

CITY OF DONALDSONVILLE FINANCIAL REPORT *June 30, 2019*



CITY OF DONALDSONVILLE, LOUISIANA

FINANCIAL REPORT

June 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Donaldsonville, Louisiana, (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, and each major fund of the City, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 62 through 66, schedule of changes in total other postemployment benefits liability and related ratios on page 67, the schedule of the City's Proportionate Share of the Net Pension Liability on page 68, the Schedule of the City's Contributions on page 69, and the notes to the required supplementary information on pages 70-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statement of operating expenses, the schedule of sewerage customers (unaudited), the schedule of insurance in force (unaudited), the schedule of principal officials and salaries, and the schedule of compensation, benefits, and other payments to agency head are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The statement of operating expenses, the schedule of principal officials and salaries, the schedule of compensation, benefits, and other payments to agency head, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of operating expenses, the schedule of principal officials and salaries, the schedule of compensation, benefits, and other payments to agency head, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The schedule of sewerage customers (unaudited) and the schedule of insurance in force (unaudited) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2019

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

This section of the City of Donaldsonville's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the City's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- The City's combined total net position, as restated increased by approximately \$640,000 or 5.70% over the course of this year's operations. Net position, as restated of our governmental activities increased by approximately \$223,000 and net position, as restated of our business-type activities increased by approximately \$417,000.
- During the year, the City's governmental expenses were approximately \$223,000 less than the \$5.6 million generated in charges for services, taxes, grants, operating transfers, and other revenue. In the City's business-type activities expenses were approximately \$417,000 less than the \$2.6 million generated in revenues, transfers, and grants.
- The governmental funds reported approximately in total \$2.3 million in fund balance at year end.

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 other supplementary information. 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 the gas and sewer systems.

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 non-major 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
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Figure A-1

Major Features of the 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 gas and sewer system
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of net position ▪ Statement of activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of net position ▪ Statement of revenues, expenses, and changes in net position ▪ Statement of cash flows
Accounting basis and measurement 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 the 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 payment 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
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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 position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 position and how they have changed. Net position—the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position 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 non-financial factors such as changes in the City's 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 cover the costs of certain services it provides. The City's gas 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-term 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
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position increased between fiscal years 2018 and 2019 approximately 5.7% to \$11.9 million. (See Table A-1)

	Governmental Activities		Business-Type Activities	
	2019	2018 Restated	2019	2018 Restated
ASSETS				
Current and other assets	\$ 3,164,486	\$ 3,726,399	\$ 2,295,184	\$ 1,857,178
Capital assets	11,125,903	9,339,034	6,756,975	4,916,791
TOTAL ASSETS	14,290,389	13,065,433	9,052,159	6,773,969
Deferred outflows of resources	570,965	552,075	148,494	143,035
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	14,861,354	13,617,508	9,200,653	6,917,004
LIABILITIES				
Current liabilities	1,140,373	760,028	1,540,972	504,894
Long-term liabilities	4,309,499	3,682,859	5,016,637	4,192,267
TOTAL LIABILITIES	5,449,872	4,442,887	6,557,609	4,697,161
Deferred inflows of resources	170,795	157,250	25,876	19,250
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,620,667	4,600,137	6,583,485	4,716,411
NET POSITION				
Net investment in capital assets	8,293,321	7,111,641	1,912,752	1,106,503
Restricted for:				
Section 8 expenditures	33,646	50,350	-	-
Debt service	685,177	483,686	481,790	448,491
Fire department capital expenditures	658,301	1,204,700	-	-
Public improvements	265,038	766,236	1,053,795	1,092,575
Unrestricted (deficit)	(694,796)	(599,242)	(831,169)	(446,976)
TOTAL NET POSITION	\$ 9,240,687	\$ 9,017,371	\$ 2,617,168	\$2,200,593

Net position of the City's governmental activities increased to approximately \$9.2 million. Net position of the City's business-type activities increased to approximately \$2.6 million.

Changes in net position. The City's total revenues remained consistent with prior year. (See Table A-2.) Approximately 40 percent of the City's revenue comes from charges for services, 43 percent comes from tax collections, 9 percent is from various local and federal grants, and the remaining 8 percent is from various miscellaneous sources.

The City's total expenses for the year ended June 30, 2019 increased slightly by approximately \$65,000 to \$7.6 million. Approximately, 71 percent of the City's expenses comes from its governmental activities and 29 percent comes from its business-type activities. (See Table A-2)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Governmental Activities

Revenues, as adjusted for restatement, for the City's governmental activities decreased 4.8 percent or approximately \$288,000. The main decrease is attributed to a decrease in tax revenue in the current year compared to the prior year. Expenses of the City's governmental activities decreased from prior year expenses, as adjusted for restatements, by approximately \$77,000 or 1.4 percent. Expenses increased from the prior year related to the general government and public safety expenses but these increases were offset by the decrease in streets, recreation and welfare expenses.

	Governmental Activities		Business-Type Activities	
	2019	2018 Restated	2019	2018 Restated
Revenues				
Program revenues				
Charges for services	\$ 830,395	\$ 744,510	\$2,444,823	\$ 2,143,559
Operating grants and contributions	745,969	785,653	-	-
Capital grants and contributions	15,560	14,941	-	-
General revenues				
Taxes	3,567,366	3,886,365	-	-
Licenses and permits	369,211	356,699	-	-
Intergovernmental	245,634	278,351	51,489	71,823
Interest	5,581	1,645	847	650
Total revenues	5,779,716	6,068,164	2,497,159	2,216,032
Expenses				
General government	986,763	944,179	-	-
Public safety	1,953,287	1,855,608	-	-
Streets	863,136	1,041,701	-	-
Sanitation	878,390	859,183	-	-
Recreation	207,904	238,417	-	-
Welfare	471,279	495,442	-	-
Debt Services	55,869	59,060	-	-
Business Type Activities	-	-	2,220,355	2,077,949
Total expenses	5,416,628	5,493,590	2,220,355	2,077,949
Increase (decrease) in net position before transfers	363,088	574,574	276,804	138,083
Transfers (to) from	(139,771)	17,461	139,771	(17,461)
Increase (decrease) in net position	223,317	592,035	416,575	120,622
Beginning net position, as restated	9,017,370	8,425,336	2,200,593	2,079,971
Net position, as restated	\$ 9,240,687	\$ 9,017,371	\$2,617,168	\$ 2,200,593

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Business-type Activities

Revenues increased by approximately 12.7 percent to approximately \$2.5 million. The majority of the increase in revenues is the result of the City approving ordinance 2018-05 which increased the base rate for gas from 8.58 to 11.70. Expenses of the City's business-type activities increased from prior year expenses, as adjusted for restatements, by 7 percent to approximately \$2.2 million. The increase in expenses from the prior year is due to an increase in gas purchases, sewer fund depreciation expense related to current year additions, and maintenance related to the sewer fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$2,323,217 a decrease of approximately 28.9 percent from last year, as restated.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised its general fund budget. These budget amendments included an adjustment for an increase in transfers from Sewer Fund, Sales Tax Fund, and Capital Improvements by approximately \$153,000. The budget was also amended for an increase in general government, public safety and debt service expenditures.

With these adjustments, actual revenues and transfers in were approximately \$50,000 over the final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2019, the City had approximately \$17.8 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 from the prior year (including additions and deductions) of approximately \$3.6 million or 25.4 percent. The main increase is attributed to an increase in construction in progress in the current year in governmental activities and business-type activities. Governmental activities have four incomplete projects at year end for the new fire station, the African American Museum, the Donaldsonville Village Street Project and the Donaldsonville Road Project. Business-type activities has the Sanitary Sewer Project incomplete at year-end.

Table A-3
City's Capital Assets
 (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 911,549	\$ 911,549	\$ 1,500	\$ 1,500
Gas, Plant, & Sewer Equipment	-	-	4,181,594	2,877,199
Construction in progress	2,545,488	549,137	2,573,881	2,038,092
Buildings & Improvements	7,351,221	7,528,542	-	-
Equipment	317,645	349,806	-	-
Total	<u>\$11,125,903</u>	<u>\$ 9,339,034</u>	<u>\$ 6,756,975</u>	<u>\$ 4,916,791</u>

Outstanding debt. At the end of the current fiscal year, the City had debt outstanding of \$7,682,582 as compared to \$6,120,328 in the prior year, an increase of approximately \$1.6 million or 25.5 percent. More information about the City's long-term liabilities is presented in Note 10 to the financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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. All expenditures are expected to be consistent with the current year.

RESTATEMENT OF PRIOR YEAR END FUND BALANCE AND NET POSITION

Fund balance of the Sales Tax Fund within the fund financial statements was restated as of June 30, 2018. The increases to prior period fund balances are the result of sales tax revenue not accrued in the prior fiscal year.

Net position of the Governmental Activities and Business-Type Activities within the government-wide financial statements and the proprietary financial statements, respectively was restated as of June 30, 2018. The increase to prior period net position is the result of the overstatement of the other postemployment benefits liability in the prior period. See Note 19 to the financial statements.

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 Mrs. Sandra Williams, Finance Director, at 609 Railroad Avenue, Donaldsonville, LA 70346, phone # (225) 473-4247 Ext. 14.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 249,375	\$ 302,078	\$ 551,453
Receivables:			
Accounts receivables, net	302,217	254,183	556,400
Due from other governments	547,024	-	547,024
Internal balances	103,277	(103,277)	-
Restricted assets:			
Cash and interest-bearing deposits	1,962,593	1,842,200	3,804,793
Capital assets, net	11,125,903	6,756,975	17,882,878
Total assets	<u>14,290,389</u>	<u>9,052,159</u>	<u>23,342,548</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	553,091	140,417	693,508
Other postemployment benefits related	17,874	8,077	25,951
Total deferred outflows of resources	<u>570,965</u>	<u>148,494</u>	<u>719,459</u>
LIABILITIES			
Accounts payables	594,241	856,846	1,451,087
Accrued payables	47,592	110,328	157,920
Due to other governments	82,240	-	82,240
Payable from restricted assets:			
Customer deposits	200	234,774	234,974
Long-term liabilities:			
Debt payable:			
Due within one year (certificates and bonds payable and compensated absences)	441,048	339,024	780,072
Due in more than one year (certificates and bonds payable and compensated absences)	2,399,000	4,503,510	6,902,510
Net pension liability	1,637,544	400,424	2,037,968
Due within one year (other postemployment benefits payable)	4,100	-	4,100
Due in more than one year (other postemployment benefits payable)	243,907	112,703	356,610
Total liabilities	<u>5,449,872</u>	<u>6,557,609</u>	<u>12,007,481</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	163,369	22,493	185,862
Other postemployment benefits related	7,426	3,383	10,809
Total deferred inflows of resources	<u>170,795</u>	<u>25,876</u>	<u>196,671</u>
NET POSITION			
Net investment in capital assets	8,293,321	1,920,588	10,213,909
Restricted for:			
Section 8 expenditures	33,646	-	33,646
Debt service	685,177	481,790	1,166,967
Fire department capital expenditures	658,301	-	658,301
Public improvements	265,038	1,053,795	1,318,833
Unrestricted (deficit)	(694,796)	(839,005)	(1,533,801)
Total net position	<u>\$ 9,240,687</u>	<u>\$ 2,617,168</u>	<u>\$ 11,857,855</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 986,764	\$ 830,395	\$ 83,166	\$ 15,560	\$ (57,643)	\$ -	\$ (57,643)
Public safety:							
Police	991,039	-	-	-	(991,039)	-	(991,039)
Fire	962,248	-	209,302	-	(752,946)	-	(752,946)
Streets	863,136	-	-	-	(863,136)	-	(863,136)
Recreation	207,904	-	-	-	(207,904)	-	(207,904)
Sanitation	878,390	-	-	-	(878,390)	-	(878,390)
Welfare	471,279	-	453,501	-	(17,778)	-	(17,778)
Interest on long-term debt	55,869	-	-	-	(55,869)	-	(55,869)
Total governmental activities	5,416,629	830,395	745,969	15,560	(3,824,705)	-	(3,824,705)
Business-type activities:							
Gas	1,082,890	1,313,529	-	-	-	230,639	230,639
Sewer	1,137,465	1,131,294	-	-	-	(6,171)	(6,171)
Total business-type activities	2,220,355	2,444,823	-	-	-	224,468	224,468
Total	\$ 7,636,984	\$ 3,275,218	\$ 745,969	\$ 15,560	(3,824,705)	224,468	(3,600,237)
General revenues							
Taxes							
Sales and use taxes, levied for general purposes					2,829,829	-	2,829,829
Franchise taxes					379,108	-	379,108
Property taxes, levied for bond retirement					358,429	-	358,429
Interest and investment earnings					5,581	847	6,428
Licenses, permits and fines					369,211	-	369,211
Miscellaneous					245,634	51,489	297,123
Transfers					(139,771)	139,771	-
Total general revenues and transfers					4,048,021	192,107	4,240,128
Change in net position					223,316	416,575	639,891
Net position - June 30, 2018, as restated					9,017,371	2,200,593	11,217,964
Net position - June 30, 2019					\$ 9,240,687	\$ 2,617,168	\$ 11,857,855

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS (FFS)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Sales Tax	Section 8	Law Enforcement	Debt Service	Capital Projects	Total
ASSETS							
Cash and cash equivalents	\$ 125,820	\$ 67,912	\$ 36,077	\$ 18,908	\$ -	\$ 658	\$ 249,375
Receivables:							
Accounts receivable, net	90,118	38,932	586	34,003	-	-	163,639
Due from other governments	99,460	447,564	-	-	-	-	547,024
Due from other funds	471,485	32,879	925	375,064	-	53,378	933,731
Restricted assets - cash	663,834	-	-	-	683,419	615,340	1,962,593
Total assets	<u>\$ 1,450,717</u>	<u>\$ 587,287</u>	<u>\$ 37,588</u>	<u>\$ 427,975</u>	<u>\$ 683,419</u>	<u>\$ 669,376</u>	<u>\$ 3,856,362</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 127,977	\$ 66,274	\$ 3,942	\$ -	\$ -	\$ 312,751	\$ 510,944
Accrued payables	26,010	-	-	-	-	83,297	109,307
Due to other governments	-	-	-	82,240	-	-	82,240
Due to other funds	394,104	317,821	-	100,466	10,888	7,175	830,454
Customer deposits	200	-	-	-	-	-	200
Total liabilities	<u>548,291</u>	<u>384,095</u>	<u>3,942</u>	<u>182,706</u>	<u>10,888</u>	<u>403,223</u>	<u>1,533,145</u>
Fund balances:							
Restricted for:							
Fire department capital expenditures	657,186	-	-	-	-	1,115	658,301
Section 8 expenditures	-	-	33,646	-	-	-	33,646
Debt service	-	-	-	-	672,531	-	672,531
Public improvements	-	-	-	-	-	265,038	265,038
Assigned							
Sewer and sanitation	-	203,192	-	-	-	-	203,192
Public safety operating and capital expenditures	5,398	-	-	245,269	-	-	250,667
Unassigned	239,842	-	-	-	-	-	239,842
Total fund balances	<u>902,426</u>	<u>203,192</u>	<u>33,646</u>	<u>245,269</u>	<u>672,531</u>	<u>266,153</u>	<u>2,323,217</u>
Total liabilities and fund balances	<u>\$ 1,450,717</u>	<u>\$ 587,287</u>	<u>\$ 37,588</u>	<u>\$ 427,975</u>	<u>\$ 683,419</u>	<u>\$ 669,376</u>	<u>\$ 3,856,362</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total fund balance for governmental funds at June 30, 2019		\$ 2,323,217
Total net position reported for governmental activities in the statement of position 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	911,549	
Cost of buildings and equipment	13,735,456	
Less: Accumulated depreciation	(6,066,590)	
Construction in progress	2,545,488	11,125,903
Certain long-term assets applicable to the City's governmental activities are not available to pay in the current period and accordingly are not reported as fund assets.		
Ad valorem taxes receivable	138,578	
Deferred outflows - pension related	553,091	
Deferred outflows - other postemployment benefits related	17,874	709,543
Elimination of interfund assets and liabilities		
Due from other funds	(830,454)	
Due to other funds	830,454	-
Accrued interest payable on general obligation long-term liabilities was not reported in the funds.		
		(21,582)
Compensated absences payable are not reported as fund liabilities because they are not due and payable in the current period.		
		(29,048)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported in fund liabilities.		
Bonds payable	(2,811,000)	
Net pension liability	(1,637,544)	
Total other postemployment benefits liability	(248,007)	
Deferred inflows - pension related	(163,369)	
Deferred inflows - other postemployment benefits related	(7,426)	(4,867,346)
Total net position of governmental activities at June 30, 2019		\$ 9,240,687

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General	Sales Tax	Section 8	Law Enforcement	Debt Service	Capital Projects	Total
REVENUES							
Taxes	\$ 698,843	\$ 2,829,829	\$ -	\$ -	\$ -	\$ -	\$ 3,528,672
Licenses and permits	316,927	-	-	-	-	-	316,927
Intergovernmental	308,028	-	453,501	-	-	-	761,529
Fines	52,284	-	-	-	-	-	52,284
Charges for services	-	445,292	-	385,103	-	-	830,395
Other	249,547	223	1,074	93	278	-	251,215
Total revenues	<u>1,625,629</u>	<u>3,275,344</u>	<u>454,575</u>	<u>385,196</u>	<u>278</u>	<u>-</u>	<u>5,741,022</u>
EXPENDITURES							
General government	1,025,478	-	-	-	-	26,389	1,051,867
Public safety	948,918	-	-	991,039	-	1,918,510	3,858,467
Streets	570,656	-	-	-	-	114,823	685,479
Sanitation	56,882	821,508	-	-	-	-	878,390
Recreation	126,512	-	-	-	-	-	126,512
Welfare	-	-	471,279	-	-	-	471,279
Debt service	-	-	-	-	404,000	-	404,000
Principal retirement	-	-	-	-	68,515	-	68,515
Interest and bank charges	-	-	-	-	-	-	-
Total expenditures	<u>2,728,446</u>	<u>821,508</u>	<u>471,279</u>	<u>991,039</u>	<u>472,515</u>	<u>2,059,722</u>	<u>7,544,509</u>
Excess of revenues over (under) expenditures	<u>(1,102,817)</u>	<u>2,453,836</u>	<u>(16,704)</u>	<u>(605,843)</u>	<u>(472,237)</u>	<u>(2,059,722)</u>	<u>(1,803,487)</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	1,000,000	1,000,000
Operating transfers in	1,245,761	-	-	623,833	665,460	655,532	3,190,586
Operating transfers out	(258,200)	(2,490,284)	-	-	-	(581,873)	(3,330,357)
Total other financing sources (uses)	<u>987,561</u>	<u>(2,490,284)</u>	<u>-</u>	<u>623,833</u>	<u>665,460</u>	<u>1,073,659</u>	<u>860,229</u>
Net change in fund balances	<u>(115,256)</u>	<u>(36,448)</u>	<u>(16,704)</u>	<u>17,990</u>	<u>193,223</u>	<u>(986,063)</u>	<u>(943,258)</u>
Fund balances, beginning of year, as restated	1,017,682	239,640	50,350	227,279	479,308	1,252,216	3,266,475
Fund balances, end of year	<u>\$ 902,426</u>	<u>\$ 203,192</u>	<u>\$ 33,646</u>	<u>\$ 245,269</u>	<u>\$ 672,531</u>	<u>\$ 266,153</u>	<u>\$ 2,323,217</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**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, 2019**

Total net changes in fund balances at June 30, 2019 per Statement of Revenues, Expenditures, and Changes in Fund Balances			\$ (943,258)
Revenues:			
Change in ad valorem taxes, deferred and unrecognized			38,694
Capital assets:			
Capital outlay capitalized	2,086,666		
Depreciation expense for the year ended June 30, 2019	<u>(299,797)</u>	1,786,869	
Long-term debt:			
Bond proceeds, net of principal portion of debt service payments	(596,000)		
Change in accrued interest payable	(9,189)		
Change in compensated absences payable	4,972		
Net change in other postemployment benefits and deferred inflows/outflows of resources	(16,884)		
Net change in pension liability and deferred inflows/outflows of resources	<u>(41,888)</u>	<u>(658,989)</u>	
Total change in net position at June 30, 2019 per Statement of Activities			<u>\$ 223,316</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019

	Gas Utility Fund	Sewerage District No. 1	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 242,732	\$ 59,346	\$ 302,078
Accounts receivable, net	87,359	166,824	254,183
Due from other funds	137,141	287,422	424,563
Total unrestricted assets	<u>467,232</u>	<u>513,592</u>	<u>980,824</u>
Restricted assets			
Cash and cash equivalents - customer deposits	236,253	70,362	306,615
Cash - sinking and reserve funds	46,523	435,267	481,790
Total restricted assets	<u>282,776</u>	<u>505,629</u>	<u>788,405</u>
Total current assets	<u>750,008</u>	<u>1,019,221</u>	<u>1,769,229</u>
Noncurrent assets			
Restricted assets			
Cash - contingencies and capital improvements funds	1,002,522	51,273	1,053,795
Fixed assets, net	756,754	6,000,221	6,756,975
Total noncurrent assets	<u>1,759,276</u>	<u>6,051,494</u>	<u>7,810,770</u>
Total assets	<u>2,509,284</u>	<u>7,070,715</u>	<u>9,579,999</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	81,379	59,038	140,417
Other postemployment benefits related	4,443	3,634	8,077
Total deferred outflows of resources	<u>85,822</u>	<u>62,672</u>	<u>148,494</u>
LIABILITIES			
Current liabilities			
Payable from current assets:			
Accounts payable	75,906	780,940	856,846
Accrued payables	5,739	104,589	110,328
Due to other funds	466,579	61,261	527,840
Debt payable in one year	7,998	3,604	11,602
Payable from restricted assets:			
Bonds payable in one year	35,422	292,000	327,422
Total current liabilities	<u>591,644</u>	<u>1,242,394</u>	<u>1,834,038</u>
Noncurrent liabilities			
Customer deposits	183,104	51,670	234,774
Bonds payable after one year	722,041	3,781,469	4,503,510
Net pension liability	232,068	168,356	400,424
Other postemployment benefits liability	63,735	48,968	112,703
Total noncurrent liabilities	<u>1,200,948</u>	<u>4,050,463</u>	<u>5,251,411</u>
Total liabilities	<u>1,792,592</u>	<u>5,292,857</u>	<u>7,085,449</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	13,036	9,457	22,493
Other postemployment benefits related	1,938	1,445	3,383
Total deferred inflows of resources	<u>14,974</u>	<u>10,902</u>	<u>25,876</u>
NET POSITION			
Net investment in capital assets	-	1,920,588	1,920,588
Restricted for debt service	46,523	435,267	481,790
Restricted for asset improvements and replacement	1,002,522	51,273	1,053,795
Unrestricted (deficit)	(261,505)	(577,500)	(839,005)
Total net position	<u>\$ 787,540</u>	<u>\$ 1,829,628</u>	<u>\$ 2,617,168</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Gas Utility Fund	Sewerage District No. 1	Total
OPERATING REVENUES			
Charges for services	\$ 1,313,529	\$ 1,131,294	\$ 2,444,823
Other	13,664	37,825	51,489
Total operating revenues	<u>1,327,193</u>	<u>1,169,119</u>	<u>2,496,312</u>
OPERATING EXPENSES			
Gas	413,692	-	413,692
Depreciation and amortization	65,994	267,306	333,300
Field	356,459	665,086	1,021,545
Administration	212,760	199,780	412,540
Total operating expenses	<u>1,048,905</u>	<u>1,132,172</u>	<u>2,181,077</u>
Operating income	<u>278,288</u>	<u>36,947</u>	<u>315,235</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	604	243	847
Interest and fiscal charges	(33,985)	(5,293)	(39,278)
Total non-operating revenues (expenses)	<u>(33,381)</u>	<u>(5,050)</u>	<u>(38,431)</u>
Income before operating transfers	<u>244,907</u>	<u>31,897</u>	<u>276,804</u>
OPERATING TRANSFERS			
Operating transfers in	-	209,771	209,771
Operating transfers out	-	(70,000)	(70,000)
Net operating transfers	<u>-</u>	<u>139,771</u>	<u>139,771</u>
CHANGE IN NET POSITION	<u>244,907</u>	<u>171,668</u>	<u>416,575</u>
NET POSITION			
Beginning of year, as restated	542,633	1,657,960	2,200,593
End of year	<u>\$ 787,540</u>	<u>\$ 1,829,628</u>	<u>\$ 2,617,168</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Gas Utility Fund	Sewerage District No. 1	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,479,202	\$ 1,273,035	\$ 2,752,237
Cash payments from customer deposits	996	775	1,771
Cash payments to suppliers for goods and services	(824,694)	46,962	(777,732)
Cash payments to employees	(236,101)	(211,659)	(447,760)
Cash loans from other funds	(35,019)	(88,036)	(123,055)
Net cash provided by operating activities	384,384	1,021,077	1,405,461
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating transfers in, net	-	139,771	139,771
Net cash provided by non-capital financing activities	-	139,771	139,771
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest and fiscal charges on capital debt	(33,985)	(5,293)	(39,278)
Proceeds received from capital debt	-	1,325,598	1,325,598
Principal paid on capital debt	(33,864)	(282,000)	(315,864)
Acquisition of capital assets	(48,495)	(2,124,989)	(2,173,484)
Principal paid on capital lease	-	(37,023)	(37,023)
Net cash used for capital and related financing activities	(116,344)	(1,123,707)	(1,240,051)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	604	243	847
Net cash provided by investing activities	604	243	847
Net increase in cash	268,644	37,384	306,028
Cash at beginning of year	1,259,386	578,864	1,838,250
Cash at end of year	\$ 1,528,030	\$ 616,248	\$ 2,144,278

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Gas Utility Fund	Sewerage District No. 1	Total
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Income from operations	\$ 278,288	\$ 36,947	\$ 315,235
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation and amortization	65,994	267,306	333,300
Change in operating assets and liabilities:			
Accounts receivable	152,009	103,916	255,925
Deferred outflows of resources	9,752	209	9,961
Accounts payable	47,689	689,402	737,091
Accrued payroll payables	(1,048)	93,609	92,561
Deferred inflows of resources	(7,698)	(5,180)	(12,878)
Net pension liability	15,696	28,772	44,468
Net OPEB liability	(142,275)	(106,643)	(248,918)
Due to other funds	(35,019)	(88,036)	(123,055)
Customer deposits	996	775	1,771
Net cash provided by operating activities	\$ 384,384	\$ 1,021,077	\$ 1,405,461
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Current assets-			
Cash and cash equivalents	242,732	59,346	302,078
Restricted cash and cash equivalents	282,776	505,629	788,405
Noncurrent assets-			
Restricted cash and cash equivalents	1,002,522	51,273	1,053,795
Total cash and cash equivalents	\$ 1,528,030	\$ 616,248	\$ 2,144,278

The accompanying notes are an integral part of these financial statements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies

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 provides the following services as authorized by its charter: police and fire protection, streets and drainage, parks and recreation, certain social services, and general administration services. The City owns and operates two enterprise activities, consisting of a gas utility fund and a sewer utility fund which provide gas and sewer services to the citizens of the City.

The financial statements of the City of Donaldsonville have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB), Statement No. 61, codified into Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the City is a general-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the City does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable.

In some instances, the potential component unit should be included in the reporting entity, if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on these criteria, management has determined that the City does not have any other reporting entity that should be considered a component unit as required by generally accepted accounting principles. 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.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity (continued)

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.

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

Basis of Presentation

The City's *Basic Financial Statements* consist of the government-wide statements on all of the non-fiduciary activities and the fund financial statements (individual major funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities. Interfund activity consists of interfund receivables and payables. As a general rule, the effect of interfund activity has been eliminated from both the statement of net position and the statement of activities. The government-wide presentation focuses primarily on the long-term sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxed and other items not properly included among program revenues are reported instead as general revenues. This includes externally dedicated resources such as a restricted property tax.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Fund Financial Statements

Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories.

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

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

General Fund – The General Fund is the government’s primary operating fund of the City and is considered to be a major fund. It accounts for all financial resources of the general government, 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 or committed to expenditures (other than major capital projects or debt service) for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources that are committed, restricted, or assigned to the payment of, general long-term debt principal, interest and related costs on long-term obligations of governmental funds.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Proprietary Funds:

Enterprise Funds – Enterprise Funds are used to account for operations: (a) that are financed and operated similarly 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 periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are combined and presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements. The enterprise funds reported as major funds in the fund financial statements consist of:

The Gas Fund accounts for the sale and distribution of gas to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing and collection of a user fee, and administration of gas lines including long-term capital improvements.

The District No. 1 Sewerage Fund accounts for the provision of sewer services and sewer treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing and collection of a user fee, and administration of sewerage facilities including long-term capital improvements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements

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 (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental funds resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The City's definition of available means expected to be received within sixty days of the end of the fiscal year for all revenues except grants or entitlements on federal or state assistance programs. The availability period for these grant programs is twelve months.

Nonexchange transactions, in which the City receives value without directly giving value in return, includes sales tax, property tax, special assessments, grants, entitlements, and donations. Property taxes are recognized as revenues in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales tax and gross receipts business tax revenues are recognized when the underlying transaction occurs and meets the availability criteria, as described in the preceding paragraph. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied, subject to the availability criteria. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, arbitrage payable, total other postemployment benefit liability, net pension liability and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on an economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

The City reports the following major governmental funds:

General Fund - To account for resources traditionally associated with the governments that are not required to be accounted for in another fund.

Sales Tax Special Revenue Fund - To account for the sales tax and garbage collection revenues and expenditures associated with garbage collection.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements (continued)

Section 8 Special Revenue Fund - To account for the revenues and expenditures associated with the HUD housing voucher program.

Law Enforcement Special Revenue Fund - To account for the sales tax and household fee revenues and expenditures associated with the City's law enforcement.

Debt Service Fund - To meet requirements of bond ordinances and to account for the accumulation of resources for and the payment of general longer-term debt principal, interest, and related costs.

Capital Projects Fund - To account for financial resources received and used for the acquisition, construction, or improvements of capital facilities not reported in other governmental funds.

The City reports the following major enterprise funds:

Gas Fund - To account for the sale and distribution of gas to the residents of the City.

Sewer Fund - To account for the provision of sewer services and sewer treatment services to the residents of the City.

Budgetary Data

Budget Policies and Budgetary Accounting:

Annual budgets are adopted and recorded in the accounting records for all governmental type funds. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- A proposed budget is prepared and submitted to the Mayor and City Council prior to the beginning of each fiscal year.
- The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 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.
- All budgetary appropriations lapse at the end of each fiscal year.
- Budgets for the General, Special Revenue, Debt Service Funds, and Capital Projects Fund are adopted in accordance with generally accepted accounting principles (GAAP) in the United States of America.
- Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the City Council.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Summary of Significant Accounting Policies (continued)

Budgetary Data (continued)

Encumbrances:

Encumbrances representing purchase orders, contracts or other commitments are recorded in governmental fund-type budgetary funds to reserve portions of applicable appropriations. Encumbrances are part of the budgetary process and are included in actual expenditures when a comparison with budget is necessary. Encumbrances at year-end are not considered expenditures in the financial statements presented on the GAAP basis. Encumbrances are reported in the governmental fund-type balance sheet in the restricted, committed, or assigned fund balance classifications.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents for the primary government includes demand deposit and interest-bearing demand deposit accounts, cash on hand, certificates of deposit, petty cash, and cash for all sinking funds and debt service reserve funds.

The investment policies of the City are governed by State Statutes and bond covenants. Additional details on authorized investments of City funds are disclosed in Note 3.

Cash equivalents for each fund include demand deposit account balance, cash on hand, and certificates of deposit with maturities of three months or less from date purchased.

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

Restricted Assets

Certain bond proceeds, debt service sinking funds, and ad valorem tax collections are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Position since the use of these funds is limited by applicable bond covenants and tax millages.

Interfund Receivables and Payables

Short-term cash borrowing between funds are considered temporary in nature. These amounts are reported as "due to/from other funds" Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectibles in business-type activities. Major accounts receivable are recorded for: (1) sewer user fees in the Sewer District No. 1 Fund; and (2) gas sales in the Gas Fund. Uncollectible revenues are estimated at approximately ½ percent for the sewer user and gas collection fees with uncollectibles written off on a monthly basis.

Accounts receivable reported for governmental activities and governmental funds include receivables for garbage collection and a law enforcement fee accounted for in the Sales Tax Fund and Law Enforcement Fund, respectively. This entity-wide accounts receivable is accrued net of a varying uncollectible percentage, based upon past trends of collection, by number of months outstanding.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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 Government-wide Financial Statements, but are not reported in the Fund Financial Statements. 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 with a cost of \$500 or more 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.

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	25-40 years
Office equipment	5-10 years
Automotive equipment	3-5 years

Accumulated Unpaid Vacation

City employees earn from 5 to 15 days of vacation leave each year, depending upon length of service. Vacation leave may not be carried forward from one year to the next, except in emergency situations. Any unused vacation leave is paid to the employee upon retirement or termination. The cost of vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Liabilities

In the government-wide Statement of Net Position and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expense in the year of debt issuance. Bonded debt premiums, discounts, and gains (losses) on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net or gross of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial reporting period. The face amount of the debt issue is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt are reported as "other financing uses."

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Long-Term Liabilities (continued)

Excess revenue contracts, loans, and notes are obligations of the general government and payment of these debts are normally provided by transfers from the General Fund to a debt service fund. However, if a debt is intended to be repaid by an enterprise fund it is recorded as a proprietary long-term debt.

Sales tax revenue bonds are secured by sales tax revenues. For those issues not associated with enterprise fund operations, payment of the debt is provided by sales tax revenue recognized in the sales tax fund and then transferred to the appropriate debt service fund. Sales tax revenue bond issues associated with enterprise funds are accounted for in the relevant enterprise fund.

Pension Plans

The City of Donaldsonville is a participating employer in two cost-sharing, multiple-employer defined benefit pension plans as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

Current Year Adoption of New Accounting Standard

The City adopted GASB Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The statement clarifies the definition of debt for disclosure purposes and expands the required debt disclosures to provide more detail about governmental obligations. GASB 88 defines debt for purposes of disclosures as a liability that arises from a contractual obligation to pay cash (or another financial asset) in one or more payments to settle an amount that is fixed at the date when the contractual obligation is established. GASB 88 requires that direct borrowings and placements be disclosed separately from other types of debt and also provides additional guidance for disclosures related to debt. The provisions of GASB 88 are effective for financial statements for periods beginning after June 15, 2018. Additional disclosures are included in Note 10.

The City adopted GASB Statement No. 83 (GASB 83), *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for Asset Retirement Obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Additional disclosures are included in Note 20.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Equity Classifications

Government-Wide Statements

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position– Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use for a particular project or purpose, it's the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

- a. Non-spendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.
- b. Restricted – represents balances where constraints have been established by parties outside the City of Donaldsonville or imposed by law through constitutional provisions or enabling legislation.
- c. Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the City of Donaldsonville's highest level of decision-making authority.
- d. Assigned – represents balances that are constrained by the City of Donaldsonville's intent to be used for specific purposes, but are not restricted nor committed.
- e. Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the City of Donaldsonville reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the City of Donaldsonville reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The primary government's deferred outflows of resources and deferred inflows of resources on the statement of net position are a result of deferrals concerning pensions and other postemployment benefits.

Note 7 presents detailed information concerning the amounts related to pensions, reported in the deferred inflows and deferred outflows sections of the statement of net position.

Note 8 presents detailed information concerning the amounts related to other postemployment benefits, reported in the deferred inflows and deferred outflows sections of the statement of net position.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, business interruption, errors and omissions; employee injuries and illnesses, natural disasters; and employee health benefits. The City carries commercial insurance for all risks of loss.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for City issues at June 30, 2019.

2. Ad Valorem Taxes

Ad valorem taxes were levied by the City on June 24, 2018 for the calendar year 2018, based on the assessed valuation of property as of January 1 of the calendar year. These taxes become due and payable in November of each year, and become delinquent after January 1 following the year levied.

Total assessed value was \$26,923,540 in calendar year 2018.

The following is a summary of authorized and levied city wide ad valorem taxes for the fiscal year ended June 30, 2019:

<u>City-wide taxes</u>	<u>Authorized Mills</u>	<u>Levied Mills</u>	<u>Expiration Date</u>
General	6.52	6.52	Not Applicable
Fire Protection	5.00	5.00	4/21/2021

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

3. Cash and 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.

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2019, the City's bank balance totaled \$4,554,366. Of this balance, \$750,000 was insured by federal deposit insurance and \$3,804,366 was collateralized by securities held by the pledging financial institutions' trust department or agent but not in the City's name.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4. Accounts Receivable

The following is a summary of accounts receivable at June 30, 2019:

<u>Class of Receivable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Charges for services		
Sewer	\$ -	\$ 166,824
Gas	-	87,359
Sales Tax	38,932	-
Law Enforcement	34,003	-
Due from tenant		
Section 8	586	-
Ad valorem taxes and other		
General	228,696	-
Total	\$ 302,217	\$ 254,183

The accounts receivable for the Sewer Utility fund is net of an allowance for bad debt of \$3,900. The accounts receivable for the Gas Utility fund is net of an allowance for bad debt of \$2,100. The accounts receivable for the Law Enforcement fund is net of an allowance for bad debt of \$1,690. The accounts receivable for the Sales Tax fund is net of an allowance for bad debt of \$1,690.

5. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2019 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Ascension Parish Sales and Use Tax Authority	\$ -	\$ 447,564	\$ 447,564
Louisiana Government Assistance Program	15,560	-	15,560
Louisiana Department of Transportation and Development	7,330	-	7,330
Beer Taxes from the State of Louisiana	1,836	-	1,836
Ascension Parish Fire Protection Grant	52,843	-	52,843
Ascension Parish Sheriff City Court Fund	7,064	-	7,064
State of Louisiana Department of Culture, Recreation, and Tourism	9,954	-	9,954
Other	4,873	-	4,873
	\$ 99,460	\$ 447,564	\$ 547,024

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2019, are as follows:

Governmental Activities:

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost of capital assets, June 30, 2018	\$ 911,549	\$ 10,413,229	\$ 3,231,912	\$ 549,137	\$15,105,827
Additions	-	41,635	48,680	1,996,351	2,086,666
Deletions	-	-	-	-	-
Cost of capital assets, June 30, 2019	911,549	10,454,864	3,280,592	2,545,488	17,192,493
Accumulated Depreciation, June 30, 2018	-	2,884,687	2,882,106	-	5,766,793
Additions	-	218,956	80,841	-	299,797
Deletions	-	-	-	-	-
Accumulated Depreciation, June 30, 2019	-	3,103,643	2,962,947	-	6,066,590
Capital assets, net of accumulated depreciation, at June 30, 2019	<u>\$ 911,549</u>	<u>\$ 7,351,221</u>	<u>\$ 317,645</u>	<u>\$ 2,545,488</u>	<u>\$11,125,903</u>

For the year ended June 30, 2019, depreciation expense of \$299,797 was charged to the following functions:

General Government	\$ 25,570
Streets	150,207
Recreation	105,464
Public Safety	8,209
Fire	5,628
Police	4,719
	<u>\$ 299,797</u>

With respect to governmental activities, the City has four incomplete construction projects as of June 30, 2019 that are reported as Construction in Progress in the schedule above. The first project is for the construction of a new firehouse which will be used by the City's fire department. Costs incurred during the current year were approximately \$1.93 million for this project which consisted of architect and construction fees. Costs incurred during prior years for this project were approximately \$177,000. The second project is the African American museum. No costs were incurred during the current year for this project due to the City awaiting funding. Costs incurred in prior years for this project were approximately \$366,000. The third project is the Donaldsonville Village Street Project. There were no costs incurred in the current year for this project due to the City waiting for an existing project to be completed. Costs incurred during prior years for this project were approximately \$6,400. The fourth project is the Donaldsonville Road Project that began in 2018. Cost incurred during the year totaled approximately \$57,400 which consisted of mainly engineering fees. They City did not complete existing projects from prior years before year end. Included in construction in progress is \$21,385 in capitalized interest related to the Donaldsonville Fire Station and Donaldsonville Road Project.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

6. Capital Assets (continued)

The majority of capital asset additions, other than the construction in progress, during the current year included City Hall Roof Repair in the amount of \$38,500 and air conditioner replacement at the Lemann Center in the amount of \$33,300.

Business-Type Activities:

	<u>Land</u>	<u>Sewerage System & Gas Plant</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost of capital assets, June 30, 2018	\$ 1,500	\$ 12,139,057	\$ 2,038,092	\$ 14,178,649
Additions	-	1,637,695	2,115,909	3,753,604
Deletions	-	-	(1,580,120)	(1,580,120)
Cost of capital assets, June 30, 2019	1,500	13,776,752	2,573,881	16,352,133
Accumulated Depreciation, June 30, 2018	-	9,261,858	-	9,261,858
Additions	-	333,300	-	333,300
Deletions	-	-	-	-
Accumulated Depreciation, June 30, 2019	-	9,595,158	-	9,595,158
Capital assets, net of accumulated depreciation, at June 30, 2019	<u>\$ 1,500</u>	<u>\$ 4,181,594</u>	<u>\$ 2,573,881</u>	<u>\$ 6,756,975</u>

For the year ended June 30, 2019, depreciation expense was \$333,300. Construction in progress additions are the result of the City's Sanitary Sewer project, which totaled \$2,115,909 in the current year. During the current year phase 1 of the Sanitary Sewer project was completed and included as an asset addition in the amount of \$1,580,120. Included in construction in progress is \$7,836 in capitalized interest related to the Sanitary Sewer project.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Pension and Retirement Plans

The City is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Firefighters' Retirement System (FRS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS:
7937 Office Park Boulevard
Baton Rouge, Louisiana
70809
(225) 925-4810
www.mersla.com

FRS
3100 Brentwood Drive
Baton Rouge, Louisiana 70809
(225) 925-4060
www.lafirefightersret.com

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to eligible state employees as defined in LRS 11:1732. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:1801.

Firefighters' Retirement System (FRS)

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing multiple-employer plan. The plan provides retirement, disability, and survivor benefits to eligible state employees as defined in LRS 11:2252. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:1801-1805.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Pension and Retirement Plans (continued)

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2019, for the City and covered employees were as follows:

	City	Employees
Municipal Employees' Retirement System Plan B		
Members hired prior to 01/01/2013	14.00%	5.00%
Members hired after 01/01/2013	14.00%	5.00%
Firefighters' Retirement System		
Employees receiving compensation above poverty guidelines of US Department of Health	26.50%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	28.50%	8.00%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2019	2018	2017
Municipal Employees' Retirement System Plan B	\$ 106,441	\$ 106,373	\$ 84,184
Firefighters' Retirement System	119,647	123,032	108,008

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Pension and Retirement Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2018 measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2018	Rate at June 30, 2018	Increase (Decrease) on June 30, 2017 Rate
Municipal Employees' Retirement System Plan B	\$ 916,296	1.0833%	0.0541%
Firefighters' Retirement System	1,121,672	0.1950%	0.0092%
	\$ 2,037,968		

The following schedule lists each pension plan's recognized pension expense of the City for the year ended June 30, 2019:

Municipal Employees' Retirement System Plan B	\$ 198,119
Firefighters' Retirement System	197,505
	\$ 395,624

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Pension and Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,455	\$ (126,642)
Changes of assumptions	112,537	(178)
Net difference between projected and actual earnings on pension plan investments	221,866	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	130,562	(59,042)
Employer contributions subsequent to the measurement date	226,088	-
Total	\$ 693,508	\$ (185,862)

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan B	\$ 321,318	\$ (51,470)
Firefighters' Retirement System	372,190	(134,392)
	\$ 693,508	\$ (185,862)

The City reported a total of \$226,088 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2020. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan B	\$ 106,441
Firefighters' Retirement System	119,647
	\$ 226,088

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Pension and Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	MERS	FRS	Total
2019	\$ 87,399	\$ 68,771	\$ 156,170
2020	57,885	26,109	83,994
2021	13,504	(18,653)	(5,149)
2022	4,619	26,124	30,743
2023	-	8,414	8,414
2024	-	7,386	7,386
	<u>\$ 163,407</u>	<u>\$ 118,151</u>	<u>\$ 281,558</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2018 are as follows:

	MERS	FRS
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal
Actuarial Assumptions:		
Expected Remaining Service Lives	3 years	7 years
Investment Rate of Return	7.275% per annum	7.30% per annum
Inflation Rate	2.600% per annum	2.700% per annum

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

Mortality	<p>For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. For employees, the RP-2000 Employees Sex Distinct Table set back 2 years for both males and females. For disabled annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.</p>	<p>The mortality assumption was based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA, were selected for employee, annuitant, and beneficiary mortality. RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females were selected for disabled annuitants.</p>
Salary Increases	<p>5.00% (2.6% Inflation, 2.4% Merit)</p>	<p>Vary from 15.00% in the first two years of service to 4.75% after 25 years.</p>
Cost of Living Adjustments	<p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.</p>	<p>Only those previously granted.</p>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

The following schedule lists the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

MERS	FRS
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.0% for the year ended June 30, 2018.</p>	<p>The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The long term geometric expected arithmetic nominal rate of return was 8.09% as of June 30, 2018.</p>

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2018:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	FRS	MERS	FRS
Public equity	50.0%	-	2.20%	-
Equity	-	-	-	-
U.S. Equity	-	22.0%	-	6.14%
Non-U.S. Equity	-	22.0%	-	7.46%
Global Equity	-	10.0%	-	6.74%
Public fixed income	35.0%	-	1.50%	-
Fixed Income	-	26.0%	-	1.76%
Alternatives	15.0%	-	0.60%	-
Real Estate	-	6.0%	-	4.38%
Private Equity	-	4.0%	-	8.73%
Multi-Asset Strategies	-	-	-	-
Global Tactical Asset Allocation	-	5.0%	-	4.31%
Risk Parity	-	5.0%	-	4.89%
Totals	100.0%	100.0%		

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. Pension and Retirement Plans (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and FRS was 7.275% and 7.30%, respectively for the year ended June 30, 2018.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
<u>MERS</u>			
Rates	6.275%	7.275%	8.275%
City of Donaldsonville's Share of NPL	\$ 1,202,527	\$ 916,296	\$ 672,975
<u>FRS</u>			
Rates	6.30%	7.30%	8.30%
City of Donaldsonville's Share of NPL	\$ 1,636,785	\$ 1,121,672	\$ 688,800

Payables to the Pension Plan

The City recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2019 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2019 is as follows:

	June 30, 2019
MERS	\$ 11,426
FRS	12,868
	<u>\$ 24,294</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

8. Postemployment Health Care Benefits

General Information about the Other Postemployment Benefit (OPEB) Plan

Plan description – The City of Donaldsonville (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Donaldsonville’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical / dental benefits are provided through a comprehensive health plan and are made available to employees upon actual retirement. The employees are covered by several retirement systems with similar eligibility provisions. In the absence of specific details about which employees are covered by each system, we have used the following retirement eligibility (D.R.O.P. entry) provisions as representative of the eligibility: 25 years of service at any age; or, age 60 and 10 years of service.

Employees covered by benefit terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	26
	27

Total OPEB Liability

The City’s total OPEB liability of \$360,710 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.87%
Discount rate	3.50% annually
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers’ 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

8. Postemployment Health Care Benefits (continued)

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 322,463
Changes for the year:	
Service cost	14,282
Interest	12,756
Differences between expected and actual experience	1,228
Changes in assumptions	13,821
Benefit payments and net transfers	(3,840)
Net changes	38,247
 Balance at June 30, 2019	 \$ 360,710

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1.0% Decrease (2.50%)	Current Discount Rate (3.50%)	1.0% Increase (4.50%)
Total OPEB liability	\$ 406,588	\$ 360,710	\$ 320,856

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 315,585	\$ 360,710	\$ 414,623

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$28,300. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,193	\$ -
Changes in assumptions	12,758	(10,809)
Total	\$ 25,951	\$ (10,809)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

8. Postemployment Health Care Benefits (continued)

Changes in the Total OPEB Liability (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30		
2020	\$	1,262
2021		1,262
2022		1,262
2023		1,262
2024		1,262
Thereafter		8,832
		\$ 15,142

9. 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, 2019, the City expended \$986,884 to the Sheriff for these services. On July 1, 2012, a new contract was negotiated resulting in the following future minimum payments which are adjusted annually for increases or decreases in the actual cost of operations. The adjustment allowed for by the change in actual cost shall not exceed 5% per year.

Future minimum payments are as follows:

For the year ending June 30, 2020:	\$	986,884
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Additionally, the City has contracted with SWDI for sanitation disposal services. This contract is based on the number of residences using this service and is renewable yearly. The City pays for sanitation disposal services for all residences within the City. As of November 1, 2007, the City discontinued commercial garbage pickup. The residences pay a monthly \$14 user fee to the City as a reimbursement for part of the cost incurred. For the year ended June 30, 2019, the City incurred \$310,928 of net sanitation disposal expenditures resulting from this contract.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Liabilities

The following is a summary of long-term debt transactions for the year ended June 30, 2019:

	Payable June 30, 2018	Additions	Deletions	Payable June 30, 2019	Amount Due within one year
<u>Governmental activities:</u>					
Direct borrowing and placement of debt:					
Sales Tax Revenue Bonds, Series 2012	\$1,480,000	\$ -	\$280,000	\$1,200,000	\$285,000
Sales Tax Revenue Bonds, Series 2016	735,000	-	70,000	665,000	70,000
2018 Limited Tax Revenue Bonds, Fire Protection	-	1,000,000	54,000	946,000	57,000
Other long-term liabilities:					
Compensated absences	34,020	-	4,972	29,048	29,048
Total	<u>\$2,249,020</u>	<u>\$1,000,000</u>	<u>\$408,972</u>	<u>\$2,840,048</u>	<u>\$441,048</u>
<u>Business-type activities:</u>					
Direct borrowing and placement of debt:					
Gas Revenue Bonds, Series 2009	\$ 791,327	\$ -	\$ 33,863	\$ 757,464	\$ 35,422
Sewer Revenue Bonds, Series 2010	1,055,000	-	72,000	983,000	72,000
Sewer Revenue Bonds, Series 2016	1,974,871	1,325,597	210,000	3,090,468	220,000
Other long-term liabilities:					
Compensated absences	13,087	-	1,485	11,602	11,602
Lease obligations	37,023	-	37,023	-	-
Total	<u>\$3,871,308</u>	<u>\$1,325,597</u>	<u>\$354,371</u>	<u>\$4,842,534</u>	<u>\$339,024</u>

The City has acquired equipment under the provisions of long-term leases. The sewer truck was purchased at a cost of \$213,528. As of June 30, 2019, accumulated depreciation is \$135,234 which includes current year depreciation in the amount of \$135,234. This capital lease matured in 2019.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Liabilities (continued)

Direct borrowings, placements and other debt at June 30, 2019 are comprised of the following individual issues:

GOVERNMENTAL ACTIVITIES

Direct borrowing and placement:

Revenue bonds:

Sales Tax Revenue Bonds, Series 2012

\$2,750,000 sales tax revenue bonds dated October 16, 2012 were issued for road improvements. Principal is payable October 1 and interest payable April 1 and October 1 at the rate of 2.083 percent per annum. The bonds mature on October 1, 2022. The outstanding note is secured by a special one-half of one percent sales and use tax.

\$ 1,200,000

Sales Tax Revenue Bonds, Series 2016

\$800,000 sales tax revenue bonds dated November 22, 2016 were issued for road improvements. Principal is payable October 1 and interest payable April 1 and October 1 at the rate of 2.638 percent per annum. The bonds mature on October 1, 2026. The outstanding note is secured by a special one-half of one percent sales and use tax. Events of default are outlined in the transcript of the Sales Tax Bonds, Series 2016A and include principal and interest payment delinquencies, unscheduled draws on debt service reserves; unscheduled draws on credit enhancements; substitution of credit or liquidity providers; adverse tax opinions; modifications to rights of bondholders; bond calls; defeasances; release or sale of property securing repayment of the bonds; rating changes; bankruptcy; merger or consolidation; appointment of a successor or additional paying agent.

665,000

2018 Limited Tax Revenue Bonds, Fire Protection

\$1,000,000 limited tax bonds dated July 24, 2018 were issued for fire protection. Principal is payable March 1 and interest payable April 1 and September 1 at the rate of 3.684 percent per annum. The bonds mature on October 1, 2032. The outstanding note is secured by a special tax of 5 mills. Events of default are outlined in the transcript of the 2018 Limited Tax Revenue Bonds and include principal and interest payment delinquencies, unscheduled draws on debt service reserves; unscheduled draws on credit enhancements; substitution of credit or liquidity providers; adverse tax opinions; modifications to rights of bondholders; bond calls; defeasances; release or sale of property securing repayment of the bonds; rating changes; bankruptcy; merger or consolidation; appointment of a successor or additional paying agent.

946,000

\$ 2,811,000

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Liabilities (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2019 is as follows:

<u>Year Ending June 30</u>	Direct borrowing and placement:		
	Sales Tax Revenue Bonds, Series 2012	Sales Tax Revenue Bonds, Series 2016	2018 Limited Tax Revenue Bonds, Fire Protection
		<i>Principal payments</i>	
2020	\$ 285,000	\$ 70,000	\$ 57,000
2021	295,000	75,000	59,000
2022	305,000	80,000	61,000
2023	315,000	80,000	64,000
2024	-	85,000	66,000
2025-2029	-	275,000	375,000
2030-2034	-	-	264,000
Total Principal	<u>1,200,000</u>	<u>665,000</u>	<u>946,000</u>
		<i>Interest payments</i>	
2020	22,028	16,585	32,883
2021	15,987	14,715	31,600
2022	9,738	12,707	30,124
2023	3,281	10,622	28,447
2024	-	8,461	26,528
2025-2029	-	11,177	94,178
2030-2034	-	-	21,440
Total Interest	<u>51,034</u>	<u>74,267</u>	<u>265,200</u>
Total Principal and Interest	<u>\$ 1,251,034</u>	<u>\$ 739,267</u>	<u>\$ 1,211,200</u>

BUSINESS-TYPE ACTIVITIES

Direct borrowing and placement:

Revenue Bonds:

Gas Revenue Bonds Series 2009

\$1,113,000 in gas revenue bonds dated September 23, 2009 were issued to fund major gas line improvements. These bonds are payable over thirty years with monthly payments of \$5,654 including interest at 4.375 percent. The bonds mature on September 23, 2039. The outstanding bond is secured by the income and revenue derived or to be derived from the operation of the Gas Distribution System. Events of default include default on the payment of the interest on or principal of the Bond; the default of the establishment and maintenance of a sinking fund, reserve fund, contingency fund, and short-lived asset fund which requires monthly scheduled transfers by the 20th of the month. The bond is subject to prepayment at any time at a price equal to the principal amounts thereof advanced to the Issuer plus accrued interest to the date of prepayment.

\$ 757,464

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Liabilities (continued)

BUSINESS-TYPE ACTIVITIES (continued)

Direct borrowing and placement: (continued)

Revenue Bonds: (continued)

Sewer Revenue Bonds Series 2010

\$1,472,300 Sewer Revenue Bonds authorized, of which \$136,511 was issued, dated March 17, 2011. During the Permanent Loan Period principal will be payable July 1 and interest will be payable January 1 and July 1 at the rate of 0.45% per annum. The project is still in the construction phase and the final amortization requirements have not been determined. Currently, principal is payable July 1 and interest is payable on January 1 and July 1 at the rate of 0.95 percent per annum. The bonds are scheduled to mature on July 1, 2031. However, based upon the amounts advanced, the bonds will mature on July 1, 2025. This bond is secured by the income and revenues derived or to be derived from the operation of the System. Events of default include failure by the City to pay the principal of or interest on the Bonds; failure by the City to pay the Admin Fee; failure by the City to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under the loan agreement, which failure shall continue for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City; if any representation made by or on behalf of the City with reference to the loan is determined to be false or misleading; if a petition is filed by or against the City under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this loan agreement or hereafter enacted, unless in the case of any such petition filed against the City such petition shall be dismissed within 30 days after such filing and such dismissal shall be final and not subject to appeal. The bond is subject to prepayment.

983,000

Sewer Revenue Bonds Series 2016

\$7,156,000 Sewer Revenue Bonds authorized, During the Permanent Loan Period principal will be payable July 1 and interest will be payable January 1 and July 1 at the rate of 0.45% per annum. The project is still in the construction phase and the final amortization requirements have not been determined. Currently, principal is payable July 1 and interest is payable on January 1 and July 1 at the rate of 0.45 percent per annum. The bonds are scheduled to mature on July 1, 2036. This bond is secured by the income and revenues derived or to be derived from the operation of the System. Events of default include failure by the City to pay the principal of or interest on the Bonds, which failure shall continue for a period of 30 days after written notice specifying such failure and requesting that it be remedied; if any representation made by or on behalf of the City with reference to the loan is determined to be false or misleading; if the City shall become insolvent or bankrupt. The bond is subject to prepayment.

3,090,468

\$ 4,830,933

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Liabilities (continued)

BUSINESS-TYPE ACTIVITIES (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2019 is as follows:

<u>Year Ending June 30</u>	Direct borrowing and placement:		
	Gas Revenue Bonds, Series 2009	Sewer Revenue Bonds, Series 2010	Sewer Revenue Bonds, Series 2016
	<i>Principal payments</i>		
2020	\$ 35,422	\$ 72,000	\$ 220,000
2021	36,993	73,000	240,000
2022	38,644	73,000	250,000
2023	40,369	74,000	260,000
2024	42,171	74,000	275,000
2025-2029	240,829	381,000	1,600,000
2030-2034	299,598	236,000	245,468
2035-2039	23,438	-	-
Total Principal	757,464	983,000	3,090,468
	<i>Interest payments</i>		
2020	32,426	4,262	6,497
2021	30,856	3,935	12,377
2022	29,204	3,607	11,275
2023	27,479	3,276	10,127
2024	25,677	2,943	8,923
2025-2029	98,413	9,619	24,333
2030-2034	39,645	1,598	552
2035-2039	196	-	-
Total Interest	283,896	29,240	74,084
Total Principal and Interest	\$ 1,041,360	\$ 1,012,240	\$ 3,164,552

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

11. Dedicated Revenue

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 for the 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.

Effective July 1, 2012, an additional 1/2% sales and use tax was dedicated for the purpose of constructing and maintaining roads, streets, bridges and sidewalks, and other infrastructure and works of public improvement for the City of Donaldsonville, with the proceeds of the tax to be subject to being funded into bonds for any of the aforesaid capital purposes.

HUD - Section 8

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

12. Restricted Assets

Governmental Activities

The City levied 5.00 mills for the purpose of Fire Protection that expire on April 21, 2021. At June 30, 2019, the City has \$657,186 in restricted cash per this millage.

The City has restricted cash in the amount of \$614,225 that is generated from the proceeds of an additional 1/2% sales and use tax. These funds are restricted for public improvements.

Unspent bond proceeds of \$1,115 derived from the Certificates of Indebtedness Series 2012 remains in restricted cash at June 30, 2019.

The City has restricted cash in the amount of \$6,648 received from the State of Louisiana. These funds are restricted for tourism.

The City has restricted cash in the amount of \$683,419 to be used for the payment of principal and interest on debt.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

12. Restricted Assets (continued)

Governmental Activities (continued)

In accordance with the indenture governing the Sales Tax Revenue Bonds, Series 2012 and Series 2016, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Debt Service Fund and are serviced by the earnings from the Sales Tax Fund. Deposits are made to these trust funds in accordance with the requirements of the Sinking Fund.

- The “Sales Tax Bond Sinking Fund-2012” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and any pari passu bonds issued thereafter, as they severally become due and payable, by transferring from funds in the Sales Tax Fund monthly in advance on or before the 20th day of each month of each year, a sum equal one-sixth of the interest falling due on the next principal payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.
- The “Sales Tax Bond Sinking Fund-2016” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and any pari passu bonds issued thereafter, as they severally become due and payable, by transferring from funds in the Sales Tax Fund monthly in advance on or before the 20th day of each month of each year, a sum equal one-sixth of the interest falling due on the next principal payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.

Sales Tax Revenue Bonds	Sinking Fund
Required balances, Series 2012	\$ 219,999
Required balances, Series 2016	56,872
Total required balance	276,871
Actual balances	589,851
Excess	\$ 312,980

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

12. Restricted Assets (continued)

Governmental Activities (continued)

In accordance with the indenture governing the Limited Tax Bonds, Series 2018 Fire Protection, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Debt Service Fund and are serviced by the earnings from the General Fund. Deposits are made to these trust funds in accordance with the requirements of the Sinking Fund.

- The “Sinking Fund” requires that the issuer shall deposit in the Sinking Fund at least three days in advance of the date on which each payment of principal and/or interest falls due, funds fully sufficient to promptly pay the maturing principal and/or interest on the Bonds falling due on that date.

Limited Tax Bonds, Series 2018 Fire Protection	Sinking Fund
Required balances	\$ -
Actual balances	91,693
Excess	\$ 91,693

Business-type Activities

Ordinance 2018-05 requires the gas customers to be billed \$0.51 per one thousand cubic feet of gas (MCF) for capital improvements and \$0.80 per MCF for a reserve for contingencies. At June 30, 2019, the City had \$114,757 and \$748,812 in restricted cash for capital improvements and reserve for contingencies, respectively.

At June 30, 2019, the City has \$306,615 restricted for the refunding of customer meter deposits.

In accordance with the indenture governing the 2009 Gas Revenue Bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Gas Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust funds in accordance with the requirements of each.

- The “Gas Revenue Bond and Interest Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond authorized herein and any pari passu bonds issued hereafter in the manner provided by transferring from the Revenue Fund to the regularly designated fiscal agent bank of the issuer, monthly in advance on or before the 20th day of each month of each year, a sum equal to the total amount of principal and interest falling due on the next principal and interest payment date for the Bonds together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due; provided, however, that to the extent that proceeds of the Bond are expended to pay interest accruing during the period the Project is under construction, then the monthly transfers from the Revenue Fund to the Sinking fund are to be correspondingly reduced.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

12. Restricted Assets (continued)

Business-type Activities (continued)

- The “Gas Bond Reserve Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum, beginning with the first month following completion of the improvements and extensions to the System financed with the proceeds of the bond, a sum of at least 5% of the amount to be paid into the Sinking Fund, the payments into the Reserve Fund to continue until such time as there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any succeeding fiscal year on the Bond as a Debt Service Reserve, the money in the Reserve Fund to be retained solely for the purpose of paying the principal and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.

- The “Gas Depreciation and Contingency Fund” to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System, by transferring from the Revenue Fund to the regularly designated fiscal agent bank of the issuer, monthly in advance on or before the 20th day of each month of each year beginning with the first month following completion of the improvements and extensions to the System financed with the proceeds of the Bond, a sum equal to 5% of the amount being paid into the Sinking Fund. Upon the Reserve Fund being funded to the Reserve Requirement, the monthly payments into the Contingency Fund shall increase to an amount equal to 10% of the monthly sum being paid into the Sinking Fund, said payment to continue over the life of the Bonds. Money in the Contingency Fund shall also be used to pay the principal of and the interest on any bond for the payment of which there is not sufficient money in the Sinking Fund or the Reserve Fund, but if so used, such money shall be replaced by the issuer.

- The “Gas System Short Lived Assets Depreciation Fund” to provide for the maintenance and replacement of short lived assets of the System, by transferring from the Revenue Fund to the regularly designated fiscal agent to the issuer, monthly in advance on or before the 20th day of each month of each year commencing with the month following completion of an acceptance of the improvements and extensions financed with the proceeds of the bond, a sum of \$924 for a period of fifteen years.

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:

Gas Revenue Bonds Series 2009	Sinking Fund	Revenue Reserve Fund	Depreciation and Contingency Fund	Short-Lived Assets Depreciation Fund	Total
Required balances	\$ 5,654	\$ 32,151	\$ 23,751	\$ 108,108	\$ 169,664
Actual balances	11,920	34,603	29,199	109,754	185,476
Excess/(Shortage)	\$ 6,266	\$ 2,452	\$ 5,448	\$ 1,646	\$ 15,812

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

12. Restricted Assets (continued)

Business-type Activities (continued)

In accordance with the indenture governing the 2010 Sewer Revenue Bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Sewer Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust funds in accordance with the requirements of each.

- The “Sewer Revenue Bond Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and the Outstanding Parity Bonds, as they severally become due and payable, by transferring from funds in the Sewer Revenue Fund monthly in advance on or before the 20th day of each month of each year, a sum equal one-sixth of the interest falling due on the next principal payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.
- The “Sewer Revenue Bond Debt Service Reserve Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 20% of the amount to be paid into the Sinking Fund. The Reserve Fund is required to be funded in an amount equal to one-half the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Sewer System Renewal and Replacement Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 5% of the amount being paid into the Sinking Fund. Upon the Reserve Fund being funded to the Reserve Requirement, the monthly payments into the Contingency Fund shall increase to an amount equal to 10% of the monthly sum being paid into the Sinking Fund, said payment to continue over the life of the Bonds.

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

Sewer Revenue Bonds Series 2010	Sinking Fund	Revenue Reserve Fund	Renewal and Replacement Fund	Total
Required balances	\$ 77,020	\$ 39,768	\$ 1,330	\$ 118,118
Actual balances	77,020	39,864	30,473	147,357
Excess	\$ -	\$ 96	\$ 29,143	\$ 29,239

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

12. Restricted Assets (continued)

Business-type Activities (continued)

In accordance with the indenture governing the 2016 Sewer Revenue Bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Sewer Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust funds in accordance with the requirements of each.

- The “Sewer Revenue Bond Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and the Outstanding Parity Bonds, as they severally become due and payable, by transferring from funds in the Sewer Revenue Fund monthly in advance on or before the 20th day of each month of each year, a sum equal one-sixth of the interest falling due on the next principal payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.
- The “Sewer Revenue Bond Debt Service Reserve Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to one-half of the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Sewer System Renewal and Replacement Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 5% of the amount being paid into the Sinking Fund. Upon the Reserve Fund being funded to the Reserve Requirement, the monthly payments into the Contingency Fund shall increase to an amount equal to 10% of the monthly sum being paid into the Sinking Fund, said payment to continue over the life of the Bonds.

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

Sewer Revenue Bonds Series 2016	Sinking Fund	Revenue Reserve Fund	Renewal and Replacement Fund	Total
Required balances	\$ 230,245	\$ 88,236	\$ 22,362	\$ 340,843
Actual balances	229,980	88,403	20,800	339,183
Excess/(Shortage)	\$ (265)	\$ 167	\$ (1,562)	\$ (1,660)

The City of Donaldsonville is not in compliance with the Sinking Fund and the Renewal and Replacement Fund requirements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

13. Interfund Receivables and Payables

The following schedule as of June 30, 2019 represents interfund receivables and payables:

	Interfund Receivables	Interfund Payables
General fund		
Gas	\$ 456,027	\$ -
Sewer	-	20,374
Sales Tax	8,283	-
Section 8	-	925
Law Enforcement	-	372,805
Capital Projects	7,175	-
Section 8		
General	925	-
Sales tax		
Law Enforcement	22,327	-
Sewer	-	256,160
Gas	10,552	-
General	-	8,283
Capital Projects	-	53,378
Law Enforcement		
General	372,805	-
Sales Tax	-	22,327
Gas	-	78,139
Sewer	2,259	-
Debt Service		
Sewer	-	10,888
Sewer		
Sales Tax	256,160	-
Gas	-	59,002
Debt Service	10,888	-
Law Enforcement	-	2,259
General	20,374	-
Gas		
Law Enforcement	78,139	-
General	-	456,027
Sewer	59,002	-
Sales Tax	-	10,552
Capital Projects		
General	-	7,175
Sales Tax	53,378	-
	\$ 1,358,294	\$ 1,358,294

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

14. Operating Transfers

Operating transfers for the year ended June 30, 2019 are as follows:

	TRANSFERS	
	IN	OUT
General Fund		
Sales Tax	\$ 1,129,988	\$ -
Sewer	70,000	-
Law Enforcement	-	58,840
Capital Projects	45,773	-
Debt Service	-	199,360
Sales Tax		
General	-	1,129,988
Sewer	-	209,771
Law Enforcement	-	564,993
Capital Projects	-	585,532
Debt Service		
General	129,360	-
Capital Projects	536,100	-
Capital Projects		
General	70,000	45,773
Sales Tax	585,532	-
Debt Service	-	536,100
Sewer		
Sales Tax	209,771	-
General	-	70,000
Law Enforcement		
General	58,840	-
Sales Tax	564,993	-
	\$ 3,400,357	\$ 3,400,357

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

15. Subsequent Events

Subsequent to year end, the City entered into contract commitments totaling \$155,544 for capital improvements.

16. Tax Abatement

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending June 30, 2019, the City did not participate in any tax abatement programs.

17. Contingencies

At June 30, 2019, there is pending litigation against the City. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the City.

The City has incurred a loss on the impairment of an asset during the years ended June 30, 2005 and June 30, 2004. The tourist ship LePelican sank off the bank of the Mississippi River and has been deemed unsalvageable by the City. There may be additional costs incurred by the City to scrap the asset; however, this cost cannot be determined or estimated at this time.

18. Commitments

As of June 30, 2019, the City was committed to construction contract agreements totaling \$8,421,409. Of this amount \$3,323,195 has not yet been expended.

19. Restatement of Prior Year Fund Balance and Net Position

Fund balance of the Sales Tax Fund within the fund financial statements was restated as of June 30, 2018 by an increase of \$235,704. The increase to prior period fund balance is the result of sales tax revenue not accrued in the prior fiscal year.

Net position of the Governmental Activities within the government-wide financial statements was restated as of June 30, 2018 by an increase of \$817,639. The increase to prior period net position is the result of sales tax revenue not accrued in the prior fiscal year in the amount of \$235,704 and the overstatement of the other postemployment benefits liability in the prior period in the amount of \$581,935.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

19. Restatement of Prior Year Fund Balance and Net Position (continued)

Net position of the Business-Type Activities within the proprietary financial statements was restated as of June 30, 2018 by an increase of \$264,848. The gas fund and sewer fund increased by \$150,880 and \$113,968, respectively. The increase to prior period net position is the result of the overstatement of the other postemployment benefits liability in the prior period.

The net effect to the fund financial statements and net position for the restatement of prior year balances is as follows:

	<u>Fund Balance</u>		<u>Sales Tax Fund</u>
Fund Balance, June 30, 2018, as previously reported		\$	3,936
Adjustment for sales tax revenue			235,704
Fund Balance, June 30, 2018, as restated		\$	239,640

	<u>Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total net position, June 30, 2018, as previously reported	\$ 8,199,731	\$ 1,935,745	\$ 10,135,476
Adjustment for overstated total other postemployment benefits liability	581,936	264,848	846,784
Adjustment for sales tax revenue	235,704	-	235,704
Net Position, June 30, 2018, as restated	\$ 9,017,371	\$ 2,200,593	\$ 11,217,964

20. Asset Retirement Obligation

The City has incurred an asset retirement obligation (ARO) in relation to its sewer oxidation pond. Due to uncertainty relating to the pond's estimated remaining life and the estimated decommissioning costs, the ARO is not reasonably estimable as of June 30, 2019. Therefore, no ARO has been recognized as of June 30, 2019.

21. Current Accounting Standards Scheduled to be Implemented

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the City's financial report:

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. The City will include the requirements of this standard, as applicable, in its June 30, 2021 financial statements. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Taxes				
Ad valorem	\$ 300,000	\$ 346,520	\$ 319,735	\$ (26,785)
Public utility franchise	230,000	220,000	217,179	(2,821)
Cable TV franchise	102,000	106,197	95,601	(10,596)
Peoples water franchise	60,000	50,000	56,668	6,668
Telephone franchise	19,300	10,000	9,660	(340)
Licenses and permits				
Occupational	130,000	129,000	127,489	(1,511)
Insurance	154,000	155,900	177,397	21,497
Other	13,100	12,700	12,041	(659)
Intergovernmental				
Department of Motor Vehicles	35,000	31,700	30,024	(1,676)
Fire insurance	29,500	-	27,406	27,406
Beer	8,300	5,700	7,007	1,307
Federal, state, and parish grants	199,200	210,000	243,591	33,591
Fines				
Court fines	65,000	54,000	52,284	(1,716)
Other revenues				
Miscellaneous	188,900	217,540	234,714	17,174
Interest	2,200	4,577	5,168	591
Rent - Lemann Center	11,000	15,000	9,665	(5,335)
Total revenues	<u>1,547,500</u>	<u>1,568,834</u>	<u>1,625,629</u>	<u>56,795</u>
EXPENDITURES				
General government	939,536	1,032,868	1,025,478	7,390
Public safety	864,150	950,885	948,918	1,967
Streets and sanitation	596,000	572,217	627,538	(55,321)
Recreation	119,800	106,450	126,512	(20,062)
Debt service	-	129,500	-	129,500
Total expenditures	<u>2,519,486</u>	<u>2,791,920</u>	<u>2,728,446</u>	<u>63,474</u>
Excess of revenues under expenditures	<u>(971,986)</u>	<u>(1,223,086)</u>	<u>(1,102,817)</u>	<u>120,269</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 1,100,000	\$ 1,252,988	\$ 1,245,761	\$ (7,227)
Operating transfers out	<u>(40,500)</u>	<u>(60,000)</u>	<u>(258,200)</u>	<u>(198,200)</u>
 Total other financing sources	 <u>1,059,500</u>	 <u>1,192,988</u>	 <u>987,561</u>	 <u>(205,427)</u>
 Change in fund balance	 87,514	 (30,098)	 (115,256)	 (85,158)
FUND BALANCE				
Beginning of year	<u>1,094,839</u>	<u>1,094,839</u>	<u>1,017,682</u>	<u>(77,157)</u>
End of year	<u><u>\$ 1,182,353</u></u>	<u><u>\$ 1,064,741</u></u>	<u><u>\$ 902,426</u></u>	<u><u>\$ (162,315)</u></u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Taxes				
Sales tax revenues, net of discounts allowed	\$ 2,780,000	\$ 2,862,376	\$ 2,829,829	\$ (32,547)
Charges				
User fee	468,000	468,000	445,292	(22,708)
Other				
Interest	50	50	223	173
Total revenues	<u>3,248,050</u>	<u>3,330,426</u>	<u>3,275,344</u>	<u>(55,082)</u>
EXPENDITURES				
Sanitation				
Garbage disposal	800,000	800,000	796,595	3,405
Office supplies	-	100	60	40
Bank fees	300	300	36	264
Bad debt	2,100	2,100	4,584	(2,484)
Demolition	-	20,000	20,233	(233)
Total expenditures	<u>802,400</u>	<u>822,500</u>	<u>821,508</u>	<u>992</u>
Excess of revenues over expenditures	<u>2,445,650</u>	<u>2,507,926</u>	<u>2,453,836</u>	<u>(54,090)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(2,337,650)	(2,423,882)	(2,490,284)	(66,402)
Total other financing uses	<u>(2,337,650)</u>	<u>(2,423,882)</u>	<u>(2,490,284)</u>	<u>(66,402)</u>
Change in fund balance	108,000	84,044	(36,448)	(120,492)
FUND BALANCE				
Beginning of year, restated	16,030	16,030	239,640	223,610
End of year	<u>\$ 124,030</u>	<u>\$ 100,074</u>	<u>\$ 203,192</u>	<u>\$ 103,118</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
SECTION 8 FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental				
HUD receipts	\$ 391,000	\$ 455,500	\$ 453,501	\$ (1,999)
Other				
Interest	50	100	58	(42)
Miscellaneous	50	1,000	1,016	16
Total revenues	<u>391,100</u>	<u>456,600</u>	<u>454,575</u>	<u>(2,025)</u>
EXPENDITURES				
Welfare				
Rent and utility assistance	344,000	413,000	419,157	(6,157)
General and administrative	32,600	44,400	52,122	(7,722)
Total expenditures	<u>376,600</u>	<u>457,400</u>	<u>471,279</u>	<u>(13,879)</u>
Excess of revenues over (under) expenditures	<u>14,500</u>	<u>(800)</u>	<u>(16,704)</u>	<u>(15,904)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	14,500	(800)	(16,704)	(15,904)
FUND BALANCE				
Beginning of year	10,737	10,737	50,350	39,613
End of year	<u>\$ 25,237</u>	<u>\$ 9,937</u>	<u>\$ 33,646</u>	<u>\$ 23,709</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
LAW ENFORCEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Charges for services				
User fee	\$ 385,000	\$ 385,000	\$ 385,103	\$ 103
Other	-	-	93	93
Total revenues	<u>385,000</u>	<u>385,000</u>	<u>385,196</u>	<u>196</u>
EXPENDITURES				
Public Safety				
Sheriff contract	986,900	986,900	986,884	16
Other	1,850	2,000	4,155	(2,155)
Total expenditures	<u>988,750</u>	<u>988,900</u>	<u>991,039</u>	<u>(2,139)</u>
Excess of revenues under expenditures	<u>(603,750)</u>	<u>(603,900)</u>	<u>(605,843)</u>	<u>(1,943)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	593,750	628,400	623,833	(4,567)
Operating transfers out	-	-	-	-
Total other financing sources	<u>593,750</u>	<u>628,400</u>	<u>623,833</u>	<u>(4,567)</u>
Change in fund balance	(10,000)	24,500	17,990	(6,510)
FUND BALANCE				
Beginning of year	273,823	273,823	227,279	(46,544)
End of year	<u>\$ 263,823</u>	<u>\$ 298,323</u>	<u>\$ 245,269</u>	<u>\$ (53,054)</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
June 30, 2019

Measurement Date	Service Cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered payroll	Total OPEB liability as a percentage of covered payroll
6/30/2019	\$14,282	\$12,756	\$ 1,228	\$ 13,821	\$(3,840)	\$ 38,247	\$ 322,463	\$ 360,710	\$952,189	37.88%
6/30/2018, as restated	\$14,416	\$12,091	\$ 14,069	\$ (12,610)	\$(3,515)	\$ 24,451	\$ 298,012	\$ 322,463	\$924,455	34.88%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019 (*)**

	<u>Employer's Proportion of the Net Pension Liability (Assets)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<u>MERS (Plan B)</u>					
2019	1.0833%	\$ 916,296	\$ 802,814	114.1355%	65.5981%
2018	1.0292%	890,526	763,956	116.5677%	63.4909%
2017	1.0108%	837,861	743,087	112.7541%	63.3376%
2016	1.0836%	736,498	746,588	98.6485%	68.7136%
2015	1.0716%	503,130	647,741	77.6746%	76.9413%
<u>FRS</u>					
2019	0.1950%	\$ 1,121,672	\$ 464,272	241.5980%	74.7634%
2018	0.1858%	1,065,258	427,756	249.0340%	73.5479%
2017	0.1876%	1,227,342	425,423	288.4992%	68.1550%
2016	0.1678%	905,754	357,599	253.2876%	72.4475%
2015	0.1802%	801,759	401,703	199.5900%	76.0151%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of the previous fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

FRS = Firefighters' Retirement System

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll³</u>	<u>Contribution as a % of Covered Payroll</u>
<u>MERS (Plan B)</u>					
2019	\$ 106,441	\$ 106,441	\$ -	\$ 760,293	14.000%
2018	106,373	106,373	-	802,814	13.250%
2017	84,184	84,184	-	765,307	11.000%
2016	70,592	70,592	-	743,087	9.500%
2015	70,926	70,926	-	746,588	9.500%
<u>FRS</u>					
2019	\$ 119,647	\$ 119,647	\$ -	\$ 451,498	26.500%
2018	123,032	123,032	-	464,272	26.500%
2017	108,008	108,008	-	427,756	25.250%
2016	115,928	115,928	-	425,423	27.250%
2015	104,598	104,598	-	357,599	29.250%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to MERS and FRS

³ Employer's covered payroll amount for the fiscal year ended June 30 of each year

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes of Benefit Terms include:

Municipal Employee's Retirement System (Plan B)

There were no changes of benefit terms for the years presented.

Firefighters' Retirement System

There were no changes of benefit terms for the years presented.

Changes of Assumptions:

Municipal Employee's Retirement System (Plan B)

The following changes in actuarial assumptions for each year are as follows:

Discount Rate:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	7.275%	-0.125%
6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	-0.250%
6/30/2015	6/30/2014	7.750%	

Merit:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	2.400%	0.175%
6/30/2018	6/30/2017	2.225%	0.100%
6/30/2017	6/30/2016	2.125%	0.000%
6/30/2016	6/30/2015	2.125%	-0.625%
6/30/2015	6/30/2014	2.750%	

Inflation Rate:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	2.600%	-0.175%
6/30/2018	6/30/2017	2.775%	-0.100%
6/30/2017	6/30/2016	2.875%	0.000%
6/30/2016	6/30/2015	2.875%	-0.125%
6/30/2015	6/30/2014	3.000%	

Investment rate of return:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	7.280%	-0.120%
6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	-0.250%
6/30/2015	6/30/2014	7.750%	

Salary Increases:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	5.000%	0.000%
6/30/2018	6/30/2017	5.000%	0.000%
6/30/2017	6/30/2016	5.000%	0.000%
6/30/2016	6/30/2015	5.000%	-0.750%
6/30/2015	6/30/2014	5.750%	

Firefighters' Retirement System

The following changes in actuarial assumptions for each year are as follows:

Inflation Rate:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	2.700%	-0.075%
6/30/2018	6/30/2017	2.775%	-0.100%
6/30/2017	6/30/2016	2.875%	0.000%
6/30/2016	6/30/2015	2.875%	-0.125%
6/30/2015	6/30/2014	3.000%	

Salary Increases:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	4.750%	0.000%
6/30/2018	6/30/2017	4.750%	0.000%
6/30/2017	6/30/2016	4.750%	0.000%
6/30/2016	6/30/2015	4.750%	-0.750%
6/30/2015	6/30/2014	5.500%	

Discount Rate:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	7.300%	-0.100%
6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	0.000%
6/30/2015	6/30/2014	7.500%	

Investment rate of return:			
Measurement			
Year End	date	Rate	Change
6/30/2019	6/30/2018	7.300%	-0.100%
6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	0.000%
6/30/2015	6/30/2014	7.500%	

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes in benefits terms and assumptions related to total other postemployment benefits liability

No assets are accumulated in a trust that meet the criteria of paragraph 4 of GASB 75 to pay related benefits.

Changes in benefit terms:

6/30/2019 There were no changes of benefit terms for the year ended June 30, 2019.

6/30/2018 There were no changes of benefit terms for the year ended June 30, 2018.

Changes in assumptions:

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability:

Measurement Date	Discount Rate
6/30/2019	3.50%
6/30/2018	3.87%
6/30/2017	3.52%

OTHER SUPPLEMENTARY INFORMATION

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
STATEMENT OF OPERATING EXPENSES
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

EXPENSES	<u>Gas Utility Fund</u>	<u>Sewerage District No. 1</u>	<u>Total</u>
Gas	\$ 413,692	\$ -	\$ 413,692
Depreciation and amortization	65,994	267,306	333,300
Field			
Personnel	183,371	182,169	365,540
Professional fees	22,690	59,390	82,080
Maintenance	40,772	142,791	183,563
Weed control and chemicals	4,820	14,618	19,438
Supplies	4,409	5,600	10,009
Oxidation testing	-	24,264	24,264
Utilities	2,399	127,157	129,556
Gas and oil	6,861	14,377	21,238
Uniforms	3,965	3,816	7,781
Rentals	1,428	14,737	16,165
Insurance	70,793	61,108	131,901
Training	5,865	2,070	7,935
Miscellaneous	9,086	12,989	22,075
Total field	<u>356,459</u>	<u>665,086</u>	<u>1,021,545</u>
Administration			
Personnel	81,959	62,052	144,011
Professional	37,500	37,500	75,000
Maintenance	365	620	985
Supplies	2,468	1,642	4,110
Postage	12,456	12,458	24,914
Authorization fees	12,098	-	12,098
Bad debt	9,099	8,807	17,906
Computer service	18,974	27,120	46,094
Utilities	6,941	6,941	13,882
Administrative fees	-	19,934	19,934
Miscellaneous	2,040	127	2,167
Rentals	2,253	2,304	4,557
Bank fees	4,695	36	4,731
Insurance	21,188	20,239	41,427
Travel and entertainment	724	-	724
Total administration	<u>212,760</u>	<u>199,780</u>	<u>412,540</u>
Total operating expenses	<u>\$ 1,048,905</u>	<u>\$ 1,132,172</u>	<u>\$ 2,181,077</u>

CITY OF DONALDSONVILLE, LOUISIANA
SCHEDULE OF SEWERAGE CUSTOMERS
(Unaudited)
June 30, 2019

Records maintained by the City indicated there were 2,977 customers of Sewerage District No. 1 at June 30, 2019. The monthly service charge is based upon water consumption of each resident. Commercial buildings are charged at a higher rate which is also based upon water consumption.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF INSURANCE IN FORCE
(Unaudited)
JUNE 30, 2019

Issuer	Kind of Insurance	Property Covered	Insurance	Expiration Date
Bourg Agency Company (Scottsdale Insurance Company)	Fire & Extended	Fire Station	\$ 250,000	04/03/20
		Fire Station Contents	\$ 25,000	04/03/20
		406 Charles St. (AAM)	\$ 65,000	04/03/20
		Lemann Center Bldg	\$ 500,000	04/03/20
		Lemann Center Contents	\$ 25,000	04/03/20
		House D Thibaut Drive	\$ 65,000	04/03/20
		Gas Dept Warehouse	\$ 25,000	04/03/20
		Gas Dept Contents	\$ 16,000	04/03/20
		City Hall Bldg	\$ 450,000	04/03/20
		City Hall Contents	\$ 150,000	04/03/20
		DMV Bldg.	\$ 190,000	04/03/20
		DMV Contents	\$ 20,000	04/03/20
		Warehouse B Bldg.	\$ 500,000	04/03/20
		Warehouse B Contents	\$ 50,000	04/03/20
		Rod Prejean & Assoc. Lane & Associates, Inc.	Inland Marine	Tractor (John Deere)
Skid Mount (John Deere)	\$ 48,010			03/21/20
Generator(150 KW)	\$ 35,975			03/21/20
Generator(250 KW)	\$ 50,958			03/21/20
Generator (Generac)	\$ 83,680			03/21/20
Loader(580 Case)	\$ 66,937			03/21/20
Tractor(Kubota)	\$ 18,153			03/21/20
Tractor(6110 CAB JD)	\$ 75,493			03/21/20
Boom Mower(Alamo)	\$ 63,035			03/21/20
Bobcat Compact Track Loader W/ Attachments	\$ 54,165			10/16/20
CNA Surety	Employee Blanket Bond	Employees	\$ 50,000	05/01/20
	Public Employee Bond	Commission	\$ 70,000	05/01/20
	Levee Bond	Levee(River top prj.)	\$ 8,000	05/01/20
Fort Dearborn Life Insurance	Life Insurance	Employees	\$ 25,000	01/01/20

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF INSURANCE IN FORCE
(Unaudited)
JUNE 30, 2019

Schedule of Insurance In Force (continued)

Issuer	Kind of Insurance	Property Covered	Insurance	Expiration Date	
Special Risk Insurance (American Alternative Insurance)	Collision & Compreh.	1990 Ford Pumper Truck	\$ 1,000,000	12/31/20	
		2007 Ferrara Pumper LDH	\$ 1,000,000	12/31/20	
		2008 Dodge First Responder	\$ 1,000,000	12/31/20	
		2010 Dodge First Responder	\$ 1,000,000	12/31/20	
		Blanket Portable Equipment	Portable Equipment		12/31/20
Arthur J. Gallagher of LA, Inc. (LWCC)	Workers' Compensation	Each Accident	\$ 1,000,000	03/16/20	
		Policy Limit	\$ 1,000,000	03/16/20	
		Each Employee	\$ 1,000,000	03/16/20	
Arthur J. Gallagher of LA, Inc.	Commercial General Liability	Each Occurrence	\$ 1,000,000	04/01/20	
		Damage To Rented Premises	\$ 1,000,000	04/01/20	
		Personal & ADV Injury	\$ 1,000,000	04/01/20	
		General Aggregate	\$ 2,000,000	04/01/20	
		Products-COMP/OP AGG	\$ 2,000,000	04/01/20	
		Automobile Liability			
		Collision & Compreh.	Combined Single Limit (Ea Accident)	\$ 1,000,000	04/01/20
			Deductible	\$ 1,000/1,000	04/01/20
		Professional Liability			
			Each Wrongful Act	\$ 1,000,000	04/01/20
			Aggregate	\$ 1,000,000	04/01/20
		Cyber Liability & Privacy			
		Limit & Retention	Privacy Liability	\$ 1,000,000/2,500	04/01/20
Limit & Retention	Privacy Regulatory Claims Coverage	\$ 1,000,000/2,500	04/01/20		
Limit & Retention	Security Breach Response Coverage	\$ 1,000,000/2,500	04/01/20		
Limit & Retention	Security Liability	\$ 1,000,000/2,500	04/01/20		

CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

SCHEDULE OF INSURANCE IN FORCE

(Unaudited)

JUNE 30, 2019

Schedule of Insurance In Force (continued)

Issuer	Kind of Insurance	Property Covered	Insurance	Expiration Date
	Limit & Retention	Multimedia Liability	\$ 1,000,000/2,500	04/01/20
	Limit & Retention	Cyber Extortion	\$ 1,000,000/2,500	04/01/20
	Limit & Retention	Business Income and Digital Asset Restoration	\$ 1,000,000/2,500	04/01/20
	Limit & Retention	PCI DSS Assessment	\$ 1,000,000/2,500	04/01/20
Arthur J. Gallagher of LA, Inc.	Crime Coverage			
	Limit & Deductible(Per Occurrence)	Employee Theft-Per Loss Coverage	\$ 500,000/1,000	04/01/20
	Limit & Deductible(Per Occurrence)	Employee Theft-Per Employee Coverage	Not Covered	
	Limit & Deductible(Per Occurrence)	Forgery or Alteration	\$ 500,000/1,000	04/01/20
	Limit & Deductible(Per Occurrence)	Inside the Premises-Theft of Money and Securities	\$ 100,000/1,000	04/01/20
	Limit & Deductible(Per Occurrence)	Inside the Premises-Robbery or Safe Burglary of Other	\$ 100,000/1,000	04/01/20
	Limit & Deductible(Per Occurrence)	Outside the Premises	\$ 100,000/1,000	04/01/20
	Limit & Deductible(Per Occurrence)	Computer and Funds Transfer Fraud	\$ 100,000/1,000	04/01/20
	Limit & Deductible(Per Occurrence)	Money Orders and Counterfeit Money	\$ 100,000/1,000	04/01/20

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
FOR THE YEAR ENDED JUNE 30, 2019

Leroy Sullivan - Mayor	\$	13,800
Brent Landry - Commissioner of District No. 5		8,652
Lauthaught A. Delaney, Sr. - Commissioner of District No. 1		8,652
Raymond Aucoin - Commissioner of District No. 2		8,652
Charles Brown - Commissioner of District No. 4		8,652
Reginald Francis Sr. - Commissioner of District No. 3		8,652
Total	<u>\$</u>	<u>57,060</u>

CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019**

Mayor : Leroy Sullivan

Purpose

Salary	\$	13,800
Benefits - Insurance		14,691
Benefits - Retirement		1,688
Benefits - Other		4,944
Membership Dues/Fees		2,700
Meals		2,200
Cell Phone		786
Vehicle - Repairs & Maintenance		1,100
Vehicle - Insurance		7,900
Vehicle - Fuel		1,350
Other		800
Total	\$	<u>51,959</u>

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS 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, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Donaldsonville, Louisiana (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-004, 2019-005, and 2019-006.

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Donaldsonville, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2019.



Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2019-007, 2019-008, and 2019-009] that we consider to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2019

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's ID Number	Federal Expenditures
HOUSING VOUCHER CLUSTER			
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 466,883
TOTAL HOUSING VOUCHER CLUSTER			<u>466,883</u>
CLEAN WATER STATE REVOLVING FUND CLUSTER			
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Passed through Louisiana Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-221912-01	456,252
TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER			<u>456,252</u>
OTHER PROGRAMS			
UNITED STATES DEPARTMENT OF INTERIOR			
Passed through Louisiana Office of the Lieutenant Governor - Louisiana Division of Historic Preservation			
Historic Preservation Fund Grants-In-Aid	15.904	P18AF00113	9,954
TOTAL OTHER PROGRAMS			<u>9,954</u>
TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 933,089</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Donaldsonville, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operation of the City of Donaldsonville, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Donaldsonville.

NOTE B - RECONCILIATION OF FEDERAL EXPENDITURES

Federal assistance expended as reported on Schedule of Expenditures of Federal Awards	\$ 933,089
Less: loan proceeds recorded on Schedule of Expenditures of Federal Awards	
Capitalization Grants for Clean Water State Revolving Funds	(456,252)
Add: revenues received in current year for prior year expenditures	
Section 8 Housing Choice Vouchers	4,005
Less: expenditures incurred in current year not reimbursed in current year	
Section 8 Housing Choice Vouchers	(17,387)
Add: state revenues and local grant revenues reported as grant revenues	<u>298,074</u>
Intergovernmental revenues as reported on Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 761,529</u>

NOTE C - INDIRECT COST RATE

The City of Donaldsonville has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CLEAN WATER STATE REVOLVING LOAN FUND

The City of Donaldsonville, Louisiana received loan assistance for the following program:

Program Title	Federal CFDA Number	Outstanding Balance as of June 30, 2019	New Loans Made During the Year Ended June 30, 2019
Capitalization Grants for Clean Water State Revolving Funds		\$ 3,090,469	\$ 1,325,597
Less: Source of Funds - State or Repayment Funds		(1,997,483)	(869,345)
Federal Portion of Loan	66.458	<u>\$ 1,092,986</u>	<u>\$ 456,252</u>

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
• Material weakness identified X Yes No
• Significant deficiency identified not considered to be a material weakness? Yes None reported
Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over financial reporting:
• Material weakness identified Yes No
• Significant deficiency identified not considered to be a material weakness? Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes No

Identification of major program:

Name of Federal Program or Cluster Federal CFDA Number

Clean Water State Revolving Fund Cluster
Capitalization Grants for Clean Water State Revolving Funds 66.458

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001 INTERNAL CONTROL - LACK OF SEGREGATION OF DUTIES

Criteria: Internal controls should be designed to ensure proper segregation of duties.

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls due to inadequate segregation of duties over the recording of deposits, vendor account maintenance, and cash disbursements. Additionally, timely preparation and review of bank reconciliations is not being consistently performed. This is a repeat finding from the prior year.

Cause: Controls related to the recording of deposits, vendor account maintenance, and cash disbursements have not been designed to properly safeguard the assets of the City and to prevent or detect material misstatements. Controls related to the preparation and review of the bank reconciliations have not been designed to ensure that each has been performed timely.

Effect: The assets of the City have not been properly safeguarded and material misstatements could occur and not be detected by the internal controls of the City. Errors or misstatements regarding cash transactions could occur and not be detected on a timely basis.

Recommendation: Proper internal controls should be established regarding the recording of deposits, vendor account maintenance, and cash disbursements. Review of the bank reconciliations should be performed timely.

View of Responsible Official: Management concurs with the finding. Management will prepare a policy manual to make sure procedures are followed according to best practices and contact Incode to set software controls

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2019-002 INTERNAL CONTROL - PAYROLL FUNCTION

Criteria: Internal controls should be designed to ensure proper segregation of duties over the payroll process as well as to prevent or detect material misstatements.

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls over the payroll function due to inadequate segregation of duties. The employee responsible for submitting payroll records to the third party approves timesheets, enters vacation time taken to be submitted to the third party, prepares spreadsheets that are submitted to the third party for payroll processing, and reviews the third parties' payroll register prior to the processing of the checks. In addition, the third party payroll provider does not require any other approval for rate changes other than approval by the employee submitting the change and no other employee with the third party provider reviews the changes. Also, some timecards are not being approved by anyone. This is a repeat finding from the prior year.

Cause: The City has not developed a formal payroll policy. Currently, one employee is responsible for all of the payroll functions. There is also no review of the spreadsheets that are submitted to the third party that processes payroll.

Effect: Errors related to the payment of employees could result in material misstatements and not be detected by the internal controls of the City.

Recommendation: Proper internal controls should be established regarding the processing of payroll. The spreadsheets as well as any records submitted to the third party should be reviewed by someone other than the preparer prior to submission. Additionally, once input by the third party, all payroll information should be reviewed and approved prior to the processing of payroll.

View of Responsible Official: Management concurs with the finding. Proper internal controls will be established regarding the processing of payroll.

2019-003 INTERNAL CONTROL - BOND RESERVE AND TRANSFER REQUIREMENTS

Criteria: Internal controls should be designed to ensure compliance with bond requirements and established ordinances.

Condition: The City failed to make transfers of principal and interest to the sinking funds on a timely basis for several of its bond issuances. Additionally, the City failed to transfer the required funds to some of the sinking funds as well as to several of the accounts as required by the various bond issuances. The City is also not in compliance with the 2010 and 2016 Sewer Revenue Bonds debt service ratio requiring net revenues excluding other city moneys be an amount equal to at least one hundred ten percent of the required deposits in the current fiscal year to the Sewage District No. 1 fund. The City also failed to meet the requirements of Ordinance 2018-05, thereby underfunding the Gas Capital Improvements Fund as well as the Gas Reserve for Contingencies Fund. This is a repeat finding from the prior year.

Cause: The City's internal controls are not sufficient to ensure transfers are made timely and as required by the debt covenants and ordinances.

Effect: The City is not in compliance with the provisions as set forth in the Gas Revenue Bond, Series 2009; Sewer Revenue Bond, Series 2010; and Taxable Sewer Revenue Bonds, Series 2016. Additionally, the City failed to meet the requirements established in Ordinance 2018-05. Management is in contact with the applicable lending agency in order to resolve the noncompliance of the bond issues.

Recommendation: We recommend the City establish procedures to ensure compliance with all provisions as stated in the bond documents, its ordinances, and as prescribed by law.

View of Responsible Official: Management concurs with the finding. Controls related to the transfers of required funds will be strengthened to ensure compliance with bond issuances, ordinances, and laws.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

COMPLIANCE WITH LAWS AND REGULATIONS

2019-004 BOND RESERVE REQUIREMENTS

Criteria: The City of Donaldsonville must comply with the requirements of the outstanding bond issues.

Condition: The City failed to make transfers of principal and interest to the sinking funds on a timely basis for the Gas Revenue Bond, Series 2009; Sewer Revenue Bond, Series 2010; and Taxable Sewer Revenue Bonds, Series 2016 bonds. Additionally, the City failed to transfer the required amount of funds to the Bond Reserve Fund and the Gas System Short Lived Asset Depreciation Fund for the Gas Revenue Bond, Series 2009 bond issuance. The City also failed to transfer the required funds to the Sewer Renewal and Replacement Fund for the Sewer Revenue Bonds, Series 2010 bond issuance. The City also failed to transfer the required funds to the Sewer Reserve Fund and the Sewer Renewal and Replacement Fund for the Taxable Sewer Revenue Bonds, Series 2016 bond issuance. The City is also not in compliance with the 2010 and 2016 Sewer Revenue Bonds debt service ratio requiring net revenues excluding other city moneys be an amount equal to at least one hundred ten percent of the required deposits in the current fiscal year to the Sewage District No. 1 fund. This is a repeat finding from the prior year.

Cause: The City's internal controls established for the transfers of funds as required by bond issuances are not sufficient to ensure compliance with the requirements.

Effect: The City is not in compliance with the provisions as set forth in the Gas Revenue Bond, Series 2009; Sewer Revenue Bond, Series 2010; and Taxable Sewer Revenue Bonds, Series 2016 bonds.

Recommendation: We recommend the City establish procedures to ensure compliance with all provisions as stated in the bond documents and as prescribed by law.

View of Responsible Official: Management of the City concurs with the finding. Procedures will be established to ensure compliance with all bond requirements.

2019-005 PUBLIC BID LAW

Criteria: Louisiana Revised Statute 38:2211 requires that purchases of any materials and supplies of thirty thousand dollars or more shall be required to receive sealed bids.

Condition: The City purchased air condition units for the Lemann Center during the year ended June 30, 2019. The City also purchased a bobcat loader purportedly under state contract. Both purchases were in excess of thirty thousand dollars. There was no supporting bid documentation for the air conditioners and no documentation of the state contract for the bobcat loader.

Cause: The City did not obtain sealed bids for the air condition units and did not have documentation of the state contract used in the purchase of the bobcat loader.

Effect: The City is not in compliance with the requirements of the Louisiana Revised Statute 38:2211.

Recommendation: Prior to the purchase of materials and supplies that exceed thirty thousand dollars, the City should ensure that the necessary bids are received or documentation retained if such purchases are acquired under state contract.

View of Responsible Official: Management of the City concurs with the finding. Management will ensure that all bid documentation is acquired under state contract.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

COMPLIANCE WITH LAWS AND REGULATIONS

2019-006 ORDINANCE 2018-05

Criteria: The City of Donaldsonville must comply with the requirements established in Ordinance 2018-05.

Condition: The City failed to properly fund the Gas Capital Improvement Fund and the Gas Reserve for Contingencies Fund. This is a repeat finding from the prior year.

Cause: The City's internal controls are insufficient to ensure compliance with the requirements established in Ordinance 2018-05.

Effect: The City failed to meet the requirements established by Ordinance 2018-05, thereby underfunding the Gas Capital Improvement Fund and the Gas Reserve for Contingencies Fund.

Recommendation: We recommend that the City establish procedures to ensure compliance with all established ordinances.

View of Responsible Official: Management of the City concurs with the finding. Procedures will be established to ensure compliance with Ordinance 2018-05.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-007 INTERNAL CONTROL-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Criteria: Internal controls should be designed to capture the City's federal expenditures in order to ensure that an accurate Schedule of Expenditures of Federal Awards (SEFA) can be prepared.

Condition: During our single audit testing, a SEFA was not provided to us. A considerable amount of time was spent gathering information in order to prepare the SEFA. This is a repeat finding from the prior year.

Cause: The records were not maintained in a manner which allowed the SEFA to be prepared in an efficient manner to ensure accuracy and completeness.

Questioned Costs: None

Effect: The SEFA is used by the auditor to determine which federal programs are to be audited as major programs. Major programs may not be properly identified in accordance with the Uniform Guidance.

Recommendation: All information should be included on the SEFA by employees familiar with the grant awards. The general ledger should be categorized by federal programs/program year in order to capture the correct expenditures by programs. A review should be performed by someone other than the preparer for accuracy and completeness.

Identification of a repeat finding: This is a repeat finding from the previous audit, 2018-007.

View of Responsible Official: Management concurs with the finding. Controls relating to the preparation of the SEFA will be designed to capture the City's federal expenditures in order to properly prepare the SEFA.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

2019-008 INTERNAL CONTROL - SUSPENSION AND DEBARMENT

Criteria: Covered transactions include contracts for goods and services awarded under a non-procurement transaction that are expected to equal or exceed \$25,000. In accordance with 2 CFR section 180.995, when a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition: The City has no formal policies and procedures relating to the verification that covered transactions are entered into with an entity that is not suspended, debarred, or otherwise excluded from doing business with the Federal government. This is a repeat finding from the prior year.

Cause: The City has not taken appropriate steps to formalize policies and procedures relating to the requirements established under Uniform Guidance.

Questioned Costs: None

Effect: Without verification that an entity is not suspended or debarred, the City could have been in non-compliance with the suspension and debarment compliance requirement. This could result in Federal funding being required to be returned to the respective agency.

Identification of a repeat finding: This is a repeat finding from the previous audit, 2018-008.

Recommendation: The City must establish written policies and procedures to ensure compliance with Uniform Guidance requirements regarding suspension and debarment.

View of Responsible Official: Management will implement policies and procedures to ensure compliance with Uniform Guidance requirements regarding suspension and debarment.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

2019-009 INTERNAL CONTROL - ENHANCEMENT OF POLICIES AND PROCEDURES FOR FEDERAL AWARDS

Criteria: The Uniform Guidance administrative requirements and cost principles apply to federal funding awards on or after December 26, 2014. 2 CFR 200, Subpart D – Post Federal Award Requirements and Subpart E – Cost Principles of the Uniform Guidance require specific written policies relative to federal awards.

Condition: The written policies and procedures of the City do not directly address the compliance areas with the Uniform Guidance for federal programs as it relates to allowable costs. This is a repeat finding from the prior year.

Cause: The City has not taken appropriate steps to formalize policies and procedures relating to the requirements established under Uniform Guidance for compliance with allowable costs.

Questioned Costs: None

Effect: The City is susceptible to a higher risk of non-compliance with federal awarding requirements as they relate to allowable costs.

Identification of a repeat finding: This is a repeat finding from the previous audit, 2018-009.

Recommendation: The City must establish written policies and procedures to ensure compliance with Uniform Guidance relating to allowable costs.

View of Responsible Official: Management will implement policies and procedures to ensure compliance with Uniform Guidance requirements regarding allowable costs.

CITY OF DONALDSONVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001 INTERNAL CONTROL - LACK OF SEGREGATION OF DUTIES

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls due to inadequate segregation of duties over the recording of deposits, customer account maintenance, vendor account maintenance, and cash disbursements. Additionally, timely review of bank reconciliations is not being consistently performed.

Current Status: Similar finding was noted in the current year and is listed as finding 2019-001.

2018-002 INTERNAL CONTROL - PAYROLL FUNCTION

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls over the payroll function due to inadequate segregation of duties. The employee responsible for submitting payroll records to the third party approves timesheets, calculates hours to be submitted to the third party, prepares the records that are submitted to the third party for payroll processing, and reviews the third parties' payroll register prior to the processing of the checks. Timecards used by the City report the daily hours and minutes worked by each employee. Payroll calculations are based upon hours and hundredths of hours. There are inconsistencies in the conversion of the time as reported on the timecards to the hours submitted to the third party. Errors were also identified relating to hours reported on the timesheets which did not agree to the hours submitted to the third party.

Current Status: Similar finding was noted in the current year and is listed as finding 2019-002.

2018-003 INTERNAL CONTROL - BOND RESERVE REQUIREMENTS

Condition: The City failed to make transfers of principal and interest to the sinking funds on a timely basis for several of its bond issuances. Additionally, the City failed to transfer the required funds to some of the sinking funds as well as to several of the accounts as required by the various bond issuances. The City also failed to meet the requirements of Ordinance 2015-04, thereby underfunding the Gas Capital Improvements Fund as well as the Gas Reserve for Contingencies Fund.

Current Status: Similar finding was noted in the current year and is listed as finding 2019-003.

B. FINDINGS – COMPLIANCE WITH LAWS AND REGULATIONS

2018-004 BOND RESERVE REQUIREMENTS

Condition: The City failed to make transfers of principal and interest to the sinking funds on a timely basis for the Gas Revenue Bond, Series 2009; Sewer Revenue Bond, Series 2010; and Taxable Sewer Revenue Bonds, Series 2016 bonds. Additionally, the City failed to transfer the required amount of funds to the Bond Reserve Fund, Gas Depreciation and Contingency Fund, and the Gas System Short Lived Asset Depreciation Fund for the Gas Revenue Bond, Series 2009 bond issuance. The City also failed to transfer the required funds to the Sewer Reserve Fund and the Sewer Renewal and Replacement Fund for the Taxable Sewer Revenue Bonds, Series 2016 bond issuance.

Current Status: Similar finding was noted in the current year and is listed as finding 2019-004.

CITY OF DONALDSONVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

B. FINDINGS – COMPLIANCE WITH LAWS AND REGULATIONS (continued)

2018-005 LOCAL GOVERNMENT BUDGET ACT

Condition: The City failed to adopt an amended budget for the General Fund and the Section 8 Fund for the year ended June 30, 2018. Actual expenditures exceeded budgeted expenditures for the fiscal year by approximately 17% and 32%, respectively.

Current Status: Resolved.

2018-006 ORDINANCE 2015-04

Condition: The City failed to properly fund the Gas Capital Improvement Fund and the Gas Reserve for Contingencies Fund.

Current Status: Similar finding was noted in the current year and is listed as finding 2019-006.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2018-007 INTERNAL CONTROL-SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Condition: During our single audit testing, a SEFA was not provided to us. A considerable amount of time was spent gathering information in order to prepare the SEFA.

Current Status: Similar finding was noted in the current year and is listed as finding 2019-007.

2018-008 INTERNAL CONTROL - SUSPENSION AND DEBARMENT

Condition: The City has no formal policies and procedures relating to the verification that covered transactions are entered into with an entity that is not suspended, debarred, or otherwise excluded from doing business with the Federal government.

Current Status: Similar finding was noted in the current year and is listed as finding 2019-008.

2018-009 INTERNAL CONTROL - ENHANCEMENT OF POLICIES AND PROCEDURES FOR FEDERAL AWARDS

Condition: The written policies and procedures of the City do not directly address all required compliance areas with the Uniform Guidance for federal programs.

Current Status: Similar finding was noted in the current year and is listed as finding 2019-009.

2018-010 INTERNAL CONTROL – CASH MANAGEMENT

Condition: See compliance finding 2018-011.

Current Status: Resolved.

CITY OF DONALDSONVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(continued)

2018-011 COMPLIANCE – CASH MANAGEMENT

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Passed through the Louisiana Department of Environmental Quality

Capitalization Grants for Clean Water State Revolving Funds – CFDA No. 66.458

Condition: During our Single Audit testing, there were two out of ten instances where the City failed to disburse the funds received from the pass-through entity to the vendor within a reasonable period of time. The time delay from the date of Federal funds being received by the City and the date disbursed to the vendor for these two invoices was 22 days and 28 days.

Current Status: Resolved.



City of Donaldsonville

LEROY J. SULLIVAN, SR., MAYOR

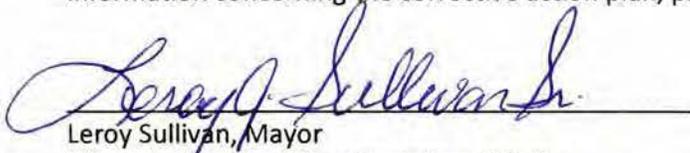
Lauthaught Delaney, Sr., District 1
 Raymond Aucoin, District 2
 Reginald Francis, Sr., District 3

Rev. Charles Brown, Sr., District 4
 Brent Landry, District 5

Corrective Action Plan for current year audit findings for the year ended June 30, 2019

Audit Finding	Description of Findings	Correction Action	Contact Person	Anticipated completion date
2019-001	Internal Control- Lack of Segregation of duties	Management will prepare a policy manual to make sure procedures are followed according to best practices and contact Incode to set software controls.	Mayor Leroy Sullivan and Sandra Williams	Immediately
2019-002	Internal Control- Payroll Function	Proper internal controls will be established regarding the processing of payroll.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2019-003	Internal Control- Bond Reserve & Transfer Requirements	Controls related to the transfers of required funds will be strengthened to ensure compliance with bond issuances, ordinances and laws.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2019-004	Bond Reserve Requirements	Management will establish procedures to ensure compliance	Mayor Leroy Sullivan and Sandra Williams	Immediately
2019-005	Public Bid Law	Management will ensure that all bid documentation is acquired under state contract.	Mayor Leroy Sullivan and Sandra Williams	Immediately
2019-006	Ordinance 2018-05	Management will establish procedures to ensure compliance.	Mayor Leroy Sullivan and Sandra Williams	Immediately
2019-007	Internal Control- Schedule of Expenditures of Federal Awards (SEFA)	Management will properly create a schedule of all Federal Awards.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2019-008	Internal Control- Suspension and Debarment	Management will implement policies and procedures to ensure compliance with Uniform Guidance requirements regarding suspension and debarment.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2019-009	Internal Control- Enhancement of Policies and Procedures for Federal Awards	Management will establish written policies and procedures to ensure compliance with Uniform Guidance.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis

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.

A handwritten signature in blue ink, reading "Leroy J. Sullivan, Sr.", is written over a solid horizontal line.

Leroy Sullivan, Mayor

Reference number the auditor assigns to the audit finding.

Name(s) of contact person(s) responsible for correction action.

CITY OF DONALDSONVILLE
REPORT ON STATEWIDE
AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL
AREAS

FOR THE YEAR ENDED JUNE 30, 2019

Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2019

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

We have performed the procedures enumerated below, which were agreed to by the City of Donaldsonville (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The Entity has a written policy for Budgeting; however, it does not address adopting the budget.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Entity has a written policy for Purchasing; however, it does not address 2) how vendors are added to the vendor list, 4) controls to ensure compliance with the public bid law, and 5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving

No exceptions noted.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Entity has a written policy for Receipts; however, it does not address management's actions to determine the completeness of all collections for each type of revenue or agency fund addition(s).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Entity does not have a written policy for Payroll/Personnel.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity does not have a written policy for Contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The Entity has a written policy for Credit Cards; however, it does not address 1) how cards are to be controlled, 2) allowable business uses, 4) required approvers of statements, or 5) monitoring card usage.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The Entity has a written policy for Travel and Expense Reimbursement; however, it does not address 1) allowable expenses, 2) dollar threshold by category of expense, or 3) documentation requirements.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The Entity does not have a written policy for Ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity does not have a written policy for Debt Service.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entity does not have a written policy for Disaster Recovery/Business Continuity.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

For 8 of the 12 months, there was no reference to budget-to-actual comparisons nor were the comparisons included in the board's monthly financial packet.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 35 bank accounts. Management identified the entity's main operating accounts. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (5 main operating) and obtained the bank reconciliations for the month ending June 30, 2019, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of the 5 accounts selected, the reconciliations for 2 accounts were performed more than 2 months after the statement date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Of the 5 bank reconciliations obtained, 2 bank reconciliations had a reviewers' initials; however, there was no date to determine if the review was performed timely.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that receipts are sequentially pre-numbered.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- e) Trace the actual deposit per the bank statement to the general ledger.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

The Entity only has one disbursement location. 5 transactions were selected for this one location.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The person processing payments was not prohibited from adding / modifying vendor files; however, new vendor forms are reviewed and approved by Finance Director and Mayor.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee responsible for processing payments is also responsible for mailing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The employee responsible for processing payments is also responsible for mailing payments.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing or electronically approved, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Of the 5 reimbursements selected for our procedures, 3 used a per diem. No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management provided a listing of all agreements/contracts and asserted that the listing was complete. P&N subsequently identified additional agreements/contracts that were not included on the original listing.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Of the 5 contracts selected for our procedures, none were subject to Public Bid Law. No exceptions noted.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Of the 5 contracts selected for our procedures, 1 was approved by the Council. The other 4 were not required to be approved by Council.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. For 1 of the 2 employees selected, the pay rate on payroll register did not agree with the pay rate in the personnel file.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

For all 5 employees/officials selected for our procedures, signature verification evidencing that the employee/official had read the Entity's ethics policy during the fiscal period could not be obtained.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The Entity had 1 new bond/note during the fiscal year. No exceptions were noted as a result of receiving information on the new bond/note.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 bond/note and performed the specified procedures. The Entity failed to make required reserve fund transfers for 4 of 12 months. Additionally, the sinking fund failed to make monthly principal and interest transfers for 3 of the 12 months. Principal and interest payments were also paid late for 3 of the 12 months due to the late transfers to the sinking fund.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See attached Corrective Action Plan.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2019



City of Donaldsonville

LEROY J. SULLIVAN, SR., MAYOR

Lauthaught Delaney, Sr., District 1
Raymond Aucoin, District 2
Reginald Francis, Sr., District 3

Rev. Charles Brown, Sr., District 4
Brent Landry, District 5

Corrective Action Plan for
Statewide Agreed-Upon Procedures
for the year ended June 30, 2019

1. Written Policies and Procedures

Findings:

a. *Budgeting*- City policies and procedures do not address adopting the budget.

Corrective Action

Management will amend the current policy.

Anticipated Completion Date

Immediately

b. *Purchasing* - City policies and procedures do not address how vendors are added to the vendor list. The City's policies and procedures also do not address the controls that are in place to ensure the compliance with Public Bid Law or documentation that is required to be maintained for all bids and price quotes.

Corrective Action

Management will adopt a policy.

Anticipated Completion Date

Immediately

e. *Payroll/Personnel* -The payroll processing function is outsourced. There is no policy that addresses the reviewing and approving time an attendance records, including leave and overtime worked.

Corrective Action

Management will adopt a policy.

Anticipated Completion Date

Immediately

f. *Contracting*- The City does not have a policy regarding contracting.

Corrective Action

Management will adopt a policy.

Anticipated Completion Date

Immediately

g. *Credit cards (and debit cards, fuel cards, P-cards, if applicable)* The credit card policy does not include how cards are to be controlled, allowable business uses, required approvers and monitoring card usage.

Corrective Action

Management will add to the policy.

Anticipated Completion Date

Immediately

h. Travel and expense reimbursement- The City's policies and procedures does not address dollar thresholds by category of expense.

Corrective Action

Management will add to the policy.

Anticipated Completion Date

Immediately

i. Ethics - The City does not have a policy regarding ethics.

Corrective Action

Management will adopt a policy.

Anticipated Completion Date

Immediately

j. Debt Service – The City does not have a policy regarding debt service.

Corrective Action

Management will adopt the policy.

Anticipated Completion Date

Immediately

k. Disaster Recovery/Business Continuity – The City does not have a policy regarding Disaster Recovery/Business Continuity.

Corrective Action

Management will adopt the policy.

Anticipated Completion Date

Immediately

Board (or Finance Committee, if applicable)

Findings:

2b. The minutes do not reference budget-to-actual comparisons for eight months during the fiscal year.

Corrective Action

Management will perform and reference budget to actual comparisons in the minutes.

Anticipated Completion Date

Immediately

Bank Reconciliations

3a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Corrective Action

Management will make an effort to reconcile bank statements in a timely manner.

Anticipated Completion Date

Immediately

3b. There is a reviewer signoff but not date to determine timely review of bank reconciliations.

Corrective Action

The Mayor will make an effort to date his review on the bank statements during his schedule.

Anticipated Completion Date

Immediately

Disbursements

9c. The person processing payments was not prohibited from adding/modifying vendor files.

Corrective Action

Anticipated Completion Date

Management will make sure to review changes to vendor files.

Immediately

9d. The employee responsible for processing payments is also responsible for mailing the payments.

Corrective Action

Anticipated Completion Date

Management will make sure that someone else mails the checks after they are prepared.

Immediately

10b. The employee responsible for processing non-payroll payments is also responsible for mailing the payments.

Corrective Action

Anticipated Completion Date

Management will make sure that someone else mails the checks after they are prepared.

Immediately

18. Of the two tested, one employee's pay rate did not agree with the pay rate in the personnel file.

Corrective Action

Anticipated Completion Date

Management will document all rate changes given in the future with a signature by the Mayor and the Finance Director.

Immediately

20b. There was no documentation that indicated that each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Corrective Action

Anticipated Completion Date

Management will create a document for each employee to sign after reading the city's ethics policy each year.

Immediately

Debt Service

22. The revenue reserve account balance was less than the required balance. Monthly transfers were not made for 4 of the 12 months. The sinking fund failed to make monthly principal and interest transfers for 3 of the 12 months. Principal and interest payments were also late for 3 of the 12 months.

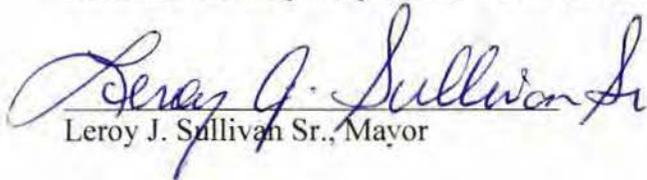
Corrective Action

Management will make sure that all bond accounts are fully funded and paid on time.

Anticipated Completion Date

Immediately

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


Leroy J. Sullivan Sr., Mayor

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

We have audited the general-purpose financial statements of the City of Donaldsonville (the City) for the year ended June 30, 2019, and have issued our report thereon dated December 23, 2019. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth in the attachment. This letter does not affect our reports dated December 23, 2019, on the financial statements of the City of Donaldsonville or the City's internal control over financial reporting.

This information is intended solely for the use of the members of the Commission Council and management of the City of Donaldsonville and should not be used for any other purpose.



Donaldsonville, Louisiana
December 23, 2019

Attachment

ML 19-001

Documentation of the Components of Internal Control

Condition:

The components of an internal control system include the control environment, management's risk assessment, information and communication systems, control activities, and monitoring. Management should actively participate in the design and approval of the financial reporting system and procedures to safeguard assets as well as monitoring of the appropriateness and effectiveness of the existing procedures as the City's accounting processes evolve.

Recommendation:

The internal controls could be strengthened by documenting the control procedures in policies that clearly define control procedures and management responsibilities. Additionally, management should develop a fraud risk assessment and monitoring process.

ML 19-002

Documentation and Review

Condition:

Management is responsible for establishing and maintaining effective internal controls that ensures that management and financial information is reliable and properly recorded. Instances of interfund receivables and payables not being reconciled periodically were noted.

Recommendation:

Management should ensure that those charged with review of transactions and the related documents understand their role in the internal control process and are performing an effective review to confirm that transactions are appropriate and properly recorded in the financial records.

ML 19-003

Contract Management

Condition:

Management provided a listing of contracts and agreements entered into or renewed during the year; however, P&N subsequently identified additional contracts and agreements that were not included on the original listing.

Recommendation:

Management should review and evaluate policies and procedures for contracts and agreements to ensure all contract and agreements are accounted for and properly recorded.

ML 19-004

Information System Control Environment

Condition:

The controls related to the information system environment should be improved to ensure that information is secure, access to information is limited to personnel with a need for access, and that system changes are appropriate.

Recommendation: The City should consider implementing the following:

- The City should formalize and document its Disaster Recovery Plan and testing of the plan to ensure that, in the event of a disaster, operations and systems can be up and running in the necessary and expected timelines. Documentation of the testing should be retained.
- The City should make every effort to formalize and approve IT policies and procedures that include IS Operations, Information Security, and Change Management. Policies and procedures should be reviewed periodically to ensure their applicability as the environment and risks change.
- The City should consider formally documenting the user access administration process for Active Directory.
- The City should continue to work to obtain the SOC report for Barracuda, Personnel Management, Inc., and any other service organization that stores and accesses the City's financial data. The SOC reports should be reviewed to identify any control exceptions that might impact internal operations.

Status of Prior Year Management Letter Comments

ML 18-001	Documentation of the Components of Internal Control
Condition:	The components of an internal control system include the control environment, management's risk assessment, information and communication systems, control activities, and monitoring. Management should actively participate in the design and approval of the financial reporting system and procedures to safeguard assets as well as monitoring of the appropriateness and effectiveness of the existing procedures as the City's accounting processes evolve.
Recommendation:	The internal controls could be strengthened by documenting the control procedures in policies that clearly define control procedures and management responsibilities. Additionally, management should develop a fraud risk assessment and monitoring process.
Current Status:	The same finding is reported for the current year.
ML 18-002	Capital Asset Inventory
Condition:	Management is responsible for designing controls that safeguard the assets of the City. The City is not currently reconciling the capital asset inventory counts to the accounting records. Additionally, the capital assets are not tagged. Many of these items are readily moveable which makes them highly susceptible to being lost or stolen.
Recommendation:	Management should design and implement a formal process to track, update, adjust, and reconcile the inventory of capital assets to the inventory counts and the accounting records in order to assist in the proper safeguarding of assets of the City. Additionally, management should consider using asset tags in order to easily identify and track capital assets.
Current Status:	This finding has been resolved for the current year.
ML 18-003	Travel and Expense Reimbursements
Condition:	The City's travel and expense reimbursement policy does not include specific procedures regarding the reserving of transportation and lodging for employees that are required to attend meetings and conferences that require an overnight stay. Additionally, the travel and expense reimbursement policy does not include maximum allowances for daily or per meal reimbursement.
Recommendation:	The written policies and procedures of the City should be enhanced to include specific procedures regarding the reserving of transportation and lodging when overnight stays are required. Additionally, the travel and expense reimbursement policy should be enhanced to include maximum allowances for daily or per meal reimbursement.
Current Status:	This finding has been resolved for the current year.

ML 18-004

Documentation and Review

Condition:

Management is responsible for establishing and maintaining effective internal controls that ensures that management and financial information is reliable and properly recorded. Instances of ineffective review of purchase orders were noted and resulted in errors in the recording of financial information.

Recommendation:

Management should ensure that those charged with review of transactions and the related documents understand their role in the internal control process and are performing an effective review to confirm that transactions are appropriate and properly recorded in the financial records.

Current Status:

The same finding is reported for the current year.

ML 18-005

Gas Rates

Condition:

Gas rates charged to customers each month include a factor to include the cost of operations of the Gas Utility Fund. This portion of the rate has not been adjusted in several years and is not sufficient to cover the operational costs of this fund.

Recommendation:

Management should evaluate and adjust this rate on an annual basis to ensure that the cost of operations factor included in the total rate charged to customers is sufficient to provide the funds needed to pay the operational costs of the Gas Utility Fund.

Current Status:

This finding has been resolved for the current year.



City of Donaldsonville

LEROY J. SULLIVAN, SR., MAYOR

Lauthaught Delaney, Sr., District 1
Raymond Aucoin, District 2
Reginald Francis, Sr., District 3

Rev. Charles Brown, Sr., District 4
Brent Landry, District 5

Corrective Action Plan for
current year management letter points
for the year ended June 30, 2019

ML 19-001 Documentation of the Components of Internal Control

Recommendation: The internal controls could be strengthened by documenting the control procedures in policies that clearly define control procedures and management responsibilities. Additionally, management should develop a fraud risk assessment and monitoring process.

Corrective Action Plan: Management will hold regular meetings with all personnel to discuss control procedures and policies. We will also develop a fraud risk assessment and monitoring process. All employees in attendance will sign a form for attendance.

ML 19-002 Documentation and Review

Recommendation: Management should ensure that those charged with review of transactions and the related documents understand their role in the internal control process and are performing an effective review to confirm that transactions are appropriate and properly recorded in the financial records

Corrective Action Plan: Management will reconcile all interfund receivables and payables periodically to ensure that financial information is reliable and properly recorded. Additionally, those charged with review of transactions will perform an effective review to confirm that truncations are appropriate and properly recorded.

ML 19-003 Contract Management

Recommendation: Management should review and evaluate policies and procedures for contracts and agreements to ensure all contract and agreements are accounted for and properly recorded.

Corrective Action Plan: Management concurs and will add to its current policy to include specific procedures regarding the contracts adopted by the city.

ML 19-004

Information System Control Environment

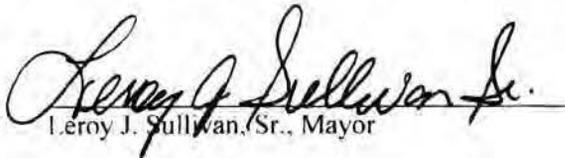
Recommendation:

The City should consider implementing the following:

- The City should formalize and document its Disaster Recovery Plan and testing of the plan to ensure that, in the event of a disaster, operations and systems can be up and running in the necessary and expected timelines. Documentation of the testing should be retained.
- The City should make every effort to formalize and approve IT policies and procedures that include IS Operations, Information Security, and Change Management. Policies and procedures should be reviewed periodically to ensure their applicability as the environment and risks change.
- The City should consider formally documenting the user access administration process for Active Directory.
- The City should continue to work to obtain the SOC report for Barracuda, Personnel Management, Inc., and any other service organization that stores and accesses the City's financial data. The SOC reports should be reviewed to identify any control exceptions that might impact internal operations.

Corrective Action Plan: Management concurs with this finding and will get with the IT company for a proposal/plan on how the City will operate for disasters and identify a plan for day to day risks assessments.

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



Leroy J. Sullivan, Sr., Mayor