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**CITY OF DONALDSONVILLE, LOUISIANA**

**FINANCIAL REPORT**

**June 30, 2004**

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

Release Date 1-19-05

**Waguespack & Gallagher, LLC**

*Certified Public Accountants • Business Advisors*

Post Office Box 250

Napoleonville, Louisiana 70390

(985) 369-2515

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**CITY OF DONALDSONVILLE, LOUISIANA**

**FINANCIAL REPORT**

**June 30, 2004**

**CITY OF DONALDSONVILLE, LOUISIANA**

**C O N T E N T S**

**June 30, 2004**

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**CITY OF DONALDSONVILLE, LOUISIANA**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**June 30, 2004**

This section of the City's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2004. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The City's combined total net assets increased slightly by \$75,893 or 2.3% over the course of this year's operations. Net assets of our governmental activities increased approximately \$505,645 and decreased \$429,752 in the net assets of our business-type activities.
- During the year, the City's governmental expenses were \$505,645 less than the \$4.2 million generated in charges for services, taxes, and other revenue. In the City's business-type activities expenses were \$429,752 more than the \$1.8 million generated in revenues.
- The general fund reported a \$38,816 deficit in the fund balance for the year. Management is aware that this is a violation of Louisiana law and is currently meeting to make changes to its budget for the fiscal year ended June 30, 2005. Those changes are expected to include expense reductions in all departments. An assessment of rates currently in place for all services provided will be done as a part of the budget amendments

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**CITY OF DONALDSONVILLE, LOUISIANA**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**June 30, 2004**

Figure A-1 Major Features of City's Government and Fund Financial Statements				
		Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and streets	Activities the City operates similar to private businesses: the water and sewer system	
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expense, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

**CITY OF DONALDSONVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2004**

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- *To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.*

The government-wide financial statements of the City are divided into two categories:

- **Governmental activities**—most of the City's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- **Business-type activities**—The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system are included here.

**Fund Financial Statements**

*The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole.* Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The City has two kinds of funds:

- **Governmental funds**—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
  - In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**CITY OF DONALDSONVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2004**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The City's combined net assets increased between fiscal years 2003 and 2004 to approximately \$3.26 million. (See Table A-1.)

	<b>Table A-1</b>			
	<b>City's Net Assets</b>			
	Governmental Activities		Business-Type Activities	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Current and other assets	\$1,325,433	\$1,276,936	\$ 1,005,203	\$ 1,294,748
Capital assets	1,399,336	717,819	3,305,180	3,635,442
<b>Total assets</b>	<b>2,724,769</b>	<b>1,994,755</b>	<b>4,310,383</b>	<b>4,930,190</b>
Current liabilities	1,012,763	655,394	279,888	339,667
Long term Liabilities	338,000	471,000	2,146,723	2,277,000
<b>Total liabilities</b>	<b>1,350,763</b>	<b>1,126,394</b>	<b>2,426,611</b>	<b>2,616,667</b>
Net assets				
Invested in capital assets, net of related debt	992,336	246,819	1,172,180	1,339,442
Reserved for debt service	87,688	86,281	235,449	19,000
Unrestricted (deficit)	293,982	535,261	476,143	955,082
<b>Total net assets</b>	<b>\$ 1,374,006</b>	<b>\$ 868,361</b>	<b>\$1,883,772</b>	<b>\$2,313,524</b>

Net assets of the City's governmental activities increased to approximately \$1.4 million. Net assets of the City's business-type activities decreased to approximately \$1.9 million.



**CITY OF DONALDSONVILLE, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2004

**Changes in net assets.** The City's total revenues increased by approximately \$334,000 to \$5.75 million (See Table A-2.) Approximately 34 percent of the City's revenue comes from charges for services, 33 percent comes from tax collections and 25 percent is from various local and federal grants.

The total cost of all programs and services increased approximately \$895,136. The City's expenses cover all services performed by its office.

**Governmental Activities**

Revenues for the City's governmental activities increased 10.5 percent, while total expenses increased 25 percent. This is mainly due to the development of the Industrial Park for which federal funds were received.

	<b>Table A-2</b>			
	<b>Changes in City's Net Assets</b>			
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 178,245	\$ 170,830	\$ 1,831,997	\$1,842,463
Operating grants	1,464,589	794,556	-	-
General revenues				
Taxes	1,923,540	1,878,793	-	-
Licenses and permits	269,628	259,020	-	-
Loss on impairment of asset	(103,025)	-	-	-
Loan Proceeds	-	300,000		
Miscellaneous	178,025	134,972	10,831	39,116
<b>Total revenues</b>	<b>3,911,002</b>	<b>3,538,171</b>	<b>1,842,828</b>	<b>1,881,579</b>
<b>Expenses</b>				
General government	1,183,665	703,306	-	-
Public safety	1,382,435	1,203,937	-	-
Streets	607,967	432,333	-	-
Sanitation	525,438	504,042	-	-
Recreation	119,276	109,395	-	-
HUD	481,562	492,411	-	-
Administration	22,960	-	1,942,500	1,930,662
Net interest expense	-	-	68,159	59,621
Net transfers (in)/out	(261,921)	(261,192)	261,921	261,192
Debt service expenditures	86,281	89,400	-	-
<b>Total expenses</b>	<b>4,147,663</b>	<b>3,273,632</b>	<b>2,272,580</b>	<b>2,251,475</b>
<b>Increase (decrease) in net assets</b>	<b>\$ (236,661)</b>	<b>\$ 264,539</b>	<b>\$(429,752)</b>	<b>\$(369,896)</b>

**Business-type Activities**

Revenues decreased slightly by approximately 2 percent to \$1,842,828 and expenses of the City's business-type activities increased by 1 percent to \$2,272,580.

**CITY OF DONALDSONVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2004**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed the year, its governmental funds reported a combined fund balance of \$384,881, a decrease of approximately 38 percent from last year.

**General Fund Budgetary Highlights**

- Over the course of the year, the City Council revised its budget. These budget amendments included an adjustment for funds received from the state for economic development in addition to payments for the "Le Pelican" project and otherwise did not result in significant differences from the originally prepared budget.

With these adjustments, actual expenditures were approximately \$45,564 over final budget amounts.

**CAPITAL ASSETS**

At the end of 2004, the City had approximately \$4.7 million in a broad range of capital assets, including buildings, vehicles, and gas and sewer systems. (See Table A-3) This amount represents a net increase (including additions and deductions) of approximately \$351,256, which is mostly the result of the development of the industrial park.

		<b>Table A-3</b> <b>City's Capital Assets</b> <b>(net of depreciation)</b>			
		<b>Governmental Activities</b>		<b>Business Activities</b>	
		<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Land		\$ 181,548	\$ 181,548	\$ 1,500	\$ 1,500
Gas Plant & Sewer system		-	-	3,286,659	3,611,233
Construction in progress		702,092	-	-	-
Buildings and Improvements		357,150	384,745	-	-
Equipment		158,546	151,526	17,021	22,708
<b>Total</b>		<b>\$ 1,399,336</b>	<b>\$ 717,819</b>	<b>\$ 3,305,180</b>	<b>\$ 3,635,441</b>

**CITY OF DONALDSONVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2004**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's major sources of revenue for the general fund are comprised of property taxes, occupational licenses, and franchise fees. The economy is not expected to generate any significant growth. However, the City's future revenues could be significantly affected by the re-location of a major retail facility. This re-location could significantly reduce the sales tax revenue collected by the City. Currently management is under negotiations with other Parish and local officials to resolve the collection and distribution of taxes related to this facility. Revenue increases are also expected in the public utility revenue fund as a result of the effects of the increase in the rate schedule. All expenditures are expected to be consistent with the current years.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. *If you have questions about this report or need additional financial information, contact Ms. Sandra Cost, Finance Director, at 609 Railroad Avenue, Donaldsonville, LA 70346, phone # 225 473-4247 Ext. 14.*

# Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250

Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Phone (985) 369-2515

Fax (985) 369-2535

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Kyle J. Arceneaux, CPA

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, major funds, and remaining fund information of the City of Donaldsonville, Louisiana (the City) as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major funds, and remaining fund information of the City of Donaldsonville, as of June 30, 2004, and the changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison presented as Other Required Supplementary Information for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2003. This results in a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis and the other required supplementary information, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2004 on our consideration of the City of Donaldsonville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City of Donaldsonville. The combining and individual fund statements and schedules described in the Table of Contents as Other Supplementary Schedules and the Schedule of Expenditures of Federal awards, which 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 basic financial statements of the City of Donaldsonville. Such information, except for the portion marked "unaudited" on which we express no opinion, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wagnerspach + Gallofe, LLC

December 14, 2004

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

**STATEMENT OF NET ASSETS**  
June 30, 2004

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 780,736	\$ 80,398	\$ 861,134
Certificates of deposit	-	36,000	36,000
Receivables:			
Accounts receivable, net	595,923	126,139	722,062
Due from others	-	1,062	1,062
Due from other governments	141,449	-	141,449
Internal Balances	(192,675)	192,675	-
Total current assets	1,325,433	436,274	1,761,707
Noncurrent assets:			
Restricted asses:			
Cash and interest-bearing deposits	-	568,929	568,929
Capital assets, net	1,399,336	3,305,180	4,704,516
Total noncurrent assets	1,399,336	3,874,109	5,273,445
Total assets	2,724,769	4,310,383	7,035,152
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	943,763	111,888	1,055,651
Long term debt(current portion)	69,000	168,000	237,000
Total current liabilities	1,012,763	279,888	1,292,651
Noncurrent liabilities:			
Customer Deposits	-	181,723	181,723
Long term debt payable	338,000	1,965,000	2,303,000
Total noncurrent liabilities	338,000	2,146,723	2,484,723
Total liabilities	1,350,763	2,426,611	3,777,374
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	992,336	1,172,180	2,164,516
Restricted for debt service	87,688	235,449	323,137
Unrestricted	293,982	476,143	770,125
Total net assets	\$ 1,374,006	\$ 1,883,772	\$ 3,257,778

The accompanying notes are an integral part of the basic financial statements.



**CITY OF DONALDSONVILLE, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2004**

Exhibit 2

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 682,071	\$ 488,905	\$ 60,851	\$ 564,804	\$ 432,489	\$	\$ 432,489
Public safety:							
Police	701,429				(701,429)		(701,429)
Fire	635,855		156,550		(479,305)		(479,305)
Administrative	22,960				(22,960)		(22,960)
Streets	484,371			124,906	(359,465)		(359,465)
Recreation	111,310				(111,310)		(111,310)
Sanitation	525,438				(525,438)		(525,438)
Welfare	481,562		507,112		25,550		25,550
Interest on long-term debt	22,281				(22,281)		(22,281)
Total governmental activities	3,667,277	488,905	724,513	689,710	(1,764,150)	-	(1,764,150)
<b>Business-type activities:</b>							
Gas	1,122,377	1,219,831			97,454		97,454
Sewer	888,880	622,997			(265,883)		(265,883)
Total business-type activities	2,011,257	1,842,828	-	-	(168,429)		(168,429)
<b>Total</b>	<b>5,678,534</b>	<b>2,331,733</b>	<b>724,513</b>	<b>689,710</b>	<b>(1,764,150)</b>	<b>(168,429)</b>	<b>(1,932,579)</b>
<b>General revenues:</b>							
Taxes -							
Sales and use taxes, levied for general purposes					1,464,438		1,464,438
Franchise and beer taxes					261,310		261,310
Property taxes, levied for bond retirement					211,539		211,539
Fire insurance rebate					20,517		20,517
La Corrections revenues					16,104		16,104
Interest and investment earnings					2,698	3,586	6,284
Miscellaneous					134,293	(2,988)	134,293
Loss on disposition of capital assets					(103,025)		(103,025)
Loss on impaired asset					261,921	(261,921)	-
Transfers					2,269,795	(261,323)	2,008,472
Total general revenues and transfers					505,645	(429,752)	75,893
Change in net assets					868,361	2,313,524	3,181,885
Net assets - July 1, 2003					\$ 1,374,006	\$ 1,883,772	\$ 3,257,778
Net assets - June 30, 2004							

The accompanying notes are an integral part of the basic financial statements

**FUND FINANCIAL STATEMENTS**

CITY OF DONALDSONVILLE, LOUISIANA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2004

	General	Sales Tax	Section 8	La Community Development Block Grant	Law Enforcement	Other Governmental Funds	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 343,213	\$ 42,097	\$ 76,847	\$ 257,300	\$ 19,396	\$ 41,883	\$ 780,736
Receivables:							
Accounts receivable, net	569,834	26,089	-	-	-	-	595,923
Due from other governments	20,516	109,779	11,154	-	-	-	141,449
Due from other funds	4,852	60,885	-	-	1,239	256,859	323,835
Total assets	\$ 938,415	\$ 238,850	\$ 88,001	\$ 257,300	\$ 20,635	298,742	1,841,943
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	574,329	12,659	-	257,300	-	181	844,469
Accrued payables	96,083	-	-	-	-	-	96,083
Due to other funds	306,819	66,954	2,246	-	137,885	2,606	516,510
Due to other governments	-	-	-	-	-	-	-
Total liabilities	977,231	79,613	2,246	257,300	137,885	2,787	1,457,062
Fund balances:							
Designated for sewer, sanitation & law enforcement		159,237					159,237
Reserved for rehabilitation expenditures						3,212	3,212
Restricted for debt service						294,343	294,343
Unreserved, undesignated			85,755	-		643	86,398
Deficit balance	(38,816)				(117,250)	(2,243)	(158,309)
Total fund balances	(38,816)	159,237	85,755	-	(117,250)	295,955	384,881
Total liabilities and fund balances	\$ 938,415	\$ 238,850	\$ 88,001	\$ 257,300	\$ 20,635	\$ 298,742	\$ 1,841,943

The accompanying notes are an integral part of the basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2004**

Total fund balances for governmental funds at June 30, 2004		\$ 384,881
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 181,548	
Building, net of \$746,665 accumulated depreciation	357,150	
Equipment, net of \$614,646 accumulated depreciation	158,546	
Construction in Progress	<u>702,092</u>	
		\$ 1,399,336
Elimination of interfund assets and liabilities		
Due from other funds	318,435	
Due to other funds	<u>(318,435)</u>	
Long-term liabilities at June 30, 2004:		
Bonds payable	(407,000)	
Accrued interest payable	<u>(3,211)</u>	
		(410,211)
Total net assets of governmental activities at June 30, 2004		<u><u>\$ 1,374,006</u></u>

The accompanying notes are an integral part of the basic financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2004

	General	Sales Tax	Section 8	La Community Development Block Grant	Law Enforcement	Other Governmental Funds	Totals
<b>REVENUES</b>							
Taxes	\$ 459,102	\$ 1,464,438	\$ -	\$ -	\$ -	\$ -	\$ 1,923,540
Licenses and permits	269,628	-	-	-	-	-	269,628
Intergovernmental	440,057	-	507,112	517,421	-	-	1,464,589
Fines	41,032	-	-	-	-	-	41,032
Charges for services	-	178,245	-	-	-	-	178,245
Other	130,961	188	156	-	-	5,688	136,993
Total revenues	\$ 1,340,780	\$ 1,642,871	\$ 507,268	\$ 517,421	\$ -	\$ 5,688	\$ 4,014,027
<b>EXPENDITURES</b>							
General government	804,460	-	-	379,205	-	-	1,183,665
Public safety	681,006	-	-	-	701,429	-	1,382,435
Streets	492,711	-	-	115,256	-	-	607,967
Sanitation	9,036	516,402	-	-	-	-	525,438
Recreation	116,645	-	-	-	-	2,631	119,276
Welfare	-	-	478,656	-	-	2,906	481,562
Administration	-	-	-	22,960	-	-	22,960
Debt Service	-	-	-	-	-	86,281	86,281
Total expenditures	2,103,858	516,402	478,656	517,421	701,429	91,818	4,409,584
Excess of revenues over (under) expenditures	(763,079)	1,126,469	28,612	-	(701,429)	(86,130)	(395,556)

The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2004

	General	Sales Tax	Section 8	La Community Development Block Grant	Law Enforcement	Other Governmental Funds	Totals
<b>OTHER FINANCING SOURCES (USES)</b>							
Loss on impairment of asset	(103,025)	-	-	-	-	-	(103,025)
Operating transfers in	1,047,659	-	-	-	580,464	55,000	1,683,123
Operating transfers out	(286,767)	(1,134,435)	-	-	-	-	(1,421,202)
Total other financing sources (uses)	657,867	(1,134,435)	-	-	580,464	55,000	158,895
Net changes in fund balances	(105,212)	(7,966)	28,612	-	(120,965)	(31,130)	(236,661)
Fund balances, beginning	66,396	167,203	57,143	-	3,715	327,085	621,542
Fund balances, ending	\$ (38,816)	\$ 159,237	\$ 85,755	\$ -	\$ (117,250)	\$ 295,955	\$ 384,881

The accompanying notes are an integral part of the basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2004**

Total net changes in fund balances at June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$	(236,661)
The change in net assets reported for governmental activities in the statement of activities is different because:			
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>			
Capital outlay which is considered expenditures of Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	749,455	
Depreciation expense for the year ended June 30, 2004		<u>(67,938)</u>	681,517
<p>Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable balance on the statement of net assets</p>			
			64,000
Less: Accrued interest on general fund debt			<u>(3,211)</u>
Total changes in net assets at June 30, 2004 per Statement of Activities		\$	<u>505,645</u>

The accompanying notes are an integral part of the basic financial statements.

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2004**

<b>CURRENT ASSETS</b>	
Cash & cash equivalents	\$ 80,398
Certificates of deposit	36,000
Accounts receivable, net	126,139
Due from other funds	192,675
Due from others	1,062
Total current assets	<u>436,274</u>
<b>RESTRICTED ASSETS</b>	
Cash & cash equivalents- customer deposits	186,726
Cash-bond reserve fund	139,474
Cash-capital improvements, equipment & contingencies fund	208,729
Certificates of deposit-bond reserve fund	34,000
Total restricted assets	<u>568,929</u>
Fixed assets, net	<u>3,305,180</u>
Total Assets	<u><u>4,310,383</u></u>
<b>LIABILITIES</b>	
Payable from current assets:	
Accounts payable	73,905
Accrued payables	37,983
Long-term debt	168,000
Payable from restricted assets:	
Customer deposits	181,723
Long-term debt	1,965,000
Total Liabilities	<u>2,426,611</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,172,180
Restricted for debt service	235,449
Unrestricted	476,143
Total Net Assets	<u><u>\$ 1,883,772</u></u>

The accompanying notes are an integral part of this statement.



CITY OF DONALDSONVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
Year Ended June 30, 2004

Exhibit 8

<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,831,997
Other	<u>10,831</u>
Total operating revenues	<u>1,842,828</u>
<b>OPERATING EXPENSES</b>	
Gas	742,510
Depreciation	368,162
Field	551,466
Administrative	<u>280,362</u>
Total operating expenses	<u>1,942,500</u>
Operating income	<u>(99,672)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest	3,586
Interest and fiscal charges	(68,757)
Loss on disposition of capital assets	<u>(2,988)</u>
Total non-operating revenues (expenses)	<u>(68,159)</u>
Income (loss) before operating transfers	<u>(167,831)</u>
<b>OPERATING TRANSFERS</b>	
Operating transfers in	45,779
Operating transfers out	<u>(307,700)</u>
Net operating transfers	<u>(261,921)</u>
<b>CHANGE IN NET ASSETS</b>	(429,752)
<b>NET ASSETS</b>	
Beginning of year	<u>2,313,524</u>
End of year	<u>\$ 1,883,772</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2004**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Operating income	\$ (99,672)
Adjustments to operating income:	
Depreciation	368,162
Change in operating assets and liabilities:	
Accounts receivable	42,234
Due from other govts	632
Due from other funds	18,061
Prepaid insurance	33,568
Accounts payable	(19,175)
Accrued payables	11,770
Due to other funds	(25,753)
Customer deposits	6,102
Net cash provided by operating activities	<u>335,929</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Operating transfers out	<u>(261,922)</u>
Net cash used for non-capital financing activities	<u>(261,922)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Interest and fiscal charges on revenue bonds	(68,757)
Principal paid on revenue bonds	(163,000)
Acquisition of capital assets	(40,887)
Net cash used for capital and related financing activities	<u>(272,644)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest income	<u>3,584</u>
Net cash provided by investing activities	<u>3,584</u>
Net increase (decrease) in cash	(195,054)
Cash at beginning of year	<u>810,381</u>
Cash at end of year	<u>\$ 615,327</u>

The accompanying notes are an integral part of this statement.

## CITY OF DONALDSONVILLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

June 30, 2004

#### INTRODUCTION

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

#### NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Presentation

The accompanying general basic financial statements of the City of Donaldsonville have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The following is a summary of the City of Donaldsonville, Louisiana's significant policies:

##### Financial Reporting Entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relations 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 primary government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the primary government 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 primary government.
2. Organization for which the primary government does not appoint a voting majority but are fiscally dependent of the primary government.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on this criteria, management has determined that the City does not have any other reporting entity that should be considered a component unit. There are two related organizations that were determined not to be a component unit:

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

The Industrial Development Board of the City of Donaldsonville, Louisiana, Inc. (Development Board) is a legally separate entity whose board is appointed by the City of Donaldsonville council. However, there is no potential for the Development Board to impose a financial burden on the City, and the potential for the Development Board to provide specific financial benefit to the City is not likely.

This report includes all funds which are controlled by the City of Donaldsonville. The City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement.

**Fund Accounting**

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. 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, as follows:

**Governmental Funds**

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

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

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

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Proprietary Funds**

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

**Basis of Accounting / Measurement Focus**

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

**Program Revenues**

Program revenues included in the Statement of Activities derive directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the City's general revenues.

**Fund Financial Statements (FFS)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become measurable and available to pay current period liabilities. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Budgets**

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

- o A proposed budget is prepared and submitted to the Mayor and City Council prior to the beginning of each fiscal year.
- o The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- o The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- o Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval from the City Council.
- o All budgetary appropriations lapse at the end of each fiscal year.
- o Budgets for the General, Special Revenue and Debt Service Funds are adopted in accordance with generally accepted accounting principles (GAAP).
- o The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the City Council.

**Capital Assets**

All capital assets for governmental activities are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 40 years.

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

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

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

**Bad Debts**

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

**Operating Transfers In and Out**

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

**Accumulated Unpaid Vacation**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The City did not record any long term accrued leave in the GWFS. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

**Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between the individual funds. These interfund receivables/payables are classified on the balance sheet as "Due from Other Funds" or "Due to Other Funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances

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

Investments

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

NOTE B - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2004, the City has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

GASB Statement 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the method of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of Net Assets as follows:

Governmental Funds' Fund Balance, June 30, 2003		\$	621,542
Add: Capital Assets as of June 30, 2003:			
Cost	\$	2,011,192	
Accumulated Depreciation		(1,293,373)	
Bonds Payable		<u>(471,000)</u>	<u>246,819</u>
Net Assets at June 30, 2003		\$	<u>868,361</u>

NOTE C - AD VALOREM TAXES

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

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Ascension Parish. For the year ended June 30, 2004, taxes of 11.32 mills were levied on property with assessed valuations totaling \$17,939,280 and were dedicated for general-purposes.

Total taxes levied were \$203,072. Substantially all taxes levied have been collected as of June 30, 2004.



**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE D - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at June 30, 2004 consist of the following:

	General Fund	Special Revenue Funds	Total
Ascension Parish Sales and Use Tax Authority	\$ -	\$ 109,779	\$ 109,779
US Department of Housing And Urban Development	-	11,154	11,154
Fire Insurance Taxes from the State of Louisiana	20,516	-	20,516
	\$ 20,516	\$ 120,933	\$ 141,449

**NOTE E -- CAPITAL ASSETS**

The following presentation restates capital assets from the general fixed asset account group at June 30, 2003:

	Land	Buildings and Improvements	Furniture and Equipment	Total
Cost of Capital Assets June 30, 2003	\$ 181,548	1,914,575	910,654	3,006,777
GASB 34 Adjustment	-	(810,760)	(184,825)	(995,585)
Cost of Capital Assets Restated	181,548	1,103,815	725,829	2,011,192
Accumulated Depreciation, June 30, 2003	-	(719,070)	(574,303)	(1,293,373)
	\$ 181,548	\$ 384,745	\$ 151,526	\$ 717,819

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE E - CAPITAL ASSETS – Continued

Capital assets and depreciation activity as of and for the year ended June 30, 2004, are as follows:

Governmental Activities:

	<u>Land</u>	<u>Buildings, &amp; Improvements</u>	<u>Furniture and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost of Capital Assets, June 30, 2003	\$ 181,548	\$ 1,103,815	\$ 725,829	\$ -	\$ 2,011,192
Additions	-	-	47,363	702,092	749,455
Deletions	-	(-)	(-)	(-)	(-)
Cost of Capital Assets, June 30, 2004	181,548	1,103,815	773,192	702,092	2,760,647
Accumulated depreciation, June 30, 2003	-	\$ 719,070	\$ 574,303	\$ -	\$ 1,293,373
Additions	-	27,595	40,343	-	67,938
Deductions	(-)	(-)	(-)	(-)	(-)
Accumulated depreciation, June 30, 2004	-	746,665	614,646	-	1,361,311
Capital assets, net of accumulated depreciation, at June 30, 2004	<u>\$ 181,548</u>	<u>\$ 357,150</u>	<u>\$ 158,546</u>	<u>\$ 702,092</u>	<u>\$ 1,399,336</u>

For the year ended June 30, 2004, depreciation expense was \$67,938.

The City has three uncompleted construction projects as of June 30, 2004 that is reported as Construction in Progress in the schedule above. The first project is for the City's street improvement program. Cost incurred during the current year for this project was \$115,256, which consisted primarily of engineering fees and contractor (infrastructure) costs. This project is funded by a federal grant. The second project is for the addition of a development park in the City of Donaldsonville. Cost incurred during the current year for this project was \$556,074, which consisted primarily of engineering fees and contractor (infrastructure) costs. This project is funded by state and federal grants. The last project is for the construction of a new firehouse which will be used by the City's fire department. Cost incurred during the current year for this project was \$30,762, which consisted primarily of engineering fees.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE E - CAPITAL ASSETS – Continued**

Business-type Activities

	<u>Land and Building</u>	<u>Furniture and Equipment</u>	<u>Sewerage System &amp; Gas Plant</u>	<u>Total</u>
Cost of Capital Assets, June 30, 2003	\$ 5,275	\$ 134,827	\$ 7,492,099	\$ 7,632,201
Additions	-	1,349	39,539	40,888
Deletions	( - )	( 1,200 )	( 44,292 )	( 45,492 )
Cost of Capital Assets, June 30, 2004	5,275	134,976	7,487,346	7,627,597
Accumulated depreciation, June 30, 2003	\$ 3,775	\$ 112,119	\$ 3,880,866	\$ 3,996,760
Additions	-	6,735	361,427	368,162
Deductions	( - )	( 899 )	( 41,606 )	( 42,505 )
Accumulated depreciation, June 30, 2004	3,775	117,955	4,200,687	4,322,417
Capital assets, net of accumulated depreciation, at June 30, 2004	<u>\$ 1,500</u>	<u>\$ 17,021</u>	<u>\$ 3,286,659</u>	<u>\$ 3,305,180</u>

For the year ended June 30, 2004, depreciation expense was \$368,162.

**NOTE F - LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended June 30, 2004:

	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Total</u>
Payable, July 1, 2003	\$ 711,000	\$ 2,056,000	\$ 2,767,000
Additions	-	-	-
Deletions	(84,000)	(143,000)	(227,000)
Payable, June 30, 2004	<u>\$ 627,000</u>	<u>\$ 1,913,000</u>	<u>\$ 2,540,000</u>

Bonds payable at June 30, 2004 are comprised of the following individual issues:

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE F - LONG-TERM DEBT-Continued

GOVERNMENTAL ACTIVITIES

Certificate of Indebtedness

\$500,000 serial bonds dated August 8, 1995 due in annual installments of \$40,000 through 1998, \$45,000 through 1999, \$50,000 through 2001, \$55,000 through 2003, \$60,000 through 2004, and \$65,000 through 2005, plus interest at 6.25% through August 1, 2005. \$ 125,000

\$300,000 serial bonds of which \$255,000 is dated July 9, 2002 due in one installment of \$255,000 on July 1, 2007; plus interest at 5% through 2007; and \$40,000 is dated July 9, 2002 due in annual installments of \$9,000 through 2007 with no interest. 282,000  
\$ 407,000

BUSINESS-TYPE ACTIVITIES

Certificate of Indebtedness

\$260,000 serial bonds of which \$220,000 is dated August 15, 2001 due in annual installments of \$12,000 through 2004, \$17,000 through 2006, \$25,000 through 2007, \$30,000 through 2010, and \$35,000 through 2011, plus interest at 4.95% through 2011; and \$40,000 is dated September 5, 2001 due in annual installments of \$8,000 through 2006 with no interest \$ 220,000

Revenue Bonds Series 1969

\$395,000 Sewerage District No. 1 serial bonds dated April 1, 1969 due in annual installments, \$15,000 through 1999, \$16,000 through 2000, \$17,000 through 2002, \$18,000 through 2003, \$19,000 through 2004, \$20,000 through 2005, \$21,000 through 2006, \$22,000 through 2008, \$19,000 through 2009, plus interest at 4.50% paid semi-annually. 104,000

Revenue Bonds Series 1995

\$3,500,000 Sewer Revenue Bonds authorized, of which \$2,505,000 was issued, dated March 1, 1995. During the Permanent Loan Period principal is payable July 1 and interest payable January 1 and July 1 at the rate of 2.45% per annum. 1,809,000  
\$ 2,133,000

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE F - LONG-TERM DEBT-Continued**

The annual requirements to amortize all debt outstanding as of June 30, 2004 including interest of \$470,964 are as follows:

<u>Year Ending June 30,</u>	<u>Certificates of Indebtedness General Fund</u>	<u>Certificates of Indebtedness 2002</u>	<u>Certificates of Indebtedness Enterprise</u>	<u>Revenue Bonds Series 1969</u>	<u>Revenue Bonds Series 1995</u>	<u>Total</u>
2005	65,938	21,750	29,403	24,680	181,366	323,137
2006	67,030	21,750	33,684	24,780	181,589	328,833
2007	-	21,750	32,842	24,835	180,696	260,123
2008	-	255,000	31,801	23,845	180,713	491,359
2009	-	-	35,439	19,855	181,613	236,907
Thereafter	-	-	<u>102,282</u>	-	<u>1,268,323</u>	<u>1,370,605</u>
	<u>\$ 132,968</u>	<u>\$ 320,250</u>	<u>\$ 265,451</u>	<u>\$ 117,995</u>	<u>\$ 2,174,300</u>	<u>\$3,010,964</u>

The Debt Service Fund has \$294,343 available to service future certificates of indebtedness and related interest payments.

**NOTE G- REVENUES AND EXPENDITURES - ACTUAL AND BUDGET**

The following funds have actual revenues under budgeted revenues for the year ended June 30, 2004:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 1,447,443	\$ 1,340,780	\$ 106,663
Special Revenue Funds:			
Section 8	\$ 514,325	\$ 507,268	\$ 7,057

The following funds have actual expenditures over budgeted expenditures for the year ended June 30, 2004:

Special Revenue Funds:			
Sales Tax	503,441	516,402	12,961
Section 8	467,523	478,656	11,133
Law Enforcement	701,400	701,429	29
Affordable Housing	-	2,494	2,494
La Community Development Block Grant	-	<u>517,421</u>	<u>517,421</u>
Total Special Revenue Funds	<u>1,672,364</u>	<u>2,216,402</u>	<u>544,038</u>
Debt Service Fund	64,531	86,281	21,750

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE H - DEDICATED REVENUES**

**Sales Tax Revenue Fund**

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

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

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

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

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

**HUD - Section 8**

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

**NOTE I - RESTRICTED ASSETS**

1. In accordance with the indenture governing the Sewerage District No. 1 Revenue Bonds Series 1969, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the Sewerage District No. 1 Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the requirements of each.
  - o The "Sewer System Revenue Fund" requires all income derived from its operations or ownerships shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation and shall be maintained as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to the following trust accounts.
  - o The "Sewer Revenue Bond Fund" required monthly transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest on the principal of the Revenue Bonds.
  - o The "Sewer Revenue Bond Reserve Fund" requires monthly transfers of a sum equal to 20% transferred to the Sewer Revenue Bond Fund until the fund shall equal \$25,000. No transfers were required since this fund has accumulated \$25,000. This fund is restricted to payment of principal and interest in case of default.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE I - RESTRICTED ASSETS-continued**

- o The "Sewer Replacement and Extension Fund" requires monthly transfers of a sum of \$150 until the balance shall equal \$9,000. Since the fund has accumulated \$9,000, no transfers are required. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements which will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund, or Sewer Revenue Bond Reserve Fund.

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

Revenue Bonds <u>Series 1969</u>	Sewer Revenue Bond Fund <u>Sinking Fund</u>	Sewer Revenue Bond <u>Reserve Fund</u>	Sewer Replacement & Extension <u>Reserve Fund</u>	<u>Total</u>
Required balances	\$ 6,170	\$ 25,000	\$ 9,000	\$ 40,170
Actual balances	<u>9,539</u>	<u>25,000</u>	<u>9,000</u>	<u>43,539</u>
Excess/(Shortage)	<u>\$ 3,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,369</u>

The City of Donaldsonville has complied with the above conditions with the exception of the transfers to the Sewer Revenue Bond Fund Sinking fund. Transfers were made periodically instead of monthly, as stipulated by the requirements above.

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

- o The "Sewer System Revenue Fund" requires all income derived from its operations or ownerships shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation and shall be maintained as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to the following trust accounts.
- o The "Sinking Fund" requires monthly transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest on and principal of the Revenue Bonds.
- o The "Revenue Fund" requires monthly transfers of a sum equal to 25% transferred to the Sinking Fund until the fund shall equal the Reserve Fund Requirement. The Reserve Fund Requirement is equal to the lesser of (a) 10% of the principal proceeds of the Bonds theretofore paid to the City of Donaldsonville, or (b) the maximum scheduled principal and interest requirements in any succeeding bond year on the Bonds. This fund is restricted to payment of principal and interest in cash of default.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE I - RESTRICTED ASSETS-continued**

o The "Sewer Renewal and Replacement Fund" requires monthly transfers of a sum equal to 5% of the Net Revenues of the System for the preceding month, provided that such sum is available after provision is made for the payments required to the Sinking Fund and Reserve Fund until the balance shall equal \$50,000. The fund is restricted to payments to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the System. It will also be used to pay principal and interest if there are not sufficient funds in the Sinking Fund, or Reserve Fund.

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

<u>Revenue Bonds Series 1995</u>	<u>Sinking Fund</u>	<u>Revenue Reserve Fund</u>	<u>Sewer Renewal &amp; Replacement Reserve Fund</u>	<u>Total</u>
Required balances	\$ -	\$ 181,366	\$ 50,000	\$ 231,366
Actual balances	<u>36,730</u>	<u>32,745</u>	<u>60,459</u>	<u>129,934</u>
Excess/(Shortage)	<u>\$ 36,730</u>	<u>\$ (148,621)</u>	<u>\$ 10,459</u>	<u>\$ (101,432)</u>

The Sinking Fund has a required balance of \$0 at June 30, 2004, because the July 1, 2004 principal and interest bond payment was made early on June 8, 2004. Therefore, the required transfer was made prior to year end. Sinking fund transfers were not made on a monthly basis as stipulated by the above requirements.

Since the Revenue Reserve Fund has a shortage, it is not in compliance with the above requirements. In addition to this, transfers were not made on a monthly basis as stipulated by the above requirements.



**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE J - SEGMENTS OF ENTERPRISE ACTIVITIES**

Two services, gas and sewerage, are provided by the City and are financed by user charges. The significant financial data for the year ended June 30, 2004 for those two services are as follows:

	<u>Gas Utility</u>	<u>Sewerage District No. 1</u>	<u>Total</u>
Operating revenues	\$ 1,219,831	\$ 622,997	\$1,842,828
Operating expenses	1,122,377	820,123	1,942,500
Depreciation	14,324	353,838	368,162
Operating income (loss)	97,454	(197,126)	(99,672)
Operating transfers in (out)	(140,412)	(121,509)	(261,921)
Change in Net Assets	(42,935)	(386,817)	(429,752)
Property, plant & equipment additions	1,349	39,539	40,888
Net working capital	191,359	113,027	304,386
Total assets	640,506	3,669,877	4,310,383
Bonds payable	-	2,133,000	2,133,000
Fund capital	437,067	1,446,705	1,883,772

**NOTE K - RETIREMENT SYSTEMS**

Substantially all employees of the City of Donaldsonville, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Firefighters' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

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

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE K – RETIREMENT SYSTEMS-continued**

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 (504) 925-4810.

*Funding Policy.* Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the City of Donaldsonville is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Donaldsonville are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Donaldsonville's contributions to the System under Plan B for the years ending June 30, 2004, 2003, and 2001 were \$47,816, \$38,789, and \$28,095, respectively, equal to the required contributions for each year.

**Firefighters' Retirement System of Louisiana**

*Plan Description.* Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 8.0% of their annual covered salary and the City of Donaldsonville is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the City of Donaldsonville are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Donaldsonville's contributions to the System for the years ending June 30, 2004, 2003, and 2002 were \$31,950, \$43,082, and \$22,487.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2004

**NOTE L – CASH & DEPOSITS**

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

Also, state law requires that deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At year end, the carrying amount of the City's deposits were \$1,466,063 and the bank balance was \$1,529,608. Of the bank balance, \$106,090 was covered by federal depository insurance and \$1,423,518 was covered by collateral held by the pledging bank's agent in the Bank's name (Category 3).

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

**NOTE M – RECEIVABLES**

The following is a summary of receivables at June 30, 2004:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Proprietary Funds</u>
<b>Charges for Services</b>				
Sewer	-	-	-	61,959
Gas	-	-	-	64,180
Garbage	-	26,089	-	-
<b>Intergovernmental</b>				
State	105,309	-	-	-
Local	39,525	-	-	-
<b>Other Receivables</b>	<u>425,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 569,834</u>	<u>\$ 26,089</u>	<u>\$ -</u>	<u>\$ 126,139</u>

All receivables for the governmental funds are considered to be collectible, and no allowance for bad debt is used. The accounts receivable for the Sewer Utility fund is net of an allowance for bad debt of \$1,000. The accounts receivable for the Gas Utility fund is net of an allowance for bad debt of \$4,500.

CITY OF DONALDSONVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE N – FUND DEFICITS

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$ 38,816
Special Revenue Funds	
Boys & Girls Recreation	2,243
Law Enforcement	<u>117,250</u>
Total	<u>\$ 158,309</u>

The general fund reported a \$38,816 deficit in the fund balance for the year. Management is aware that this is a violation of Louisiana law and is currently meeting to make changes to its budget for the fiscal year ended June 30, 2005. Those changes are expected to include expense reductions in all departments. An assessment of rates currently in place for all services provided will be done as a part of the budget amendments.

NOTE O- CONTRACTED SERVICES

The City has a contract with the Ascension Parish Sheriff in which the Sheriff provides law enforcement services to the City. For the year ended June 30, 2004 the City expended \$701,400 to the Sheriff for these services. On July 1, 1996, a new contract was negotiated resulting in the following future minimum payments which are adjusted annually in accordance with the change in the consumer price index (CPI) as stated in the contract. The annual adjustment allowed for by the change in the CPI will not exceed 2% in the second year, 3% in the third year and 4% in the fourth year.

Future minimum payments are as follows:

For year ending June 30, 2005	<u>736,000</u>
	<u>\$ 736,000</u>

Additionally, the City has contracted with BFI for sanitation disposal services. This contract is based on the number of residences and businesses using this service and is renewable yearly. The City pays for sanitation disposal services for all residences and businesses within the City. The residences and businesses pay a monthly \$2 user fee to the City as a reimbursement for part of the cost incurred. Also, the businesses, in turn, reimburse the City for 25% of the incurred cost. For the year ended June 30, 2004 the City incurred \$337,385 of net sanitation disposal expenditures resulting from this contract.

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE P - INTERFUND RECEIVABLES AND PAYABLES**

The following schedule as of June 30, 2004 represents interfund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 4,852	\$ 306,819
Special Revenue:		
Section 8	-	2,246
Sales Tax	60,885	66,954
Boys' & Girls' Recreation	40	2,606
Law Enforcement	1,239	137,885
Debt Service	256,819	-
Enterprise:		
Sewer District #1	65,675	-
Gas	<u>127,000</u>	<u>-</u>
	<u>\$ 516,510</u>	<u>\$ 516,510</u>

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE Q - OPERATING TRANSFERS**

Operating transfers for the year ended June 30, 2004 are as follows:

	TRANSFERS	
	IN	OUT
General Fund		
Gas	\$ 157,700	\$ 17,288
Sales Tax	739,959	-
Sewer	150,000	124
Law Enforcement	-	214,355
Debt Service	-	55,000
Sales Tax		
General	-	739,959
Sewer	-	28,367
Law Enforcement	-	366,109
Gas Utility		
General	17,288	157,700
Debt Service		
General	55,000	-
Sewer		
Sales Tax	28,367	-
General	124	150,000
Law Enforcement		
General	214,355	-
Sales Tax	366,109	-
	<u>\$ 1,728,902</u>	<u>\$ 1,728,902</u>

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE R - CONTINGENCIES**

The City has three lawsuits pending involving various matters during the year ended June 30, 2004. According to the City's management and legal counsel, a suit has been filed against the City by firefighters that receive supplemental pay. The firefighters are alleging that they were not paid the correct rate for overtime worked. The suit has settled as of July 2004. This suit had an unfavorable outcome for the city in the amount of \$32,171, which has been accrued in the financial statements as of June 30, 2004. The other two lawsuits have resulted in favorable outcomes for the City.

The City has incurred a loss on the impairment of an asset during the year ended June 30, 2004. The tourist ship LePelican sank off the bank of the Mississippi River and has been deemed unsalvageable by the City. A lawsuit has been filed by the City, against Commonwealth Insurance Company which has resulted in a favorable settlement to the City of \$425,000. This has resulted in a current year loss on impairment of the LePelican of \$103,025. Furthermore, there will be additional cost incurred by the City to scrap the asset; however, this cost can not be determined at this time.

**NOTE S – FRAUDULENT ACTIVITIES OF FIRE CHIEF**

During the year ended June 30, 2004, the City of Donaldsonville Fire Chief was arrested on felony counts of insurance fraud, perjury and malfeasance in office in connection with a scheme to gain a lower fire insurance rating for Donaldsonville. The arrest was due to results of a Louisiana State Police investigation that alleges the Fire Chief altered official documents and information in fire rating reports that he sent to the Property Insurance Association of Louisiana in 2002. The ratings affect the cost of fire insurance coverage for residents and businesses. These charges are currently pending in the 23<sup>rd</sup> judicial district court.

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**



**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2004**

	Budget		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes				
Ad valorem	235,000	210,095	211,539	1,444
Public utility franchise	107,000	116,202	113,647	(2,555)
Cable TV franchise	68,000	71,307	71,307	-
Telephone franchise	77,000	79,248	62,609	(16,639)
Licenses and permits				
Occupational	100,000	109,670	101,461	(8,209)
Insurance	115,000	110,392	135,932	25,540
Other	27,200	158,828	32,235	(126,593)
Intergovernmental				
Corrections	11,000	14,241	16,104	1,863
Fire insurance	16,500	18,805	20,516	1,711
Beer	16,000	17,747	13,747	(4,000)
Video Poker	-	-	-	-
Parish and state grants	150,000	167,640	389,690	222,050
Fines				
Court fines	44,000	41,945	41,032	(913)
Other revenues				
Miscellaneous	122,700	302,624	99,584	(203,040)
Rentals	-	-	-	-
Interest	6,000	2,745	2,698	(47)
Rent-Lemann Center	7,000	25,954	28,679	2,725
	<u>1,102,400</u>	<u>1,447,443</u>	<u>1,340,780</u>	<u>(106,663)</u>
<b>EXPENDITURES</b>				
General government	571,010	925,447	804,460	120,987
Public safety	605,950	645,646	681,006	(35,360)
Streets	450,300	485,783	492,711	(6,928)
Sanitation	12,900	9,936	9,036	900
Recreation	108,350	98,146	116,645	(18,499)
Total Expenditures	<u>1,748,510</u>	<u>2,164,958</u>	<u>2,103,858</u>	<u>61,100</u>
Excess of revenues over (under) expenditures	<u>(646,110)</u>	<u>(717,515)</u>	<u>(763,079)</u>	<u>(45,564)</u>

The accompanying notes are an integral part of this statement.

**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2004**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Loss on impairment of asset	\$ -	\$ -	\$ (103,025)	\$ (103,025)
Operating transfers in	1,043,000	1,060,129	1,047,659	(12,470)
Operating transfers out	(390,000)	(351,502)	(286,767)	64,735
Total other financial sources (uses)	<u>653,000</u>	<u>708,627</u>	<u>657,867</u>	<u>(50,760)</u>
Excess of revenues and other sources over (under) expenditures and other uses	6,890	(8,888)	(105,212)	(96,324)
<b>FUND BALANCE</b>				
Beginning of year	<u>66,396</u>	<u>66,396</u>	<u>66,396</u>	<u>-</u>
End of year	<u>\$ 73,286</u>	<u>\$ 57,508</u>	<u>\$ (38,816)</u>	<u>\$ (96,324)</u>

The accompanying notes are an integral part of this statement.

**SPECIAL REVENUE FUND  
SALES TAX FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2004**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Sales tax revenues, net of discounts allowed	\$ 1,460,000	\$ 1,479,919	\$ 1,464,438	\$ (15,481)
Charges for services				
Commercial garbage	101,000	102,420	108,803	6,383
User Fee	70,000	52,098	69,442	17,344
Other				
Other	50	(57,010)	-	57,010
Interest	1,000	457	188	(269)
Total revenues	<u>1,632,050</u>	<u>1,577,884</u>	<u>1,642,871</u>	<u>64,987</u>
<b>EXPENDITURES</b>				
Sanitation				
Garbage disposal	490,600	503,441	516,402	(12,961)
Total expenditures	<u>490,600</u>	<u>503,441</u>	<u>516,402</u>	<u>(12,961)</u>
Excess (deficiency) of revenues over expenditures	<u>1,141,450</u>	<u>1,074,443</u>	<u>1,126,469</u>	<u>52,026</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(1,120,000)	(1,138,616)	(1,134,435)	4,181
Total other financing sources (uses)	<u>(1,120,000)</u>	<u>(1,138,616)</u>	<u>(1,134,435)</u>	<u>4,181</u>
Excess of revenues over (under) expenditures and other uses	<u>21,450</u>	<u>(64,173)</u>	<u>(7,966)</u>	<u>56,207</u>
Fund balance at beginning of year	<u>167,203</u>	<u>167,203</u>	<u>167,203</u>	<u>-</u>
Fund balance at end of year	<u>\$ 188,653</u>	<u>\$ 103,030</u>	<u>\$ 159,237</u>	<u>\$ 56,207</u>

The accompanying notes are an integral part of this statement.

**SPECIAL REVENUE FUND**  
**SECTION 8**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2004**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
HUD receipts	\$ 540,000	\$ 492,205	\$ 478,756	\$ (13,449)
Other	2,100	21,688	28,356	6,668
Other				
Interest	200	432	156	(276)
Total revenues	<u>542,300</u>	<u>514,325</u>	<u>507,268</u>	<u>(7,057)</u>
<b>EXPENDITURES</b>				
Welfare				
Rent and utility assistance	472,300	423,051	420,175	2,876
General and administrative	48,550	44,472	58,481	(14,009)
Total expenditures	<u>520,850</u>	<u>467,523</u>	<u>478,656</u>	<u>(11,133)</u>
Excess of revenues over (under) expenditures	21,450	46,802	28,612	(18,190)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	1,770	-	\$ (1,770)
Operating transfers out	(13,000)	(12,469)	-	12,469
Total other financing sources (uses)	<u>(13,000)</u>	<u>(10,699)</u>	<u>-</u>	<u>10,699</u>
Excess of revenues over (under) expenditures and other uses	<u>8,450</u>	<u>36,103</u>	<u>28,612</u>	<u>(7,491)</u>
<b>FUND BALANCE</b>				
Beginning of year	<u>57,143</u>	<u>57,143</u>	<u>57,143</u>	<u>-</u>
End of year	<u>\$ 65,593</u>	<u>\$ 93,246</u>	<u>\$ 85,755</u>	<u>\$ (7,491)</u>

The accompanying notes are an integral part of this statement.

**SPECIAL REVENUE FUND  
LAW ENFORCEMENT  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2004**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Charges for services				
User fee	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
<b>EXPENDITURES</b>				
Public safety				
Sheriff contract	695,000	701,400	701,400	-
Office supplies	-	-	29	(29)
Total expenditures	695,000	701,400	701,429	(29)
Excess of revenues over (under) expenditures	(695,000)	(701,400)	(701,429)	(29)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	695,000	702,982	580,464	(122,518)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	695,000	702,982	580,464	(122,518)
Excess of revenues over (under) expenditures and other uses	-	1,582	(120,965)	(122,547)
<b>FUND BALANCE</b>				
Beginning of year	3,715	3,715	3,715	-
End of year	\$ 3,715	\$ 5,297	\$ (117,250)	\$ (122,547)

The accompanying notes are an integral part of this statement.

**SPECIAL REVENUE FUND**  
**LA COMMUNITY DEVELOPMENT BLOCK GRANT**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2004**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
LCDBG Grants	\$ 495,817	\$ -	\$ 517,421	\$ 517,421
	<u>495,817</u>	<u>-</u>	<u>517,421</u>	<u>517,421</u>
<b>EXPENDITURES</b>				
Administrative	38,900	-	22,960	(22,960)
Engineering Fees	58,882	-	-	-
Road Improvements	398,035	-	115,256	(115,256)
General Government	-	-	379,205	(379,205)
Total expenditures	<u>495,817</u>	<u>-</u>	<u>517,421</u>	<u>(517,421)</u>
Excess of revenues over (under) expenditures	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**OTHER SUPPLEMENTARY INFORMATION**

## CITY OF DONALDSONVILLE, LOUISIANA

Exhibit 15

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET

June 30, 2004

	Special Revenue			Debt Service	Totals
	Boys & Girls Recreation	LA Housing Finance Agency	Affordable Housing	Debt Service Certificates	
<b>ASSETS</b>					
Cash	\$ 504	\$ 3,212	\$ 643	\$ 37,524	\$ 41,883
Due from other funds	40	-	-	256,819	256,859
Total assets	<u>\$ 544</u>	<u>\$ 3,212</u>	<u>\$ 643</u>	<u>\$ 294,343</u>	<u>\$ 298,742</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 181	\$ -	\$ -	\$ -	\$ 181
Due to other funds	2,606	-	-	-	2,606
Total Liabilities	<u>2,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,787</u>
Fund Balance					
Reserved for rehabilitation expenditures		3,212			3,212
Designated for debt retirement				294,343	294,343
Unreserved - undesignated	(2,243)		643		(1,600)
Total fund balances	<u>(2,243)</u>	<u>3,212</u>	<u>643</u>	<u>294,343</u>	<u>295,955</u>
Total liabilities and fund balance	<u>\$ 544</u>	<u>\$ 3,212</u>	<u>\$ 643</u>	<u>\$ 294,343</u>	<u>\$ 298,742</u>

The accompanying notes are an integral part of this statement.



## NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
Year Ended June 30, 2004

	Special Revenue			Debt Service	Totals
	Boys & Girls Recreation	LA Housing Finance Agency	Affordable Housing	Debt Service Certificates	
<b>REVENUES</b>					
Interest	2	-	-	17	19
Recreation income	2,120	-	-	-	2,120
Miscellaneous	-	-	3,549	-	3,549
<b>Total revenues</b>	<b>2,122</b>	<b>-</b>	<b>3,549</b>	<b>17</b>	<b>5,688</b>
<b>EXPENDITURES</b>					
Professional fees	-	-	2,906	-	2,906
Recreation	2,631	-	-	-	2,631
Debt Service					
Principal retirement	-	-	-	64,000	64,000
Interest & fiscal charges	-	-	-	22,281	22,281
<b>Total expenditures</b>	<b>2,631</b>	<b>-</b>	<b>2,906</b>	<b>86,281</b>	<b>91,818</b>
Excess of revenues over (under) expenditures	(509)	-	643	(86,264)	(86,130)
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan Proceeds	-	-	-	-	-
Operating transfers in	-	-	-	55,000	55,000
Operating transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,000</b>	<b>55,000</b>
Excess of revenues over (under) expenditures and other uses	(509)	-	643	(31,264)	(31,130)
Fund balance at beginning of year	(1,734)	3,212	-	325,607	327,085
Fund balance at end of year	<u>\$ (2,243)</u>	<u>\$ 3,212</u>	<u>\$ 643</u>	<u>\$ 294,343</u>	<u>\$ 295,955</u>

The accompanying notes are an integral part of this statement.

**COMBINING STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

June 30, 2004

	Gas Utility Fund	Sewerage District No. 1	Totals
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash and cash equivalents	\$ 19,476	\$ 60,922	\$ 80,398
Certificates of deposit	36,000	-	36,000
Accounts receivable, net	64,180	61,959	126,139
Due from others		1,062	1,062
Due from other funds	127,000	65,675	192,675
<b>Total current assets</b>	<b>246,656</b>	<b>189,618</b>	<b>436,274</b>
<b>RESTRICTED</b>			
Cash and cash equivalents - customer deposits	152,335	34,391	186,726
Cash - bond reserve fund	-	139,474	139,474
Cash - capital improvements, equipment and contingencies fund	199,494	9,235	208,729
Certificates of deposit - bond reserve funds	-	34,000	34,000
<b>Total restricted assets</b>	<b>351,829</b>	<b>217,100</b>	<b>568,929</b>
Fixed assets, net	42,021	3,263,159	3,305,180
<b>Total assets</b>	<b>\$ 640,506</b>	<b>\$ 3,669,877</b>	<b>\$ 4,310,383</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Payable from current assets:			
Accounts payable	\$ 39,130	\$ 34,775	\$ 73,905
Accrued payables	16,167	21,816	37,983
Long-term debt	-	168,000	168,000
Payable from restricted assets:			
Customer deposits	148,142	33,581	181,723
Long-term debt	-	1,965,000	1,965,000
<b>Total liabilities</b>	<b>203,439</b>	<b>2,223,172</b>	<b>2,426,611</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	42,021	1,130,159	1,172,180
Restricted for debt service	-	235,449	235,449
Unrestricted	395,046	81,097	476,143
<b>Total net assets</b>	<b>437,067</b>	<b>1,446,705</b>	<b>1,883,772</b>

The accompanying notes are an integral part of this statement.

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
Year Ended June 30, 2004**

	Gas Utility Fund	Sewerage District No. 1	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,211,304	\$ 620,693	\$ 1,831,997
Intergovernmental	-	-	-
Other	8,527	2,304	10,831
Total operating revenues	<u>1,219,831</u>	<u>622,997</u>	<u>1,842,828</u>
<b>OPERATING EXPENSES</b>			
Gas	742,510	-	742,510
Depreciation	14,324	353,838	368,162
Field	191,402	360,064	551,466
Administrative	174,141	106,221	280,362
Total operating expenses	<u>1,122,377</u>	<u>820,123</u>	<u>1,942,500</u>
Operating income (loss)	<u>97,454</u>	<u>(197,126)</u>	<u>(99,672)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest	2,233	1,353	3,586
Interest and fiscal charges	-	(68,757)	(68,757)
Loss on disposition of fixed assets	(2,210)	(778)	(2,988)
Total non-operating revenues (expenses)	<u>23</u>	<u>(68,182)</u>	<u>(68,159)</u>
Income (loss) before operating transfers	<u>97,477</u>	<u>(265,308)</u>	<u>(167,831)</u>
<b>OPERATING TRANSFERS</b>			
Operating transfers in	17,288	28,491	45,779
Operating transfers out	(157,700)	(150,000)	(307,700)
Net operating transfers	<u>(140,412)</u>	<u>(121,509)</u>	<u>(261,921)</u>
Change in net assets	(42,935)	(386,817)	(429,752)
Net assets at beginning of year	<u>480,002</u>	<u>1,833,522</u>	<u>2,313,524</u>
Net assets at end of year	<u>\$ 437,067</u>	<u>\$ 1,446,705</u>	<u>\$ 1,883,772</u>

The accompanying notes are an integral part of this statement.

## CITY OF DONALDSONVILLE, LOUISIANA

Exhibit 19

**COMBINING SCHEDULE OF OPERATING EXPENSES  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2004**

	Gas Utility Fund	Sewerage District No. 1	Totals
<b>EXPENSES</b>			
Gas	\$ 742,510	\$ -	\$ 742,510
Depreciation	14,324	353,838	368,162
Field			
Personnel	90,450	106,215	196,665
Professional fees	7,130	5,676	12,806
Maintenance	6,598	37,375	43,973
Weed control and chemicals	-	24,209	24,209
Supplies	12,354	10,530	22,884
Oxidation testing	-	14,398	14,398
Utilities	1,710	113,749	115,459
Gas and oil	5,630	6,233	11,863
Uniforms	1,425	1,847	3,272
Rentals	1,299	8,073	9,372
Insurance - general	19,033	18,992	38,025
Training	968	715	1,683
Safety Expense	-	614	614
Sales tax expense	43,390	-	43,390
Miscellaneous	1,415	11,438	12,853
Total field	191,402	360,064	551,466
Administration			
Personnel	94,526	38,952	133,478
Professional	8,700	8,885	17,585
Maintenance	1,317	1,317	2,634
Supplies	3,674	3,345	7,019
Postage	7,077	7,077	14,154
Authorization for LMGA	9,092	-	9,092
Bad debt	18,923	707	19,630
Computer service	3,593	5,183	8,776
Utilities	4,266	5,277	9,543
Administrative Fees	55	11,257	11,312
Training	100	-	100
Miscellaneous	1,763	3,423	5,186
Rentals	1,051	1,056	2,107
Uniforms	502	300	802
Insurance - general	19,502	19,442	38,944
Total administration	174,141	106,221	280,362
Total operating expenses	\$ 1,122,377	\$ 820,123	\$ 1,942,500

The accompanying notes are an integral part of this statement.

**COMBINING SCHEDULE OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2004**

	Gas Utility Fund	Sewerage District No. 1	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 97,454	\$ (197,126)	\$ (99,672)
Adjustments to operating income:			
Depreciation	14,324	353,838	368,162
Change in operating assets and liabilities:			
Accounts receivable	50,849	(8,615)	42,234
Due from other gov'ts		632	632
Due from other funds	-	18,061	18,061
Prepaid insurance	16,784	16,784	33,568
Accounts payable	(24,962)	5,787	(19,175)
Accrued payables	2,332	9,438	11,770
Due to other funds	(17,753)	(8,000)	(25,753)
Customer deposits	3,452	2,650	6,102
Net cash provided by operating activities	<u>142,480</u>	<u>193,449</u>	<u>335,929</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating transfers in (out)	<u>(140,412)</u>	<u>(121,510)</u>	<u>(261,922)</u>
Net cash provided by (used for) non-capital financing activities	<u>(140,412)</u>	<u>(121,510)</u>	<u>(261,922)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on revenue bonds	-	(163,000)	(163,000)
Interest paid on revenue bonds	-	(68,757)	(68,757)
Acquisition of capital assets	<u>(1,348)</u>	<u>(39,539)</u>	<u>(40,887)</u>
Net cash used for capital and related financing activities	<u>(1,348)</u>	<u>(271,296)</u>	<u>(272,644)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	<u>2,232</u>	<u>1,352</u>	<u>3,584</u>
Net cash provided by investing activities	<u>2,232</u>	<u>1,352</u>	<u>3,584</u>
Increase in cash	2,952	(198,006)	(195,054)
Cash at beginning of year	<u>368,353</u>	<u>442,028</u>	<u>810,381</u>
Cash at end of year	<u>\$ 371,305</u>	<u>\$ 244,022</u>	<u>\$ 615,327</u>

The accompanying notes are an integral part of this statement.

**CITY OF DONALDSONVILLE, LOUISIANA**

**Exhibit 21**

**SCHEDULE OF SEWERAGE CUSTOMERS  
(Unaudited)  
June 30, 2004**

Records maintained by the City indicated there were 2,969 customers of Sewerage District No. 1 at June 30, 2004. The monthly service charge is based upon water consumption of each residence. Commercial buildings are charged at a higher rate which is also based upon water consumption.

CITY OF DONALDSONVILLE, LOUISIANA

Exhibit 22

SCHEDULE OF INSURANCE IN FORCE  
(Unaudited)  
June 30, 2004

<u>Issuer</u>	<u>Kind of Insurance</u>	<u>Property Covered</u>	<u>Insurance</u>	<u>Expiration Date</u>
Bourg Insurance Agency	Fire and extended coverage	Fire Station	\$135,000	April 3, 2005
Bourg Insurance Agency	Fire and extended coverage	Community Center building Community Center contents	500,000 25,000	April 3, 2005 April 3, 2005
Shelter Insurance Company	Fire and extended coverage	City Hall building City Hall contents	300,000 40,000	September 27, 2005
	Fire and extended coverage	DMV Building	160,000	February 23, 2005
Bourg Insurance Agency	Fire and extended coverage	Gas Dept. Warehouse Gas Dept. Contents	25,000 16,000	April 3, 2005
Louisiana Municipal Risk Management Agency	General liability	Public officials - Errors and Omissions General Liability	500,000 500,000	June 16, 2007
	Collision and Comprehensive	17 Automobiles	500,000	January 1, 2007
Audubon Insurance Company	Collision and Comprehensive	13 Automobiles Terrorism Risk	284,011	January 1, 2005
Western Surety Co Western Surety Co	Employees Blanket Bond Public Employees Bond	Employees Commission	50,000 70,000	May 1, 2005 May 4, 2005
Arthur Gallagher of LA, Inc. (LWCC)	Workers' Compensation	Eligible Employees	1,000,000	March 16, 2005
Bourg Insurance Agency	Fire & Extended	406 Charles St.	65,000	April 3, 2005

CITY OF DONALDSONVILLE, LOUISIANA

Exhibit 23

SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES

June 30, 2004

	<u>Year Ended</u> <u>June 30, 2004</u>
Raymond Jacobs – Mayor	\$ 29,230
Guy M. Poche – Commissioner of Finance	\$ 4,992
Tony Huey – Commissioner of District No. 1	\$ 3,994
Margaret Bonadona – Commissioner of District No. 2	\$ 3,994
Leroy Sullivan - Commissioner District No. 3/Interim Mayor	\$ 2,918
Reginald Francis – Commissioner District No. 3	\$ 922



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

CITY OF DONALDSONVILLE, LOUISIANA

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2004

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's ID Number	Total Current Year Expenditures
U.S. Department of HUD:			
Direct Program-Section 8	14.857	N/A	\$ 478,656*
Pass-through from Louisiana Office of Community Development (Streets Project)	14.228	N/A	124,906
Pass-through from Louisiana Office of Community Development (Economic Development Project)	14.228	N/A	<u>392,515*</u>
Total			<u>\$ 996,077</u>

\*Major Program

**CITY OF DONALDSONVILLE, LOUISIANA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2004**

**GENERAL**

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

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

**BASIS OF ACCOUNTING**

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2004

A. Summary of Audit Results

- o The auditor's report expresses an unqualified opinion on the basic financial statements of the City of Donaldsonville, Louisiana.
- o The reportable conditions in internal control disclosed during the audit of the basic financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards. The conditions are reported as a material weaknesses. (See 2004-1, 2004-2 and 2004-3 in part B of this Schedule)
- o There were three instances of noncompliance material to the basic financial statements which was disclosed during the audit and reported in the Report On Compliance And Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards. (See 2004-4, 2004-5 and 2004-6 in Part B of this Schedule)
- o The reportable condition in internal control disclosed during the audit of the major federal award programs is reported in the Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards. The condition is reported as a material weakness. (See 2004-7 in Part C of this Schedule)
- o There was an instance of noncompliance material to the basic financial statements disclosed during the audit of the major federal award programs and reported in the Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards. (See 2004-8 and 2004-9 in Part C of this Schedule)
- o The auditor's report on compliance for the major federal award programs for City of Donaldsonville, Louisiana, expresses a qualified opinion.
- o Audit findings relative to the major federal award program City of Donaldsonville, Louisiana, are reported in Part C of this Schedule.
- o The programs identified as major programs included:
 

	<u>Federal CFDA Number</u>
Section 8 Housing	14.857
Community Development Block Grants/States Program	14.228
- o The threshold for distinguishing Types A and B programs was \$300,000.
- o The City of Donaldsonville, Louisiana, was not determined to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2004

**B. Findings-Financial Statement Audit**

**2004-1 SEPARATION OF DUTIES**

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

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

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

**2004-2 CONTROLS REGARDING CUSTOMER CREDIT FOR SEWER AND GAS FUNDS**

During the audit for the year ended June 30, 2004, we noted that the City did not adequately follow controls related to extending credit to new customers for the sewer and gas departments. We noted that the necessary control policies and procedures are not being followed by the City to ensure that customers will pay their sewer and gas bills on a timely basis.

We recommend that the City more closely follow policies and procedures regarding the extension of credit to new customers to ensure that the City will receive collections from customers on a timely basis.

Management of the City concurs with the finding. On September 29, 2004, the Mayor has taken the appropriate steps to ensure that the control policies and procedures regarding customer credit will be followed.

**2004-3 CONTROLS REGARDING CREDIT CARD CHARGES**

During the audit for the year ended June 30, 2004, we noted that the City did not adequately follow controls related to restricting City credit card charges for business use only. There was a personal charge to a City credit card for Mr. Oliver Bell, the former City Coordinator, to the Marriot Hotel in New Orleans on September 17, 2003 through September 20, 2003 for an amount of \$1,724.56. This amount was reimbursed by Mr. Bell before the credit card payment was made by the City.

We recommend that the City more closely follow controls relating to restricting City credit card charges for business use only.

Management concurs with the finding. Management of the City will ensure that controls will be followed relating to credit card charges.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2004

**2004-4 BUDGET AMENDMENTS**

The City's Home Rule Charter requires that the City amend its operating budget when actual revenues fail to meet budgeted revenues or when actual expenditures exceed budgeted expenditures. This differs and is stricter than Louisiana Statutes which require the City to amend its operating budget when:

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

Since the City's Home Rule Charter is stricter than Louisiana Statutes, the City must abide by the Home Rule Charter. For the year ended June 30, 2004, four of the City's funds met the requirement described in the City's Home Rule Charter and the budgets were not amended.

We recommend that the City consider amending the Home Rule Charter to reflect the Louisiana Statutes as well as monitoring more closely budget to actual statements during the year to comply with this requirement.

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

**2004-5 BOND RESERVE REQUIREMENTS**

The City of Donaldsonville failed to comply with certain requirements of the loan and pledge agreement which governs the Sewerage District No. 1 Revenue Bonds, Series 1995 and 1969. The City failed to properly fund the "Revenue Fund" reserve fund. Also, the City failed to make transfers monthly to the "Revenue Fund" reserve fund, the "Sinking Fund" reserve fund and the "Sewer Revenue Bond Fund" reserve fund.

We recommend that the City comply with all requirements of the loan and pledge agreements for the Revenue Bonds of the Sewerage District No. 1.

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

**2004-6 BUDGET MESSAGE**

According to the Local Government Budget Act, the budget should include a budget message to be signed by the budget preparer. During the audit of the City, we noted that the budget message was not signed by the Mayor or any other official responsible for preparing the budget.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2004**

We recommend that the official or officials of the City responsible for preparing the budget, sign the budget message.

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

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

**2004-7 SEPARATION OF DUTIES**

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

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

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

**2004-8 BUDGET AMENDMENTS**

The City's Home Rule Charter requires that the City amend its operating budget when actual revenues fail to meet budgeted revenues or when actual expenditures exceed budgeted expenditures. This differs and is stricter than Louisiana Statutes which require the City to amend its operating budget when:

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

Since the City's Home Rule Charter is stricter than Louisiana Statutes, the City must abide by the Home Rule Charter. For the year ended June 30, 2004, two of the City's major funds met the requirement described in the City's Home Rule Charter and the budget was not amended.

We recommend that the City consider amending the Home Rule Charter to reflect the Louisiana Statutes as well as monitoring more closely budget to actual statements during the year to comply with this requirement.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2004**

**2004-9 FINANCIAL MANAGEMENT OF LCDBG FUNDS**

The City did not properly separate the reporting of the LCDBG grant monies for each special purpose. The City used one cash account to deposit money for both grants, and they did not separate the financial reporting of the grant revenues and expenditures into two different general ledgers.

We recommend that the City separate grant monies into different cash accounts and general ledgers for each special purpose.

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



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2004

**INTERNAL CONTROL FINDINGS – Financial Statement Audit****2003-1 SEPARATION OF DUTIES**

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

**Current status:** This finding still applies and is noted in the current audit for the year ending June 30, 2004. (See current finding noted on 2004-1)

**2003-2 CONTROLS REGARDING CUSTOMER CREDIT FOR SEWER AND GAS FUNDS**

**Condition:** The City did not adequately follow policies and procedures related to extending credit to new customers for the sewer and gas departments. Customers whose accounts have been terminated for failing to pay balance owed were being extended credit with the approval of a new account without having the balance owed on the terminated account paid.

**Current status:** This finding still applies and is noted in the current audit for the year ending June 30, 2004. (See current finding noted on 2004-2) However, subsequent to year end, the Mayor has taken the appropriate steps to ensure that controls will be followed in relation to customer credit for the sewer and gas departments.

**COMPLIANCE FINDINGS – Financial Statement Audit****2003-3 BUDGET AMENDMENTS**

**Condition:** The City's Home Rule Charter requires that the City amend its operating budget, when actual revenues fail to meet budgeted revenues or when actual expenditures exceed budgeted expenditures. For the year ended June 30, 2003, three of the City's funds met this requirement and the budget was not amended.

**Current status:** Four of the City's funds were not properly amended based on the requirements of the Home Rule Charter. (See current finding noted as 2004-4.)

**2003-4 VIOLATION OF THE CITY CHARTER REGARDING THE OFFICE OF CITY CLERK**

**Condition:** According to the City's Home Rule Charter, the mayor is responsible for appointing a City Clerk to perform certain duties relative to certification and approval of documents as well as various other duties spelled out in the charter. We noted that there was no formal appointment of a City Clerk, yet a non-appointed employee was performing the duties of the City Clerk. Thus, the mayor has not appointed a City Clerk in accordance with the City Charter.

**Current status:** Management of the City corrected this finding for the year ended June 30, 2004.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2004

**2003-5 APPROVAL OF LIQUOR LICENSE**

**Condition:** The Mayor issued four liquor licenses to four different businesses, including one owned by his son, without council approval. After the application for the liquor licenses were rejected by the council, the mayor circumvented the approval process and issued the licenses without council approval.

**Current status:** Management of the City corrected this finding for the year ended June 30, 2004.

**INTERNAL CONTROL FINDINGS – Major Federal Award Programs Audit**

**2003-6 SEPARATION OF DUTIES**

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

**Current status:** This finding still applies and is noted in the current audit for the year ending June 30, 2004. (See current finding noted on 2004-7.)

**COMPLIANCE FINDINGS – Major Federal Award Programs Audit**

**2003-7 BUDGET AMENDMENTS**

**Condition:** The City's Home Rule Charter requires that the City amend its operating budget, when actual revenues fail to meet budgeted revenues or when actual expenditures exceed budgeted expenditures. For the year ended June 30, 2003, the City's major fund met this requirement and the budget was not amended.

**Current status:** Two of the City's major funds were not properly amended based on the requirements of the Home Rule Charter. (See current finding noted as 2004-8.)



# City of Donaldsonville

LEROY J. SULLIVAN, SR.  
MAYOR AND COMMISSIONER OF PUBLIC HEALTH AND SAFETY

GUY M. POCHE  
COMMISSIONER OF FINANCE

ANTHONY "TONY" HUEY  
COMMISSIONER DISTRICT NO. 1

MARGARET BONADONA  
COMMISSIONER DISTRICT NO. 2

REGINALD L. FRANCIS, SR.  
COMMISSIONER DISTRICT NO. 3

## Corrective Action Plan for Current Year Audit Findings For the Year Ended June 30, 2004

<u>Ref No. *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s) **</u>	<u>Anticipated Completion Date</u>
2004-1	Separation of Duties	Not feasible at this time due to staff and budget limitations.	Sandra Cost Leroy Sullivan	N/A
2004-2	Controls Regarding Customer Credit for Sewer and Gas Funds	We will more closely follow policies and procedures regarding the extension of credit to new customers.	Sandra Cost Leroy Sullivan	Immediately
2004-3	Controls Regarding Credit Card Charges	We will more closely follow controls regarding restricting credit card charges for business use only.	Sandra Cost Leroy Sullivan	Immediately
2004-4	Budget Amendments	The budget will be closely reviewed and amended in accordance with the City Charter and/or the Local Budget Act.	Sandra Cost Leroy Sullivan	Monthly basis
2004-5	Bond Reserve Requirements	Loan and pledge agreements will be followed in relation to funding reserve accounts and making the required transfers on a monthly basis.	Sandra Cost Leroy Sullivan	Monthly basis
2004-6	Budget Message	The budget message will be signed by the budget preparer.	Sandra Cost Leroy Sullivan	Immediately
2004-7	Separation of Duties	Not feasible at this time due to staff and budget limitations.	Sandra Cost Leroy Sullivan	N/A
2004-8	Budget Amendments	The budget will be closely reviewed and amended in accordance with the City Charter and/or the Local Budget Act.	Sandra Cost Leroy Sullivan	Monthly basis
2004-9	Financial Management of LCDBG Funds	All special purpose grant monies will be separated into different cash accounts and general ledgers.	Sandra Cost Leroy Sullivan	Immediately

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

Leroy Sullivan, Mayor

\* Reference number the auditor assigns to the audit finding.  
\*\* Name(s) of contact person(s) responsible for corrective action.

# Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250

Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Phone (985) 369-2515

Fax (985) 369-2535

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Kyle J. Arceneaux, CPA

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

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

We have audited the basic financial statements of the City of Donaldsonville, Louisiana (the City), as of and for the year ended June 30, 2004, and have issued our report thereon dated December 14, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Louisiana Governmental Audit Guide issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants.

### Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2004-4, 2004-5 and 2004-6.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2004-1, 2004-2 and 2004-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the

basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions noted as items 2004-1, 2004-2 and 2004-3 to be a material weakness.

This report is intended for the information of the Commission Council, management, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wagnospath + Gallagher, LLC*

December 14, 2004

# Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250

Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC

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Fax (985) 369-2535

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Kyle J. Arceneaux, CPA

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

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

### Compliance

We have audited the compliance of the City of Donaldsonville, Louisiana (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

As described in items 2004-8 and 2004-9 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with the requirements regarding budget proposals and amendments that are applicable to its major fund. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City 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, 2004.

Internal Control Over Compliance

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

We noted one matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2004-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition noted as 2004-7 to be a material weakness.

This report is intended for the information of the Commission Council, management, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 14, 2004  
*Wagnon + Galleffi, LLC*

# Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250  
Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC  
Timothy J. Gallagher, CPA, PC

Phone (985) 369-2515  
Fax (985) 369-2535

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Kyle J. Arceneaux, CPA

## MANAGEMENT LETTER

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

During the audit of the basic financial statements of the City of Donaldsonville, Louisiana as of June 30, 2004 and for the year then ended, we noted certain areas in which the efficiency and effectiveness of the operations and/or compliance with certain laws and regulations could be improved. Our comments are not intended to reflect upon the ability or integrity of the City's personnel.

### Accounts Payable Reconciliation

During the course of the audit, we noted that the general ledger balances for accounts payable were not reconciled with the accounts payable listing or subledger. We recommend that the general ledger balances be reconciled monthly with the accounts payable listing.

### Personnel Files

Payroll testing and review of personnel files indicated that there were employees that did not have their pay rates timely updated in their personnel files. We recommend that after each pay increase, respective personnel files be properly documented with the pay increase.

### Time Cards

Payroll testing and review of employee time sheets indicated that the supervisor did not sign off on all of the employee time sheets for the audit period. We recommend that each supervisor sign off on employee time sheet or time cards for each pay period to substantiate that supervision is properly documented by the authorized official.

### Sales Tax Filings

The Louisiana Department of Revenue notified the City that the sales tax in relation to gas sales is eliminated effective July 1, 2003. On this date, the City did not charge the customer any sales tax; however, the City's accounting department continued to file and pay sales tax returns for the audit period. We recommend that the City cease to file sales tax returns for gas sales and file amended returns to get a refund on incorrectly filed returns.



General Fund Expenditures

During the course of the audit, we noted that the general fund expenditures exceeded its revenue by \$763,079. Also, we noted that the general fund had other financing sources over uses of \$657,867 which helped fund its current year expenditures. This has left a deficit fund balance in the general fund of 38,816. We recommend that the City more closely monitors general fund expenditures and strategically plan accordingly in order to eliminate deficit spending, which has resulted in a deficit fund balance.

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

*Wagnon + Gallegher, LLC*

December 14, 2004



# City of Donaldsonville

LEROY J. SULLIVAN, SR.  
MAYOR AND COMMISSIONER OF PUBLIC HEALTH AND SAFETY

GUY M. POCHE  
COMMISSIONER OF FINANCE

ANTHONY "TONY" HUEY  
COMMISSIONER DISTRICT NO. 1

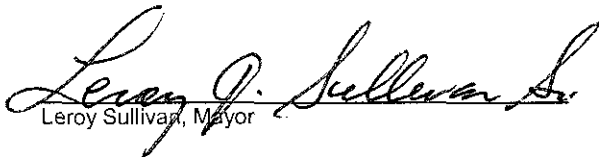
MARGARET BONADONA  
COMMISSIONER DISTRICT NO. 2

REGINALD L. FRANCIS, SR.  
COMMISSIONER DISTRICT NO. 3

**Corrective Action Plan for  
Current Year Management Letter  
For the Year Ended June 30, 2004**

<u>Description of Management Letter Comment</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
Accounts Payable Reconciliation	The general ledger balance for accounts payable will be reconciled with the monthly accounts payable listing.	Sandra Cost	Monthly basis
Personnel Files	All personnel files will be updated with pay rates after each pay increase for a particular employee.	Sandra Cost Leroy Sullivan	Immediately
Time Cards	Field employees will sign off on their individual time sheet and supervision will be documented by the authorized personnel.	Sandra Cost Leroy Sullivan	Immediately
Sales Tax Filings	The City will cease the filing and payment of sales taxes due to notification by the Louisiana Department of Revenue.	Sandra Cost	Immediately
General Fund Expenditures	The general fund expenditures will be monitored and changes will be made to the budget to eliminate the general fund deficit.	Sandra Cost Leroy Sullivan	Monthly basis

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

  
Leroy Sullivan, Mayor