22,500	26,964	(4,464)	19,126
- salary	74,000	74,022	(22)	65,323
Assistant attorney	6,500	6,267	233	5,751
Vending machine	1,500	1,253	247	1,153
L.M.A. Convention	5,000	3,467	1,533	5,050
Public relations	15,500	15,418	82	11,989
Mayor's prayer breakfast	2,100	2,096	4	2,286
Animal control fees	12,000	12,000	-	12,000
Official journal	9,000	7,402	1,598	7,684
Food pantry	2,500	4,113	(1,613)	4,558
Election expense	1,000	-	1,000	-
Historical village - expense	99,000	100,964	(1,964)	53,420
- note	18,000	17,680	320	17,000
Legal fees	18,500	18,445	55	9,587
Court expense	27,500	26,060	1,440	27,287

(CONTINUED)

STATEMENTS OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended October 31, 1998
(With Comparative Actual Amounts for Year Ended October 31, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
General government (continued):				
Judge's salary	\$ 7,400	\$ 7,220	\$ 180	\$ 7,010
Clerk of court salary	60,000	59,159	841	56,838
Probation officer	4,800	4,800	-	1,000
Prosecutor salary	12,000	10,490	1,510	10,185
Marshal's salary	12,000	10,490	1,510	10,185
Beautification - expense	35,000	31,176	3,824	26,494
Senior citizen center	11,200	11,109	91	11,591
Civil service - director	5,600	5,571	29	5,403
- fire and police	4,000	3,708	292	3,151
Planning and zoning	1,500	906	594	1,629
Unemployment tax	500	-	500	267
Insurance consultant	5,800	-	5,800	5,800
Sales tax collection fee	38,500	38,350	150	36,312
Ad valorem tax collection fee	250	42	208	48
Contracts and services	10,500	10,212	288	4,061
Travel, schools, etc.	1,500	782	718	1,211
Economic development	4,000	3,954	46	12,887
Community center	11,500	11,365	135	11,891
Tutoring program - Z.H.S.	5,100	2,550	2,550	2,789
- N.W.M.S.	3,750	2,280	1,470	1,500
- Z.E.S.	3,450	2,809	641	3,330
- N.E.S.	2,700	2,520	180	2,475
J.A.Z. program	14,100	14,060	40	13,044
D.C.I. expense	12,000	10,800	1,200	10,307
Mayor - salary	60,000	59,688	312	58,122
- expense	300	206	94	24
- secretary	35,200	35,133	67	33,422
- telephone	4,000	3,623	377	3,183
- vehicle expense	3,000	1,284	1,716	2,498
- miscellaneous	1,700	2,685	(985)	858
- retirement	9,100	9,018	82	9,161
- travel	2,000	511	1,489	1,207
- health insurance	8,800	8,755	45	8,474
A.B.C. Board - salary	1,800	1,800	-	1,800
- secretary	1,400	1,310	90	1,388
- expense	100	-	100	-
Council - salary	32,000	31,829	171	30,868
- miscellaneous	3,500	421	3,079	273
- clerk's salary	7,950	7,867	83	7,638
- telephone	500	200	300	187
- travel	1,500	520	980	358

(CONTINUED)

STATEMENTS OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended October 31, 1998
(With Comparative Actual Amounts for Year Ended October 31, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
General government (continued):				
Council (continued):				
- retirement	\$ 4,000	\$ 3,071	\$ 929	\$ 3,891
- health insurance	17,500	17,351	149	16,722
	<u>1,581,000</u>	<u>1,521,651</u>	<u>59,349</u>	<u>1,374,983</u>
Public safety - police:				
Salaries	1,010,000	920,027	89,973	845,158
Office expense	15,000	13,769	1,231	15,643
Electricity	23,000	16,974	6,026	22,823
Vehicle expense	70,000	64,414	5,586	58,876
Supplies and maintenance	35,000	72,995	(37,995)	33,608
Uniforms	22,000	21,444	556	12,367
Telephone	17,000	16,945	55	13,420
Investigative fund	600	67	533	1,404
Reserve deputies	7,500	4,765	2,735	3,797
Miscellaneous	8,400	8,174	226	6,106
911 dispatchers salary	79,000	82,085	(3,085)	41,867
911 expense	200	-	200	45
Retirement	67,500	68,658	(1,158)	63,828
U.S. grant	500	318	182	39,754
Health insurance	109,000	108,534	466	101,839
Contracts and services	10,000	3,149	6,851	3,583
Travel, schools, and seminars	16,500	16,186	314	7,714
Capital outlays	210,000	160,337	49,663	154,447
Contingency	5,000	-	5,000	-
D.A.R.E	9,500	9,235	265	6,671
	<u>1,715,700</u>	<u>1,588,076</u>	<u>127,624</u>	<u>1,432,950</u>
Public safety - fire:				
Salaries	535,000	503,639	31,361	420,082
Office expense	7,000	11,389	(4,389)	7,166
Electricity	15,000	12,171	2,829	5,083
Vehicle expense	30,000	30,596	(596)	44,823
Supplies and maintenance	25,000	33,595	(8,595)	24,254
Rescue unit	15,000	7,679	7,321	10,197
EMT incentive pay	15,300	7,706	7,594	6,750
Uniforms	5,700	5,103	597	2,879
Telephone	8,000	6,893	1,107	6,170
Communication grant	100,000	-	100,000	25,976
Miscellaneous	5,000	4,844	156	9,089

(CONTINUED)

STATEMENTS OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended October 31, 1998
(With Comparative Actual Amounts for Year Ended October 31, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Public safety - fire (continued):				
Retirement	\$ 45,000	\$ 36,953	\$ 8,047	\$ 28,325
Health insurance	50,000	48,349	1,651	37,198
Volunteer firemen	15,000	11,872	3,128	6,959
Contracts and services	19,000	18,880	120	3,072
Training	10,000	8,666	1,334	2,864
Fire prevention	3,000	2,498	502	1,727
Capital outlays	82,500	64,567	17,933	282,267
Contingency	500	156	344	278
	<u>986,000</u>	<u>815,556</u>	<u>170,444</u>	<u>925,159</u>
Streets:				
Salaries	227,500	227,191	309	193,508
Office expense	1,000	631	369	932
Electricity	139,000	129,926	9,074	148,970
Vehicle expense	45,000	43,724	1,276	44,388
Supplies and maintenance	100,000	102,653	(2,653)	84,607
Telephone	3,500	3,593	(93)	3,293
Miscellaneous	13,200	13,613	(413)	10,214
Retirement	23,200	23,239	(39)	22,148
Health insurance	35,000	32,918	2,082	25,958
Contracts and services	8,500	8,415	85	5,285
Capital outlays	216,000	261,398	(45,398)	229,681
Drainage	20,000	14,191	5,809	19,650
Travel, schools, and seminars	2,000	1,330	670	3,952
Contingency	4,600	347	4,253	167
	<u>838,500</u>	<u>863,169</u>	<u>(24,669)</u>	<u>792,753</u>
Sanitation:				
Landfill charges	2,000	1,563	437	3,782
Contracts and services	335,500	335,188	312	322,926
	<u>337,500</u>	<u>336,751</u>	<u>749</u>	<u>326,708</u>

The accompanying notes are an integral part of this statement.

STREET IMPROVEMENT SPECIAL REVENUE FUND

To account for specific revenues that are legally restricted to expenditures for particular purposes.

**CITY OF ZACHARY, LOUISIANA
STREET IMPROVEMENT SPECIAL REVENUE FUND**

**BALANCE SHEETS
OCTOBER 31, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	\$ 1,547,745	\$1,066,215
Certificates of deposit	557,691	531,875
Due from General Fund	<u>7,336</u>	<u>21,798</u>
Total assets	<u>2,112,772</u>	<u>1,619,888</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	671	603
Fund balance - Designated for street improvement	<u>2,112,101</u>	<u>1,619,285</u>
Total liabilities and fund balance	<u>2,112,772</u>	<u>1,619,888</u>

The accompanying notes are an integral part of this statement.

**CITY OF ZACHARY, LOUISIANA
STREET IMPROVEMENT SPECIAL REVENUE FUND**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE**

Years Ended October 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Taxes -		
Sales tax	\$ 689,848	\$ 606,985
Other -		
Interest	57,742	40,798
Total revenues	<u>747,590</u>	<u>647,783</u>
Expenditures:		
Streets	<u>18,656</u>	<u>227,972</u>
<i>Excess of revenues over expenditures</i>	728,934	419,811
Other financing (uses):		
Transfers to Capital Projects Fund	<u>(236,118)</u>	<u>-</u>
<i>Excess of revenues over expenditures and other uses</i>	492,816	419,811
Fund balance, beginning	<u>1,619,285</u>	<u>1,199,474</u>
Fund balance, ending	<u><u>2,112,101</u></u>	<u><u>1,619,285</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF ZACHARY, LOUISIANA
STREET IMPROVEMENT SPECIAL REVENUE FUND**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended October 31, 1998
(With Comparative Actual Amounts for Year Ended October 31, 1997)**

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes -				
Sales tax	\$ 593,500	\$ 689,848	\$ 96,348	\$ 606,985
Other -				
Interest	21,000	57,742	36,742	40,798
Total revenues	<u>614,500</u>	<u>747,590</u>	<u>133,090</u>	<u>647,783</u>
Expenditures:				
Streets	<u>963,200</u>	<u>18,565</u>	<u>944,544</u>	<u>227,972</u>
Excess (deficiency) of revenues over expenditures	(348,700)	728,934	1,077,634	419,811
Other financing (users):				
Transfers to Capital Projects Fund	<u>(225,758)</u>	<u>(236,118)</u>	<u>(10,360)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other uses	(574,458)	492,816	1,067,274	419,811
Fund balance, beginning	<u>1,619,285</u>	<u>1,619,285</u>	<u>-</u>	<u>1,199,474</u>
Fund balance, ending	<u><u>1,044,827</u></u>	<u><u>2,112,101</u></u>	<u><u>1,067,274</u></u>	<u><u>1,619,285</u></u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUND

To account for major capital expenditures not financed by Enterprise Funds.

BALANCE SHEETS
October 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	<u>\$ 114,789</u>	<u>\$ 21,137</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	98,202	-
Due to General Fund	<u>16,587</u>	<u>97,619</u>
	<u>114,789</u>	<u>97,619</u>
Fund balance (deficit)	<u>-</u>	<u>(76,482)</u>
Total liabilities and fund balance	<u><u>114,789</u></u>	<u><u>21,137</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF ZACHARY, LOUISIANA
CAPITAL PROJECTS FUND - BLOCK GRANT**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
Years Ended October 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
Revenues:		
Intergovernmental	\$ 313,872	\$ 16,128
Expenditures:		
Capital outlays	1,156,136	297,117
Excess (deficiency) of revenues over expenditures	<u>(842,264)</u>	<u>(280,989)</u>
Other financing sources:		
Transfers from Street Improvement Special Revenue Fund	236,118	-
Transfers from Utility Fund	326,017	-
Transfers from General Fund	356,611	-
Total other financing sources	<u>918,746</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	76,482	(280,989)
Fund balance (deficit), beginning	<u>(76,482)</u>	<u>204,507</u>
Fund balance (deficit), ending	<u><u>-</u></u>	<u><u>(76,482)</u></u>

The accompanying notes are an integral part of this statement.

**ENTERPRISE FUND
UTILITY FUND**

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

**CITY OF ZACHARY, LOUISIANA
UTILITY FUND**

**BALANCE SHEETS
October 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
ASSETS		
Current assets:		
Cash	\$ 243,576	\$ 107,428
Savings account	87,782	449,108
Certificates of deposit	581,249	557,873
Accounts receivable, net of allowance for uncollectible accounts (1998 - \$12,000; 1997 - \$12,000)	335,171	367,325
Other receivables	4,307	9,372
Inventory, at cost (FIFO)	106,280	89,073
Total current assets	<u>1,358,365</u>	<u>1,580,179</u>
Restricted assets:		
Customers' deposits -		
Cash	162,869	146,151
Certificates of deposit	60,000	60,000
Total restricted assets	<u>222,869</u>	<u>206,151</u>
Property and equipment, at cost:		
Land	29,761	29,761
Structures and improvements	6,616,947	6,577,461
Construction in process	178,857	-
Machinery and equipment	723,315	628,298
New gas system	2,345,585	2,345,585
New sewer system	576,133	576,133
	<u>10,470,598</u>	<u>10,157,238</u>
Less accumulated depreciation	6,140,134	5,792,428
Total property and equipment, at cost	<u>4,330,464</u>	<u>4,364,810</u>
Total assets	<u><u>5,911,698</u></u>	<u><u>6,151,140</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF ZACHARY, LOUISIANA
UTILITY FUND**

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**BALANCE SHEETS
October 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ 322,379	\$ 41,162
Compensated absences	37,624	32,899
Accrued expenses	92,791	65,097
Due to other funds	298,158	311,956
Total current liabilities (payable from current assets)	<u>750,952</u>	<u>451,114</u>
Current liabilities (payable from restricted assets):		
Customers' deposits	<u>205,690</u>	<u>195,215</u>
Total current liabilities (payable from restricted assets)	<u>205,690</u>	<u>195,215</u>
Total liabilities	<u>956,642</u>	<u>646,329</u>
Fund equity:		
Contributed capital	2,503,708	2,503,708
Retained earnings - unreserved	<u>2,451,348</u>	<u>3,001,103</u>
Total fund equity	<u>4,955,056</u>	<u>5,504,811</u>
Total liabilities and fund equity	<u><u>5,911,698</u></u>	<u><u>6,151,140</u></u>

The accompanying notes are an integral part of this statement.

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN RETAINED EARNINGS
Years Ended October 31, 1998 and 1997**

Presented on page 12 of financial report.

**STATEMENTS OF CASH FLOWS
Years Ended October 31, 1998 and 1997**

Presented on page 13 of financial report.

STATEMENTS OF OPERATING EXPENSES BY DEPARTMENT
 Years Ended October 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Water department expenses:		
Salaries	332,668	290,790
Office expense	5,876	5,943
Electricity	48,128	79,703
Equipment maintenance	14,147	15,458
Supplies	154,765	113,316
Telephone	6,062	5,829
Miscellaneous	17,270	11,437
Retirement	15,468	14,765
Health insurance	27,062	22,947
Contracts/services	93,187	28,213
	<u>714,633</u>	<u>588,401</u>
Gas department expenses:		
Salaries	151,420	138,138
Office expense	5,911	6,174
Electricity	1,507	1,348
Equipment maintenance	16,201	16,838
Supplies	33,492	36,653
Purchase of gas	714,630	794,744
Telephone	1,403	1,129
Miscellaneous	11,244	11,479
Retirement	15,468	14,765
Health insurance	24,923	22,148
Contracts/services	37,736	33,162
	<u>1,013,935</u>	<u>1,076,578</u>
Sewer department expenses:		
Salaries	137,394	131,027
Office expense	4,097	4,034
Electricity	4,297	34,302
Equipment maintenance	21,274	9,025
Supplies	122,890	77,808
Telephone	928	1,343
Miscellaneous	13,992	10,191
Retirement	7,796	7,383
Health insurance	12,797	12,005
Contracts/services	28,824	7,129
Rehab	257,884	-
	<u>612,173</u>	<u>294,247</u>

(CONTINUED)

STATEMENTS OF OPERATING EXPENSES BY DEPARTMENT (CONTINUED)
Years Ended October 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General and administrative expenses:		
Insurance	\$ 49,285	\$ 73,570
Legal expense	2,421	-
Computer expense	20,959	11,867
Collection expense	503	781
Audit	11,175	11,212
Medicare expenses	8,430	6,391
Bad debts	12,511	11,554
F.I.C.A. expense	8,465	8,092
Unemployment cost	-	267
Building maintenance	8,425	5,445
	<u>122,174</u>	<u>129,179</u>

The accompanying notes are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

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

**CITY OF ZACHARY, LOUISIANA
GENERAL FIXED ASSETS ACCOUNT GROUP**

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**STATEMENTS OF GENERAL FIXED ASSETS
October 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
General fixed assets, at cost:		
Land	\$1,820,651	\$1,820,651
Buildings and improvements	2,309,788	2,309,788
Equipment	2,761,295	2,288,715
	<u>6,891,734</u>	<u>6,419,154</u>
 Total general fixed assets		
	<u>6,891,734</u>	<u>6,419,154</u>
Investment in general fixed assets:		
General Fund revenues	4,259,486	3,786,906
Federal grants	190,399	190,399
State grants	608,775	608,775
Contributions	878,460	878,460
Transfers from Utility Fund	149,614	149,614
City-Parish grants	5,000	5,000
Certificates of indebtedness	800,000	800,000
	<u>6,891,734</u>	<u>6,419,154</u>
 Total investment in general fixed assets		
	<u>6,891,734</u>	<u>6,419,154</u>

The accompanying notes are an integral part of this statement.

**CITY OF ZACHARY, LOUISIANA
GENERAL FIXED ASSETS ACCOUNT GROUP**

**STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended October 31, 1998**

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning of year	<u>\$ 1,820,651</u>	<u>\$ 2,309,788</u>	<u>\$2,288,715</u>	<u>\$6,419,154</u>
Additions:				
General Fund revenues	<u>-</u>	<u>-</u>	<u>472,580</u>	<u>472,580</u>
Deletions:				
General Fund revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General fixed assets, end of year	<u><u>1,820,651</u></u>	<u><u>2,309,788</u></u>	<u><u>2,761,295</u></u>	<u><u>6,891,734</u></u>

The accompanying notes are an integral part of this statement.

**GENERAL LONG-TERM DEBT
ACCOUNT GROUP**

To account for amounts expected to be paid from governmental type funds. Payments are made by the General Fund.

CITY OF ZACHARY, LOUISIANA
 GENERAL LONG-TERM ACCOUNT GROUP

STATEMENTS OF GENERAL LONG-TERM DEBT
 October 31, 1998
 (With Comparative Totals for October 31, 1997)

	Note Payable	Certificates of Indebtedness	Compensated Absences	Totals
				1998 1997
Amount to be provided for the retirement of general long-term debt:				
Amount to be provided from excess annual revenues	\$ 54,400	\$ -	\$ 165,424	\$ 219,824 \$ 405,977
General long-term debt payable:				
Estimated liability for compensated absences	-	-	165,424	162,104
Certificates of Indebtedness	-	-	-	175,873
Note payable	54,400	-	-	68,000
	<u>54,400</u>	<u>-</u>	<u>165,424</u>	<u>219,824 405,977</u>

The accompanying notes are an integral part of this statement.

SUPPLEMENTARY INFORMATION

SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
October 31, 1998

<u>Insurer</u>	<u>Expires</u>	<u>Type Coverage</u>	<u>Limits</u>
Louisiana Workers Compensation	January 1, 1999	Workers Compensation	Statutory
Reliance Insurance Company	November 1, 1998	Building and Contents General Liability	Property - \$4,661,855 Liability - \$1,000,000
Coregis Insurance Company	November 1, 1998	Public Officials Errors and Omissions	Liability - \$2,000,000
Reliance Insurance Company	November 1, 1998	Law Enforcement Liability Policy	Liability - \$1,000,000
Reliance Insurance Company	November 1, 1998	Employee Dishonest Blanket Fidelity Insurance	\$50,000
Coregis Insurance Company	November 1, 1998	Mobile Equipment Floater	\$320,189
Hartford Life Insurance Company	July 11, 1999	Accident Policy Reserve Police	Medical - \$15,000
Hartford Life Insurance Company	May 17, 1999	Accident Insurance Volunteer Fireman	Medical \$50,000
Life Insurance Company of North America	July 1, 1999	Court Referred Alternative Sentencing Program Volunteer Accident	Medical - \$25,000
Reliance Insurance Company	November 1, 1998	Automobile Liability and Physical Damage	Liability - \$1,000,000
Reliance Insurance Company	November 1, 1998	Excess Liability Policy	Liability - \$1,000,000

**SCHEDULE OF UTILITY RATES AND STATISTICS (UNAUDITED)
October 31, 1998**

Gas and water rates in effect at the end of the current year were as follows:

GAS

<u>INSIDE CITY LIMITS</u>		<u>OUTSIDE CITY LIMITS</u>	
1 MCF	Minimum charge - \$ 11.69	1 MCF	Minimum charge - \$ 11.69
2-5 MCF	\$ 7.70 per MCF	2-4 MCF	\$ 8.42 per MCF
6-15 MCF	\$ 7.28 per MCF	5-7 MCF	\$ 7.91 per MCF
16-45 MCF	\$ 6.80 per MCF	8-10 MCF	\$ 7.64 per MCF
46-100 MCF	\$ 6.33 per MCF	Over 10 MCF	\$ 7.72 per MCF
Over 100 MCF	\$ 5.86 per MCF		

WATER

	<u>INSIDE CITY LIMITS</u>	<u>OUTSIDE CITY LIMITS</u>
First 3,000 gallons	Minimum charge - \$6.09	Minimum charge - \$9.02
3,000-5,000 gallons	\$1.19 per thousand	\$1.81 per thousand
5,000-7,000 gallons	\$.89 per thousand	\$1.21 per thousand
Over 7,000 gallons	\$.83 per thousand	\$1.00 per thousand

The number of gas customers at year end, the amounts billed, and other customer statistics are as follows:

	<u>Year Ended October 31,</u>	
	<u>1998</u>	<u>1997</u>
Gas sales	\$ 1,462,343	\$ 1,374,749
Gas purchased	\$ 714,630	\$ 794,744
MCF gas sold	180,643	175,953
Number of customers at year end	2,597	2,597
MCF gas purchased	193,622	182,661
MCF gas unaccounted for	12,979	6,708
Average monthly billing per customer	\$ 46.60	\$ 44.23

Water customer data are as follows:

Water sales	\$ 840,932	\$ 796,427
Thousands of gallons of water sold	677,925	634,853
Number of customers at year end	5,045	4,970
Average monthly billing per customer	\$ 14.05	\$ 13.53

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended October 31, 1998

<u>Federal Grantor / Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Expenditures</u>
U.S. Department of Justice:			
Direct programs:			
Cops More 96	16.710		\$ 14,870
Cops Universal Hiring	16.710		128,651
Street Sales Disruption	16.579		12,347
Law Enforcement Equipment	16.592		5,540
Combination Investigation Domestic Violence	16.588		12,891
Integrated Criminal Apprehension	16.579		3,201
Juvenile Assistance in Zachary	16.540		1,394
Total U.S. Department of Justice			<u>178,894</u>
U.S. Department of Housing and Urban Development:			
Pass-through program from State of Louisiana:			
LCDBG Program - Streets Improvement	14.219	101-5040	<u>313,872</u>
Total Expenditures of Federal Awards			<u>\$ 492,766</u>

See accompanying note to schedule of expenditures of federal awards.

Year Ended October 31, 1998

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Zachary, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The amounts presented in this schedule are the same as the amounts presented in, or used in the preparation of, the basic financial statements.

JAMES R. DOUGLAS, LTD.
(PROFESSIONAL ACCOUNTING CORPORATION)

2820 CONTINENTAL DRIVE
BATON ROUGE, LOUISIANA 70808
(504) 927-3946

**INDEPENDENT AUDITORS' 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
City of Zachary, Louisiana

We have audited the financial statements of the City of Zachary, Louisiana, as of and for the year ended October 31, 1998, and have issued our report thereon dated February 11, 1999. 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

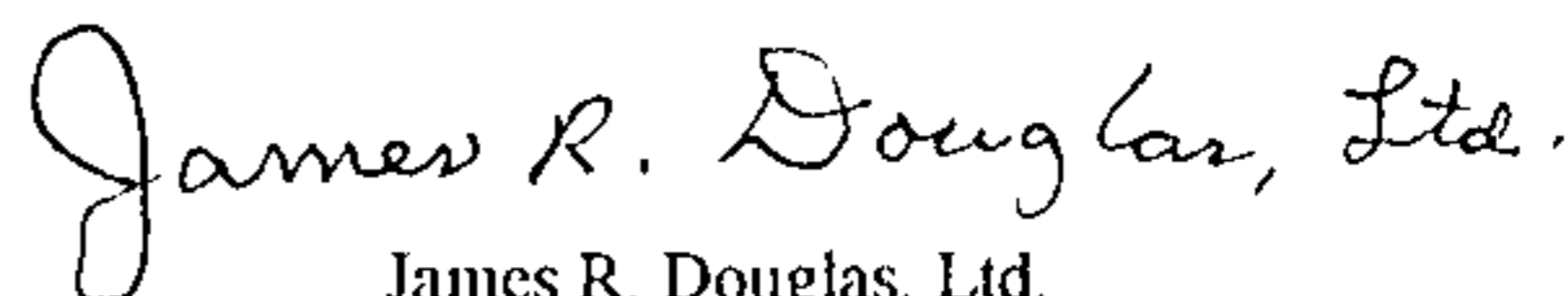
As part of obtaining reasonable assurance about whether the City of Zachary, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material 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 Zachary, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in 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. We noted no matters involving the internal control structure over financial reporting and its operations that we consider to be material weaknesses.

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.

February 11, 1999


James R. Douglas, Ltd.
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

To the Honorable Mayor and Members
of the City Council
City of Zachary, Louisiana

Compliance

We have audited the compliance of the City of Zachary, 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 October 31, 1998. The City of Zachary, Louisiana's major federal programs are identified in the summary of auditors' 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 Zachary, Louisiana's management. Our responsibility is to express an opinion on the City of Zachary, 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 Zachary, 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 Zachary, Louisiana's compliance with those requirements.

In our opinion, the City of Zachary, 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 October 31, 1998.

Internal Control Over Compliance

The management of the City of Zachary, 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 Zachary, 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.

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 judgement, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. We noted no matter involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.

February 11, 1999

James R. Douglas, Ltd.

James R. Douglas, Ltd.
Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended October 31, 1998

Section I – Summary of Auditors’ Report

Financial Statements

Type of auditors’ report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness identified?	<u> No</u>
Reportable condition identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u> No</u>

Federal Awards

Internal control over major programs:	
Material weakness identified?	<u> No</u>
Reportable condition identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors’ report issued on compliance for major programs?	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, § 501(a)?	<u> No</u>
Identification of major programs:	

CFDA Number
14.219

Name of Federal Program or Cluster
LCDBG Program – Streets Improvement

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

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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2820 CONTINENTAL DRIVE
BATON ROUGE, LOUISIANA 70808
(504) 927-3946

RECEIVED
LEGISLATIVE AUDITOR
59 APR 28 PM 3:17

April 30, 1999

Legislative Auditor
State of Louisiana
1600 Riverside North
Baton Rouge, LA 70802

Dear Sir:

Enclosed are seven copies of the audit of the City of Zachary, Louisiana for the year ended October 31, 1998. There is no management letter.

The salaries paid to elected officials during the year ended October 31, 1998 follow:

Mayor	
John A. Womack	\$59,733
Chief of Police	
Johnny Wales	46,195
Council	
Calvin J. Boudreaux	6,180
Donald J. Charlet	6,180
David D. Horton	6,180
Daniel D. Wallis, Jr.	6,180
M. Darryl Yoes	6,180

Yours truly,

James R. Douglas, Ltd.
Certified Public Accountants

By James R. Douglas
cc City of Zachary, Louisiana

Receipt Acknowledged
Legislative Auditor

By John Sarden

