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CITY OF PONCHATOULA, LOUISIANA  
REPORT ON AUDIT  
OF GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

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

Release Date ~~NOV 25 1998~~

CITY OF PONCHATOULA, LOUISIANA

REPORT ON AUDIT  
OF GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1998

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# Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA\*  
Dennis E. James, CPA\*  
\*A Professional Corporation

Member  
American Institute of  
Certified Public Accountants

Charles D. Mathews, CPA  
Bryon C. Garrety, CPA

Member  
Society of Louisiana  
Certified Public Accountants

August 7, 1998

## Independent Auditor's Report

The Honorable Julian E. Dufreche, Mayor  
and City Councilmembers  
City of Ponchatoula, Louisiana

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

We have conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Ponchatoula, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type and similar trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 7, 1998, on our consideration of City of Ponchatoula, Louisiana's control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and 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 general purpose financial statements of the City of Ponchatoula,

CITY OF PONCHATOULA

Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the general purpose financial statements of The City of Ponchatoula, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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 financial statements of the City of Ponchatoula, Louisiana.

Respectfully submitted,

  
DURNIN & JAMES, CPAs

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)



EXHIBIT A

City of Ponchatoula

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1998

	GOVERNMENTAL FUND TYPES				FUND TYPE		ACCOUNT GROUPS			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPE		GENERAL	FIXED ASSETS	GENERAL	(MEMORANDUM ONLY)	
					NONEXPENDABLE TRUST	ENTERPRISE				LONG-TERM DEBT	June 30, 1998
<b>ASSETS AND OTHER DEBITS</b>											
Assets:											
Cash	\$186,328	\$353,013	\$56,981	\$11,790	\$144,351	\$-	\$-	\$-	\$752,463	\$719,323	
Investments	-	329,000	173,319	-	-	84,472	-	-	586,791	549,285	
Receivables (Net of Allowances for Uncollectibles, Where Applicable:											
Notes	-	115,061	-	-	-	-	-	-	115,061	147,091	
Taxes	25,834	137,435	-	-	-	-	-	-	163,269	146,691	
Accounts	20,561	-	-	65,310	-	-	-	-	85,871	74,331	
Other	703	1,476	-	215,141	259	-	-	-	217,579	12,728	
Due from Other Funds	8,804	-	-	29,378	-	-	-	-	38,182	23,887	
Due from Other Governments	30,611	-	-	-	-	-	-	-	30,611	31,002	
Restricted Assets:											
Cash	-	-	-	335,348	-	-	-	-	335,348	295,253	
Investments	-	-	-	294,890	-	-	-	-	294,890	294,687	
Land	-	-	-	92,423	-	-	281,748	-	374,171	406,156	
Buildings	-	-	-	10,000	-	-	2,143,513	-	2,153,513	2,132,905	
Improvements Other Than Buildings	-	-	-	7,970,472	-	-	3,893,225	-	11,863,697	11,808,835	
Equipment	-	-	-	243,572	-	-	841,153	-	1,084,725	987,200	
Construction in Progress	-	-	-	358,190	-	-	-	-	358,190	-	
Accumulated Depreciation	-	-	-	(1,878,203)	-	-	-	-	(1,878,203)	(1,693,202)	
Other Debits:											
Amount Available in Debt Service Funds	-	-	-	-	-	-	-	230,300	230,300	267,539	
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-	-	1,351,499	1,351,499	1,470,435	
<b>Total Assets and Other Debits</b>	<u>\$272,841</u>	<u>\$935,985</u>	<u>\$230,300</u>	<u>\$11,790</u>	<u>\$7,880,872</u>	<u>\$84,731</u>	<u>\$7,159,639</u>	<u>\$1,581,799</u>	<u>\$18,157,957</u>	<u>\$17,674,145</u>	

(CONTINUED)

City of Ponchatoula

EXHIBIT A  
(CONTINUED)

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

June 30, 1998

	GOVERNMENTAL FUND TYPES				FUND TYPE		ACCOUNT GROUPS			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPE		GENERAL	FIXED ASSETS	LONG-TERM DEBT	(MEMORANDUM ONLY)	
					ENTERPRISE	NONEXPENDABLE TRUST				June 30, 1998	June 30, 1997
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>											
Liabilities:											
Contracts and Retainages Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,141	\$ 83,679
Accounts Payable	66,454	1,941	-	-	16,054	-	-	-	-	84,449	104,461
Accrued Liabilities Payable from Restricted Assets -	58,894	-	-	-	3,750	-	-	-	-	62,644	39,815
Accrued Bond Interest	-	-	-	-	31,335	-	-	-	-	31,335	35,465
Customers' Deposits	-	-	-	-	106,517	-	-	-	-	106,517	99,297
Revenue Bonds	-	-	-	-	95,000	-	-	-	-	95,000	90,000
Due to Other Funds	14,486	8,805	-	-	14,892	-	-	-	-	38,183	23,887
Revenue Bonds Payable	-	-	-	-	1,798,924	-	-	-	-	1,798,924	1,898,924
Capital Improvement Bonds Payable	-	-	-	-	-	-	-	1,385,000	-	1,385,000	1,480,000
Certificate of Obligation	-	-	-	-	-	-	-	22,500	-	22,500	50,000
Obligations Under Capital Lease	-	-	-	-	-	-	-	61,673	-	61,673	61,090
Deferred Revenue	-	112,626	-	-	-	-	-	-	-	112,626	144,326
Obligation Under Grant Agreement	-	-	-	-	-	-	-	112,626	-	112,626	145,884
<b>Total Liabilities</b>	\$139,834	\$123,372	\$ -	\$ -	\$2,281,613	\$ -	\$ -	\$1,581,799	\$4,126,618	\$ 4,257,829	
<b>Fund Equity and Other Credits</b>											
Investment in General	-	-	-	-	-	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-	7,159,639	-	-	7,159,639	7,060,209
Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$4,698,633	\$ -	\$ -	\$ -	\$4,698,633	\$ 4,388,319	
Retained Earnings: Reserved for Bond Retirement	-	-	-	-	397,386	-	-	-	-	397,386	365,178
Unreserved - Undesignated	-	-	-	-	503,240	-	-	-	-	503,240	463,775

(CONTINUED)

City of Ponchatoula

EXHIBIT A  
(CONTINUED)

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

June 30, 1998

	GOVERNMENTAL FUND TYPES				FUND TYPE		ACCOUNT GROUPS			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	NONEXPENDABLE TRUST	GENERAL	FIXED ASSETS	LONG-TERM DEBT	(MEMORANDUM ONLY)	
										June 30, 1998	June 30, 1997
Fund Balances (Deficits):											
Reserved for Cemetery Maintenance	-	-	-	-	-	84,731	-	-	-	84,731	77,435
Reserved for Bond Retirement	-	-	230,300	-	-	-	-	-	-	230,300	267,538
Unreserved:											
Designated		20,400	-	-	-	-	-	-	-	20,400	19,638
Undesignated	133,007	792,213	-	11,790	-	-	-	-	-	937,010	774,223
Total Fund Equity and Other Credits	\$133,007	\$812,613	\$230,300	\$11,790	\$5,599,259	\$84,731	\$7,159,639	\$-	\$-	\$14,031,339	\$13,416,316
Total Liabilities, Fund Equity and Other Credits	\$272,841	\$935,985	\$230,300	\$11,790	\$7,880,872	\$84,731	\$7,159,639	\$1,581,799	\$-	\$18,157,957	\$17,674,145

The accompanying notes are an integral part of this statement.

City of Ponchatoula

EXHIBIT B

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

for the Year Ended June 30, 1998

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	JUNE 30, 1998	JUNE 30, 1997
<b>Revenues:</b>						
Taxes	\$ 239,289	\$ 1,552,708	\$ -	\$ -	\$ 1,791,997	\$ 1,708,021
Licenses and Permits	264,111	-	-	-	264,111	251,691
Intergovernmental	376,916	33,177	-	-	410,093	378,557
Fines and Forfeitures	83,229	-	-	-	83,229	87,237
Sanitation Service Fees	242,626	-	-	-	242,626	211,460
Culture and Recreation	985	-	-	-	985	1,975
Interest	-	-	-	-	-	-
Miscellaneous	134,687	42,846	10,262	812	188,607	103,180
Total Revenues	\$ 1,341,843	\$ 1,628,731	\$ 10,262	\$ 812	\$ 2,981,648	\$ 2,742,121
<b>Expenditures:</b>						
Current:						
General Government	\$ 479,343	\$ 49,894	\$ -	\$ 1,000	\$ 530,237	\$ 486,326
Public Safety	898,641	110,827	-	-	1,009,468	779,213
Public Works	605,684	-	-	-	605,684	510,895
Cemetery	38,803	-	-	-	38,803	52,153
Public Health	-	-	-	-	-	-
Culture and Recreation	97,008	-	-	-	97,008	164,048
Miscellaneous Programs	201,208	39,424	-	-	240,632	316,687
Capital Outlay	116,282	14,564	-	26,183	157,029	573,772
Debt Service	44,384	-	171,010	-	215,394	222,681
Total Expenditures	\$ 2,481,353	\$ 214,709	\$ 171,010	\$ 27,183	\$ 2,894,255	\$ 3,105,775
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,139,510)	\$ 1,414,022	\$ (160,748)	\$ ( 26,371)	\$ 87,393	\$ ( 363,654)
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	1,000,000	39,288	162,798	74,044	1,276,130	1,538,676
Operating Transfers Out	( 246)	(1,236,842)	( 39,288)	-	(1,276,376)	(1,551,221)
Proceeds From Debt Issued	39,165	-	-	-	39,165	91,571
Debt Issuance Cost	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 1,038,919	\$ (1,197,554)	\$ 123,510	\$ 74,044	\$ 38,919	\$ 79,026
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ ( 100,591)	\$ 216,468	\$ ( 37,238)	\$ 47,673	\$ 126,312	\$ ( 284,628)
Fund Balances at Beginning of Year	233,598	596,145	267,538	( 35,883)	1,061,398	1,346,026
Fund Balances at End of Year	\$ 133,007	\$ 812,613	\$ 230,300	\$ 11,790	\$ 1,187,710	\$ 1,061,398

The accompanying notes are an integral part of this statement.

City of Ponchatoula

EXHIBIT C

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

for the Year Ended June 30, 1998

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			TOTALS (MEMORANDUM ONLY)		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:									
Taxes	\$ 266,850	\$ 239,289	\$( 27,561)	\$ 1,518,850	\$ 1,552,709	\$ 33,858	\$ 1,785,700	\$ 1,791,997	\$ 6,297
Licenses and Permits	256,250	264,111	7,861	-	-	-	256,250	264,111	7,861
Intergovernmental	357,664	376,916	19,252	33,600	33,177	( 423)	391,264	410,093	18,829
Fines and Forfeitures	74,925	83,229	8,304	-	-	-	74,925	83,229	8,304
Sanitation Service Fees	240,500	242,626	2,126	-	-	-	240,500	242,626	2,126
Culture and Recreation	-	985	985	-	-	-	-	985	985
Interest and									
Miscellaneous	145,645	134,687	( 10,958)	45,130	42,846	( 2,284)	190,775	177,533	( 13,242)
Total Revenues	\$ 1,341,834	\$ 1,341,843	\$ 9	\$ 1,597,580	\$ 1,628,731	\$ 31,151	\$ 2,939,414	\$ 2,970,574	\$ 31,160
Expenditures:									
Current:									
General Government	\$ 471,049	\$ 479,343	\$( 8,294)	\$ 49,360	\$ 49,894	\$( 534)	\$ 520,409	\$ 529,237	\$( 8,828)
Public Safety	864,683	898,641	( 33,958)	112,850	110,827	2,023	977,533	1,009,468	( 31,935)
Public Works	595,390	605,684	( 10,294)	-	-	-	595,390	605,684	( 10,294)
Cemetery	43,504	38,803	4,701	-	-	-	43,504	38,803	4,701
Culture and Recreation	94,072	97,008	( 2,936)	-	-	-	94,072	97,008	( 2,936)
Miscellaneous Programs	178,732	201,208	( 22,476)	42,600	39,424	3,176	221,332	240,632	( 19,300)
Capital Outlay	79,067	116,282	( 37,215)	37,475	14,564	22,911	116,542	130,846	( 14,304)
Debt Service	35,411	44,384	( 8,973)	-	-	-	35,411	44,384	( 8,973)
Total Expenditures	\$ 2,361,908	\$ 2,481,353	\$( 119,445)	\$ 242,285	\$ 214,709	\$ 27,576	\$ 2,604,193	\$ 2,696,062	\$( 91,869)
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,020,074)	\$ (1,139,510)	\$ (119,436)	\$ 1,355,295	\$ 1,414,022	\$ 58,727	\$ 335,221	\$ 274,512	\$ ( 60,709)
Other Financing Sources (Uses):									
Operating Transfers In	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 31,944	\$ 39,288	\$ 7,344	\$ 1,031,944	\$ 1,039,288	\$ 7,344
Operating Transfers Out	-	( 246)	( 246)	( 1,252,044)	( 1,236,842)	15,202	( 1,252,044)	( 1,237,088)	14,956
Proceeds from Capital Leases	-	39,165	39,165	-	-	-	-	39,165	39,165

(CONTINUED)

City of Ponchatoula

EXHIBIT C

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

for the Year Ended June 30, 1998

	GENERAL FUND		SPECIAL REVENUE FUND TYPES		TOTALS (MEMORANDUM ONLY)		VARIANCE FAVORABLE (UNFAVORABLE)
	REVISED BUDGET	ACTUAL (UNFAVORABLE)	REVISED BUDGET	ACTUAL (UNFAVORABLE)	REVISED BUDGET	ACTUAL	
Total Other Financing Sources (Uses)	\$ 1,000,000	\$ 1,038,919	\$ 38,919	\$(1,220,100)	\$(1,197,554)	\$ 22,546	\$ ( 158,635)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$( 20,074)	\$( 100,591)	\$( 80,517)	\$ 135,195	\$ 216,468	\$ 81,273	\$ 115,877
Fund Balances at Beginning of Year	233,598	233,598	-	600,402	596,145	( 4,251)	829,743
Fund Balances at End of Year	213,524	133,007	\$( 80,517)	735,597	812,613	77,016	945,620
							\$( 3,501)

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
AND FUND BALANCE - PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND

for the Year Ended June 30, 1998

	<u>PROPRIETARY FUND TYPE ENTERPRISE FUNDS</u>	<u>SIMILAR TRUST FUND NONEXPENDABLE TRUST FUND</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
			<u>June 30, 1998</u>	<u>June 30, 1997</u>
Operating Revenues:				
Charges for Services	\$ 735,309	\$ -	\$ 735,309	\$ 680,383
Contributions	-	7,296	7,296	6,640
Interest	-	4,126	4,126	3,589
Total Operating Revenues	<u>\$ 735,309</u>	<u>\$ 11,422</u>	<u>\$ 746,731</u>	<u>\$ 690,612</u>
Operating Expenses:				
Salaries and Employee Benefits	\$ 139,929	\$ -	\$ 139,929	\$ 136,174
Materials and Supplies	35,500	-	35,500	40,383
Repairs and Maintenance	73,511	-	73,511	55,293
Utilities and Telephone	120,267	-	120,267	130,064
Insurance	11,152	-	11,152	16,726
Bad Debts	16,661	-	16,661	6,400
Vehicle Expense	9,909	-	9,909	9,004
Engineering	390	-	390	279
Other Expenses	40,353	4,126	44,479	24,464
Depreciation Expense	<u>198,285</u>	<u>-</u>	<u>198,285</u>	<u>200,965</u>
Total Operating Expenses	<u>\$ 645,957</u>	<u>\$ 4,126</u>	<u>\$ 650,083</u>	<u>\$ 619,752</u>
Operating Income	\$ 89,352	\$ 7,296	\$ 96,648	\$ 70,860
Nonoperating Revenues (Expenses):				
Interest Income	\$ 31,421	\$ -	\$ 31,421	\$ 30,689
Interest Expense	<u>( 94,322)</u>	<u>-</u>	<u>( 94,322)</u>	<u>(102,907)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ ( 62,901)</u>	<u>\$ -</u>	<u>\$ ( 62,901)</u>	<u>\$ ( 72,218)</u>
Income (Loss) before Operating Transfers	\$ 26,451	\$ 7,296	\$ 33,747	\$ ( 1,358)
Operating Transfers In (Out):				
Operating Transfers In	\$ 246	\$ -	\$ 246	\$ 12,544
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Transfers In (Out)	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ 246</u>	<u>\$ 12,544</u>
Net Income (Loss)	\$ 26,697	\$ 7,296	\$ 33,993	\$ 11,186
Add: Current Year Depreciation on Fixed Assets Acquired by Grants Restricted for Construction that Reduces Contributed Capital	<u>46,486</u>	<u>-</u>	<u>46,486</u>	<u>36,503</u>
Increase in Retained Earnings/ Fund Balance	\$ 73,183	\$ 7,296	\$ 80,479	\$ 47,689
Retained Earnings/Fund Balance - Beginning of Year	<u>827,443</u>	<u>77,435</u>	<u>904,878</u>	<u>858,700</u>
Retained Earnings/Fund Balance - End of Year	<u>\$ 900,626</u>	<u>\$ 84,731</u>	<u>\$ 985,357</u>	<u>\$ 906,389</u>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY  
FUND TYPE AND SIMILAR TRUST FUND

for the Year Ended June 30, 1998

	PROPRIETARY FUND TYPE ENTERPRISE FUNDS	SIMILAR TRUST FUND NONEXPENDABLE TRUST FUND	TOTALS	
			(MEMORANDUM ONLY)	
			June 30, 1998	June 30, 1997
Cash Flows From Operating Activities:				
Operating Income (Loss)	\$ 89,352	\$ 7,296	\$ 96,648	\$ 70,860
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	198,285	-	198,285	200,965
Provision for Uncollectible Accounts	( 47,400)	-	( 47,400)	6,400
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable	38,205	-	38,205	( 9,608)
Increase in Accounts Payable	3,995	-	3,995	2,595
Increase in Customer Deposits	<u>7,220</u>	<u>-</u>	<u>7,220</u>	<u>1,088</u>
Net Cash Provided by Operating Activities	\$ 289,657	\$ 7,296	\$ 296,953	\$ 272,300
Cash Flows From Noncapital Financing Activities:				
Increase (Decrease) in Due from Other Funds	\$ ( 14,486)	\$ ( 3,590)	\$ ( 18,076)	\$ 3,590
Operating Transfers In From Other Funds	246	-	246	14,573
Operating Transfers Out to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2,029)</u>
Net Cash Provided by Noncapital Financing Activities	\$ ( 14,240)	\$ ( 3,590)	\$ ( 17,830)	\$ 16,134
Cash Flows From Capital and Related Financing Activities:				
Capital Grants Received	\$ 140,149	\$ -	\$ 140,149	\$ -
Construction of Capital Assets	( 143,049)	-	(143,049)	( 73,587)
Purchase of Equipment	( 54,863)	-	( 54,863)	-
Contributed Capital-Municipality Proceeds from Revenue Bonds Issued	-	-	-	-
Principal Paid on Revenue Bonds	( 95,000)	-	( 95,000)	( 90,000)
Interest Paid on Revenue Bonds	( 98,452)	-	( 98,452)	(102,907)
Interest Paid on Capital Lease Obligations	-	-	-	-
Principal Paid on Capital Lease Obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Used in Capital and Related Financing Activities	\$ ( 251,215)	\$ -	\$ (251,215)	\$ (266,494)

(CONTINUED)



City of Ponchatoula

EXHIBIT E  
(CONTINUED)

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY  
FUND TYPE AND SIMILAR TRUST FUND (CONTINUED)

for the Year Ended June 30, 1998

	PROPRIETARY <u>FUND TYPE</u> ENTERPRISE <u>FUNDS</u>	SIMILAR <u>TRUST FUND</u> NONEXPENDABLE <u>TRUST FUND</u>	<u>TOTALS</u> (MEMORANDUM ONLY)	
			June 30, 1998	June 30, 1997
Cash Flows From Investing Activities:				
Interest Earned on Investments	\$ 31,419	\$ -	\$ 31,419	\$ 30,689
Purchase of Investments	( 334,390)	( 3,706)	( 338,096)	(245,658)
Proceeds from Maturities of Investments	<u>334,390</u>	<u>-</u>	<u>334,390</u>	<u>219,000</u>
Net Cash Provided by (Used in) Investing Activities	\$ <u>31,419</u>	\$ <u>( 3,706)</u>	\$ <u>27,713</u>	\$ <u>4,031</u>
Increase (Decrease) in Cash	\$ 55,621	\$ -	\$ 55,621	\$ 25,971
Cash - Beginning of Year	<u>424,078</u>	<u>-</u>	<u>424,078</u>	<u>398,107</u>
Cash - End of Year	\$ <u><u>479,699</u></u>	\$ <u><u>-</u></u>	\$ <u><u>479,699</u></u>	\$ <u><u>424,078</u></u>
Reconciliation of Cash Accounts:				
Unrestricted Cash	\$ 144,351	\$ -	\$ 144,351	\$ 128,825
Restricted Cash	<u>335,348</u>	<u>-</u>	<u>335,348</u>	<u>295,253</u>
Total	\$ <u><u>479,699</u></u>	\$ <u><u>-</u></u>	\$ <u><u>479,699</u></u>	\$ <u><u>424,078</u></u>

The accompanying notes are an integral part of this statement.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

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City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The City of Ponchatoula, Louisiana (the "City") was first incorporated on February 12, 1861. Upon the City's acceptance of the provisions of Act 136 enacted on July 29, 1898, it became governed under the Lawrason Act. The City operates under a Mayor- City Council form of government. The Mayor is elected for a four year term. The City Council consists of five council members. Each council member is elected from a separate district in the City and serves a four year term of office. The Mayor and each member of the City Council are compensated for their service to the City. The City of Ponchatoula is located north of New Orleans, Louisiana and east of Baton Rouge, Louisiana, at the intersections of Interstate Highway 55 and Interstate Highway 12. The population of the City of Ponchatoula according to the most recent census taken in 1990 is 5,949. The current number of commercial and residential utility customers served is 2,250. The City provides the following services: public safety (police and fire), streets, drainage, sanitation, culture-recreation, public improvements, planning and zoning, and general and administrative services. Other services include water and sewer utilities. The City presently maintains 50 miles of roads and streets. The City has 55 full-time employees.

The accounting and reporting policies of the City of Ponchatoula, Louisiana conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies.

B. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the City of Ponchatoula is considered a separate financial reporting entity. The financial reporting entity consists of (a) primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Ponchatoula for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

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

Based on the application of the above criteria, it was determined the City of Ponchatoula has no potential component unit. As a result, this report includes all funds and account groups which are controlled by or dependent on the City's executive and legislative branches (the Mayor and City Council). Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

**C. Fund Accounting**

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

**GOVERNMENTAL FUNDS**

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

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

Special Revenue Funds - Special Revenue Funds are used to account for the

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds account for resources set aside to pay interest and principal on long-term debt.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities not reportable in other funds.

PROPRIETARY FUNDS

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

Proprietary Funds are reported in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the primary government (City-Parish) will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the municipality. Fiduciary funds include:

Nonexpendable Trust Fund - The Nonexpendable Trust Fund is used to account for assets held by the City in a trustee capacity. The Nonexpendable Trust Fund is accounted for essentially as a proprietary fund since capital maintenance is

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

critical.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds, including General, Special Revenue, Debt Service, and Capital Projects 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 (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets.

Governmental funds and agency funds are maintained on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Sales taxes and gross receipt business taxes are recognized in accordance with GASB Statement No. 22, *Accounting for Taxpayer Assessed Tax Revenues in Governmental Funds*. Sales taxes and gross receipts business taxes are considered "measurable" when received by the City within the current period or soon enough thereafter to be used to pay liabilities of the current period. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Special Assessments are recognized as revenues only to the extent that individual installments are considered current assets. Revenues from State and Federal grants are recognized when the reimbursable expenditures have been incurred. Licenses and Permits, Fines and Forfeits, and Miscellaneous Revenues (except investment earnings) are recorded as revenues when received in cash. Charges for Services and investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims and compensated absences are recorded as expenditures when paid with expendable available financial resources.

All proprietary funds and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements for proprietary fund types present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

**E. Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in these financial statements.

1. The City Clerk prepares a proposed budget and submits same to the Mayor and City Council no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for the year ended June 30, 1998, was submitted to the City Council on June 12, 1997.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 1998, was published on June 18, 1997.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing was held on the proposed budget for the year ended June 30, 1998, on June 26, 1997.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The proposed budget for the year ended June 30, 1998, was adopted as Ordinance No. 490 on June 30, 1997.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council. The budget for the year ended June 30, 1998, was amended on September 11, 1997, by the adoption of Ordinance No. 498, on January 8, 1998, by the adoption of Ordinance No. 503, and on June 11, 1998, by the adoption of Ordinance No. 505.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
8. Formal budgetary integration is not employed.

**F. Cash and Investments**

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

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

The City maintains a cash investment pool (Central Depository Account) that is used primarily by the General Fund and the Water and Sewer Enterprise Funds. Each fund's portion of this cash pool is displayed on the combined balance sheet as cash. Investments are separately held by several of the City's funds.

**G. Short-Term Interfund Receivables/Payables**

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

**H. Advances to Other Funds**

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

**I. Inventory**

The City utilizes the "purchase method" of accounting for supplies whereby expendable operating supplies are recognized as expenditures when purchased. The City did not record any inventory at June 30, 1998, as the amount is not material.

**J. 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. Applicable bond covenants include adequacy of (1) sewer rates and coverage requirements, (2) annual review of user fees, (3) records, accounts and annual audit requirement, (4) insurance and fidelity bonds, and (5) various miscellaneous covenants regarding appointment of engineer, utilization of funds and other provisions.

**K. Fixed Assets**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general



City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

fixed assets account group. Public domain or infrastructures are capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the following methods and useful lives:

Water and Sewer Utility - Buildings	50 Years
Water and Sewer Improvements	40 - 75 Years
Equipment	10 Years

**L. Compensated Absences**

The City's policy is to allow employees' vacation pay based on employee classification and length of service. Sick leave is provided for by the City but is noncumulative and the employee's right to unused sick leave does not vest. Vacation pay is cumulative with any unpaid amounts paid to employees upon separation from City's service.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group. Leave privileges associated with employees of the proprietary funds are recorded as a fund liability and operating expenses under salaries on Exhibit D.

**M. Long-Term Obligations**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

**N. Fund Equity**

**Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

an adjustment to net income.

**Reserves**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**Designated Fund Balances**

Designated fund balances represent tentative plan for future use of financial resources.

**O. Interfund Transactions**

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

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

**P. Sales and Use Taxes**

1. The original 1966 1% sales and use tax passed by the voters is to be used for extending, acquiring, maintaining, constructing, and improving drainage, streets, sidewalks, public buildings, fire department stations and equipment, garbage collection equipment and facilities, and the payment of salaries of certain municipal employees. There is no expiration date on this sales and use tax.
2. The additional 1982 1% sales and use tax passed by the voters is to be used for extending, acquiring, maintaining, constructing, and improving sewers and sewer facilities, waterworks facilities, drainage and drain facilities, and for any other lawful corporate purpose of the City. There is no expiration date on this sales and use tax.

The City, through its governing authority, adopted a resolution on February 9, 1995, authorizing the issuance of \$1,725,000 of Public Improvement Bonds and entered into certain covenants in connection with the security and payment of said bonds. In that resolution the proceeds of the 1982 1% sales and use tax were irrevocably and irrevocable pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

**Q. 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. Certain amounts from the prior year have been reclassified to conform to the current year report classifications.

**R. Total Columns on Combined Statements - Overview**

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Expenditures Exceeding Appropriations (GAAP Budgetary Basis)**

Excess of expenditures over appropriations in individual funds occurred as follows:

	<u>Revised Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
General Fund	\$2,361,908	\$2,481,353	\$(119,445)
Special Revenue Funds:			
1965 Sales Tax Fund	23,180	23,447	( 267)
1982 Sales Tax Fund	23,180	23,447	( 267)
Solid Waste Collection Fund	-	500	( 500)
Policeman Pay Millage Fund	75,350	76,072	( 722)

**B. Compliance with Local Government Budget Act**

The City of Ponchatoula did not comply with certain provisions of state law which require a budget amendment when actual expenditures exceed amounts budgeted by five percent or more.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City maintains a cash investment pool (Central Depository Account) that is used primarily by the General Fund and the Water and Sewer Enterprise Funds. Each fund's portion of this cash pool is displayed on the combined balance sheet as cash. Investments are separately held by several of the City's funds.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

**Deposits**

At June 30, 1998, the book balance of the City's deposits was \$1,087,811 and the bank balance was \$1,180,928. Of the bank balance, \$100,000 was covered by federal deposit insurance and \$1,080,928 was covered by collateral held by the Federal Reserve Bank of New Orleans in the fiscal agent bank's name.

The collateral for the City's deposits is categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent, but not in the City's name.

Bank Deposit Covered By	Category			Confirmed Bank Balance	Collateral Market Value
	1	2	3		
U. S. Agency Securities	\$ -	\$ -	\$1,080,928	\$1,080,928	\$1,116,139
FDIC Insurance	100,000	-	-	100,000	100,000
Total Deposits	<u>\$100,000</u>	<u>\$ -</u>	<u>\$1,080,928</u>	<u>\$1,180,928</u>	<u>\$1,216,139</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

**Investments**

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

As of June 30, 1998, the City invested \$708,362 in certificates of deposit and \$173,319 in U.S. Treasury bills and notes. The City records all interest revenue related to investment activity in the respective funds.

The City's investments are categorized to give an indication of level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

securities are held by the counterparty's trust department or agent, but not in the City's name.

Investments are stated at amortized cost, and all investment activities are conducted through the fiscal agent. During 1998, the City did not invest through any security brokers or dealers. Treasury notes and bills are bought and held at the Federal Reserve Bank of New Orleans in the City's name.

Description	Category			Carrying Amount	Market Value	Collateral Market Value
	1	2	3			
Certificate of Deposit	\$ -	\$ -	\$708,362	\$708,362	\$708,362	\$608,362
Treasury Bills	173,319	-	-	173,319	173,319	-
Treasury Notes	-	-	-	-	-	-
Total Investments	<u>\$173,319</u>	<u>\$ -</u>	<u>\$708,362</u>	<u>\$881,681</u>	<u>\$881,681</u>	<u>\$608,362</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

4. AD VALOREM TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the Tangipahoa Parish Assessor on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years. The City bills and collects its own property taxes using the assessed values determined by the Tangipahoa Parish Tax Assessor.

The 1997 property tax calendar is as follows:

Levy Date	June 12, 1997
Millage Rates Adopted	June 12, 1997
Tax Bills Mailed	December 1, 1997
Due Date	December 31, 1997
Lien Date	January 1, 1998

State law requires the City to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1, of the following

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (LRS 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (LRS 47:2181). Therefore, there are no delinquent taxes at year-end.

All property taxes are recorded in governmental funds, and as explained in Note 1(c), revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which based on past experience will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. All of the net taxes receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered available because they are substantially collected by the tax collector within 60 days subsequent to year-end and are therefore available to liquidate liabilities of the current period.

For the year ended June 30, 1998, taxes of 16.99 mills were levied on property with taxable assessed valuations totaling \$16,427,118 and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Levied Taxes</u>	<u>Expiration Date</u>
General Corporate Purposes	6.52	6.52	\$107,105	None
Fire Millage Fund	2.10	2.10	34,497	1999
Police Millage Fund	6.27	6.27	102,998	1999
Equipment Millage Fund	<u>2.10</u>	<u>2.10</u>	<u>34,497</u>	1999
Total	<u>16.99</u>	<u>16.99</u>	<u>\$279,097</u>	

Property taxes receivable and estimated uncollectible taxes for the City of Ponchatoula as of June 30, 1998, are as follows:

	<u>Property Tax Receivable</u>	<u>Estimated Uncollectible Property Taxes</u>	<u>Not Property Taxes Receivable</u>
General Fund	\$11,395	\$ 7,698	\$ 3,697
Fire Millage Fund	1,793	441	1,352
Police Millage Fund	7,106	1,323	5,783
Equipment Millage Fund	<u>1,793</u>	<u>441</u>	<u>1,352</u>
	<u>\$22,087</u>	<u>\$ 9,903</u>	<u>\$12,184</u>

The following are the principal taxpayers for the municipality:

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage Of Total Assessed Valuation</u>
Elmer Candy Corporation	Manufacturing	\$ 809,439	4.93%
BellSouth Telecommunications	Utility	688,523	4.19%
DCA Food Industries	Retail	412,178	2.51%
Gateway Ford, Inc.	Retail	363,954	2.22%
Ponchatoula Homestead Savings	Banking	362,619	2.21%
Deposit Guaranty National Bank	Banking	318,953	1.94%
First Guaranty Bank	Banking	303,428	1.85%
Winn Dixie of Louisiana	Retail	266,199	1.62%
Ponchatoula Nursing Home	Retail	228,944	1.39%
Berryland Shopping Center	Leasing	<u>216,535</u>	<u>1.32%</u>
		<u>\$3,970,772</u>	<u>24.18%</u>

5. RECEIVABLES

The following is a summary of receivables for June 30, 1998, net of allowances for uncollectible amounts where applicable:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>	<u>Other Funds</u>
Taxes:				
Ad Valorem	\$ 3,697	\$ 8,487	\$ -	\$ -
Sales and Use	-	128,948	-	-
Other	22,137	-	-	-
Intergovernmental - Grants:				
Federal	-	-	215,141	-
State	30,611	1,476	-	-
Local	-	-	-	-
Other:				
Accounts	20,561	-	65,310	-
Notes	-	115,061	-	-
Other	<u>703</u>	<u>-</u>	<u>-</u>	<u>259</u>
Total	<u>\$77,709</u>	<u>\$253,972</u>	<u>\$280,451</u>	<u>\$ 259</u>

Uncollectible amounts due for ad valorem taxes, notes receivable and 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. The following details the description and amount of the allowance for uncollectible accounts at June 30, 1998.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>	<u>Other Funds</u>
Taxes:				
Ad Valorem	\$ 7,698	\$ 2,205	\$ -	\$ -
Sales and Use	-	-	-	-
Other	-	-	-	-
Intergovernmental - Grants:				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Other:				
Accounts	-	-	26,400	-
Notes	-	11,261	-	-
Other	-	-	-	-
Total	<u>\$ 7,698</u>	<u>\$ 13,466</u>	<u>\$ 26,400</u>	<u>\$ -</u>

6. FEDERAL, STATE AND OTHER GOVERNMENTS FINANCIAL ASSISTANCE

A. Grants and Direct Financial Assistance from Other Governmental Units

Federal and State grant programs represent an important source of funding to finance housing, employment, construction, and social programs which are beneficial to the City. These funds are recorded in the General, Special Revenue, Capital Projects, and Enterprise Funds. Receivables are established when expenditures are incurred. The grants normally specify the purpose for which funds may be used and are audited annually in accordance with Office of Management and Budget Circular A-133 under the "Single Audit Concept", when applicable.

For the year ended June 30, 1998, the following amounts under various grants and entitlements are recorded as revenues, subsidies, or additions to contributions in the accompanying financial statements:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Federal Government:				
FY 1996 LCDBG -				
Sewer Improvements	\$ -	\$ -	\$355,291	\$355,291
Revenue Equalization - Pilot	10,561	-	-	10,561
FY 1991 LCDBG Economic				
Development	-	31,701	-	31,701
Council on Aging Grant	<u>123,300</u>	<u>-</u>	<u>-</u>	<u>123,300</u>
	<u>133,861</u>	<u>31,701</u>	<u>355,291</u>	<u>520,853</u>

(CONTINUED)



City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
State of Louisiana:				
Beer and Tobacco Taxes	41,664	-	-	41,664
Video Draw Poker Tax	47,547	-	-	47,547
Main Street Program Grant	1,338	-	-	1,338
Law Enforcement Grant	<u>28,475</u>	<u>1,476</u>	-	<u>29,951</u>
	<u>119,024</u>	<u>1,476</u>	-	<u>120,500</u>
Tangipahoa Parish Council:				
Fire Insurance Fee	<u>10,791</u>	-	-	<u>10,791</u>
	<u>10,791</u>	-	-	<u>10,791</u>
Tangipahoa Parish Fire District No. 2:				
Fire Protection Grant	<u>50,000</u>	-	-	<u>50,000</u>
	<u>50,000</u>	-	-	<u>50,000</u>
	<u>\$313,676</u>	<u>\$ 33,177</u>	<u>\$355,291</u>	<u>\$702,144</u>

**B. On-Behalf Payments for Salaries and Benefits**

During 1998 the City implemented GASB Statements No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. This standard requires the City to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana to certain groups of City employees.

Supplementary salary payments are made by the state directly to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 1998, the state paid supplemental salaries to the following groups of employees of the City: fire and law enforcement employees.

On-behalf payments recorded as revenues and expenditures (expenses) in the 1998 financial statements are as follows:

	<u>State Supplemental Salaries</u>
General Fund:	
Policeman Supplemental Pay	\$39,330
Fireman Supplemental Pay	<u>23,910</u>
Total On-Behalf Payments	<u>\$63,240</u>

The City is required to pay from its own budget the payroll taxes and retirement contributions on these on-behalf payments.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

7. FIXED ASSETS

A. A summary of changes in general fixed assets follows:

	BALANCE JULY 1, 1997	ADDITIONS	DELETIONS	TRANSFERS	BALANCE June 30, 1998
Land	\$ 313,733	\$ -	\$ 31,985	\$ -	\$ 281,748
Buildings	2,122,905	20,608	-	-	2,143,513
Improvements Other Than Buildings	3,893,225	-	-	-	3,893,225
Equipment	<u>730,346</u>	<u>110,807</u>	<u>-</u>	<u>-</u>	<u>841,153</u>
Total General Fixed Assets	<u>\$7,060,209</u>	<u>\$131,415</u>	<u>\$ 31,985</u>	<u>\$ -</u>	<u>\$7,159,639</u>

B. A summary of enterprise funds property, plant and equipment at June 30, 1998, is as follows:

	Water Fund	Sewer Fund	Total
Water and Sewer Utility:			
Buildings	\$ 8,000	\$ 2,000	\$ 10,000
Water Wells, Lines, and Tower	2,398,840	-	2,398,840
Sewer Lines	-	3,272,178	3,272,178
Equipment and Vehicles	108,973	134,599	243,572
Wastewater Treatment Plant	<u>-</u>	<u>2,299,454</u>	<u>2,299,454</u>
Total	\$2,515,813	\$5,708,231	\$8,224,044
Less: Accumulated Depreciation	<u>651,928</u>	<u>1,226,275</u>	<u>1,878,203</u>
	\$1,863,885	\$4,481,956	\$6,345,841
Land	89,253	3,170	92,423
Construction in Progress	<u>-</u>	<u>358,190</u>	<u>358,190</u>
Net	<u>\$1,953,138</u>	<u>\$4,843,316</u>	<u>\$6,796,454</u>

Depreciation expense on the proprietary fund type property, plant and equipment for the year ended June 30, 1998, totaled \$198,285.

C. A summary of construction work in progress for enterprise funds at June 30, 1998, is as follows:

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Capitalized</u>	<u>Balance in Construction Work in Progress 06/30/98</u>
Sewer Enterprise Fund:				
Sewer Improvements				
Funded by FY 1996				
LCDBG Grant for				
\$628,334	\$628,334	\$358,190	\$ -	\$358,190

**8. EMPLOYEES PENSION PLAN**

The City of Ponchatoula, Louisiana, provides pension benefits for all of its full-time employees through a joint contributory, defined contribution plan in the state-wide Louisiana Municipal Employees' Retirement System (MERS). The Municipal Employees' Retirement System, State of Louisiana, is the administrator of a cost-sharing, multiple-employer plan.

The Municipal Employees' Retirement System, State of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana, to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana.

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now know as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The City elected to become members of the System on June 27, 1966, and are members of Plan B. There are presently 65 contributing municipalities in Plan A and 56 in Plan B. The City of Ponchatoula is a member of Plan B.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week,

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System.

Any member of Plan B can retire providing he meets one of the following criteria:

- A. Age 55 with thirty (30) years of creditable service.
- B. Age 60 with a minimum of ten (10) or more years of creditable service.
- C. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
- D. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. A member is vested after ten (10) years, but he must leave his accumulated contributions in the plan until retirement. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the entities, within the options available in the state statutes governing MERS and within the actuarial constraints also in the statutes.

The contribution rate for employees is 5.00% of earnable compensation and is established by state statute.

The employer contribution rate is 3.25% of members earnings. The System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions. The remaining employer contributions are determined according to actuarial requirements and are set annually.

The City's total payroll in the fiscal year ended June 30, 1998 was \$1,035,279, and the City's contributions were based on a payroll of \$956,518. Both the City and the covered employees made the required contributions, amounting to \$74,130. There were no related party transactions.

Trend Information

Contributions required by state statute:

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

Fiscal Year <u>June 30</u>	Required <u>Contribution</u>	Percentage <u>Contribution</u>
1996	\$69,408	100%
1997	\$74,479	100%
1998	\$74,130	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225)925-4810.

All employees of the City of Ponchatoula, Louisiana are also members of the Social Security System.

**9. ACCOUNTS, SALARIES AND OTHER PAYABLES**

The following is a summary of payables at June 30, 1998:

<u>Class of Payable</u>	General <u>Fund</u>	Special Revenue <u>Funds</u>	Debt Service <u>Funds</u>	Capital Projects <u>Funds</u>	Proprietary <u>Funds</u>
Salaries	\$ 43,376	\$ -	\$ -	\$ -	\$ 3,750
Withholdings	993	-	-	-	-
Accounts	66,454	1,101	-	-	16,054
Other	<u>14,525</u>	<u>112,626</u>	<u>-</u>	<u>-</u>	<u>215,141</u>
Total	<u>\$125,348</u>	<u>\$113,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$234,945</u>

**10. COMPENSATED ABSENCES**

At June 30, 1998, employees of the City of Ponchatoula have accumulated and vested \$14,525 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$14,525 is recorded as an obligation of the General Fund, and \$0.00 is recorded within the general long-term obligations account group. The leave liability for employees of the Enterprise Fund, for \$0.00, is accounted for within the fund.

**11. CAPITAL LEASE OBLIGATIONS**

The City of Ponchatoula records items under capital leases as an asset and obligation in the accompanying financial statements. The following is an analysis of capital leases:

Vehicles and Equipment	Recorded <u>Amount</u> <u>\$101,232</u>
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City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

The following is a schedule of future minimum lease payments under capital leases, with the present value of the net minimum lease payments, as of June 30, 1998:

Fiscal Year:	<u>Vehicles</u>	<u>Tractor</u>	<u>Backhoe</u>	<u>Total</u>
6/30/99	\$32,802	\$ 5,086	\$10,200	\$48,088
6/30/00	<u>5,649</u>	<u>1,271</u>	<u>10,200</u>	<u>17,120</u>
Total minimum lease payments	\$38,451	\$ 6,357	\$20,400	\$65,208
Less amount representing interest	<u>(2,304)</u>	<u>( 243)</u>	<u>( 988)</u>	<u>(3,535)</u>
Present value of minimum lease payments	<u>\$36,147</u>	<u>\$ 6,114</u>	<u>\$19,412</u>	<u>\$61,673</u>

12. **CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligations transactions for the City of Ponchatoula for the year ended June 30, 1998:

	<u>BALANCE JULY 1, 1997</u>	<u>LEASES OR BONDS ISSUED</u>	<u>BONDS RETIRED AND OTHER REDUCTIONS</u>	<u>BALANCE JUNE 30, 1998</u>
Capital Lease Obligations	\$ 61,090	\$ 38,865	\$ 38,282	\$ 61,673
Public Improvement Sales Tax Bonds	1,480,000	-	95,000	1,385,000
Certificate of Indebtedness	50,000	-	27,500	22,500
Sewer Revenue Bonds	<u>1,988,924</u>	<u>-</u>	<u>95,000</u>	<u>1,893,924</u>
	<u>\$3,580,014</u>	<u>\$ 38,865</u>	<u>\$255,782</u>	<u>\$3,363,097</u>

General obligation bonds, revenue bonds, certificates of indebtedness, et cetera, are comprised of the following individual issues:

Capital Lease Obligations:

\$19,126 Capital Lease Obligation

Payable To Ford Motor Credit

Dated 11/26/96; Due in 3 annual installments of \$6,719.73; With Interest

at 5.50% (Payable from a pledge of the excess revenues of the general fund)

\$ 6,370

\$19,474 Capital Lease Obligation

Payable To Ford Motor Credit

Dated 4/30/97; Due in 3 annual installments of \$6,810.66; With Interest

at 5.00% (Payable from a pledge of the Excess revenues of the general fund)

6,487

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

\$38,949 Capital Lease Obligation Payable To Ford Motor Credit Dated 12/17/96; Due in 3 annual install- ments of \$13,621.32; With Interest at 5.00% (Payable from a pledge of the excess Revenues of the general fund)	12,974
\$14,021 Capital Lease Obligation Payable To Case Credit Corporation Dated 10/01/96; Due in 36 monthly install- ments of \$423.84; With Interest at 5.90% (Payable from a pledge of the excess Revenues of the general fund)	6,114
\$15,965 Capital Lease Obligation Payable to Ford Motor Credit Dated 06/16/98; Due in 3 installments Of \$5,647.35; With Interest at 6.250% (Payable from a pledge of the excess Revenues of the general fund)	10,319
\$22,900 Capital Lease Obligation Payable to Philip A. Monteleone Dated 01-15-98; Due in 30 monthly installments Of \$850.00; With Interest at 8.50% (Payable From a pledge of the excess revenues of the General fund)	<u>19,409</u>
Total Capital Lease Obligations	<u>\$ 61,673</u>
Certificate of Indebtedness:	
\$150,000 Certificate of Indebtedness dated December 30, 1995; Due in Annual Installments of \$20,600 - \$24,500 through December 30, 1997; With Interest at 6.00% (Payable from a pledge of the excess Revenues of the general fund)	<u>\$ 22,500</u>
Public Improvement Bonds:	
\$1,725,000 Public Improvement Bonds Dated March 1, 1995; Due in Annual Installments of \$75,000 - \$160,000 through March 1, 2009; Interest at 4.10% - 9.00% (Payable from a Pledge of the City's 1982 1% Sales and Use Tax)	<u>\$1,385,000</u>

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

Sewer Revenue Bonds:

\$2,400,000 Series 1991 Sewer Revenue Bonds due in Annual Installments of \$75,000 to \$140,000 through March 1, 2012; Interest Rate is 4.45% Plus an Administrative Charge of 0.50% for a Combined Rate of 4.95%. (Payable from a pledge of the City's Sewer revenues.)

\$1,893,924

At June 30, 1998, the City of Ponchatoula has accumulated \$230,300 and \$315,198, in the debt service funds for future debt requirements for the Public Improvement Bonds and the Sewer Revenue Bonds, respectively. The annual requirements to amortize all bonds and/or certificates outstanding at June 30, 1998, including interest of \$1,205,355 is as follows:

YEAR ENDED JUNE 30,	SEWER REVENUE BONDS	CAPITAL LEASE OBLIGATIONS	CERTIFICATE OF INDEBTEDNESS	PUBLIC IMPROVEMENT BONDS	TOTAL
1999	\$ 193,803	\$ 48,088	\$ 16,125	\$ 166,360	\$ 424,376
2000	193,853	17,120	7,725	166,210	384,908
2001	193,655	-	-	166,905	360,560
2002	193,210	-	-	162,230	355,440
2003-2009	<u>1,883,028</u>	<u>-</u>	<u>-</u>	<u>1,160,140</u>	<u>3,043,168</u>
	\$2,657,549	\$ 65,208	\$ 23,850	\$1,821,845	\$4,568,452
Interest Portion	<u>(763,625)</u>	<u>( 3,535)</u>	<u>( 1,350)</u>	<u>(436,845)</u>	<u>(1,205,355)</u>
	<u>\$1,893,924</u>	<u>\$ 61,673</u>	<u>\$ 22,500</u>	<u>\$1,385,000</u>	<u>\$3,363,097</u>

13. DEDICATION OF PROCEEDS AND FLOW OF FUNDS - SALES AND USE TAX

Proceeds of the 2% sales and use tax levied by the City of Ponchatoula (1998 collections - (\$1,382,004) are dedicated to the following purposes:

The bond resolution requires that the proceeds of the special one percent (1%) sales and use tax now being levied and collected by the City is to be deposited with the City's fiscal agent bank in a 1982 Sales Tax Fund. After the payment of all reasonable and necessary costs and expenses of collecting the tax, certain monthly payments must be made from the 1982 Sales Tax Fund to the Series ST-1995 Public Improvement Bond Sinking Fund and the Series ST-1995 Public Improvement Bond Reserve Fund, which must be established with the City's fiscal agent bank. The payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until March 2009, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund. Payments into the Reserve Fund will be made by transferring simultaneously upon delivery of the Bonds from the proceeds thereof an amount equal to the Reserve Fund Requirement. The money in the Reserve Fund is retained solely for the purpose of paying the principal and interest on the



City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

Bonds payable from the Sinking Fund, as to which there would otherwise be default.

Any monies remaining in the Sales Tax Fund on the 20th day of each month after making the required payments into the Series ST-1995 Public Improvement Bond Sinking Fund for the current month and for prior months during which the required payments may not have been made, is considered as surplus.

Such surplus may be used by the City for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

Balances in the Series ST-1995 Public Improvement Bond Sinking Fund and Series ST-1995 Public Improvement Bond Reserve Fund at June 30, 1998, were in accordance with the bond covenants.

**14. COMPLIANCE WITH SALES TAX BOND COVENANTS**

The City, through its governing authority, adopted a resolution on February 9, 1995, authorizing the issuance of Sales Tax Bonds, Series 1995, in an amount not to exceed \$1,725,000 for public improvements in the City. That bond resolution contained certain covenants and agreements in connection with the security and payment of the bonds. The major covenants contained in the bond resolution and the manner in which the City has complied with these covenants is described as follows:

Records and Accounts and Audit Requirements - In the bond resolution the City is required to maintain and keep accurate records and accounts for the Sales Tax Bonds separate and distinct from its other records and accounts. These Sales Tax Bond records shall be maintained in accordance with generally accepted government accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 1998, the City was in compliance with this bond covenant as the City has established all required funds and was under contract with a certified public accountant for an audit of its records for the year ended June 30, 1998.

Insurance and Fidelity Bonds - In the bond resolution, the City is required to maintain fidelity bonds on all employees in a position of authority or in possession of money derived from the sales tax.

As of June 30, 1998, the City was in compliance with this bond covenant.

Other Requirements - The bond resolution contains additional covenants regarding collection of tax, legal right to collection of tax, and other miscellaneous provisions.

As of June 30, 1998, the City was in compliance with these other bond covenants in all material respects.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

15. DEDICATION OF PROCEEDS AND FLOW OF FUNDS - SEWER REVENUES

The City, through its governing authority, adopted a resolution on August 14, 1991, authorizing the issuance of Sewer Revenue Bonds, Series 1991, in an amount not to exceed \$2,400,000 for acquiring and construction of wastewater treatment facilities. The resolution also authorized the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality providing for the sale and delivery of said bonds to the Department of Environmental Quality; prescribing the form, fixing the details and providing for the payment of principal and interest on such bonds and entering into certain covenants and agreements in connection with the security and payment of said bonds. In that resolution and the Loan and Pledge Agreement, the revenues of the Sewer System are irrevocably and irrepealably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that resolution and the Loan and Pledge Agreement, certain funds were required to be established to account for the receipt and disbursement of Sewer System revenues. An analysis of these accounts is provided as follows:

Revenue Fund - The bond resolution and the Loan and Pledge Agreement require that all revenues of the Sewer System shall be deposited daily in a separately identifiable account to be established with the City's fiscal agent bank and designated as the "Revenue Fund". The revenues deposited into the Sewer Revenue Fund shall be expended in the following priority:

Operation and Maintenance Fund - From the Revenue Fund, the City shall pay all reasonable and necessary costs and expenses of operating and maintaining the Sewer System. The City presently uses the cash pool identified as the Central Depository Account to account for all costs and expenses of maintaining the Sewer System. Transfers are made from the Revenue Fund to the Central Depository Account in amounts sufficient to cover the costs and expenses of maintaining the Sewer System.

Sinking Fund - After the payment of all reasonable and necessary costs and expenses of maintaining the Sewer System, monies from the Revenue Fund shall be transferred to a separately identifiable account to be established with the City's fiscal agent bank and designated as the "Sinking Fund" in amounts sufficient to pay promptly and fully the principal of and interest on the bonds as they severally become due and payable.

Monies from the Revenue Fund shall be transferred into the Sinking Fund monthly in advance on or before the twentieth (20th) day of each month of each year as follows:

- (i) during the Interim Loan Period, an amount equal to the interest estimated to accrue with respect to the Borrower Bonds for such calendar month based on the Estimated Maximum Draw Schedule, and
- (ii) during the Permanent Loan Period, an amount equal to the principal and interest accruing with respect to the Borrower Bonds for such calendar month.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

The payments will continue monthly until March, 2012, unless the bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund.

Reserve Fund - From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the City's fiscal agent bank and designated as the "Reserve Fund" a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month until such fund accumulates an amount equal to the scheduled maximum principal and interest requirements in any succeeding bond year.

Money in the Reserve Fund is to be retained solely for the purpose of payment of the principal of and interest on all obligations payable from the Sinking Fund for which sufficient funds are not on deposit in the Sinking Fund and as to which there would otherwise be default.

Renewal and Replacement Fund - From the Revenue Fund, there shall be transferred monthly on or before the twentieth (20th) day of each month of each year to a separately identifiable account to be established with the City's fiscal agent bank and designated as the "Renewal and Replacement Fund" an amount equal to five percent (5%) of the Net Revenues of the Sewer System collected in the prior calendar month until such fund accumulates \$50,000. All monies in the Renewal and Replacement Fund may be used for the purpose of paying the costs of any unusual and extraordinary maintenance and any repairs, replacements, extensions and improvements to the Sewer System. Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sinking Fund or the Reserve Fund.

Construction Fund - All proceeds of the loan shall be deposited in a separately identifiable account with the City's fiscal agent bank designated the "Construction Fund" and used solely for the purpose of paying the costs of the project.

All monies remaining in the Revenue Fund after all required deposits into the bond funds described herein shall be considered surplus and may be used for the purpose of retiring bonds in advance of their maturity or for any other lawful purpose.

As of June 30, 1998, balances in the Sinking Fund, Reserve Fund, and Renewal and Replacement Fund were in accordance with the bond covenants.

**16. COMPLIANCE WITH SEWER REVENUE BOND COVENANTS**

The City, through its governing authority, adopted a resolution on August 14, 1991, authorizing the issuance of Sewer Revenue Bonds, Series 1991, in an amount not to exceed \$2,400,000 for acquiring and construction of wastewater treatment facilities and authorized the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality. That bond resolution and agreement contained certain covenants and agreements in connection with the security and payment of the

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

bonds. The major covenants contained in the bond resolution and agreement and the manner in which the City has complied with these covenants is described as follows:

Rate Covenant - In the bond resolution, the City covenants to fix, establish, maintain and collect such rates, fees, rents and other charges of the services and facilities of the Sewer System and to revise the rates whenever necessary as will always provide revenues in each fiscal year sufficient to pay (i) the reasonable and necessary expenses of operating the System, (ii) one hundred twenty-five percent (125%) of the required deposits to the Sinking Fund for such fiscal year, (iii) all other payments required for such fiscal year by the bond resolution and loan agreement, and (iv) all other obligations or indebtedness payable out of the revenues for such fiscal year. In connection therewith, the City adopted Ordinance No. 422 on June 26, 1991, which established sewer user classifications, set specific sewer rates and provided a detailed procedure for annual review and adjustment of sewer rates.

For the fiscal year ended June 30, 1998, operating receipts for the sewer fund totaled \$502,522. For the same period operating disbursements including required deposits into the various debt service funds totaled \$420,145. The City was in compliance with the rate covenant for the year ended June 30, 1998.

In connection with the rate covenant, the bond resolution also contained specific procedures with regards to delinquent sewer customers. The City agreed that the failure of any person to pay the charges for any service rendered by the Sewer System within thirty (30) days of the date on which it is due shall cause such charge to become delinquent and a delinquent charge of ten percent (10%) of the delinquent amount shall be assessed. If a delinquent account is not paid within thirty (30) days of the date of delinquency, the City will shut off water and sewer services to the affected premises. All delinquent accounts shall bear interest at the rate of six percent (6%) per annum.

At June 30, 1998, the City was not in compliance with this bond covenant because the City only charges a delinquent fee of \$1.00 on accounts not paid by the fifteenth day in each month. The City also does not charge interest at 6% per annum on delinquent accounts. However, this is because the City's present computerized billing system does not provide for the calculation of interest.

Annual Review of User Fees - In the Loan and Pledge Agreement, the City is required to review at least annually the adequacy of its Sewer User Fees to satisfy the requirements of the rate covenant and to prepare a report of such review stating the City's opinion regarding the adequacy or inadequacy of the existing user fees. Detailed procedures for the annual review and adjustment of sewer rates is contained in Ordinance No. 422.

At June 30, 1998, a review of the City's sewer user fees had been performed and the City was in compliance with this bond covenant.

Records and Accounts and Audit Requirements - In the bond resolution the City is

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

required to maintain and keep accurate records and accounts for the Sewer System separate and distinct from its other records and accounts. These Sewer System records shall be maintained in accordance with generally accepted government accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 1998, the City was in compliance with this bond covenant as the City was under contract with a certified public accountant for an audit of its records for the year ended June 30, 1998.

Insurance and Fidelity Bonds - In the Loan and Pledge Agreement, the City is required to maintain full coverage of insurance on the System. The City is also required to obtain fidelity bonds on all employees in a position of authority or in possession of money derived from the operation of the System.

As of June 30, 1998, the City was in compliance with this bond covenant.

Other Requirements - The bond resolution and the Loan and Pledge Agreement contain additional covenants regarding utilization of funds, appointment of engineer and other miscellaneous provisions.

As of June 30, 1998, the City was in compliance with these other bond covenants in all material respects.

**17. INTERFUND ASSETS AND LIABILITIES**

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund:		
Sewer Enterprise Fund	\$ -	\$ 4,886
Water Enterprise Fund	-	9,600
Solid Waste Collection Fund	8,804	-
Perpetual Care Fund	-	-
Total General Fund	\$ 8,804	\$ 14,486
Special Revenue Funds:		
General Fund	\$ -	\$ 8,804
Total Special Revenue Funds	\$ -	\$ 8,804
Water Enterprise Fund:		
General Fund	\$ 9,600	\$ -
Sewer Enterprise Fund	14,892	-
Total Water Enterprise Fund	\$ 24,492	\$ -
Sewer Enterprise Fund:		
General Fund	\$ -	\$ 14,892
Water Enterprise Fund	4,886	-
Total Sewer Enterprise Fund	\$ 4,886	\$ 14,892
Total All Funds	\$ 38,182	\$ 38,182

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

18. INTERFUND TRANSFERS

The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 1998:

	TRANSFER IN FROM	TRANSFER OUT TO
General Fund:		
1965 Sales Tax Fund	\$ 575,000	\$ -
1982 Sales Tax Fund	425,000	-
Debt Service	-	-
Water Enterprise Fund	-	-
Sewer Enterprise Fund	-	246
Total General Fund	<u>\$1,000,000</u>	<u>\$ 246</u>
Special Revenue Funds:		
General Fund	\$ -	\$1,000,000
1995 Sales Tax Bond Sinking Fund	39,288	162,798
FY 1993 Capital Projects Fund	-	74,044
Total Special Revenue Funds	<u>\$ 39,288</u>	<u>\$1,236,842</u>
Debt Service Funds:		
General Fund	\$ -	\$ -
1982 Sales Tax Fund	162,798	39,288
1995 Capital Projects Fund	-	-
Total Debt Service Funds	<u>\$ 162,798</u>	<u>\$ 39,288</u>
Capital Projects Funds:		
FY 1982 Sales Tax Fund	\$ 52,994	\$ -
FY 1965 Sales Tax Fund	21,050	-
Water Enterprise Fund	-	-
Emergency Housing Rehab Fund	-	-
Total Capital Projects Funds	<u>\$ 74,044</u>	<u>\$ -</u>
Proprietary Funds:		
General Fund	\$ 246	\$ -
1993 Capital Projects Fund	-	-
Sewer Enterprise Fund	-	-
Total Proprietary Funds	<u>\$ 246</u>	<u>\$ -</u>
Total All Funds	<u>\$1,276,376</u>	<u>\$1,276,376</u>

19. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES

The City records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves and dedications used by the City.

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

BALANCE AT  
JUNE 30, 1998

Reserves of Fund Balance/Retained Earnings:

1. Sewer Enterprise Fund	
(a) Reserved for Revenue Bond Debt Service	\$397,386
2. Nonexpendable Trust Fund	
(a) Reserved for Endowment Principal	84,472
(b) Reserved for Cemetery Maintenance	259
3. Debt Service Fund	
(a) Reserved for Capital Improvement Bond Debt Service	<u>230,300</u>
	<u>\$712,417</u>

Designations of Fund Balance:

1. Special Revenue Funds	
(a) Designated for Mausoleum Maintenance	\$ 11,967
(b) Designated for Housing Rehabilitation	<u>8,433</u>
	<u>\$ 20,400</u>

**20. SEGMENTS OF ENTERPRISE ACTIVITIES**

Some services provided by the City of Ponchatoula are financed by user charges — sewerage system, water system, and solid waste disposal. The significant financial data for these enterprises are as follows:

	<u>Water System</u>	<u>Sewerage System</u>	<u>Total</u>
Operating Revenues	\$ 197,445	\$ 537,864	\$ 735,309
Depreciation	46,506	151,779	198,285
Operating Income (Loss)	(26,687)	116,039	89,352
Operating Grants	-	-	-
Operating Transfers In	-	246	246
Taxes	-	-	-
Net Income (Loss)	( 8,848)	35,545	26,697
Working Capital	172,086	32,257	204,343
Change in Capital Contributions	-	355,290	355,290
Property, Plant and Equipment:			
Additions	5,548	49,315	54,863
Deletions	9,283	4,000	13,283
Total Assets	2,241,282	5,639,590	7,880,872
Obligations Payable	116,058	266,636	382,694
Revenue Bonds Payable	-	1,893,924	1,893,924
Equity	\$2,125,224	\$3,474,035	\$5,599,259

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

21. CHANGES IN CONTRIBUTED CAPITAL

The changes in the components of contributed capital for the proprietary fund type during the year ended June 30, 1998, is as follows:

Water and Sewer Enterprise Fund:

	COMPONENTS OF CONTRIBUTED CAPITAL			
	FEDERAL GRANTS	STATE GRANTS	MUNICIPALITY	TOTAL
Contributed Capital:				
Balance at June 30, 1997	\$2,307,167	\$219,464	\$2,262,930	\$4,789,561
Additions	355,290	-	-	355,290
Reductions	-	-	-	-
Balance at June 30, 1998	\$2,662,457	\$219,464	\$2,262,930	\$5,144,851
Amortization of Contributed Capital:				
Balance at June 30, 1997	\$ 356,274	\$ 43,458	\$ -	\$ 399,732
Additions:				
Current Year Depreciation On Fixed Assets Acquired By Grants Restricted for Construction	<u>42,687</u>	<u>3,799</u>	<u>-</u>	<u>46,486</u>
Balance at June 30, 1998	\$ <u>398,961</u>	\$ <u>47,257</u>	\$ <u>-</u>	\$ <u>446,218</u>
Net Contributed Capital	<u>\$2,263,496</u>	<u>\$172,207</u>	<u>\$2,262,930</u>	<u>\$4,698,633</u>

22. DEFERRED REVENUES AND OBLIGATION UNDER GRANT AGREEMENT

On April 24, 1992, the City of Ponchatoula entered into a contract with the State of Louisiana - Division of Administration for a Louisiana Community Development Block Grant funded by the United States Department of Housing and Urban Development in the amount of \$726,865. The purpose of this grant is to provide infrastructure improvements to the Ponchatoula Industrial Park and a maximum of \$250,000 to provide a long-term permanent financing loan to J & M Industries, Inc. for the purpose of purchasing equipment and for relocating their corporate headquarters in the industrial park. The original loan is a maximum of \$250,000 at 6.00% interest, and is to be repaid by J & M Industries, Inc. in 96 monthly installments of \$3,285. As of June 30, 1998, the amount received by J & M Industries, Inc. under this loan agreement totaled \$250,000. Principal payments through June 30, 1998, total \$136,273. The balance of this note outstanding at June 30, 1998 is \$113,727.

Under the terms of the agreement, the City of Ponchatoula is the maker of this note with J & M Industries, Inc. and holds a security interest in all furniture, fixtures and equipment which are purchased with the LCDBG funds. However, the City is required to return to the State of Louisiana - Division of Administration all the



City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

principal, interest or other payments received from J & M Industries, Inc. under the terms of this note. In fact, the contract requires J & M Industries, Inc. to make the note payments directly to the Division of Administration. The City is required by the LCDBG contract to monitor the repayment of these funds and perform other activities in connection with the LCDBG contract. The City of Ponchatoula is contingently liable to the Division of Administration for repayment of this note should J & M Industries, Inc. default on the note and the City not fulfill its obligations under the contract.

Based on the foregoing information, the deferred revenues at June 30, 1998, are \$112,626, the long-term debt created by this agreement on June 30, 1998, is \$113,727, and the outstanding note receivable from J & M Industries, Inc. on June 30, 1998, is \$113,727.

23. **COMPENSATION OF ELECTED OFFICIALS**

<u>NAME AND ADDRESS</u>	<u>POSITION</u>	<u>EXPIRATION OF TERM OF OFFICE</u>	<u>SALARY</u>
Julian E. Dufreche 125 Woodhaven Drive Ponchatoula, LA 70454 (504)386-6281	Mayor	June 30, 2000	\$35,308
C. W. Kinchen 248 West Hickory Ponchatoula, LA 70454 (504)386-6275	City Council District A	June 30, 2000	5,400
Frank Self 484 North 11 <sup>th</sup> Street Ponchatoula, LA 70454 (504)386-6348	City Council District B	June 30, 2000	5,400
James McKnight 333 West Magnolia Ponchatoula, LA 70454 (504)386-6779	City Council District C	June 30, 2000	5,400
Ora Lee Pea 1120 South First RR Avenue Ponchatoula, LA 70454 (504)386-7693	City Council District D	June 30, 2000	5,400
Gary Stanga 175 Highland Road Ponchatoula, LA 70454 (504)386-3742	City Council District E	June 30, 2000	5,400

(CONTINUED)

City of Ponchatoula

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

Timothy J. Gideon 575 East Pine Ponchatoula, LA 70454 (504)386-2152	Police Chief	June 30, 2000	29,422
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24. **SUBSEQUENT EVENTS**

A. FY 1997 L.C.D.B.G. - ED Approval

On June 22, 1998, the City of Ponchatoula was notified by the Louisiana Division of Administration, Office of Community Development, that it was the recipient of a FY 1997 LCDBG-ED grant in the amount of \$168,000. The purpose of this grant was for economic development. As of June 30, 1998, no grant funds have been received or expended as a result of this grant.

B. Series 1998 Public Improvement Bonds

On June 11, 1998, the City Council passed a resolution authorizing the issuance of a Certificate of Indebtedness in the amount of \$750,000 for the purpose of street overlay. This certificate of obligation is for a period not to exceed ten years and is payable from a pledge and dedication of excess revenues from the general fund. As of June 30, 1998, no funds had been received in connection with this certificate of indebtedness.

SUPPLEMENTARY INFORMATION AND SCHEDULES

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 Ponchatoula  
GENERAL FUND

EXHIBIT F

COMPARATIVE BALANCE SHEETS

June 30, 1998 and 1997

ASSETS

	<u>1998</u>	<u>1997</u>
Cash	\$186,328	\$227,773
Investments	-	-
Receivables (Net of Allowances for Uncollectibles Where Applicable):		
Ad Valorem Taxes	3,697	2,415
Franchise Taxes	22,137	26,145
Garbage Collection Fees	20,561	18,216
Notes	-	-
Other Receivables	703	8,818
Due from Other Governments	30,611	31,001
Due from Solid Waste Collection Fund	8,804	14,804
Due from Perpetual Care Fund	<u>-</u>	<u>3,590</u>
 Total Assets	 <u>\$272,841</u>	 <u>\$332,762</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 66,454	\$ 59,348
Accrued Liabilities	58,894	39,816
Due to Water Fund	9,600	-
Due to Sewer Fund	<u>4,886</u>	<u>-</u>
Total Liabilities	\$139,834	\$ 99,164
 Fund Balance (Deficit) - Unreserved - Undesignated	 <u>133,007</u>	 <u>233,598</u>
 Total Liabilities and Fund Balance	 <u>\$272,841</u>	 <u>\$332,762</u>

See auditor's report.

City of Ponchatoula  
GENERAL FUND

EXHIBIT F-1

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE-	1997
	REVISED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
<b>Revenues:</b>				
Taxes	\$ 266,850	\$ 239,289	\$( 27,561)	\$ 241,526
Licenses and Permits	256,250	264,111	7,861	251,691
Intergovernmental	357,664	376,916	19,252	346,289
Fines and Forfeitures	74,925	83,229	8,304	87,237
Sanitation Service Fees	240,500	242,626	2,126	211,460
Culture and Recreation	-	985	985	1,975
Miscellaneous	<u>145,645</u>	<u>134,687</u>	<u>( 10,958)</u>	<u>33,044</u>
Total Revenues	\$ 1,341,834	\$ 1,341,843	\$ 9	\$ 1,173,222
<b>Expenditures:</b>				
Current:				
General Government	\$ 471,049	\$ 479,343	\$( 8,294)	\$ 507,319
Public Safety	864,683	898,641	( 33,958)	659,110
Public Works	595,390	605,684	( 10,294)	500,570
Cemetery	43,504	38,803	4,701	52,153
Culture and Recreation	94,072	97,008	( 2,936)	164,048
Miscellaneous Programs	178,732	201,208	( 22,476)	273,977
Capital Outlay	79,067	116,282	( 37,215)	130,435
Debt Service	<u>35,411</u>	<u>44,384</u>	<u>( 8,973)</u>	<u>49,053</u>
Total Expenditures	\$ 2,361,908	\$ 2,481,353	\$(119,445)	\$ 2,336,665
Excess (Deficiency) of Revenues Over Expenditures	\$(1,020,074)	\$(1,139,510)	\$(119,436)	\$(1,163,443)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	1,000,000	1,000,000	-	1,048,000
Operating Transfers Out	-	( 246)	( 246)	( 12,544)
Proceeds from Capital Leases	<u>-</u>	<u>39,165</u>	<u>39,165</u>	<u>91,571</u>
Excess (Deficiency) of Revenues and Other Sources Over Expendi- tures and Other Uses	\$( 20,074)	\$( 100,591)	\$( 80,517)	\$( 36,416)
Fund Balance Beginning of Year	<u>233,598</u>	<u>233,598</u>	<u>-</u>	<u>270,014</u>
Fund Balance at End of Year	\$ <u>213,524</u>	\$ <u>133,007</u>	\$ <u>( 80,517)</u>	\$ <u>233,598</u>

See auditor's report.

City of Ponchatoula  
GENERAL FUND

EXHIBIT F-2

STATEMENT OF REVENUES, COMPARED TO BUDGET (GAAP BASIS)

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
<b>Taxes:</b>				
Ad Valorem	\$ 123,000	\$ 107,489	\$( 15,511)	\$ 106,663
Penalties and Interest	12,000	10,167	( 1,833)	16,390
Public Utilities Franchise	<u>131,850</u>	<u>121,633</u>	<u>( 10,217)</u>	<u>118,473</u>
	\$ 266,850	\$ 239,289	\$( 27,561)	\$ 241,526
<b>Licenses and Permits:</b>				
Occupational Licenses	\$ 243,200	\$ 249,720	\$ 6,520	\$ 238,377
Building Permits	12,500	13,780	1,280	13,284
Bingo and Special Permits	<u>550</u>	<u>611</u>	<u>61</u>	<u>30</u>
	\$ 256,250	\$ 264,111	\$ 7,861	\$ 251,691
<b>Intergovernmental:</b>				
State Supplemental Pay	\$ 68,800	\$ 63,240	\$( 5,560)	-
Video Poker Taxes	52,000	47,547	( 4,453)	51,884
Tobacco Taxes	27,500	27,556	56	23,731
Beer Taxes	14,000	14,108	108	10,983
State Grant- Main Street	2,667	1,338	( 1,329)	4,305
Parish Fire Insurance Fees	10,235	10,791	556	10,235
Revenue Equalization - PILOT	10,550	10,561	11	6,984
Council on Aging	101,500	123,300	21,800	121,430
Historical District Facade Grant	-	-	-	10,000
Federal Grants - Forestry	-	-	-	-
Jr. High Overlay	-	-	-	44,000
Rural Fire District Grant	50,000	50,000	-	50,000
Law Enforcement Grant	<u>20,412</u>	<u>28,475</u>	<u>8,063</u>	<u>12,737</u>
	\$ 357,664	\$ 376,916	\$ 19,252	\$ 346,289
Fines and Forfeitures	\$ 74,925	\$ 83,229	\$ 8,304	\$ 87,237
Sanitation Service Fees	\$ 240,500	\$ 242,626	\$ 2,126	\$ 211,460
Culture and Recreation	\$ -	\$ 985	\$ 985	\$ 1,975
<b>Miscellaneous:</b>				
LP&L Collection Fees	\$ -	\$ -	\$ -	\$ 1,830
Cemetery - Receipts	12,500	9,036	( 3,464)	6,660
Interest	11,000	7,135	( 3,865)	8,457
Entergy Application Fee	2,500	2,725	225	2,585
Maintenance DOTD	4,882	4,881	( 1)	4,881
Alligator Fund	200	-	( 200)	-
Donations	-	-	-	700
Miscellaneous	18,525	16,127	( 2,398)	-
Grant - Police Eq.	1,200	1,202	2	-
Fees Culvert Installation	1,750	2,090	340	1,215
Motion Patrol Grant	838	839	1	2,500
Land Sale- Industrial Park	86,000	86,000	-	-
Law Enforcement Training- Reimb.	2,500	900	( 1,600)	-
Appearance Bonds	<u>3,750</u>	<u>3,752</u>	<u>2</u>	<u>4,216</u>
	\$ <u>145,645</u>	\$ <u>134,687</u>	\$ <u>( 10,958)</u>	\$ <u>33,044</u>
	<u>\$1,341,834</u>	<u>\$1,341,843</u>	<u>\$ 9</u>	<u>\$1,173,222</u>

See auditor's report.



City of Ponchatoula  
GENERAL FUND

EXHIBIT F-3

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	<u>REVISED BUDGET</u>	<u>ACTUAL</u>		
General Government:				
Legislative-				
Salaries-City Council	\$ 27,000	\$ 29,500	\$( 2,500)	\$ 18,000
Payroll Taxes and Employee Benefits	6,542	6,018	524	3,672
Insurance	1,500	1,617	( 117)	-
Conferences and Conventions	700	1,359	( 659)	-
Telephone	<u>250</u>	<u>168</u>	<u>82</u>	<u>-</u>
Total Legislative	<u>\$ 35,992</u>	<u>\$ 38,662</u>	<u>\$( 2,670)</u>	<u>\$ 21,672</u>
Judicial-				
Salaries-Police Court	\$ 28,700	\$ 30,378	\$( 1,678)	\$ 23,529
Payroll Taxes and Employee Benefits	5,225	4,782	443	4,909
Insurance	100	94	6	-
Supplies	2,700	2,706	( 6)	1,015
Training	<u>2,545</u>	<u>2,356</u>	<u>189</u>	<u>-</u>
Total Judicial	<u>\$ 39,270</u>	<u>\$ 40,316</u>	<u>\$( 1,046)</u>	<u>\$ 29,453</u>
Executive-				
Salaries-Mayor	\$ 52,100	\$ 55,970	\$( 3,870)	\$ 35,869
Payroll Taxes and Employee Benefits	12,397	12,412	( 15)	1,764
Insurance	1,862	1,227	635	-
Vehicle	2,000	2,022	( 22)	2,148
Conferences and Conventions	2,500	2,375	125	-
Telephone	950	1,031	( 81)	-
Strawberry Festival	<u>500</u>	<u>457</u>	<u>43</u>	<u>-</u>
Total Executive	<u>\$ 72,309</u>	<u>\$ 75,494</u>	<u>\$( 3,185)</u>	<u>\$ 39,781</u>
General Government:				
Financial-				
Salaries - City Clerk and Assistants	\$ 97,200	\$ 99,861	\$( 2,661)	\$ 103,341
Payroll Taxes and Employee Benefits	10,519	14,421	( 3,902)	27,368
Insurance	5,109	626	4,483	-
Audit and Accounting	7,000	10,650	( 3,650)	-
Computer	-	141	( 141)	-
Conferences and Conventions	3,000	4,012	( 1,012)	-
Vehicle	500	167	333	-
Dues and Subscriptions	500	597	( 97)	-
Miscellaneous	<u>150</u>	<u>84</u>	<u>66</u>	<u>-</u>
Total Financial	<u>\$ 123,978</u>	<u>\$ 130,559</u>	<u>\$( 6,581)</u>	<u>\$ 130,709</u>

(CONTINUED)

City of Ponchatoula  
GENERAL FUND

EXHIBIT F-3  
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE-	1997
	REVISED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
Building Inspector-				
Salaries	\$ 23,600	\$ 24,510	\$ ( 910)	\$ -
Payroll Taxes and Employee Benefits	2,618	5,296	( 2,678)	-
Insurance	4,590	1,612	2,978	-
Vehicle	1,700	1,492	208	-
Conferences and Conventions	800	619	181	-
Supplies	-	1,633	( 1,633)	-
Dues and Subscriptions	-	55	( 55)	-
Telephone	550	435	115	-
City Planner Retainer	1,800	1,350	450	-
Building Inspector	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total Building Inspector	\$ <u>36,858</u>	\$ <u>38,202</u>	\$ <u>( 1,344)</u>	\$ <u>1,200</u>
Other General Government-				
Insurance	\$ 48,077	\$ 41,684	\$ 6,393	\$ 148,149
Legal Fees and Costs	14,800	16,009	( 1,209)	11,717
Audit and Accounting	15,000	17,965	( 2,965)	23,690
Ordinance Codification	2,200	2,200	-	-
Outside Consultant	16,000	10,404	5,596	5,500
Repairs to Building	100	29	71	848
Repairs to Equipment	200	116	84	13,373
Janitorial Service	2,500	2,445	55	-
Maintenance Agreement	2,015	2,993	( 978)	9,997
Conferences and Conventions	3,200	2,352	848	16,028
Supplies	16,000	17,994	( 1,994)	-
Office Supplies	6,000	5,052	948	18,040
Postage	5,500	4,533	967	4,502
Rental	1,000	1,527	( 527)	412
Dues and Subscriptions	1,900	2,481	( 581)	3,485
Adjusting	1,500	1,190	310	1,588
Utilities	11,000	11,683	( 683)	5,488
Telephone	4,850	5,127	( 277)	5,853
City Planner Retainers	-	300	( 300)	-
Pest Control	500	264	236	-
Landscaping	3,000	2,973	27	-
Writing Tax Rolls	2,700	2,672	28	3,187
Miscellaneous	<u>4,600</u>	<u>4,117</u>	<u>483</u>	<u>12,647</u>
Total Other General Government	\$ <u>162,642</u>	\$ <u>156,110</u>	\$ <u>6,532</u>	\$ <u>284,504</u>
Total General Government	\$ <u>471,049</u>	\$ <u>479,343</u>	\$ <u>( 8,294)</u>	\$ <u>507,319</u>
Public Safety:				
Police:				
Salaries-Police	\$ 365,220	\$ 382,632	\$ (17,412)	\$ 301,275
Salaries-Supplemental Pay	42,790	39,330	3,460	-
Payroll Taxes and Employee Benefits	85,560	82,063	3,497	72,397
Less Police Salary Millage	( 74,850)	( 75,572)	722	( 65,964)

(CONTINUED)

City of Ponchatoula  
GENERAL FUND

EXHIBIT F-3  
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Public Safety (Continued):				
Police (Continued):				
Insurance	49,785	50,687	( 902)	-
Vehicle	40,175	46,858	( 6,683)	46,209
Supplies	27,500	31,075	( 3,575)	22,062
Uniform	2,500	4,299	( 1,799)	3,681
Equipment Repairs	3,500	4,188	( 688)	2,885
Telephone	9,625	9,355	270	7,566
Utilities	7,900	8,789	( 889)	4,916
Conference and Conventions	2,000	1,322	678	4,100
Building Maintenance	500	743	( 243)	18
Prisoner Costs	7,400	9,975	( 2,575)	30,110
Training	6,736	7,102	( 366)	4,646
Miscellaneous	6,500	4,290	2,210	3,128
Total Police	<u>\$ 582,841</u>	<u>\$ 607,136</u>	<u>\$ (24,295)</u>	<u>\$ 437,029</u>
Fire:				
Salaries	\$ 168,500	\$ 181,399	\$ (12,899)	\$ 156,326
Salaries-Supplemental Pay	26,010	23,910	2,100	-
Payroll Taxes and Employee Benefits	52,267	48,030	4,237	36,767
Less Fireman Salary Millage	( 38,000)	( 35,255)	( 2,745)	( 24,686)
Call Back Pay	6,500	7,200	( 700)	6,034
Insurance	17,610	17,373	237	-
Vehicle	6,600	6,640	( 40)	5,433
Supplies	6,300	7,378	( 1,078)	10,791
Uniform	1,200	1,255	( 55)	1,963
Equipment Repairs	2,000	1,939	61	1,753
Telephone	6,300	6,530	( 230)	5,451
Utilities	12,975	12,921	54	11,201
Conferences and Conventions	2,500	2,500	-	2,500
Miscellaneous	1,000	628	372	560
Building Maintenance	3,400	3,417	( 17)	842
Milcage	-	32	( 32)	338
Training	3,500	3,168	332	3,456
Pre-Planning	-	-	-	-
Total Fire	<u>\$ 278,662</u>	<u>\$ 289,065</u>	<u>\$ (10,403)</u>	<u>\$ 218,727</u>
Civil Defense:				
Director	\$ 480	\$ 480	\$ -	\$ 480
Insurance	-	292	( 292)	-
Generator	100	157	( 57)	824
Telephone	600	631	( 31)	638
Supplies	2,000	880	1,120	1,412
Total Civil Defense	<u>\$ 3,180</u>	<u>\$ 2,440</u>	<u>\$ 740</u>	<u>\$ 3,354</u>
Total Public Safety	<u>\$ 864,683</u>	<u>\$ 898,641</u>	<u>\$ (33,958)</u>	<u>\$ 659,110</u>

(CONTINUED)

City of Ponchatoula  
GENERAL FUND

EXHIBIT F-3  
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE-	1997
	REVISED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
Public Works:				
Streets:				
Salaries	\$ 102,500	\$ 107,391	\$( 4,891)	\$ 83,283
Payroll Taxes and Employee Benefits	25,706	24,628	1,078	17,373
Insurance	22,250	21,924	326	-
Street and Traffic Lights	45,500	46,345	( 845)	45,299
Vehicle	10,000	10,903	( 903)	9,666
Materials and Supplies	58,800	61,646	( 2,846)	44,760
Maintenance and Repairs	26,414	27,233	( 819)	17,896
Equipment Repairs and Rentals	-	-	-	30,078
Conferences	100	-	100	15
Utilities	5,500	4,531	969	4,291
Telephone	700	689	11	669
Miscellaneous	15,025	11,803	3,222	7,097
Christmas Decorations and Lights	11,325	11,326	( 1)	4,459
Tree Maintenance	10,000	8,415	1,585	-
Uniforms	1,600	1,607	( 7)	2,117
Total Streets	\$ 335,420	\$ 338,441	\$( 3,021)	\$ 267,003
Sanitation:				
Building Demolition/Repairs	\$ 2,500	\$ 5,572	\$( 3,072)	\$ -
Animal Control	1,500	1,387	113	1,669
Contract Garbage Collection	213,070	213,181	( 111)	206,400
Garbage Escrow Funds	-	-	-	( 10,325)
Mosquito and Pest Control	-	96	( 96)	984
Miscellaneous	400	650	( 250)	-
Coroners Fees	8,500	9,474	( 974)	7,323
Animal Shelter	12,000	12,000	-	12,000
Trash Hauling	17,000	19,092	( 2,092)	15,516
Uncollectible Accounts	5,000	5,791	( 791)	-
Total Sanitation	\$ 259,970	\$ 267,243	\$( 7,273)	\$ 233,567
Total Public Works	\$ 595,390	\$ 605,684	\$( 10,294)	\$ 500,570
Cemetery:				
Salaries	\$ 8,450	\$ 7,663	\$ 787	\$ 37,276
Payroll Taxes and Employee Benefits	2,132	2,226	( 94)	7,776
Insurance	1,683	1,415	268	-
Supplies	1,225	1,063	162	1,232
Maintenance	28,750	29,980	( 1,230)	2,094
Repairs	500	347	153	333
Vehicle and Mower	300	-	300	4,531
Uniforms	264	235	29	327
Less Perpetual Care Funds	-	( 4,126)	4,126	( 3,590)
Miscellaneous	200	-	200	2,174
Total Cemetery	\$ 43,504	\$ 38,803	\$ 4,701	\$ 52,153

(CONTINUED)

City of Ponchatoula  
GENERAL FUND

EXHIBIT F-3  
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Culture and Recreation:				
Recreation and Parks:				
Salaries	\$ 13,450	\$ 12,492	\$ 958	\$ 46,464
Payroll Taxes and Employee Benefits	990	1,113	( 123)	9,687
Insurance	1,250	1,267	( 17)	-
Supplies	2,000	2,814	( 814)	4,994
Equipment Rental	-	-	-	699
Building Maintenance	900	1,659	( 759)	13,011
Equipment Repairs	2,000	2,409	( 409)	3,310
Mower	300	-	300	503
Utilities	2,150	523	1,627	12,326
Telephone	150	-	150	1,642
Vehicle	1,000	863	137	1,918
Miscellaneous	157	44	113	495
Total Recreation and Parks	<u>\$ 24,347</u>	<u>\$ 23,184</u>	<u>\$ 1,163</u>	<u>\$ 95,049</u>
Community Center:				
Salaries	\$ 31,480	\$ 32,357	\$ ( 877)	\$ 30,011
Payroll Taxes and Employee Benefits	5,710	5,339	371	6,267
Insurance	2,935	2,863	72	-
Supplies	7,500	9,333	( 1,833)	9,180
Maintenance and Upkeep	-	-	-	-
Utilities	16,500	15,419	1,081	14,972
Telephone	750	812	( 62)	709
Miscellaneous	1,050	1,374	( 324)	831
Building Repairs	2,000	3,722	( 1,722)	3,457
Uniforms	800	775	25	1,452
Equipment Repairs	1,000	1,830	( 830)	2,120
Total Community Center	<u>\$ 69,725</u>	<u>\$ 73,824</u>	<u>\$ ( 4,099)</u>	<u>\$ 68,999</u>
Total Culture and Recreation	<u>\$ 94,072</u>	<u>\$ 97,008</u>	<u>\$ ( 2,936)</u>	<u>\$ 164,048</u>
Miscellaneous Programs:				
Miscellaneous	\$ 1,501	\$ 584	\$ 917	\$ 6,993
Senior Citizens and Information Center	400	322	78	1,932
Veterans Service	684	570	114	684
Alligator Maintenance Museum	200	98	102	135
Maintenance and Upkeep	1,370	1,387	( 17)	10,663
Employee Drug Testing	-	-	-	-
EPA - Pat Settoon	-	-	-	1,835
Industrial Park	-	-	-	9,235
Main Street Program	60,900	64,799	( 3,899)	52,942
	12,177	13,073	( 896)	14,682

(CONTINUED)

City of Ponchatoula  
GENERAL FUND

EXHIBIT F-3  
(CONTINUED)

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) (CONTINUED)

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Miscellaneous Programs (Continued):				
Jr. High Overlay	-	-	-	43,446
Facade Reimbursements	-	-	-	10,000
Council on Aging	101,500	120,375	(18,875)	121,430
House Demolition	-	-	-	-
Landscaping and Trees	-	-	-	-
Total Miscellaneous Programs	<u>\$ 178,732</u>	<u>\$ 201,208</u>	<u>\$ (22,476)</u>	<u>\$ 273,977</u>
Capital Outlay:				
General Government	\$ -	\$ 4,786	\$ ( 4,786)	\$ 36,964
Public Safety- Police	54,267	56,802	( 2,535)	116,506
Public Safety - Fire	400	411	( 11)	-
Less Equipment Millage	-	-	-	( 37,056)
Public Safety-Civil Defense	-	259	( 259)	-
Public Works- Street Dept.	24,400	53,470	(29,070)	14,021
Cemetery	-	-	-	-
Culture and Recreation	-	554	( 554)	-
Miscellaneous Programs	-	-	-	-
Total Capital Outlay	<u>\$ 79,067</u>	<u>\$ 116,282</u>	<u>\$ ( 37,215)</u>	<u>\$ 130,435</u>
Debt Service:				
General Government	30,325	29,900	425	45,238
Public Safety - Police	-	-	-	-
Public Works - Street Dept.	5,086	14,484	( 9,398)	3,815
Total Debt Service	<u>\$ 35,411</u>	<u>\$ 44,384</u>	<u>\$ ( 8,973)</u>	<u>\$ 49,053</u>
Total Expenditures	<u>\$2,361,908</u>	<u>\$2,481,353</u>	<u>\$ (119,445)</u>	<u>\$2,336,665</u>

See auditor's report.

SPECIAL REVENUE FUNDS

- 1965 Sales Tax Fund - To account for the receipt and use of proceeds of the City of Ponchatoula, Louisiana's 1% sales and use tax passed by the citizens on April 10, 1965. Revenues derived from the sales and use tax are dedicated for the purpose of constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, sidewalks, public buildings and/or fire department stations and equipment, including fire engines; purchasing and acquiring furnishings for the aforesaid public works, buildings, improvements and facilities; and maintaining and operating garbage collection facilities including the equipment therefore, title to which improvements shall be in the public, and any one or more of said purposes.
- 1982 Sales Tax Fund - To account for the receipt and use of proceeds of the City of Ponchatoula, Louisiana's additional 1% sales and use tax passed by the citizens on April 3, 1982. Revenues derived from the sales and use tax are dedicated to construction and maintaining streets, sewers, sewage disposal works, waterworks facilities and drains and drainage facilities and for any other lawful corporate purposes of the City.
- The proceeds from this sales tax has been pledged and dedicated to the retirement of the \$1,725,000 Series ST-1995 Public Improvement Bonds issued June 23, 1988.
- Solid Waste Collection Fund - To account for the receipt and use of proceeds received for garbage collection in excess of actual expenditures pursuant to Ordinance 411 passed by the Mayor and City Council on April 11, 1990. All proceeds and interest collected are dedicated to offset future increases in garbage collection charges and disposal fees.
- Mausoleum Trust Fund - To account for the receipts, including the sale of crypts and fees, and the transfers to the general fund. The City receives 21% of the sales price of the crypts and has dedicated 10% of the sales price to the maintenance and insurance of the mausoleum. The remaining 11% of the sales price received by the City may be used for any purpose which the City desires.
- Emergency Housing Rehabilitation Fund - To account for the paybacks from low interest Community Development Block Grant loans and appropriations from the City's general fund. The funds are dedicated for emergency home repair to benefit low income residents.
- Fire, Police and Equipment Millage Funds - To account for the receipt and use of proceeds of the City of Ponchatoula, Louisiana's 10 mills property tax passed by the citizens on July 21, 1990. Revenues derived from the property tax are dedicated 6 mills to paying Police Department salaries, 2 mills to paying Fire Department salaries and 2 mills to purchase equipment for the Police and Fire Departments of the City. The tax is for a period of ten years, beginning with the year 1990.

SPECIAL REVENUE FUNDS (CONTINUED)

FY 1991 L.C.D.B.G. - ECONOMIC DEVELOPMENT FUND - To account for the costs associated with construction of infrastructure improvements to the Ponchatoula Industrial Park and an economic development loan to a tenant locating in the industrial park. Financing for this project is provided by a FY 1991 Louisiana Community Development Block Grant - Economic Development Block Grant in the amount of \$726,865. Of this amount, \$250,000 in revolving loan funds is available as a loan to J & M Industries, Inc. to purchase equipment and other costs associated with relocating to the park.



City of Ponchatoula  
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 1998  
With Comparative Totals as of June 30, 1997

ASSETS

	1965	1982	SOLID WASTE COLLECTION FUND	MAUSOLEUM TRUST FUND	EMERGENCY HOUSING REHABILITATION FUND	FIREMAN PAY MILLAGE FUND	POLICEMAN PAY MILLAGE FUND	EQUIPMENT MILLAGE FUND	FY 91 L.C.D.B.G. ECONOMIC DEVELOPMENT FUND	TOTALS
										1998
Cash	\$86,172	\$ 84,928	\$ 13,201	\$( 114)	\$ 7,099	\$ 23,900	\$ 99,589	\$ 38,238	\$ -	\$353,013
Investments	-	-	29,000	-	-	80,000	220,000	-	-	329,000
Due from Other Funds	-	-	-	-	-	-	-	-	-	-
Receivables (Net of Allowance for Uncollectible Accounts:										
Grants	-	-	-	-	-	-	-	1,476	-	1,476
Taxes	64,474	64,474	-	-	-	1,352	5,783	1,352	-	137,435
Notes	-	-	-	-	1,334	-	-	-	113,727	115,061
Total Assets	\$150,646	\$149,402	\$ 13,201	\$ 28,886	\$ 8,433	\$105,252	\$325,372	\$ 41,066	\$113,727	\$935,985

LIABILITIES AND FUND BALANCES

Liabilities:										
Accounts Payable	\$ 420	\$ 420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,101	\$ 1,941
Due to Other Funds	-	-	8,805	-	-	-	-	-	-	8,805
Deferred Revenue	-	-	-	-	-	-	-	-	112,626	112,626
Total Liabilities	\$ 420	\$ 420	\$ 8,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$113,727	\$123,372
Fund Balances:										
Unreserved - Designated	-	-	-	11,967	8,433	-	-	-	-	20,400
Undesignated	150,226	148,982	4,396	15,919	-	105,252	325,372	41,066	-	792,213
Total Liabilities and Fund Balances	\$150,646	\$149,402	\$ 13,201	\$ 28,886	\$ 8,433	\$105,252	\$325,372	\$ 41,066	\$113,727	\$935,985

See auditor's report.

EXHIBIT G-1

City of Ponchatoula  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

for the Year Ended June 30, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	TOTALS	
	FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUND	1997	1998
Revenues:														
Taxes	\$ 691,002	\$ 691,002	\$ -	\$ -	\$ 35,109	\$ 100,486	\$ 35,109	\$ -	\$ -	\$ 1,552,708	\$ 1,466,495			
Commissions	-	-	481	-	-	-	-	-	-	481	-			
Grant	-	-	-	-	-	-	1,476	31,701	31,701	33,177	32,268			
Interest and														
Miscellaneous	2,911	2,841	795	1,463	4,955	20,166	1,175	7,723	7,723	42,365	51,152			
Total Revenues	\$ 693,913	\$ 693,843	\$ 795	\$ 1,944	\$ 40,064	\$ 120,652	\$ 37,760	\$ 39,424	\$ 39,424	\$ 1,528,731	\$ 1,549,915			
Expenditures:														
General Government	\$ 23,447	\$ 23,447	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	\$ -	\$ 49,894	\$ 8,460			
Public Safety	-	-	-	-	35,255	75,572	-	-	-	110,827	90,650			
Public Works	-	-	-	-	-	-	-	-	-	-	10,325			
Cemetery	-	-	-	-	-	-	-	-	-	-	-			
Industrial Park	-	-	-	-	-	-	-	-	-	-	-			
Health and Safety	-	-	-	-	-	-	-	-	-	-	-			
Other	-	-	-	-	-	-	-	39,424	39,424	39,424	42,710			
Capital Outlay	-	-	-	-	-	-	-	-	-	14,564	42,030			
Total Expenditures	\$ 23,447	\$ 23,447	\$ 500	\$ 500	\$ 35,755	\$ 76,072	\$ 15,054	\$ 39,424	\$ 39,424	\$ 214,709	\$ 194,175			
Excess (Deficiency) of Revenues Over Expenditures	\$ 670,466	\$ 670,396	\$ 295	\$ 1,444	\$ 4,309	\$ 44,580	\$ 22,696	\$ -	\$ -	\$ 1,414,022	\$ 1,355,740			
Other Financing Sources (Uses):														
Operating Transfers In	-	-	-	-	-	-	-	-	-	39,288	-			
Operating Transfers Out	(596,050)	(640,792)	-	-	-	-	-	-	-	(1,236,842)	(1,538,677)			
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 74,416	\$ 68,892	\$ 295	\$ 1,444	\$ 4,309	\$ 44,580	\$ 22,696	\$ -	\$ -	\$ 216,468	\$ (182,937)			
Fund Balances:														
Beginning of Year	75,810	80,090	4,201	27,442	100,943	280,792	18,370	-	-	596,145	779,082			
End of Year	\$ 150,226	\$ 148,982	\$ 4,396	\$ 28,886	\$ 105,252	\$ 325,372	\$ 41,066	\$ -	\$ -	\$ 812,613	\$ 596,145			

See auditor's report.

City of Ponchatoula  
SPECIAL REVENUE FUNDS  
1965 SALES TAX FUND

EXHIBIT G-2

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Revenues:				
Taxes - Sales Taxes	\$ 675,000	\$ 691,002	\$ 16,002	\$ 651,675
Interest	<u>5,000</u>	<u>2,911</u>	<u>( 2,089)</u>	<u>8,579</u>
Total Revenues	\$ 680,000	\$ 693,913	\$ 13,913	\$ 660,254
Expenditures:				
General Government:				
Collection Fees	\$ 4,225	\$ 4,492	\$ ( 267)	\$ 4,230
Enterprise Zone Refund	18,455	18,455	-	-
Miscellaneous	<u>500</u>	<u>500</u>	<u>-</u>	<u>-</u>
Total Expenditures	\$ <u>23,180</u>	\$ <u>23,447</u>	\$ ( <u>267</u> )	\$ <u>4,230</u>
Excess of Revenues Over Expenditures	\$ 656,820	\$ 670,466	\$ 13,646	\$ 656,024
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$ (575,000)	\$ (575,000)	\$ -	\$ (653,000)
FY 1993 Capital Improvement Fund	<u>( 21,050)</u>	<u>( 21,050)</u>	<u>-</u>	<u>(160,000)</u>
Total Other Financing Sources (Uses)	\$ <u>(596,050)</u>	\$ <u>(596,050)</u>	\$ <u>-</u>	\$ <u>(813,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 60,770	\$ 74,416	\$ 13,646	\$ (156,976)
Fund Balance at Beginning of Year	<u>75,810</u>	<u>75,810</u>	<u>-</u>	<u>232,786</u>
Fund Balance at End of Year	\$ <u><u>136,580</u></u>	\$ <u><u>150,226</u></u>	\$ <u><u>13,646</u></u>	\$ <u><u>75,810</u></u>

See auditor's report.

City of Ponchatoula  
SPECIAL REVENUE FUNDS  
1982 SALES TAX FUND

EXHIBIT G-3

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Revenues:				
Taxes - Sales Taxes	\$ 675,000	\$ 691,002	\$ 16,002	\$ 651,675
Interest	5,000	2,841	( 2,159)	10,047
Total Revenues	\$ 680,000	\$ 693,843	\$ 13,843	\$ 661,722
Expenditures:				
General Government:				
Collection Fee	\$ 4,225	\$ 4,492	\$( 267)	\$ 4,230
Enterprise Zone Refund	18,455	18,455	-	-
Miscellaneous	500	500	-	-
Total Expenditures	\$ 23,180	\$ 23,447	\$( 267)	\$ 4,230
Excess of Revenues Over Expenditures	\$ 656,820	\$ 670,396	\$ 13,576	\$ 657,492
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
1995 Sales Tax Sinking Fund	\$ 31,944	\$ 39,288	\$ 7,344	\$ -
General Fund	(425,000)	(425,000)	-	(395,000)
1995 Sales Tax Sinking Fund	(172,000)	(162,798)	9,202	(170,677)
FY93 Capital Projects	( 52,994)	( 52,994)	-	(160,000)
Total Other Financing Sources (Uses)	\$(618,050)	\$(601,504)	\$ 16,546	\$(725,677)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 38,770	\$ 68,892	\$ 30,122	\$( 68,185)
Fund Balance at Beginning of Year	80,090	80,090	-	148,275
Fund Balance at End of Year	\$ 118,860	\$ 148,982	\$ 30,122	\$ 80,090

See auditor's report.

City of Ponchatoula  
SPECIAL REVENUE FUNDS  
SOLID WASTE COLLECTION FUND

EXHIBIT G-4

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	ORIGINAL BUDGET	ACTUAL		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest	<u>1,000</u>	<u>795</u>	<u>( 205)</u>	<u>1,068</u>
Total Revenues	\$ 1,000	\$ 795	\$ ( 205)	\$ 1,068
Expenditures:				
General Government	\$ -	\$ 500	\$ -	-
Public Works	<u>-</u>	<u>-</u>	<u>( 500)</u>	<u>10,325</u>
Total Expenditures	\$ -	\$ 500	\$ ( 500)	\$ 10,325
Excess of Revenues Over Expenditures	\$ 1,000	\$ 295	\$ ( 705)	\$ (9,257)
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$( 6,000)	\$ -	\$ 6,000	\$ -
1995 Sales Tax Sinking Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$( 6,000)	\$ -	\$ 6,000	\$ -
Excess (Deficiency) of Revenues Over Expend- itures and Other Uses	\$( 5,000)	\$ 295	\$ 5,295	\$ (9,257)
Fund Balance at Beginning of Year	<u>8,358</u>	<u>4,101</u>	<u>( 4,257)</u>	<u>13,358</u>
Fund Balance at End of Year	<u>\$ 3,358</u>	<u>\$ 4,396</u>	<u>\$ 1,038</u>	<u>\$ 4,101</u>

See auditor's report.

City of Ponchatoula  
SPECIAL REVENUE FUNDS  
MAUSOLEUM TRUST FUND

EXHIBIT G-5

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	<u>REVISED BUDGET</u>	<u>ACTUAL</u>		
Revenues:				
Sale of Crypts	\$ 480	\$ 482	\$ 2	\$ -
Interest	<u>1,450</u>	<u>1,462</u>	<u>12</u>	<u>1,548</u>
Total Revenues	\$ 1,930	\$ 1,944	\$ 14	\$ 1,548
Expenditures:				
General Government	\$ <u>500</u>	\$ <u>500</u>	\$ -	\$ -
Total Expenditures	\$ <u>500</u>	\$ <u>500</u>	\$ -	\$ -
Excess of Revenues Over Expenditures	\$ 1,430	\$ 1,444	\$ 14	\$ 1,548
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$ -	\$ -	\$ -	\$ -
1995 Sales Tax Sinking Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Excess (Deficiency) of Revenues Over Expend- itures and Other Uses	\$ 1,430	\$ 1,444	\$ 14	\$ 1,548
Fund Balance at Beginning of Year	<u>27,442</u>	<u>27,442</u>	<u>-</u>	<u>25,894</u>
Fund Balance at End of Year	<u>\$ 28,872</u>	<u>\$ 28,886</u>	<u>\$ 14</u>	<u>\$ 27,442</u>

See auditor's report.

City of Ponchatoula  
SPECIAL REVENUE FUNDS  
EMERGENCY HOUSING REHABILITATION FUND

EXHIBIT G-6

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest	<u>800</u>	<u>336</u>	<u>( 464)</u>	<u>180</u>
Total Revenues	\$ 800	\$ 336	\$ ( 464)	\$ 180
Expenditures:				
General Government	<u>\$ 1,000</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 1,000</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>
Excess of Revenues Over Expenditures	\$ ( 200)	\$ ( 164)	\$ 36	\$ 180
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$ -	\$ -	\$ -	\$ -
1995 Sales Tax Sinking Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over Expend- itures and Other Uses	\$ ( 200)	\$ ( 164)	\$ 36	\$ 180
Fund Balance at Beginning of Year	<u>8,597</u>	<u>8,597</u>	<u>-</u>	<u>8,417</u>
Fund Balance at End of Year	<u>\$ 8,397</u>	<u>\$ 8,433</u>	<u>\$ 36</u>	<u>\$ 8,597</u>

See auditor's report.

City of Ponchatoula  
SPECIAL REVENUE FUNDS  
FIREMAN PAY MILLAGE FUND

EXHIBIT G-7

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Revenues:				
Taxes - Ad Valorem	\$ 34,000	\$ 35,109	\$ 1,109	\$ 32,732
Interest	<u>5,000</u>	<u>4,955</u>	<u>( 45)</u>	<u>4,645</u>
Total Revenues	\$ 39,000	\$ 40,064	\$ 1,064	\$ 37,377
Expenditures:				
General Government	\$ 500	\$ 500	\$ -	\$ -
Public Safety:				
Salaries	<u>38,000</u>	<u>35,255</u>	<u>2,745</u>	<u>24,686</u>
Total Expenditures	\$ <u>38,500</u>	\$ <u>35,755</u>	\$ <u>2,745</u>	\$ <u>24,686</u>
Excess of Revenues Over Expenditures	\$ 500	\$ 4,309	\$ 3,809	\$ 12,691
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$ -	\$ -	\$ -	\$ -
1995 Sales Tax Sinking Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Excess (Deficiency) of Revenues Over Expend- itures and Other Uses	\$ 500	\$ 4,309	\$ 3,809	\$ 12,691
Fund Balance at Beginning of Year	<u>100,943</u>	<u>100,943</u>	<u>-</u>	<u>88,252</u>
Fund Balance at End of Year	\$ <u>101,443</u>	\$ <u>105,252</u>	\$ <u>3,809</u>	\$ <u>100,943</u>

See auditor's report.



City of Ponchatoula  
SPECIAL REVENUE FUNDS  
POLICEMAN PAY MILLAGE FUND

EXHIBIT G-8

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Revenues:				
Taxes - Ad Valorem	\$100,850	\$ 100,486	\$( 364)	\$ 97,681
Interest	<u>15,000</u>	<u>20,166</u>	<u>5,166</u>	<u>13,561</u>
Total Revenues	\$115,850	\$ 120,652	\$ 4,802	\$ 111,242
Expenditures:				
General Government	\$ 500	\$ 500	\$ -	\$ -
Public Safety:				
Salaries	<u>74,850</u>	<u>75,572</u>	<u>( 722)</u>	<u>65,964</u>
Total Expenditures	<u>\$ 75,350</u>	<u>\$ 76,072</u>	<u>\$( 722)</u>	<u>\$ 65,964</u>
Excess of Revenues Over Expenditures	\$ 40,500	\$ 44,580	\$ 4,080	\$ 45,278
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$ -	\$ -	\$ -	\$ -
1995 Sales Tax Sinking Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over Expend- itures and Other Uses	\$ 40,500	\$ 44,580	\$ 4,080	\$ 45,278
Fund Balance at Beginning of Year	<u>280,792</u>	<u>280,792</u>	<u>-</u>	<u>235,514</u>
Fund Balance at End of Year	<u>\$321,292</u>	<u>\$ 325,372</u>	<u>\$ 4,080</u>	<u>\$ 280,792</u>

See auditor's report.

City of Ponchatoula  
SPECIAL REVENUE FUNDS  
EQUIPMENT MILLAGE FUND

EXHIBIT G-9

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE- FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	REVISED BUDGET	ACTUAL		
Revenues:				
Taxes - Ad Valorem	\$ 34,000	\$ 35,109	\$ 1,109	\$ 32,732
Intergovernmental Grant	1,400	1,476	76	-
Interest	<u>1,000</u>	<u>1,175</u>	<u>175</u>	<u>1,082</u>
Total Revenues	\$ 36,400	\$ 37,760	\$ 1,360	\$ 33,814
Expenditures:				
General Government	\$ 500	\$ 500	\$ -	\$ -
Capital Outlay:				
Equipment	<u>37,475</u>	<u>14,564</u>	<u>22,911</u>	<u>42,030</u>
Total Expenditures	\$ <u>37,975</u>	\$ <u>15,064</u>	\$ <u>22,911</u>	\$ <u>42,030</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ ( 1,575)	\$ 22,696	\$ 24,271	\$ ( 8,216)
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	\$ -	\$ -	\$ -	\$ -
1995 Sales Tax Sinking Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Excess (Deficiency) of Revenues Over Expend- itures and Other Uses	\$ ( 1,575)	\$ 22,696	\$ 24,271	\$ ( 8,216)
Fund Balance at Beginning of Year	<u>18,370</u>	<u>18,370</u>	<u>-</u>	<u>26,586</u>
Fund Balance at End of Year	\$ <u>16,795</u>	\$ <u>41,066</u>	\$ <u>24,271</u>	\$ <u>18,370</u>

See auditor's report.

City Of Ponchatoula  
Special Revenue Funds  
FY 91 L.C.D.B.G. Economic Development Fund

EXHIBIT G-10

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

for the Year Ended June 30, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE-	1997
	REVISED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
Revenues:				
Intergovernmental Grant	\$ 32,200	\$ 31,701	\$ ( 499)	\$ 32,268
Interest	<u>10,400</u>	<u>7,723</u>	<u>( 2,677)</u>	<u>10,442</u>
Total Revenues	\$ 42,600	\$ 39,424	\$ ( 3,176)	\$ 42,710
Expenditures:				
Economic Development	\$ 42,600	\$ 39,424	\$ 3,176	\$ 42,710
Total Expenditures	<u>\$ 42,600</u>	<u>\$ 39,424</u>	<u>\$ 3,176</u>	<u>\$ 42,710</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
General Fund	-	-	-	-
1995 Sales Tax Sinking Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over Expend- itures and Other Uses	\$ -	\$ -	\$ -	\$ -
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See auditor's report.

DEBT SERVICE FUNDS

Debt Service Funds - To account for the payment of principal and interest of the following:

1. Series ST-1994 Public Improvement Bonds-General Long-Term Debt for the purpose of capital improvements. The \$1,725,000 serial bonds are due in annual installments, plus interest, through maturity in 2009. Annual interest rate of 4.10% to 9.00%. Payment of these bonds is secured by an irrevocable pledge and dedication of the proceeds of the 1982 1% sales tax.

City of Ponchatoula  
DEBT SERVICE FUNDS

EXHIBIT H

COMBINING BALANCE SHEET

June 30, 1998  
with Comparative Totals as of June 1997

ASSETS

	FY 1995 CAPITAL <u>IMPROVEMENTS</u>	<u>TOTALS</u>	
		<u>1998</u>	<u>1997</u>
Assets:			
Cash	\$ 56,981	\$ 56,981	\$ 89,571
Investments	173,319	173,319	174,316
Accrued Interest Receivable	-	-	3,651
Due From Fiscal Agent Bank	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$230,300</u>	<u>\$230,300</u>	<u>\$267,538</u>

LIABILITIES AND FUND BALANCES

Liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Reserved for Debt Service	230,300	230,300	267,538
Unreserved - Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$230,300</u>	<u>\$230,300</u>	<u>\$267,538</u>
Total Liabilities and Fund Balances	<u>\$230,300</u>	<u>\$230,300</u>	<u>\$267,538</u>

See auditor's report.

City of Ponchatoula  
DEBT SERVICE FUNDS

EXHIBIT H-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

for the Year Ended June 30, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	FY 1995 CAPITAL IMPROVEMENTS	TOTALS	
		1998	1997
Revenues:			
Interest	\$ 10,262	\$ 10,262	\$ 16,138
Total Revenues	\$ 10,262	\$ 10,262	\$ 16,138
Expenditures:			
General Government	\$ 500	\$ 500	\$ -
Principal Retirement	95,000	95,000	90,000
Interest	74,910	74,910	83,010
Paying Agent's Fee	300	300	600
Other	300	300	18
Total Expenditures	\$ 171,010	\$ 171,010	\$ 173,628
(Deficiency) of Revenues Over Expenditures	\$ (160,748)	\$ (160,748)	\$ (157,490)
Other Financing Sources (Uses):			
Operating Transfers From In (Out):			
1982 Sales Tax Fund	\$ 162,798	\$ 162,798	\$ 170,676
1982 Sales Tax Fund	( 39,288)	( 39,288)	-
Total Other Financing Sources	\$ 123,510	\$ 123,510	\$ 170,676
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ ( 37,238)	\$ ( 37,238)	\$ 13,186
Fund Balances at Beginning of Year	267,538	267,538	254,352
Fund Balances at End of Year	\$ 230,300	\$ 230,300	\$ 267,538

See auditor's report.

#### CAPITAL PROJECT FUNDS

- 1) FY 1993 Capital Improvement Fund-To account for the receipt and use of loan proceeds received from the issuance of Series 1993 \$600,000 Certificate of Obligation. Proceeds of these certificates are dedicated to specific capital improvements in the City to include improving streets, reroofing the Community Center, improving recreational facilities, renovations to City Hall, construction of a maintenance building at the city yard, sewer system rehabilitation, repairing the Kiwanis Park water tower and to purchase equipment.
  
- 2) FY 1995 Capital Improvement Fund-To account for the receipt and use of bond proceeds received from the issuance of Series ST-1995 \$1,725,000 Capital Improvement Bonds. The proceeds of this bond issue are dedicated to refunding the City's \$600,000 of Certificates of Indebtedness, Series 1993, and paying the cost of constructing, acquiring, extending and improving sewers and sewerage disposal works, waterworks facilities, drains and drainage facilities in the City.

City of Ponchatoula  
CAPITAL PROJECTS FUNDS

EXHIBIT I

COMBINING BALANCE SHEET

June 30, 1998  
With Comparative Totals as of June 30, 1997

	FY 1993 CAPITAL PROJECTS <u>FUND</u>	FY 1995 CAPITAL PROJECTS <u>FUND</u>	TOTALS (MEMORANDUM ONLY) <u>1998</u> <u>1997</u>	
<u>ASSETS</u>				
Cash	\$ 173	\$ 11,617	\$ 11,790	\$ 75,243
Receivables ( Net of Allowance for Uncollectible Accounts):				
Accrued Interest	-	-	-	-
Federal Grant	-	-	-	-
Notes	-	-	-	-
Total Assets	<u>\$ 173</u>	<u>\$ 11,617</u>	<u>\$ 11,790</u>	<u>\$ 75,243</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 27,447
Construction Contracts Payable	-	-	-	49,993
Construction Retainage Payable	-	-	-	33,686
Total Liabilities	\$ -	\$ -	\$ -	\$ 111,126
Fund Balance (Deficit):				
Unreserved-Undesignated	<u>173</u>	<u>11,617</u>	<u>11,790</u>	<u>(35,883)</u>
Total Liabilities and Fund Balance	<u>\$ 173</u>	<u>\$ 11,617</u>	<u>\$ 11,790</u>	<u>\$ 75,243</u>

See auditor's report.



City of Ponchatoula  
CAPITAL PROJECTS FUNDS

EXHIBIT I-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1998  
With Comparative Totals as of June 30, 1997

	FY 1993 CAPITAL PROJECTS FUND	FY 1995 CAPITAL PROJECTS FUND	TOTALS (MEMORANDUM ONLY)	
			1998	1997
<b>Revenues:</b>				
Interest Income	\$ 289	\$ 523	\$ 812	\$ 2,846
Total Revenues	\$ 289	\$ 523	\$ 812	\$ 2,846
<b>Expenditures:</b>				
General Government Administration	\$ 500	\$ 500	\$ 1,000	\$ -
Furniture & Equipment	-	-	-	18,420
City Hall Renovations	26,183	-	26,183	382,887
Southeast Drainage Project	-	-	-	-
Debt Service - Bohning Building	-	-	-	-
Total Expenditures	\$ 26,683	\$ 500	\$ 27,183	\$ 401,307
(Deficiency) of Revenues over Expenditures	\$( 26,394)	\$ 23	\$( 26,371)	\$ (398,461)
<b>Other Financing Sources (Uses):</b>				
Transfer from 1982 Sales Tax Fund	52,994	-	52,994	160,000
Transfer from 1965 Sales Tax Fund	21,050	-	21,050	160,000
Transfer to FY 1993 Capital Projects Fund	-	-	-	-
Certificate of Indebtedness	-	-	-	-
Total Other Financing Sources (Uses)	\$ 74,044	\$ -	\$ 74,044	\$ 320,000
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures and Other Financing Sources (Uses)	\$ 47,650	\$ 23	\$ 47,673	\$ ( 78,461)
Fund Balances at Beginning of Year	( 47,477)	11,594	( 35,883)	42,578
Fund Balances (Deficit) at End of Year	\$ 173	\$ 11,617	\$ 11,790	\$ ( 35,883)

See auditor's report.

PROPRIETARY FUNDS

Water and Sewer Enterprise Funds - To account for the provision of water and sewer services to residents of the City. All activities necessary to provide such services are accounted for in these two funds, including, but not limited to, administration, operations, maintenance, financing, and related debt service, and billing and collection.

City of Ponchatoula  
 PROPRIETARY FUNDS  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J

COMBINING BALANCE SHEET

June 30, 1998  
 With Comparative Totals as of June 30, 1997

ASSETS

	<u>WATER</u> <u>FUND</u>	<u>SEWER</u> <u>FUND</u>	<u>TOTALS</u>	
			<u>1998</u>	<u>1997</u>
<b>Current Assets:</b>				
Cash	\$ 136,574	\$ 7,777	\$ 144,351	\$ 128,825
Investments	-	-	-	203
Due from General Fund	9,600	4,886	14,486	-
Due from Sewer Fund	14,892	-	14,892	5,493
Intergovernmental Grant Receivable	-	215,141	215,141	-
<b>Receivables:</b>				
Accounts Receivable	28,961	62,749	91,710	129,915
Less: Allowance for Uncollectible Accounts	( 8,400)	( 18,000)	( 26,400)	( 73,800)
Total Receivables	\$ 20,561	\$ 44,749	\$ 65,310	\$ 56,115
 Total Current Assets	 \$ 181,627	 \$ 272,553	 \$ 454,180	 \$ 190,636
<b>Restricted Assets:</b>				
Utility Customers' Deposits:				
Cash	\$ 7,017	\$ -	\$ 7,017	\$ -
Investments	99,500	-	99,500	99,297
	\$ 106,517	\$ -	\$ 106,517	\$ 99,297
 Sewer Revenue Fund Cash	 -	 186,210	 186,210	 122,028
Sewer Sinking Fund Cash	-	119,808	119,808	127,746
Sewer Reserve Fund Cash	-	5	5	5
Sewer Reserve Fund Investments	-	195,390	195,390	195,390
Sewer Renewal and Replacement Fund Cash	 -	 22,308	 22,308	 45,474
Total Restricted Assets	\$ 106,517	\$ 523,721	\$ 630,238	\$ 589,940
 Plant and Equipment, at Cost	 \$ 2,515,813	 \$ 5,708,231	 \$ 8,224,044	 \$8,182,464
Less: Accumulated Depreciation	( 651,928)	(1,226,275)	(1,878,203)	(1,693,202)
	\$ 1,863,885	\$ 4,481,956	\$ 6,345,841	\$6,489,262
 Land	 89,253	 3,170	 92,423	 92,423
Construction in Progress	-	358,190	358,190	-
Total Plant and Equipment	\$ 1,953,138	\$ 4,843,316	\$ 6,796,454	\$6,581,685
 Total Assets	 \$ 2,241,282	 \$ 5,639,590	 \$ 7,880,872	 \$7,362,261

(CONTINUED)

City of Ponchatoula  
 PROPRIETARY FUNDS  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J  
 (CONTINUED)

COMBINING BALANCE SHEET (CONTINUED)

June 30, 1998  
 With Comparative Totals as of June 30, 1997

LIABILITIES AND FUND EQUITY

	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
	<u>FUND</u>	<u>FUND</u>	<u>1998</u>	<u>1997</u>
Current Liabilities (Payable From Current Assets):				
Accounts Payable	\$ 7,795	\$ 8,259	\$ 16,054	\$ 15,809
Contracts Payable	-	185,426	185,426	-
Retainage Payable	-	29,715	29,715	-
Other Accrued Expenses	1,746	2,004	3,750	-
Due to Water Fund	-	14,892	14,892	5,493
Total Current Liabilities (Payable from Current Assets)	\$ 9,541	\$ 240,296	\$ 249,837	\$ 21,302
Current Liabilities (Payable From Restricted Assets):				
Customers' Deposits	\$ 106,517	\$ -	\$ 106,517	\$ 99,297
Accrued Bond Interest	-	31,335	31,335	35,465
Revenue Bonds Payable	-	95,000	95,000	90,000
Total Current Liabilities (Payable from Restricted Assets)	\$ 106,517	\$ 126,335	\$ 232,852	\$ 224,762
Long-Term Liabilities:				
Revenue Bonds Payable	-	1,798,924	1,798,924	1,898,924
Total Liabilities	\$ 116,058	\$ 2,165,555	\$ 2,281,613	\$2,144,988
Equity:				
Contributed Capital:				
Capital Grants	\$ 1,413,043	\$ 1,468,878	\$ 2,881,921	\$2,525,120
Less: Amortization	( 236,043)	( 210,175)	( 446,218)	(399,731)
Municipality	\$ 1,177,000	\$ 1,258,703	\$ 2,435,703	\$2,125,389
Total Contributed Capital	\$ 1,762,132	\$ 2,936,501	\$ 4,698,633	\$4,388,319
Retained Earnings:				
Reserved for Revenue Bond Retirement	\$ -	\$ 397,386	\$ 397,386	\$ 365,178
Unreserved - Undesignated	363,092	140,148	503,240	463,776
Total Retained Earnings	\$ 363,092	\$ 537,534	\$ 900,626	\$ 828,954
Total Equity	\$ 2,125,224	\$ 3,474,035	\$ 5,599,259	\$5,217,273
Total Liabilities and Equity	\$ 2,241,282	\$ 5,639,590	\$ 7,880,872	\$7,362,261

See auditor's report.

City of Ponchatoula  
 PROPRIETARY FUNDS  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-1

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS

for the Year Ended June 30, 1998  
 With Comparative Totals for the Year Ended June 30, 1997

	WATER FUND	SEWER FUND	TOTALS	
			1998	1997
Operating Revenues:				
Charges for Services	\$ 188,053	\$ 517,722	\$ 705,775	\$ 650,438
Connection Fees and Other Revenue	9,392	20,142	29,534	29,945
Total Operating Revenues	\$ 197,445	\$ 537,864	\$ 735,309	\$ 680,383
Operating Expenses:				
Salaries	\$ 57,971	\$ 53,705	\$ 111,676	\$ 113,858
Payroll Taxes and Employee Benefits	13,220	15,033	28,253	22,316
Supplies	18,037	17,463	35,500	40,383
Repairs and Maintenance	27,299	46,212	73,511	55,293
Vehicle Expense	3,555	6,354	9,909	9,004
Miscellaneous	4,446	24,272	28,718	9,759
Utilities and Telephone	26,609	93,658	120,267	130,064
Depreciation	46,506	151,779	198,285	200,965
Water Chlorination	5,796	-	5,796	4,235
Postage and Office Supplies	5,839	-	5,839	6,880
Insurance	5,089	6,063	11,152	16,726
Bad Debts	9,375	7,286	16,661	6,400
Engineering	390	-	390	279
Total Operating Expenses	\$ 224,132	\$ 421,825	\$ 645,957	\$ 616,162
Operating Income (Loss)	\$( 26,687)	\$ 116,039	\$ 89,352	\$ 64,221
Non-Operating Revenues (Expenses):				
Interest Income	\$ 17,839	\$ 13,582	\$ 31,421	\$ 30,689
Interest Expense	-	( 94,322)	( 94,322)	(102,907)
Total Non-Operating Revenues (Expenses)	\$ 17,839	\$( 80,740)	\$( 62,901)	\$( 72,218)
Income (Loss) before Operating Transfers	\$( 8,848)	\$ 35,299	\$ 26,451	\$( 7,997)

(CONTINUED)

City of Ponchatoula  
 PROPRIETARY FUNDS  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-1  
 (CONTINUED)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS (CONTINUED)

for the Year Ended June 30, 1998  
 With Comparative Totals for the Year Ended June 30, 1997

	<u>WATER</u> <u>FUND</u>	<u>SEWER</u> <u>FUND</u>	<u>TOTALS</u>	
			<u>1998</u>	<u>1997</u>
Operating Transfers In (Out):				
General Fund	\$ -	\$ 246	\$ 246	\$ 12,544
1993 Capital Projects Fund	-	-	-	-
Debt Service Fund	-	-	-	-
Water Fund	-	-	-	( 2,029)
Sewer Fund	-	-	-	2,029)
Total Operating Transfers In (Out)	<u>\$ -</u>	<u>\$ 246</u>	<u>\$ 246</u>	<u>\$ 12,544</u>
Net Income (Loss)	\$( 8,848)	\$ 35,545	\$ 26,697	\$ 4,547
Add: Current Year Depreciation on Fixed Assets Acquired by Grants Restricted for Construction that Reduces Contributed Capital	<u>27,511</u>	<u>18,975</u>	<u>46,486</u>	<u>36,503</u>
Increase (Decrease) in Retained Earnings	\$ 18,663	\$ 54,520	\$ 73,183	\$ 41,050
Retained Earnings - Beginning of Year	<u>344,429</u>	<u>483,014</u>	<u>827,443</u>	<u>787,904</u>
Retained Earnings - End of Year	<u>\$ 363,092</u>	<u>\$ 537,534</u>	<u>\$ 900,626</u>	<u>\$ 828,954</u>

See auditor's report.

City of Ponchatoula  
 PROPRIETARY FUND  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-2

COMBINING STATEMENT OF CASH FLOWS

for the Year Ended June 30, 1998  
 With Comparative Totals for the Year Ended June 30, 1997

	WATER FUND	SEWER FUND	TOTALS	
			1998	1997
Cash Flows From Operating Activities:				
Operating Income (Loss)	\$( 26,687)	\$ 116,039	\$ 89,352	\$ 62,710
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	46,506	151,779	198,285	200,965
Provision for Uncollectible Accounts	( 8,400)	( 39,000)	( 47,400)	6,400
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	524	37,681	38,205	( 9,608)
Increase (Decrease) in Accounts Payable/ Accrued Expenses	7,498	( 3,503)	3,995	2,595
Increase (Decrease) in Customer Deposits	<u>7,220</u>	<u>-</u>	<u>7,220</u>	<u>1,088</u>
Net Cash Provided by Operating Activities	\$ 26,661	\$ 262,996	\$ 289,657	\$ 264,150
 Cash Flows From Noncapital Financing Activities:				
(Increase) Decrease in Due from Sewer Fund	\$( 9,399)	\$ -	\$( 9,399)	\$ -
(Increase) Decrease in Due from General Fund	( 9,600)	( 4,886)	( 14,486)	-
Operating Transfers In From Other Funds	-	246	246	14,573
Operating Transfers Out To Other Funds	-	-	-	( 2,029)
Increase in Due to Water Fund	<u>-</u>	<u>9,399</u>	<u>9,399</u>	<u>-</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	\$( 18,999)	\$ 4,759	\$( 14,240)	\$ 12,544

(CONTINUED)

City of Ponchatoula  
 PROPRIETARY FUND  
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT J-2  
 (CONTINUED)

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

for the Year Ended June 30, 1998  
 With Comparative Totals for the Year Ended June 30, 1997

	WATER FUND	SEWER FUND	TOTALS	
			1998	1997
Cash Flows From Capital and Related Financing Activities:				
Capital Grants Received	\$ -	\$ 140,149	\$ 140,149	\$ 1,511
Construction of Capital Assets	-	( 143,049)	( 143,049)	( 73,587)
Purchase of Equipment	( 5,548)	( 49,315)	( 54,863)	-
Contributed Capital - Municipality	-	-	-	-
Proceeds from Revenue Bonds Issued	-	-	-	-
Principal Paid on Revenue Bonds	-	( 95,000)	( 95,000)	( 90,000)
Interest Paid on Revenue Bonds	-	( 98,452)	( 98,452)	(102,907)
Net Cash Used in Capital and Related Financing Activities	\$( 5,548)	\$( 245,667)	\$( 251,215)	\$ (264,983)
Cash Flows From Investing Activities:				
Interest Earned on Investments	\$ 17,837	\$ 13,582	\$ 31,419	\$ 30,689
Purchase of Investments	(139,000)	(195,390)	( 334,390)	(235,429)
Proceeds from Maturities of Investments	<u>139,000</u>	<u>195,390</u>	<u>( 334,390)</u>	<u>219,000</u>
Net Cash Provided by Investing Activities	\$ <u>17,837</u>	\$ <u>13,582</u>	\$ <u>31,419</u>	\$ <u>14,260</u>
Increase (Decrease) in Cash	\$ 19,951	\$ 35,670	\$ 55,621	\$ 25,971
Cash - Beginning of Year	<u>123,640</u>	<u>300,438</u>	<u>424,078</u>	<u>398,107</u>
Cash - End of Year	<u>\$ 143,591</u>	<u>\$ 336,108</u>	<u>\$ 479,699</u>	<u>\$ 424,078</u>
Reconciliation of Cash Accounts:				
Unrestricted Cash	\$ 136,574	\$ 7,777	\$ 144,351	\$ 128,825
Restricted Cash	<u>7,017</u>	<u>328,331</u>	<u>335,348</u>	<u>295,253</u>
	<u>\$ 143,591</u>	<u>\$ 336,108</u>	<u>\$ 479,699</u>	<u>\$ 424,078</u>

See auditor's report.



FIDUCIARY FUND

NONEXPENDABLE TRUST FUND

Cemetery Endowment Fund - To account for monies provided by private donors to defray expenses of cleaning and maintaining the Ponchatoula Cemetery. The principal amount of each gift is to be maintained intact and invested. Investment earnings are dedicated to cleaning and maintaining the cemetery. Funds collected are managed by the Ponchatoula Cemetery Endowment Board. This Board consists of five members, each of whom are branch managers of the five financial institutions located in the City, and are approved by the Mayor and City Council. This fund was established upon adoption of Ordinance 408 by the Mayor and City Council on July 12, 1989.

City of Ponchatoula  
NONEXPENDABLE TRUST FUND  
CEMETERY ENDOWMENT FUND

EXHIBIT K

COMPARATIVE BALANCE SHEETS

June 30, 1998 and 1997

ASSETS

	<u>1998</u>	<u>1997</u>
Current Assets:		
Investments	\$ 84,472	\$ 80,766
Accrued Interest Receivable	<u>259</u>	<u>259</u>
Total Assets	<u>\$ 84,731</u>	<u>\$ 81,025</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Due to General Fund	\$ <u>-</u>	\$ <u>3,590</u>
Total Liabilities	\$ -	\$ 3,590
Fund Balance:		
Reserved for Endowment Principal	\$ 84,472	\$ 77,176
Reserved for Cemetery Maintenance	<u>259</u>	<u>259</u>
Total Fund Balance	<u>\$ 84,731</u>	<u>\$ 77,435</u>
Total Liabilities and Fund Balance	<u>\$ 84,731</u>	<u>\$ 81,025</u>

See auditor's report.

City of Ponchatoula  
NONEXPENDABLE TRUST FUND  
CEMETERY ENDOWMENT FUND

EXHIBIT K-1

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN FUND BALANCE

for the Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating Revenues:		
Contributions	\$ 7,296	\$ 6,640
Interest	<u>4,126</u>	<u>3,589</u>
Total Operating Revenues	\$ 11,422	\$ 10,229
Operating Expenses:		
Cemetery Maintenance	\$ <u>4,126</u>	\$ <u>3,590</u>
Total Operating Expenses	\$ <u>4,126</u>	\$ <u>3,590</u>
Net Income	\$ 7,296	\$ 6,639
Fund Balance at Beginning of Year	<u>77,435</u>	<u>70,796</u>
Fund Balance at End of Year	<u>\$ 84,731</u>	<u>\$ 77,435</u>

See auditor's report.

City of Ponchatoula  
NONEXPENDABLE TRUST FUND  
CEMETERY ENDOWMENT FUND

EXHIBIT K-2

COMPARATIVE STATEMENTS OF CASH FLOWS

for the Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash Flows From Operating Activities:		
Net Income	\$ 7,296	\$ 6,639
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Increase (Decrease) in Due to General Fund	<u>(3,590)</u>	<u>3,590</u>
Net Cash Provided by Operating Activities	\$ 3,706	\$ 10,229
Cash Flows From Investing Activities:		
Proceeds from Maturities of Investments	\$ -	\$ -
Purchase of Investments	<u>(3,706)</u>	<u>(10,229)</u>
Net Cash Used in Investing Activities	<u>(3,706)</u>	<u>(10,229)</u>
Increase in Cash	\$ -	\$ -
Cash at Beginning of Year	<u>-</u>	<u>-</u>
Cash at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See auditor's report.

GENERAL FIXED ASSETS ACCOUNT GROUP

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

COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS - BY SOURCES

June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General Fixed Assets, at Cost:		
Land	\$ 281,748	\$ 313,733
Buildings	2,143,513	2,122,905
Improvements Other Than Buildings	3,893,225	3,893,225
Equipment	841,153	730,346
Construction in Progress	<u>-</u>	<u>-</u>
Total General Fixed Assets	<u>\$7,159,639</u>	<u>\$7,060,209</u>
Investment in General Fixed Assets from:		
General Obligation Bonds	\$1,752,044	\$1,752,044
Federal Grants	1,953,540	1,953,540
State Grants	833,129	830,451
General Fund Revenues	1,209,645	1,080,908
Sales Tax Revenues	881,556	913,541
Equipment Millage	152,459	152,459
Federal Shared Revenues	238,318	238,318
Special Assessments	45,948	45,948
Gifts	<u>93,000</u>	<u>93,000</u>
Total Investment in General Fixed Assets	<u>\$7,159,639</u>	<u>\$7,060,209</u>

See auditor's report.

City of Ponchatoula

EXHIBIT L-1

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

for the Year Ended June 30, 1998

	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>EQUIPMENT IN PROGRESS</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTAL</u>
General Fixed Assets, Beginning of Year	\$ 313,733	\$ 2,122,905	\$ 3,893,225	\$ 730,346	\$ -	\$ 7,060,209
Additions:						
General Fund Revenues	\$ -	\$ 20,608	\$ -	\$ 108,129	\$ -	\$ 128,737
Equipment Millage	-	-	-	-	-	-
Sales Tax Revenues	-	-	-	-	-	-
State Grants	-	-	-	2,678	-	2,678
General Obligation Bonds	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total Additions	\$ -	\$ 20,608	\$ -	\$ 110,807	\$ -	\$ 131,415
Total Balances and Additions	\$ 313,733	\$ 2,143,513	\$ 3,893,225	\$ 841,153	\$ -	\$ 7,191,624
Deductions:						
Assets Sold Transferred	\$ 31,985	\$ -	\$ -	\$ -	\$ -	\$ 31,985
General Fixed Assets, End of Year	\$ 281,748	\$ 2,143,513	\$ 3,893,225	\$ 841,153	\$ -	\$ 7,159,639

See auditor's report.

GENERAL LONG-TERM DEBT  
ACCOUNT GROUP

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



STATEMENTS OF GENERAL LONG-TERM DEBT

June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT		
Amount Available in Debt Service Funds	\$ 230,300	\$ 267,539
Amount to be Provided in Future Years from:		
Sales and Use Tax	\$1,154,700	\$1,212,461
General Fund Revenues	84,173	111,090
Repayment of Note Receivable	<u>112,626</u>	<u>146,884</u>
	<u>1,351,499</u>	<u>1,470,435</u>
 Total Available and to be Provided	 <u>\$1,581,799</u>	 <u>\$1,737,974</u>
 GENERAL LONG-TERM DEBT PAYABLE		
Public Improvement Bonds Payable	\$1,385,000	\$1,480,000
Certificate of Obligation	22,500	50,000
Obligations Under Capital Leases	61,673	61,090
Obligation Under Grant Agreement	<u>112,626</u>	<u>146,884</u>
	<u>\$1,581,799</u>	<u>\$1,737,974</u>

See auditor's report.

OTHER SUPPLEMENTARY INFORMATION SCHEDULES

SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS

SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS

June 30, 1998

Term of Office - July 1, 1996 Through June 30, 2000

<u>NAME AND ADDRESS</u>	<u>POSITION</u>	<u>EXPIRATION OF TERM OF OFFICE</u>	<u>SALARY</u>
Julian E. Dufreche 125 Woodhaven Drive Ponchatoula, LA 70454 (504)386-6281	Mayor	June 30, 2000	\$ 35,308
C. W. Kinchen 248 West Hickory Ponchatoula, LA 70454 (504)386-6275	City Council District A	June 30, 2000	5,400
Frank Self 484 North 11th street Ponchatoula, LA 70454 (504)386-6348	City Council District B	June 30, 2000	5,400
James McKnight 333 West Magnolia Ponchatoula, LA 70454 (504)386-6779	City Council District C	June 30, 2000	5,400
Ora Lee Pea 1120 South First RR Ave Ponchatoula, LA 70454 (504)386-7693	City Council District D	June 30, 2000	5,400
Gary Stanga 175 Highland Road Ponchatoula, LA 70454 (504)386-3742	City Council District E Mayor Pro-tem	June 30, 2000	5,400
Timothy J. Gideon 575 East Pine Ponchatoula, LA 70454 (504)386-2152	Police Chief	June 30, 2000	29,422
			<u>\$ 91,730</u>

See auditor's report.

SCHEDULE OF CHANGES IN CASH ACCOUNTS  
CREATED PURSUANT TO ARTICLE V, SECTION 5 OF  
THE \$2,400,000 SEWER REVENUE BONDS SERIES 1991  
LOAN AND PLEDGE AGREEMENT

City of Ponchatoula

SCHEDULE 2

SCHEDULE OF CHANGES IN CASH ACCOUNTS  
 CREATED PURSUANT TO ARTICLE V, SECTION 5 OF  
 THE \$2,400,000 SEWER REVENUE BONDS SERIES 1991  
 LOAN AND PLEDGE AGREEMENT

for the Year Ended June 30, 1998

	REVENUE FUND SEC. 5.01	OPERATION AND MAINTENANCE FUND SEC. 5.02	SINKING FUND SEC. 5.03	RESERVE FUND SEC. 5.04	RENEWAL AND REPLACEMENT FUND SEC. 5.05	CONSTRUCTION FUND SEC. 5.06	TOTAL
Balance at Beginning of Year	\$122,028	\$ 5,026	\$127,745	\$195,395	\$ 45,474	\$ 159	\$ 495,827
Cash Receipts:							
Sewer Fees Received	\$537,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537,864
Transfers from:							
Revenue Fund	-	273,667	179,300	-	27,000	-	479,967
Sewer Escrow Fund	-	-	-	-	-	-	-
Sewer Renewal & Replacement Fund	-	-	-	-	-	-	-
Sewer Bond Reserve Fund	-	13,582	-	-	-	-	13,582
Loan From Water Fund	-	-	-	-	-	-	-
Proceeds from Issuance of Bonds	-	-	-	-	-	-	-
Interest	5,285	-	6,214	13,582	1,242	-	27,323
Total Receipts	\$544,149	\$287,249	\$185,514	\$13,582	\$28,242	\$ -	\$1,058,736
Total Available	\$666,177	\$292,275	\$313,259	\$208,977	\$73,716	\$159	\$1,554,563
Cash Disbursements:							
Transfers to:							
Operating and Maintenance	\$273,667	\$ -	\$ -	\$13,582	\$ -	\$ -	\$ 287,249
Sinking Fund	179,300	-	-	-	-	-	179,300
Reserve Fund	-	-	-	-	-	-	-
Renewal and Replacement Fund	27,000	-	-	-	-	-	27,000
Sewer Revenue Fund	-	-	-	-	-	-	-
Construction Costs	-	-	-	-	51,408	159	51,567
Operating Expenses	-	284,498	-	-	-	-	284,498
Bond Paid -	-	-	95,000	-	-	-	95,000
Interest Paid	-	-	98,451	-	-	-	98,451
Equipment Purchased	-	-	-	-	-	-	-
Total Disbursements	\$479,957	\$284,498	\$193,451	\$13,582	\$51,408	\$159	\$1,023,065
Balance at End of Year	\$186,220	\$ 7,777	\$119,808	\$195,395	\$22,308	\$ -	\$ 531,498

See auditor's report.

SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

## City of Ponchatoula

SCHEDULE 3

## SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

June 30, 1998

<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
LA Municipal Risk Management Agency	Automobile Liability Bodily Injury/Physical Damage	\$ 500,000	5/01/99
LA Municipal Risk Management Agency	Commercial General Liability Premises/Operations Products/Completed Operations Medical Payments Per Person Per Occurrence Fire Legal Liability Per Occurrence	\$ 500,000 \$ 500,000  \$ 1,000 \$ 10,000  \$ 50,000	5/01/99 5/01/99 5/01/99 5/01/99 5/01/99 5/01/99
LA Municipal Risk Management Agency	Police Professional Liability Personal Injury/Physical Damage	\$ 500,000	5/01/99
LA Municipal Risk Management Agency	Public Officials Errors and Omissions	\$ 500,000	5/01/99
LA Municipal Risk Management Agency	Workmen's Compensation		1/01/99
Commercial Union	Commercial Policy Fire/Police Station Contents Fire Station #2 Building Fire Station #2 Contents Police Station Building Police Station Contents Community Center Building Community Center Contents Mausoleum Building Storage/Meeting Room Equipment Building Water Treatment Plant Building Water Treatment Plant Equipment Flat Car/Comb. Storage Building Flat Car/Comb. Storage Contents City Hall City Hall Contents	\$ 359,600 \$ 36,700 \$ 148,400 \$ 6,900 \$ 114,200 \$ 11,600 \$1,279,000 \$ 58,200 \$ 119,800 \$ 27,000 \$ 63,300 \$ 10,500 \$ 105,200 \$ 10,500 \$ 26,300 \$ 506,400 \$ 40,000	7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98 7/12/98
Commercial Union	Automobile Policy Comprehensive and Collision	ACV	11/23/98
Commercial Union	Ponchatoula Collinswood Museum Building Contents Liability Fire	\$ 40,000 \$ 15,000 \$ 300,000 \$ 100,000	8/03/98 8/03/98 8/03/98 8/03/98
Commercial Union	Employee Fidelity Bonds Julian Dufreche Elizabeth LeSaichere Ramona Umbach Lynette Carter Stella Kraemer Marcia Sandifer Assistant To Mayor Mayor Pro-Temp Clerk of Court	\$ 40,000 \$ 40,000 \$ 40,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 40,000 \$ 20,000	12/05/98 12/05/98 12/05/98 12/05/98 12/05/98 12/05/98 12/05/98 12/05/98 12/05/98 12/05/98

(CONTINUED)



SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED) (CONTINUED)  
June 30, 1998

<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Anthem Health & Life	Accident and Health Ponchatoula Civil Defense Loss of Life, Limbs, or Sight Medical Payments	\$ 4,000 \$ 1,000	4/23/99

See auditor's report.

SCHEDULE OF CHANGES IN SEWER FUND FIXED ASSETS

City of Ponchatoula

SCHEDULE 4

SCHEDULE OF CHANGES IN SEWER FUND FIXED ASSETS

for the Year Ended June 30, 1998

	<u>BUILDINGS</u>	<u>SEWER LINES</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>WASTEWATER TREATMENT PLANT</u>	<u>LAND</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>TOTAL</u>
Fixed Assets, Beginning of Year	\$ 2,000	\$3,222,864	\$ 138,598	\$2,299,454	\$ 3,170	-	\$5,566,086
Additions:							
Sewer Extension - Hwy 51 N.	-	4,320	-	-	-	-	4,320
Sewer Extension - Yokum Road	-	44,995	-	-	-	-	44,995
Sewer Extension Barringer Drive	-	-	-	-	-	-	-
Sewer Extension Fisher Lane	-	-	-	-	-	-	-
Deductions:							
Assets Sold	-	-	-	-	-	-	-
Construction Costs Capitalized	-	-	4,000	-	-	-	4,000
Fixed Assets, End of Year	<u>\$ 2,000</u>	<u>\$3,272,179</u>	<u>\$ 134,598</u>	<u>\$2,299,454</u>	<u>\$ 3,170</u>	<u>-</u>	<u>\$5,711,401</u>

See auditor's report.

SCHEDULE OF SEWER FUND USERS, RATES AND BILLINGS

City of Ponchatoula

SCHEDULE 5

SCHEDULE OF SEWER FUND USERS, RATES AND BILLINGS

June 30, 1998

TYPE OF USER	RATES ESTABLISHED BY ORDINANCE 422		ACTUAL BILLINGS FOR JUNE, 1996		ESTIMATED ANNUAL BILLING
	UNIT	CHARGE PER UNIT	UNIT	NUMBER OF UNITS	
1) Single Family Residents	Each	\$17.50	Each	2,355	\$23,713
2) Commercial Units:					
a) Similar to Residential	Each	\$17.50	Each	170	\$ 2,975
b) Laundry (Coin Operated Washers)	Washer	\$ 4.08	Each	3	\$ 1,290
c) Bars, Lounges and Restaurants	Seat	\$ 1.02	Each	13	\$ 508
d) Service Stations (Full Service)	Each	\$40.78	Each	1	\$ 18
3) Institutional:					
a) Elementary Schools	Student	\$ .41	Each	3	\$ 385
Parochial School	Student	\$ .41	Student	206	\$ 85
b) Junior High Schools	Student	\$ .41	Each	1	\$ 128
c) Apartments and Mobile Homes	Unit	\$17.50	Unit	399	\$ 6,983
4) Industrial:					
a) Industry No. 1	Gallons	\$ 1.36	Each	1	\$ 82
b) Industry No. 2	Employee	\$ .82	Each	1	\$ 58
					\$35,225
					\$434,699

Special Note: The City's present computerized utility billing system does not have the ability to accumulate year-to-date charges by customer. This schedule required by Section 12.03(h) of the \$2,400,000 Sewer Revenue Bond, Series 1991, Loan and Pledge Agreement was prepared by multiplying the actual number of customers billed for service in June 1997, by the actual rates in effect and computed an average monthly billing. This average monthly billing was multiplied by twelve months in the fiscal year to arrive at the estimated billings for the fiscal year ended June 30, 1998.

See auditor's report.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 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>Federal Expenditures</u>
DIRECT FEDERAL AWARDS:			
U.S. Department of Housing And Urban Development:			
Passed through Louisiana Division of Administration:			
Community Development Block Grants - Small Cities Program			
FY 1996 LCDBG Contract #107-700157	14,219	N/A	<u>355,291</u>
Total Expenditure of Federal Awards			<u>355,291</u>

OTHER SUPPLEMENTAL INFORMATION:

U.S. Department of Housing and Urban Development

Passed through Louisiana Division of Administration:

Community Development Block Grants - Small Cities Program

FY 1991 LCDBG Contract #501-7005	14,219	Note 2(a)	500
FY 1991 LCDBG Contract #101-208	14,219	Note 2(b)	-

Total U.S. Department of Housing and Urban Development \$ 500

U.S. Environmental Protection Agency:

Passed through Louisiana Department of Environmental Quality:

Municipal Facilities Revolving Fund Loan Program Loan # CS-221002-1

Total U.S. Environmental Protection Agency Note 2(a) -

City of Ponchatoula

SCHEDULE 6  
(CONTINUED)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 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>Federal Expenditures</u>
<u>U.S. Department of Justice:</u>			
FY 1996 Local Law Enforcement Block Grants Program Award #96LBVX0946	N/A	N/A	\$ 11,464
FY 1997 Local Law Enforcement Block Grants Program Award #97LBVX3137	N/A	N/A	20,412
FY 1998 Local Law Enforcement Block Grants Program Grant #98UMWX1423	N/A	N/A	6,373
Total U.S. Department of Justice			<u>\$ 38,249</u>
<u>U.S. Department of Transportation:</u>			
Passed through Louisiana Department of Transportation And Development:			
Public Transportation Operating Assistance Program	20.509	741-53-0104	\$ 119,624
Public Transportation Capital Assistance Program	20.509	741-99-0026	18,727
Total U.S. Department Of Transportation			<u>\$ 138,351</u>
Total Federal Awards			<u>\$ 532,391</u>

The accompanying notes are an integral part of this schedule.



City of Ponchatoula

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 1998

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Ponchatoula, 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2. Other Supplementary Information

- a. Indicates Community Development Block Grant low interest loan program for emergency home repairs to benefit low income residents. The contract with the State Division of Administration has expired but we continue to maintain and service these low interest loans. Total notes receivable at June 30, 1997, was \$13,251. New loans during the fiscal year ended June 30, 1998, totaled \$-0-. Principal payments during the fiscal year ended June 30, 1998, totaled \$655. Total notes receivable as of June 30, 1998, were \$12,596. Delinquent notes receivable as of June 30, 1998, totaled \$11,261.
- b. Indicates Community Development Block Grant for Economic Development. This grant is for roadway, lighting, water and sewer infrastructure improvements in the Ponchatoula Industrial Park and a low interest loan to assist J & M Industries, Inc. to relocate. Their total loans advanced to J & M Industries, Inc. as of June 30, 1998, were \$250,000. Principal and interest received during year ended June 30, 1998, totaled \$39,424. Notes receivable as of June 30, 1998, totaled \$112,626.
- c. Indicates \$2,400,000 Sewer Revenue Bond issued by the City of Ponchatoula held by the State of Louisiana, Department of Environmental Quality for improvements to the sewer system and wastewater treatment plant. Funding is provided from the Municipal Facilities Revolving Fund Loan Program. Bonds outstanding at June 30, 1995, totaled \$2,087,040. Additional drawdowns during the fiscal year ended June 30, 1996, totaled \$71,884. Principal repayments during the fiscal year ended June 30, 1998, totaled \$95,000. Bonds outstanding as of June 30, 1998, totaled \$1,893,924.

OTHER INDEPENDENT AUDITOR'S REPORTS  
AND FINDINGS AND RECOMMENDATIONS

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

# Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA\*  
Dennis E. James, CPA\*  
\*A Professional Corporation

Member  
American Institute of  
Certified Public Accountants

Charles D. Mathews, CPA  
Bryon C. Garrety, CPA

Member  
Society of Louisiana  
Certified Public Accountants

August 7, 1998

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

The Honorable Julian E. Dufreche, Mayor  
and the Members of the City Council  
City of Ponchatoula, Louisiana

We have audited the general purpose financial statements of The City of Ponchatoula, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated August 7, 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 City of Ponchatoula, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and recommendations as items 98-1.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Ponchatoula, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 City of Ponchatoula, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and recommendations as items 98-3 and 98-5.

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CITY OF PONCHATOULA, LOUISIANA

A material weakness is a reportable condition in which the design or operation of one or more 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 reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, of the reportable conditions described above, we consider items number 98-2 and 98-4 to be material weaknesses.

This report is for the information of management, federal awarding agencies, pass through statistics the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Mayor and City Council of the City of Ponchatoula, Louisiana, is a matter of public record.

Respectfully submitted,

  
DURNIN & JAMES, CPA'S

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

# Durnin & James

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Certified Public Accountants

August 7, 1998

Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Financial Assistance  
Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133

The Honorable Julian E. Dufreche, Mayor  
and Members of the City Council  
City of Ponchatoula, Louisiana

Compliance

We have audited the compliance of City of Ponchatoula, 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 Ponchatoula, 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 City of Ponchatoula, Louisiana's management. Our responsibility is to express an opinion on City of Ponchatoula, 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 City of Ponchatoula 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 City of Ponchatoula, Louisiana's compliance with those requirements.

In our opinion, City of Ponchatoula, Louisiana's 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 City of Ponchatoula, 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 City of Ponchatoula, Louisiana 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.

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 matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, federal awarding agencies, pass-through entities, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Ponchatoula, Louisiana, is a matter of public record.

Respectfully submitted,

  
DURNIN & JAMES, CPA'S



FINDINGS AND RECOMMENDATIONS

City of Ponchatoula

CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 1998

FINDINGS AND RECOMMENDATIONS

COMPLIANCE

98-1 - Budget Variance Exceeds 5% Allowable Under State Law

The City of Ponchatoula did not comply with certain budget requirements imposed by state law. Budget procedures applicable to the City are specified in state law, Louisiana Revised Statutes (LSA-R.S.) 39:1301-1314. The pertinent parts of the law and the manner in which the City failed to comply with the law are as follows:

State law (LSA-R.S.) 39:1309-1310 requires the original budget to be amended when actual expenditures exceed the amounts budgeted by five percent or more.

FINDING:

The budget for the fiscal year ended June 30, 1998, was amended on June 12, 1998. However, actual expenditures exceeded the amounts budgeted in the following funds by more than five percent:

	<u>Actual</u> <u>Expenditures</u>	<u>Amount</u> <u>Budgeted</u>	<u>Percent</u>
General Fund	\$2,481,353	\$2,361,908	5.06%

RECOMMENDATION:

We recommend the City continue to closely monitor its budget and adopt budget amendments when required.

MANAGEMENT'S RESPONSE:

In management's corrective action plan dated November 9, 1998, the Mayor indicated the budget will continue to be monitored on a monthly basis by the city clerk, the mayor and the city council. Budgetary amendments will be made when actual revenues decrease over original budget projections and actual expenditures increase over original budget projections.

INTERNAL CONTROL OVER FINANCIAL REPORTING

98-2 - Accounts Payable Processing

FINDING

During our audit and review of accounts payable, we noted that the accounts payable invoices are not being recorded on a daily basis. Instead of processing and recording invoices into the computerized accounts payable system on a daily basis as incurred, as is the City's policy, invoices are being held and processed in monthly batches immediately before payment. Improvement is needed in this area to strengthen internal controls over accounts payable processing and cash disbursements functions. The cause of this condition is the failure of the accounts payable clerk to process and input open invoices into the computerized accounts payable system each day as the invoices are received at city hall. The effect of this condition is that the City is unable to determine what is owed to City vendors prior to actual payment of the invoice. As a result of this condition, the City is unable to properly match expenditures to the period incurred, the City is unable to

City of Ponchatoula

CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 1998

FINDINGS AND RECOMMENDATIONS (CONTINUED)

98-2 - Accounts Payable Processing (Continued)

FINDING (CONTINUED)

make any cash requirements forecasting to take advantage of short-term investment opportunities, and the condition makes it difficult for the City to perform budget versus actual comparisons for expenditures with any reasonable accuracy. Also, it took an enormous amount of time and effort to record accounts payable in the general ledger. This time and effort should not have been required.

RECOMMENDATION

We recommend that accounts payable invoices be processed and input into the computerized accounts payable system on a daily basis as soon as possible after the expenditure is incurred. At the end of each day, all invoices received should be processed and input into the system regardless of the scheduled payment date. Several benefits to the City would result in adopting this procedure. Expenditures would be automatically matched to the proper period, cash planning and investment opportunities would be enhanced, and accountant time could be better utilized.

MANAGEMENTS' RESPONSE

In management's corrective action plan dated November 9, 1998, the Mayor stated that accounts payable invoices will be processed and input into the computerized accounts payable system on a daily basis as recommended. The accounts payable clerk will be required to print an accounts payable aging report at the beginning of each day to reflect the previous day's input of invoices for payment. This daily accounts payable aging report will be given to the city clerk for review and follow-up if needed.

98-3 - Lack of Monitoring of Subrecipient

FINDING

During our audit and examination of City of Ponchatoula FTA Section 5311 Rural Public Transportation Program we noted that the City is not adequately monitoring the subrecipient's use of these funds, neither is the City making a determination as to whether vehicles purchased and/or maintained with FTA Section 5311 funds are being fully utilized.

RECOMMENDATION

We recommend a mechanism be established through which the subrecipient's use of these funds is monitored. You may wish to assign this monitoring role to a City employee and/or obtain a periodic report from your transit provider on the use of these funds. Additionally, utilization of vehicles should be monitored in order to determine whether vehicles are being fully utilized. The City of Ponchatoula is the sponsoring agency for the entire parish for the FTA Section 5311 Rural Public Transportation Program.

MANAGEMENT'S RESPONSE

In management's corrective action plan dated November 9, 1998, the Mayor indicated the City will designate a person in his office to be responsible for monitoring the use of

City of Ponchatoula

CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 1998

FINDINGS AND RECOMMENDATIONS (CONTINUED)

98-3 - Lack of Monitoring of Subrecipient (Continued)

MANAGEMENT'S RESPONSE (CONTINUED)

these federal funds by the subrecipient. This person will be given the responsibility to draft, subject to the independent auditor's approval, a checklist of procedures to be performed periodically to monitor the receipt and disbursement of these federal funds by the subrecipient agency.

98-4 - Violations Not Forwarded to State

FINDING

During our audit of fines and bonds revenue, we noted the City is not forwarding form DPSMV 1794 and the blue copy of the ticket to Baton Rouge as required by state law. This condition was noted in the prior year audit. Improvement is needed in this area to insure the City maintains adequate controls over fines and bonds revenue. The cause of this condition appears to be an oversight on the part of the Court Clerk.

RECOMMENDATION:

We recommend the City forward form DPSMV 1794 and the blue copy of the ticket to Baton Rouge as required by state law.

MANAGEMENT'S RESPONSE:

In a management's corrective action plan dated November 9, 1998, the Mayor indicated that the City Court Clerk will be instructed to forward form DPSMV 1794 and the blue copy of the ticket to Baton Rouge as required by state law.

MANAGEMENT RECOMMENDATIONS

98-5 - Year 2000 Not Addressed

FINDING

During our audit and review of the internal controls of the City of Ponchatoula, we found that the Year 2000 Issue has not been formally addressed.

RECOMMENDATION

We recommend that the impact of Year 2000 Issues on City computer systems and applications and other physical plant systems be reviewed and a formal report issued to the city council. For those systems which may not be Year 2000 compliant, we suggest a formal remediation plan be developed.

City of Ponchatoula

CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 1998

FINDINGS AND RECOMMENDATIONS (CONTINUED)

98-5 - Year 2000 Not Addressed (Continued)

MANAGEMENT'S RESPONSE

In management's corrective action plan dated November 9, 1998, the Mayor indicated that the City Clerk will assign the responsibility to supervise a city wide Year 2000 evaluation. Each electronic system (computers, electronic control systems, phone systems, radio systems, etc.) will be first identified to determine a potential Year 2000 compliance problem. Each system for which a potential Year 2000 compliance problem exists will be evaluated by correspondence with the manufacture. Once this evaluation is completed, a formal written report on the City's Year 2000 compliance will be issued to the city council for their review and remediation action if necessary.

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

City of Ponchatoula

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended June 30, 1998

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
98-1	Budget Exceeds 5%	Amend Budget	Liz LeSaicherre	1/31/99
98-2	A/P Invoice Processing	Processing Invoices Daily	Liz LeSaicherre	1/31/99
98-3	Monitoring of Subrecip.	Monitor Subrecipient	Julie Bentivegna	1/31/99
98-4	Tickets Not Forwarded	Forward To State	Sue Davis	1/31/99
98-5	Year 2000 Not Addressed	Formal Written Report	Liz LeSaicherre	1/31/99

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS



City of Ponchatoula

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 1998

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u> June 30, 1996	<u>Description of Findings</u>	<u>Corrective Action</u>		<u>Additional Explanation</u>
			<u>Taken</u>	<u>Partial Corrective Action Taken</u>	
97-1	June 30, 1996	Delinquent customer accounts, Proprietary Fund Types.	Yes	Customers who could be cut off, were applied to receivables, and bad debts were written off.	Some sewer customers could not be cut off because the City does not have the water rights.
97-2	June 30, 1996	Insufficient water rates, Proprietary Fund Types	Yes	The City of Ponchatoula increased its water rates charged to customers via adoption of Ordinance Number 504 February 25, 1998	
97-3	June 30, 1996	Form DPSMV 1794 and blue copy of ticket re: fines and bonds not forwarded to Baton Rouge as required by state law.	No	None	
97-4	June 30, 1996	Traffic tickets not to be prosecuted were stamped "Nolle Pros", but no signature of responsible person was evident.	Yes	Stamp is still being used, but the signature of a responsible person is evident.	
97-5	June 30, 1997	Dual signature facsimile stamps used to sign checks.	Yes	Effective November 12, 1997, live signatures are required on all checks.	
97-6	June 30, 1997	Actual expenditures exceeded by more than five percent.	Yes	The City of Ponchatoula obtained new software which is helpful in monitoring the budget vs. actual.	

City of Ponchatoula

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

For the Year Ended June 30, 1998

<u>Ref. #</u>	<u>Fiscal Year Findings Initially Occurred</u> June 30, 1996	<u>Description of Findings</u>	<u>Corrective Action</u>		<u>Additional Explanation</u>
			<u>Taken</u>	<u>Partial Corrective Action Taken</u>	
97-7		Delinquent notes re: Emergency Housing Rehabilitation Loans	Yes	Grant prohibits lien on property.	
97-8	June 30, 1997	Interest earned re: Cemetery Perpetual Case found not transferred to General Fund.	Yes	Prior year and current year interest have been transferred.	
97-9	June 30, 1997	Fireman Pay Millage Fund potentially over funded.	Yes	Transfers from the Fireman Pay Millage Fund to the General Fund were increased.	
97-10	June 30, 1997	Sales Tax Fund Surplus balance.	Yes	The City decreased transfers to the General Fund sufficient to increase its Sales Tax Fund Surplus.	

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Ponchatoula

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 1998

<u>FEDERAL GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FINDING/ NONCOMPLIANCE</u>	<u>QUESTIONED COSTS</u>
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None.

See auditor's report.