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A Professional Accounting Corporation

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Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: City of Donaldsonville

To Whom It May Concern:

Please find attached a revised copy of the City of Donaldsonville's Financial Statement for the year ended June 30, 2017. The reasons for the revision are listed below:

- 1) The Federal CFDA Numbers for the Disaster Assistance Programs included on the Schedule of Expenditures of Federal Awards on page 76 of the financial statement were incorrectly shown as CFDA Number 83.544. They were changed to CFDA Number 97.036, which is the correct number for these programs.
- 2) The Federal CFDA Number included in the Schedule of Findings and Questioned Costs as item 2017-004 regarding Capitalization Grants for Clean Water State Revolving Funds on page 81 of the financial statement was incorrect. This was changed to CFDA Number 66.458, which is the correct number for this program.

Please contact us regarding any concerns.

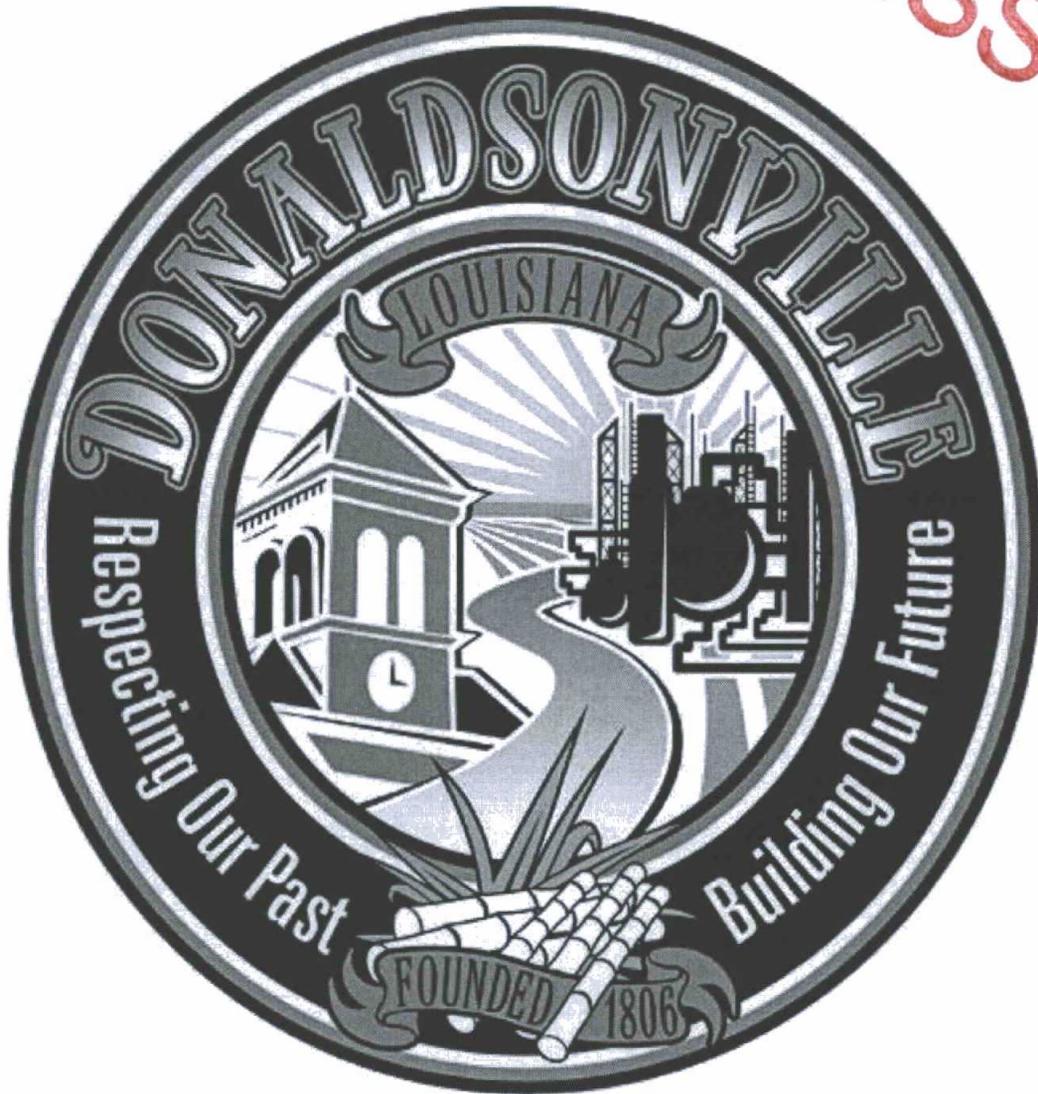
Sincerely,

Postlethwaite & Netterville, APAC
Donaldsonville, Louisiana

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

Release Date APR 04 2018

REISSUE



CITY OF DONALDSONVILLE

FINANCIAL REPORT

June 30, 2017

CITY OF DONALDSONVILLE, LOUISIANA

FINANCIAL REPORT

June 30, 2017

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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, 2017, 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 *Governmental 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, 2017, 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.

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 9, the budgetary comparison information on pages 55 through 59, the Schedule of the City's Proportionate Share of the Net Pension Liability on page 60, the Schedule of the City's Contributions on page 61, and the notes to required supplementary information on page 62 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 combining statement of net position – proprietary funds, combining statement of revenues, expenses, and changes in net position – proprietary funds, combining statement of operating expenses – proprietary funds, combining statement of cash flows – proprietary funds, schedule of sewerage customers (unaudited), schedule of insurance in force (unaudited), 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 combining statement of net position – proprietary funds, combining statement of revenues, expenses, and changes in net position – proprietary funds, combining statement of operating expenses – proprietary funds, combining statement of cash flows – proprietary funds, schedule of principal officials and salaries, 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 combining statement of net position – proprietary funds, combining statement of revenues, expenses, and changes in net position – proprietary funds, combining statement of operating expenses – proprietary funds, combining statement of cash flows – proprietary funds, schedule of principal officials and salaries, 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 29, 2017, on our consideration of the City of Donaldsonville, Louisiana'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 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 of Donaldsonville, Louisiana's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 29, 2017

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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, 2017. Please read it in conjunction with the City's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- The City's combined total net position increased by \$1,154,369 or 11.86% over the course of this year's operations. Net position of our governmental activities increased \$1,205,471 and net position of our business-type activities decreased \$51,102.
- During the year, the City's governmental expenses were \$1,205,471 less than the \$6.7 million generated in charges for services, taxes, grants, operating transfers, and other revenue. In the City's business-type activities expenses were \$51,102 more than the \$2.6 million generated in revenues, transfers, and grants.

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, 2017

Figure A-1			
Major Features of City's Government and Fund Financial Statements			
	Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and streets	Activities the City operates similar to private businesses: the 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, 2017

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 liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net 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 property tax base and the condition of the City's roads.

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

- Governmental activities—most of the City's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The City charges fees to customers to help it cover the costs of certain services it provides. The City's 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, 2017

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position increased between fiscal years 2016 and 2017 to approximately \$10.9 million. (See Table A-1)

Table A-1
City's Net Position

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Current and other assets	\$ 4,144,074	\$ 4,123,506	\$ 1,692,871	\$ 1,548,107
Capital assets, net	9,091,706	7,565,919	3,868,755	3,418,377
Total assets	13,235,780	11,689,425	5,561,626	4,966,484
Deferred outflows of resources	711,014	385,182	158,482	146,898
Total assets and deferred outflows of resources	13,946,794	12,074,607	5,720,108	5,113,382
Current liabilities	886,714	1,026,274	458,537	246,992
Long term liabilities	4,201,646	3,409,914	3,069,578	2,618,358
Total liabilities	5,088,360	4,436,188	3,528,115	2,865,350
Deferred inflows of resources	146,054	131,510	18,812	23,749
Total liabilities and deferred inflows of resources	5,234,414	4,567,698	3,546,927	2,889,099
Net position				
Net investment in capital assets	6,174,935	4,896,058	1,324,090	1,369,698
Restricted for Section 8 expenditures	45,464	54,340	-	-
Restricted for debt service	411,327	586,150	307,582	290,309
Restricted for fire department capital expenditures	1,547,252	1,433,868	-	-
Restricted for public improvements	907,554	753,688	971,960	873,740
Unrestricted (deficit)	(374,152)	(217,195)	(430,451)	(309,464)
Total net position	\$ 8,712,380	\$ 7,506,909	\$ 2,173,181	\$ 2,224,283

Net position of the City's governmental activities increased to approximately \$8.7 million. Net position of the City's business-type activities remained at approximately \$2.2 million.

Changes in net position. The City's total revenues decreased by approximately \$350,000 to \$8.5 million (See Table A-2.) Approximately 31 percent of the City's revenue comes from charges for services, 43 percent comes from tax collections, 17 percent is from various local and federal grants, and the remaining 9 percent is from various miscellaneous sources.

The total cost of all programs and services increased approximately \$140,000. The City's expenses cover all services performed by its office.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Governmental Activities

Revenues for the City's governmental activities decreased more than 4 percent or approximately \$277,000, while total expenses increased by approximately \$97,000 or 1.8 percent.

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Revenues				
Program revenues				
Charges for services	\$ 744,494	\$ 752,225	\$ 1,934,051	\$ 1,958,937
Grants	1,432,000	1,635,858	-	-
General Revenues				
Taxes	3,635,688	3,802,758	-	-
Licenses, permits, and fines	346,186	350,120	-	-
Interest earnings	3,125	2,420	543	610
Miscellaneous	413,333	308,580	39,979	89,910
Total Revenues	6,574,826	6,851,961	1,974,573	2,049,457
Expenses				
General government	958,915	1,101,837	-	-
Public safety	2,034,688	1,876,675	-	-
Streets	826,498	895,865	-	-
Sanitation	847,598	842,714	-	-
Recreation	184,645	100,654	-	-
Welfare	540,478	386,271	-	-
Gas	-	-	954,753	888,313
Sewer	-	-	989,497	1,099,106
Net transfers (in)/out	(81,425)	2,525	81,425	(2,525)
Debt service expenditures	57,958	65,434	-	-
Total Expenses	5,369,355	5,271,975	2,025,675	1,984,894
Increase (decrease) in net position	\$ 1,205,471	\$ 1,579,986	\$ (51,102)	\$ 64,563

Business-type Activities

Revenues decreased by approximately 3.7 percent to approximately \$2 million and expenses of the City's business-type activities decreased by 2.1 percent to approximately \$2 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$3,674,056, an increase of approximately 0.19 percent from last year.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised its budget. These budget amendments included an adjustment for an increase in the transfers from the Sales Tax Fund, Sewer Fund, and Capital Outlay Fund. The budget was also amended for an increase in general government and fire department expenditures.

With these adjustments, actual revenues and transfers in were approximately \$316,000 over final budget amounts.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of 2017, the City had approximately \$13 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 \$2 million. The majority of additions of approximately \$2.6 million is due to continued construction in progress for Crescent Park improvements and Levee Top improvements. The City also began a new Sewer Sanitation project in the current year. Current year depreciation expense was approximately \$705,000.

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

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Land	\$ 911,549	\$ 911,549	\$ 1,500	\$ 1,500
Gas, Plant, & Sewer Equipment	-	-	3,085,178	3,416,877
Construction in progress	2,415,745	1,027,955	782,077	-
Buildings & Improvements	5,516,827	5,413,699	-	-
Equipment	247,585	212,716	-	-
Total	\$ 9,091,706	\$ 7,565,919	\$ 3,868,755	\$ 3,418,377

Outstanding debt. At the end of the current fiscal year, the City had bonded debt outstanding of \$5,440,167 as compared to \$4,696,475 in the prior year, an increase of \$743,692 or 15.8 percent. More information about the City's long-term liabilities is presented in Note 11 to the financial statements.

CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2017, the City adopted Government Accounting Standards Board (GASB) Statement No. 77 (GASB 77), *Tax Abatement Disclosure*.

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.

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 314,526	\$ 161,148	\$ 475,674
Receivables:			
Accounts receivables, net	193,433	235,919	429,352
Due from other governments	385,197	-	385,197
Internal balances	226,591	(226,591)	-
Restricted assets:			
Cash and interest-bearing deposits	3,024,327	1,522,395	4,546,722
Capital assets, net	9,091,706	3,868,755	12,960,461
Total assets	<u>13,235,780</u>	<u>5,561,626</u>	<u>18,797,406</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	711,014	158,482	869,496
Total deferred outflows of resources	<u>711,014</u>	<u>158,482</u>	<u>869,496</u>
LIABILITIES			
Accounts and other payables	486,714	282,848	769,562
Capital lease due within one year	-	71,989	71,989
Certificates and bonds due within one year	400,000	103,700	503,700
Noncurrent liabilities:			
Customer deposits	75	232,456	232,531
Capital lease due in more than one year	-	37,023	37,023
Certificates and bonds due in more than one year	2,500,000	2,436,467	4,936,467
Net pension liability	1,701,571	363,632	2,065,203
Total liabilities	<u>5,088,360</u>	<u>3,528,115</u>	<u>8,616,475</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	146,054	18,812	164,866
Total deferred inflows of resources	<u>146,054</u>	<u>18,812</u>	<u>164,866</u>
NET POSITION			
Net investment in capital assets	6,174,935	1,324,090	7,499,025
Restricted for:			
Section 8 expenditures	45,464	-	45,464
Debt service	411,327	307,582	718,909
Fire department capital expenditures	1,547,252	-	1,547,252
Public improvements	890,022	971,960	1,861,982
Sewer and sanitation	17,532	-	17,532
Unrestricted (deficit)	(374,152)	(430,451)	(804,603)
Total net position	<u>\$ 8,712,380</u>	<u>\$ 2,173,181</u>	<u>\$ 10,885,561</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, 2017

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	\$ 958,915	\$ 744,494	\$ 106,535	\$ 592,746	\$ 484,860	\$ -	\$ 484,860
Public safety:							
Police	989,751	-	-	-	(989,751)	-	(989,751)
Fire	1,044,937	-	201,173	-	(843,764)	-	(843,764)
Streets	826,498	-	-	-	(826,498)	-	(826,498)
Recreation	184,645	-	-	-	(184,645)	-	(184,645)
Sanitation	847,598	-	-	-	(847,598)	-	(847,598)
Welfare	540,478	-	531,546	-	(8,932)	-	(8,932)
Interest on long-term debt	57,958	-	-	-	(57,958)	-	(57,958)
Total governmental activities	<u>5,450,780</u>	<u>744,494</u>	<u>839,254</u>	<u>592,746</u>	<u>(3,274,286)</u>	<u>-</u>	<u>(3,274,286)</u>
Business-type activities:							
Gas	954,753	884,530	-	-	-	(70,223)	(70,223)
Sewer	989,497	1,049,521	-	-	-	60,024	60,024
Total business-type activities	<u>1,944,250</u>	<u>1,934,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,199)</u>	<u>(10,199)</u>
Total	<u>\$ 7,395,030</u>	<u>\$ 2,678,545</u>	<u>\$ 839,254</u>	<u>\$ 592,746</u>	<u>(3,274,286)</u>	<u>(10,199)</u>	<u>(3,284,485)</u>
General revenues							
Taxes							
Sales and use taxes, levied for general purposes					2,944,909	-	2,944,909
Franchise taxes					380,628	-	380,628
Property taxes, levied for bond retirement					310,151	-	310,151
Interest and investment earnings					3,125	543	3,668
Licenses, permits and fines					346,186	-	346,186
Miscellaneous					413,333	39,979	453,312
Transfers					81,425	(81,425)	-
Total general revenues and transfers					<u>4,479,757</u>	<u>(40,903)</u>	<u>4,438,854</u>
Change in net position					1,205,471	(51,102)	1,154,369
Net position - July 1, 2016					7,506,909	2,224,283	9,731,192
Net position - June 30, 2017					<u>\$ 8,712,380</u>	<u>\$ 2,173,181</u>	<u>\$ 10,885,561</u>

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, 2017

	General	Sales Tax	Section 8	Law Enforcement	Debt Service	Capital Projects	Total
ASSETS							
Cash and cash equivalents	\$ 33,158	\$ 36,761	\$ 34,910	\$ 6,842	\$ -	\$ 202,855	\$ 314,526
Receivables:							
Accounts receivable, net	123,907	33,329	585	35,612	-	-	193,433
Due from other governments	142,797	242,400	-	-	-	-	385,197
Due from other funds	623,372	34,367	9,969	362,520	-	53,731	1,083,959
Restricted assets - cash	1,110,243	-	-	-	420,125	1,493,959	3,024,327
Total assets	<u>\$ 2,033,477</u>	<u>\$ 346,857</u>	<u>\$ 45,464</u>	<u>\$ 404,974</u>	<u>\$ 420,125</u>	<u>\$ 1,750,545</u>	<u>\$ 5,001,442</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 139,721	\$ 63,712	\$ -	\$ -	\$ -	\$ 106,150	\$ 309,583
Accrued payables	127,530	-	-	-	-	32,830	160,360
Due to other funds	357,040	265,613	-	102,004	10,888	121,823	857,368
Due to other governments	-	-	-	-	-	-	-
Customer deposits held	75	-	-	-	-	-	75
Total liabilities	<u>624,366</u>	<u>329,325</u>	<u>-</u>	<u>102,004</u>	<u>10,888</u>	<u>260,803</u>	<u>1,327,386</u>
Fund balances:							
Restricted for:							
Fire department capital expenditures	943,315	-	-	-	-	603,937	1,547,252
Section 8 expenditures	-	-	45,464	-	-	-	45,464
Debt service	-	-	-	-	409,237	-	409,237
Public improvements	-	-	-	-	-	890,022	890,022
Sewer and sanitation	-	17,532	-	-	-	-	17,532
Assigned							
Public safety operating and capital expenditures	30,845	-	-	302,970	-	-	333,815
Unassigned	434,951	-	-	-	-	(4,217)	430,734
Total fund balance	<u>1,409,111</u>	<u>17,532</u>	<u>45,464</u>	<u>302,970</u>	<u>409,237</u>	<u>1,489,742</u>	<u>3,674,056</u>
Total liabilities and fund balance	<u>\$ 2,033,477</u>	<u>\$ 346,857</u>	<u>\$ 45,464</u>	<u>\$ 404,974</u>	<u>\$ 420,125</u>	<u>\$ 1,750,545</u>	<u>\$ 5,001,442</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, 2017

Total fund balance for governmental funds at June 30, 2017		\$ 3,674,056
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	11,258,318	
Less: Accumulated depreciation	(5,493,906)	
Construction in progress	<u>2,415,745</u>	
		9,091,706
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.		
Deferred outflows - pension related		711,014
Elimination of interfund assets and liabilities		
Due from other funds	(604,419)	
Due to other funds	<u>604,419</u>	
		-
Accrued interest payable on general obligation long-term liabilities was not reported in the funds.		
		(16,771)
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	(2,900,000)	
Net pension liability	(1,701,571)	
Deferred inflows - pension related	<u>(146,054)</u>	
		<u>(4,747,625)</u>
Total net position of governmental activities at June 30, 2017		<u><u>\$ 8,712,380</u></u>

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, 2017

	General	Sales Tax	Section 8	Law Enforcement	Debt Service	Capital Projects	Total
REVENUES							
Taxes	\$ 690,779	\$ 2,944,909	\$ -	\$ -	\$ -	\$ -	\$ 3,635,688
Licenses and permits	289,030	-	-	-	-	-	289,030
Intergovernmental	900,454	-	531,546	-	-	-	1,432,000
Fines	57,156	-	-	-	-	-	57,156
Charges for services	-	352,489	-	392,005	-	-	744,494
Other	351,468	2,879	56	1,247	138	-	355,788
Total revenues	<u>2,288,887</u>	<u>3,300,277</u>	<u>531,602</u>	<u>393,252</u>	<u>138</u>	<u>-</u>	<u>6,514,156</u>
EXPENDITURES							
General government	1,839,252	-	-	-	-	9,684	1,848,936
Public safety	978,756	-	-	989,751	-	16,552	1,985,059
Streets	637,793	-	-	-	-	781,467	1,419,260
Sanitation	52,280	795,318	-	-	-	-	847,598
Recreation	136,164	-	-	-	-	-	136,164
Welfare	-	-	540,478	-	-	-	540,478
Debt service							
Principal retirement	-	-	-	-	551,000	-	551,000
Interest and bank charges	-	-	-	-	60,048	-	60,048
Total expenditures	<u>3,644,245</u>	<u>795,318</u>	<u>540,478</u>	<u>989,751</u>	<u>611,048</u>	<u>807,703</u>	<u>7,388,543</u>
Excess of revenues over (under) expenditures	<u>(1,355,358)</u>	<u>2,504,959</u>	<u>(8,876)</u>	<u>(596,499)</u>	<u>(610,910)</u>	<u>(807,703)</u>	<u>(874,387)</u>
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	-	-	-	800,000	800,000
Operating transfers in	1,805,105	-	-	628,188	433,997	592,758	3,460,048
Operating transfers out	(40,500)	(2,503,457)	-	-	-	(834,666)	(3,378,623)
Total other financing sources (uses)	<u>1,764,605</u>	<u>(2,503,457)</u>	<u>-</u>	<u>628,188</u>	<u>433,997</u>	<u>558,092</u>	<u>881,425</u>
Net change in fund balances	409,247	1,502	(8,876)	31,689	(176,913)	(249,611)	7,038
Fund balances, beginning of year	999,864	16,030	54,340	271,281	586,150	1,739,353	3,667,018
Fund balances, end of year	<u>\$ 1,409,111</u>	<u>\$ 17,532</u>	<u>\$ 45,464</u>	<u>\$ 302,970</u>	<u>\$ 409,237</u>	<u>\$ 1,489,742</u>	<u>\$ 3,674,056</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, 2017

Total net changes in fund balances at June 30, 2017 per Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 7,038
Capital assets:		
Capital outlay capitalized	1,808,295	
Depreciation expense for the year ended June 30, 2017	<u>(282,508)</u>	
		1,525,787
Long-term debt:		
Issuance of new debt	(800,000)	
Principal portion of debt service payments	551,000	
Change in accrued interest payable	2,090	
Net change in pension liability	(391,732)	
Net change in deferred inflows/outflows of resources	<u>311,288</u>	
		<u>(327,354)</u>
 Total change in net position at June 30, 2017 per Statement of Activities		 <u>\$ 1,205,471</u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

ASSETS

Current assets

Cash and cash equivalents	\$ 161,148
Accounts receivable, net	235,919
Due from other funds	276,160
Total unrestricted assets	673,227

Restricted assets

Cash and cash equivalents - customer deposits	242,853
Cash - bond reserve, sinking, and contingencies funds	1,004,586
Cash - capital improvements funds	274,956
Total restricted assets	1,522,395
Total current assets	2,195,622

Noncurrent assets

Fixed assets, net	3,868,755
Total noncurrent assets	3,868,755

Total assets

6,064,377

DEFERRED OUTFLOWS OF RESOURCES

Pension related	158,482
Total deferred outflows of resources	158,482

LIABILITIES

Current liabilities

Payable from current assets:	
Accounts payable	246,984
Accrued payables	35,864
Due to other funds	502,751
Current portion of capital lease	71,989
Payable from restricted assets:	
Bonds payable in one year	103,700
Total current liabilities	961,288

Noncurrent liabilities

Customer deposits	232,456
Capital lease payable after one year	37,023
Bonds payable after one year	2,436,467
Net pension liability	363,632
Total noncurrent liabilities	3,069,578

Total liabilities

4,030,866

DEFERRED INFLOWS OF RESOURCES

Pension related	18,812
Total deferred inflows of resources	18,812

NET POSITION

Net investment in capital assets	1,324,090
Restricted for:	
Debt service	307,582
Asset improvements and replacement	971,960
Unrestricted (deficit)	(430,451)
Total net position	\$ 2,173,181

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, 2017

OPERATING REVENUES	
Charges for services	\$ 1,934,051
Other	39,979
Total operating revenues	<u>1,974,030</u>
OPERATING EXPENSES	
Gas	305,354
Depreciation and amortization	422,213
Field	813,634
Administration	353,410
Total operating expenses	<u>1,894,611</u>
Operating income	<u>79,419</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest	543
Interest and fiscal charges	(49,639)
Total non-operating revenues (expenses)	<u>(49,096)</u>
Income before operating transfers	<u>30,323</u>
OPERATING TRANSFERS	
Operating transfers in	147,635
Operating transfers out	(229,060)
Net operating transfers	<u>(81,425)</u>
CHANGE IN NET POSITION	(51,102)
NET POSITION	
Beginning of year	<u>2,224,283</u>
End of year	<u>\$ 2,173,181</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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,950,743
Cash payments for customer deposits	(306)
Cash payments to suppliers for goods and services	(829,781)
Cash payments to employees	(422,631)
Cash loans from other funds	<u>35,968</u>
Net cash provided by operating activities	<u>733,993</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers out, net	<u>(81,425)</u>
Net cash used for non-capital financing activities	<u>(81,425)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest and fiscal charges on capital debt	(48,345)
Principal received from capital debt	597,029
Principal paid on capital debt	(102,337)
Acquisition of capital assets	(872,591)
Principal paid on capital lease	<u>(69,422)</u>
Net cash used for capital and related financing activities	<u>(495,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>543</u>
Net cash provided by investing activities	<u>543</u>
Net increase in cash	157,445
Cash at beginning of year	<u>1,526,098</u>
Cash at end of year	<u><u>\$ 1,683,543</u></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, 2017

**RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Income from operations	\$	79,419
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**ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Depreciation and amortization		422,213
Change in operating assets and liabilities:		
Accounts receivable		(23,287)
Deferred outflows of resources		(11,584)
Accounts payable		196,236
Accrued payroll payables		9,052
Deferred inflows of resources		(4,937)
Net pension liability		31,219
Due to other funds		35,968
Customer deposits		(306)
		(306)
Net cash provided by operating activities	\$	733,993

**RECONCILIATION OF TOTAL CASH AND CASH
EQUIVALENTS**

Current assets-		
Cash and cash equivalents	\$	161,148
Restricted assets-		
Cash and cash equivalents		1,522,395
Total cash and cash equivalents	\$	1,683,543

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. 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, 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 special 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, 2017

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 advances, transfers and charges from the internal service funds to the government funds. As a general rule, the effect of interfund activity has been eliminated from both the statement of net position and the statement of activities. Exceptions to the general rule are advances between fiduciary funds and the various functions of the City and interfund services provided and used, which are not eliminated in the process of consolidation. Charges from the internal service funds to the governmental funds are eliminated in consolidation. 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, 2017

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, 2017

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, 2017

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. 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, net other post-employment benefit obligation 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.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements: (continued)

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

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.

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, 2017

1. 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.

For purposes of the Statement of Cash Flows, 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 at the entity-wide level 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, 2017

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

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The City did not record any long term accrued leave in the Government-wide Financial Statements nor in the Statement of Net Position – Proprietary Funds. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Long-Term Debt

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 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, 2017

1. Summary of Significant Accounting Policies (continued)

Long-Term Debt (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 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 8. 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 plan's 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.

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.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

Equity Classifications (continued)

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.

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.

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.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

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.

Note 8 presents detailed information concerning the amounts related to pensions, 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.

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, 2017.

2. Ad Valorem Taxes

Ad valorem taxes were levied by the City on July 28, 2016 for the calendar year 2016, 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 \$27,319,340 in calendar year 2016.

The following is a summary of authorized and levied city wide ad valorem taxes for the fiscal year ended June 30, 2017:

<u>City-wide taxes</u>	<u>Authorized Mills</u>	<u>Levied Mills</u>	<u>Expiration Date</u>
General	6.52	6.52	7/25/2018
Fire Protection	5.00	5.00	4/20/2022

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

2. Ad Valorem Taxes (continued)

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, 2017, the City's bank balance totaled \$5,148,539. Of this balance, \$750,000 was insured by federal deposit insurance and \$4,398,539 was collateralized by securities held by the pledging financial institutions' trust department or agent but not in the City's name.

4. Receivables

The following is a summary of accounts receivable at June 30, 2017:

<u>Class of Receivable</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Charges for services		
Sewer	\$ -	\$ 153,931
Gas	-	81,988
Sales Tax	33,329	-
Law Enforcement	35,612	-
Due from tenant		
Section 8	585	-
Due from other		
General	123,907	-
Total	<u>\$ 193,433</u>	<u>\$ 235,919</u>

The accounts receivable for the Sewer Utility fund is net of an allowance for bad debt of \$900. The accounts receivable for the Gas Utility fund is net of an allowance for bad debt of \$600. The accounts receivable for the Law Enforcement fund is net of an allowance for bad debt of \$730. The accounts receivable for the Sales Tax fund is net of an allowance for bad debt of \$400.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

5. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2017 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Ascension Parish Sales and Use Tax Authority	\$ -	\$ 242,400	\$ 242,400
State of Louisiana Department of Public Safety and Corrections	7,330	-	7,330
Beer Taxes from the State of Louisiana	2,166	-	2,166
Ascension Parish Fire Protection Grant	50,791	-	50,791
Ascension Parish Central Fund	2,990	-	2,990
Ascension Parish Sheriff City Court Fund	4,483	-	4,483
State of Louisiana Recreational Trails Grant	10,049	-	10,049
State of Louisiana Division of Administration	58,615	-	58,615
State of Louisiana Department of Culture, Recreation, and Tourism	6,373	-	6,373
	<u>\$ 142,797</u>	<u>\$ 242,400</u>	<u>\$ 385,197</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2017, are as follows:

Governmental Activities:

	Land	Buildings and Improvements	Furniture and Equipment	Construction in Progress	Total
Cost of capital assets, June 30, 2016	\$ 911,549	\$ 7,875,852	\$ 2,961,961	\$ 1,027,955	\$ 12,777,317
Additions	-	325,342	95,163	1,713,132	2,133,637
Deletions	-	-	-	(325,342)	(325,342)
Cost of capital assets, June 30, 2017	\$ 911,549	\$ 8,201,194	\$ 3,057,124	\$ 2,415,745	\$ 14,585,612
Accumulated depreciation, June 30, 2016	\$ -	\$ 2,462,153	\$ 2,749,245	\$ -	\$ 5,211,398
Additions	-	222,214	60,294	-	282,508
Deletions	-	-	-	-	-
Accumulated depreciation, June 30, 2017	\$ -	\$ 2,684,367	\$ 2,809,539	\$ -	\$ 5,493,906
Capital assets, net of accumulated depreciation, at June 30, 2017	\$ 911,549	\$ 5,516,827	\$ 247,585	\$ 2,415,745	\$ 9,091,706

For the year ended June 30, 2017, depreciation expense of \$282,508 was charged to the following functions:

General Government	\$ 25,836
Streets	178,985
Recreation	77,687
	<u>\$ 282,508</u>

With respect to governmental activities, the City has six uncompleted construction projects as of June 30, 2017 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 \$3,180 for this project which consisted mainly of engineering fees. Costs incurred during prior years for this project were \$39,204. The second project is the African American museum. No costs were incurred during the current year for this project. Costs incurred in prior years for this project were \$365,786. The third project is the Riverfront Park project. Costs incurred during the current year were \$701,751 for this project which consisted mainly of improvements to the Riverfront Park. Costs incurred during prior years for this project were \$511,628. The fourth project is the Donaldsonville Village Street Project. There were no costs incurred in the current year for this project. Costs incurred during prior years for this project were \$6,460. The fifth project is for the renovation of the Lemann Center. Costs incurred during the current year were \$10,674. There were no prior year costs related to this project. The sixth project is for various road improvements throughout the City. Costs incurred during the current year were \$777,062. There were no costs incurred in prior periods relating to the project.

In the current year, the City completed the Levee Top Project. Costs incurred during the current year were \$220,465. Costs incurred during prior years for this project were \$104,877.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

6. Capital Assets (continued)

Business-type Activities

	Land and Building	Furniture and Equipment	Sewerage System & Gas Plant	Construction in Progress	Total
Cost of capital assets, June 30, 2016	\$ 5,275	\$ 397,802	\$ 11,562,511	\$ -	\$ 11,965,588
Additions	-	-	90,514	782,077	872,591
Deletions	-	-	-	-	-
Cost of capital assets, June 30, 2017	\$ 5,275	\$ 397,802	\$ 11,653,025	\$ 782,077	\$ 12,838,179
Accumulated depreciation, June 30, 2016	\$ 3,775	\$ 322,454	\$ 8,220,982	\$ -	\$ 8,547,211
Additions	-	13,937	408,276	-	422,213
Deletions	-	-	-	-	-
Accumulated depreciation, June 30, 2017	\$ 3,775	\$ 336,391	\$ 8,629,258	\$ -	\$ 8,969,424
Capital assets, net of accumulated depreciation, at June 30, 2017	\$ 1,500	\$ 61,411	\$ 3,023,767	\$ 782,077	\$ 3,868,755

For the year ended June 30, 2017, depreciation expense was \$422,213. Construction in progress additions are the result of the City's Sanitary Sewer project, which totaled \$782,077 in the current year.

7. Segments of Enterprise Activities

Two services, gas and sewerage, are provided by the City and are financed by user charges. The significant financial data for the year ended June 30, 2017 for those two services are as follows:

	Gas Utility	Sewerage District No. 1	Total
Operating revenues	\$ 891,223	\$ 1,082,807	\$1,974,030
Operating expenses	918,171	976,440	1,894,611
Depreciation	74,047	348,166	422,213
Operating income (loss)	(26,948)	106,367	79,419
Non-operating revenue (expense)	(36,292)	(12,804)	(49,096)
Net operating transfers out	-	(81,425)	(81,425)
Change in net position	(63,240)	12,138	(51,102)
Property, plant & equipment additions	3,946	86,568	90,514
Net working capital	(352,641)	168,280	(184,361)
Total assets and deferred outflows	2,371,083	3,851,776	6,222,859
Total liabilities and deferred inflows	1,751,494	2,298,184	4,049,678
Bonds payable	818,208	1,721,959	2,540,167
Net position	619,589	1,553,592	2,173,181

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. Pension and Retirement Plans

The City of Donaldsonville (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.

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).

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. Pension and Retirement Plans (continued)

Funding Policy (continued)

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, 2017, for the City and covered employees were as follows:

	City	Employees
Municipal Employees' Retirement System Plan B		
Members hired prior to 01/01/2013	11.00%	5.00%
Members hired after 01/01/2013	11.00%	5.00%
Firefighters' Retirement System		
Employees receiving compensation above poverty guidelines of US Department of Health	25.25%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	27.25%	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:

	2017	2016	2015
Municipal Employees' Retirement System Plan B	\$ 84,184	\$ 70,592	\$ 70,926
Firefighters' Retirement System	108,008	115,928	104,598

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, 2016 measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 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.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. Pension and Retirement Plans (continued)

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

	Net Pension Liability at June 30, 2016	Rate at June 30, 2016	Increase (Decrease) on June 30, 2015 Rate
Municipal Employees' Retirement System Plan B	\$ 837,861	1.0108%	(0.0728%)
Firefighters' Retirement System	1,227,342	0.1876%	0.0198%
	\$ 2,065,203		

The following schedule lists each pension plan's recognized pension expense of the City for the year ended June 30, 2017:

Municipal Employees' Retirement System Plan B	\$	164,537
Firefighters' Retirement System		194,269
	\$	358,806

At June 30, 2017, 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	\$ 6,872	\$ (60,690)
Changes of assumptions	52,329	(342)
Net difference between projected and actual earnings on pension plan investments	500,347	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	117,756	(103,834)
Employer contributions subsequent to the measurement date	192,192	-
Total	\$ 869,496	\$ (164,866)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. Pension and Retirement Plan (continued)

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

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	\$ 365,167	\$ (43,345)
Firefighters' Retirement System	504,329	(121,521)
	\$ 869,496	\$ (164,866)

The City reported a total of \$192,192 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2018. 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	\$ 84,184
Firefighters' Retirement System	108,008
	\$ 192,192

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
2018	\$ 83,694	\$ 66,341	\$ 150,035
2019	64,533	66,342	130,875
2020	58,150	84,870	143,020
2021	31,261	43,820	75,081
2022	-	970	970
2023	-	12,457	12,547
	\$ 237,638	\$ 274,800	\$ 512,438

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. Pension and Retirement Plan (continued)

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, 2016 are as follows:

	<u>MERS</u>	<u>FRS</u>
Valuation Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal
Actuarial Assumptions:		
Expected Remaining Service Lives	4 years	7 years
Investment Rate of Return	7.50% per annum	7.50% per annum
Inflation Rate	2.875% per annum	2.875% per annum
Mortality	For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 1 year for females projected to 2028 using scale AA. For employees, the RP-2000 Disabled Lives Mortality 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.	Mortality assumptions were set after reviewing an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. Pre and postmortality life expectancies of participants based on the RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 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.
Salary Increases	5.00%	Vary from 15.00% in the first two years of service to 4.75% after 25 years.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	Only those previously granted

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. 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-estimates 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 of and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.60% for the year ended June 30, 2016.</p>	<p>The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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. The long term geometric expected rate of return was 8.34% as of June 30, 2016.</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, 2016:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	FRS	MERS	FRS
Public equity	50.0%	-	2.60%	-
Equity	-	58.0%	-	6.77%
Public fixed income	35.0%	-	1.80%	-
Fixed Income	-	24.0%	-	1.85%
Alternatives	15.0%	8.0%	0.80%	6.67%
Other	-	10.0%	-	4.30%
Totals	100.0%	100.0%	5.20%	5.34%
Inflation			2.50%	3.00%
Expected Arithmetic Nominal Return			7.60%	8.34%

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. Pension and Retirement Plan (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 7.50% and 7.50%, respectively for the year ended June 30, 2016.

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	6.50%	7.50%	8.50%
City of Donaldsonville's Share of NPL	\$ 1,083,882	\$ 837,861	\$ 627,955
<u>FRS</u>			
Rates	6.50%	7.50%	8.50%
City of Donaldsonville's Share of NPL	\$ 1,672,154	\$ 1,227,342	\$ 853,263

Payables to the Pension Plan

The City recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2017 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, 2017 is as follows:

	June 30, 2017
MERS	\$ 9,075
FRS	12,231
	<u>\$ 21,306</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017, the City expended \$986,884 to the Sheriff for these services. On July 1, 2008, 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, 2017:	\$ 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 now pay a monthly \$11 user fee which was increased from \$4 in July 2009 to the City as a reimbursement for part of the cost incurred. For the year ended June 30, 2017 the City incurred \$380,977 of net sanitation disposal expenditures resulting from this contract.

10. Capital Leases

The City has acquired equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and included in fixed assets on the balance sheet. Amortization of the leased property is included in depreciation expense.

The following is a schedule of future minimum lease payments under the capital leases as of June 30, 2017:

Year Ended June 30,	Amount
2018	\$ 75,455
2019	37,727
Total	113,182
Less: Amount Representing Interest	4,170
Total	\$ 109,012

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

11. Long Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2017:

	Payable June 30, 2016	Additions	Deletions	Payable June 30, 2017	Amount Due within one year
Governmental activities:					
Certificates of Indebtedness, Series 2006	\$ 226,000	\$ -	\$ 226,000	\$ -	\$ -
Certificates of Indebtedness, Series 2012	415,000	-	65,000	350,000	65,000
Sales Tax Revenue Bonds, Series 2012	2,010,000	-	260,000	1,750,000	270,000
Sales Tax Revenue Bonds, Series 2016	-	800,000		800,000	65,000
Governmental activities long-term liability	<u>\$ 2,651,000</u>	<u>\$ 800,000</u>	<u>\$ 551,000</u>	<u>\$ 2,900,000</u>	<u>\$ 400,000</u>
Business-type activities:					
Gas Revenue Bonds, Series 2009	\$ 849,475	\$ -	\$ 31,267	\$ 818,208	\$ 32,700
Sewer Revenue Bonds, Series 2010	1,196,000	-	70,000	1,126,000	71,000
Sewer Revenue Bonds, Series 2016	-	597,029	1,070	595,959	-
Business-type activities long-term liability	<u>\$ 2,045,475</u>	<u>\$ 597,029</u>	<u>\$ 102,337</u>	<u>\$ 2,540,167</u>	<u>\$ 103,700</u>

Certificates and bonds payable at June 30, 2017 are comprised of the following individual issues:

GOVERNMENTAL ACTIVITIES

Certificate of indebtedness:

\$650,000 certificates of indebtedness dated October 16, 2012 were issued for fire protection. Principal is payable March 1 and interest payable March 1 and September 1 at the rate of 2.083 percent per annum. The bonds mature on March 1, 2022.

\$ 350,000

Revenue bonds:

\$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.

1,750,000

\$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.

800,000
\$ 2,900,000

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

11. Long Term Debt (continued)

BUSINESS-TYPE ACTIVITIES

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 \$5,654.04 including interest at 4.375 percent. The bonds mature on September 23, 2039.

\$ 818,208

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.

1,126,000

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.

595,959

\$ 2,540,167

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

11. Long Term Debt (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2017 including interest of \$639,604 are as follows:

For the Year Ending June 30,	Certificates of Indebtedness, Series 2012	Sales Tax Revenue, Series 2012	Sales Tax Revenue, Series 2016	Gas Revenue Bonds, Series 2009	Sewer Revenue Bonds, Series 2010	Sewer Revenue Bonds, Series 2016	Total
2018	\$ 72,290	\$ 303,640	\$ 85,092	\$ 67,848	\$ 75,907	\$ 2,472	\$ 607,249
2019	75,936	307,912	88,379	67,848	76,586	212,209	828,870
2020	74,478	307,028	86,585	67,849	76,262	221,242	833,444
2021	73,020	310,987	89,715	67,848	76,935	166,332	784,837
2022	76,562	314,738	92,706	67,848	76,607	-	628,462
2023-2027	-	318,281	470,259	339,243	388,021	-	1,515,805
2028-2032	-	-	-	339,242	394,415	-	733,657
2033-2037	-	-	-	147,449	-	-	147,449
Total	\$ 372,286	\$1,862,586	\$ 912,736	\$1,165,175	\$1,164,733	\$602,255	\$6,079,771

12. Revenues and Expenditures – Actual and Budgeted

The following funds have actual expenditures over budgeted expenditures for the year ended June 30, 2017:

	Budget	Actual	Difference
Special Revenue Funds:			
Sales Tax	\$ 3,224,442	\$ 3,298,775	\$ 74,333
Section 8	514,350	540,478	26,128
Law Enforcement	988,800	989,751	951
Debt Service	385,025	611,048	226,023
Capital Projects	844,801	1,642,369	797,568

The following funds have budgeted revenues over actual revenues for the year ended June 30, 2017:

	Budget	Actual	Difference
Gas	\$ 1,010,028	\$ 891,513	\$ 118,515
Capital Projects	1,573,913	1,392,758	181,155

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

13. 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 were 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.

14. Restricted Assets

Governmental Activities

The City levied 5.00 mills for the purpose of Fire Protection that expire on April 20, 2022. At June 30, 2017, the City has \$943,315 in restricted cash.

The City has restricted cash in the amount of \$890,022 that is generated from the proceeds of an additional ½% sales and use tax. These funds are restricted for public improvements.

Unspent bond proceeds of \$603,937 derived from the Certificates of Indebtedness Series 2012 remains in restricted cash at June 30, 2017.

The City has restricted cash in the amount of \$166,928 received from the State of Louisiana. These funds are restricted for tourism.

The City set aside funds in the amount of \$1,868 to be used for the payment of principal and interest on debt.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

14. 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	\$ 202,500
Required balances, Series 2016	53,978
Total required balance	256,478
Actual balances	379,629
Excess/(Shortage)	\$ 123,151

The City of Donaldsonville is in compliance with the above requirement.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

14. Restricted Assets (continued)

Governmental Activities (continued)

In accordance with the indenture governing the Certificates of Indebtedness Series 2012 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 two 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 Certificates falling due on that date.

Certificates of Indebtedness Series 2012 Fire Protection	Sinking Fund
Required balances	\$ 24,097
Actual balances	<u>38,628</u>
Excess/(Shortage)	<u>\$ 14,531</u>

The City of Donaldsonville is in compliance with the above requirement.

Business-type Activities

Ordinance 2015-04 requires the gas customers to be billed \$0.51 per MCF for capital improvements and \$0.80 per MCF for a reserve for contingencies. At June 30, 2017, the City had \$274,956 and \$662,071 in restricted cash for capital improvements and reserve for contingencies, respectively.

At June 30, 2017, the City has \$242,853 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, 2017

14. 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	\$ 25,359	\$ 16,443	\$ 85,932	\$ 133,388
Actual balances	5,820	25,371	24,727	86,406	142,324
Excess/(Shortage)	<u>\$ 166</u>	<u>\$ 12</u>	<u>\$ 8,284</u>	<u>\$ 474</u>	<u>\$ 8,936</u>

The City of Donaldsonville is in compliance with the above requirements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

14. 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 the lesser of (1) 10% of the proceeds of the Bonds or (2) 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	\$ 73,534	\$ 81,360	\$ 27,274	\$ 182,168
Actual balances	82,432	81,695	34,933	199,060
Excess/(Shortage)	\$ 8,898	\$ 335	\$ 7,659	\$ 16,892

The City of Donaldsonville is in compliance with the above requirements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

14. 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	\$ 1,131	\$ 16,596	\$ 114	\$ 17,841
Actual balances	1,131	-	-	1,131
Excess/(Shortage)	\$ -	\$ (16,596)	\$ (114)	\$ (16,710)

The City of Donaldsonville is out of compliance with the Revenue Reserve Fund and the Renewal and Replacement Fund requirements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

15. Interfund Receivables and Payables

The following schedule as of June 30, 2017 represents interfund receivables and payables:

	Interfund Receivables	Interfund Payables
General fund		
Gas	\$ 442,335	\$ -
Sewer	18,971	-
Sales Tax	40,243	-
Section 8	-	9,969
Law Enforcement	-	347,071
Capital Projects	121,823	-
Section 8		
General	9,969	-
Sales tax		
Law Enforcement	25,332	6,250
Sewer	-	165,389
Gas	9,035	-
General	-	40,243
Capital Projects	-	53,731
Law Enforcement		
General	347,071	-
Sales Tax	6,250	25,332
Gas	9,199	76,650
Sewer	-	22
Debt Service		
Sewer	-	10,888
Sewer		
Sales Tax	165,389	-
Gas	20,547	2,664
Debt Service	10,888	-
Law Enforcement	22	-
General	-	18,971
Gas		
Law Enforcement	76,650	9,199
General	-	442,335
Sewer	2,664	20,547
Sales Tax	-	9,035
Capital Projects		
General	-	121,823
Sales Tax	53,731	-
	\$ 1,360,119	\$ 1,360,119

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

16. Operating Transfers

Operating transfers for the year ended June 30, 2017 are as follows:

	TRANSFERS	
	IN	OUT
General Fund		
Sales Tax	\$ 1,175,376	\$ -
Sewer	229,060	-
Law Enforcement	-	40,500
Capital Projects	400,669	-
Sales Tax		
General	-	1,175,376
Sewer	-	147,635
Law Enforcement	-	587,688
Capital Projects	-	592,758
Debt Service		
Capital Projects	433,997	-
Capital Projects		
General	-	400,669
Sales Tax	592,758	-
Debt Service	-	433,997
Sewer		
Sales Tax	147,635	-
General	-	229,060
Law Enforcement		
General	40,500	-
Sales Tax	587,688	-
	\$ 3,607,683	\$ 3,607,683

17. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 29, 2017, and has determined that the following events occurred that require disclosure. Subsequent to year end, the City entered into contract commitments totaling \$339,019 for capital improvements.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

18. 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, 2017, the City did not participate in any Tax Exemption Programs.

19. Contingencies

At June 30, 2017, 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.

20. Commitments

As of June 30, 2017, the City was committed to construction contract agreements totaling \$4,551,179, of which \$2,593,580 was expended through June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
REVENUES				
Taxes				
Ad valorem	\$ 280,000	\$ 300,000	\$ 310,151	\$ 10,151
Public utility franchise	231,600	220,000	208,153	(11,847)
Cable TV franchise	101,000	102,000	102,200	200
Peoples water franchise	60,000	57,000	58,775	1,775
Telephone franchise	19,300	15,000	11,500	(3,500)
Licenses and permits				
Occupational	130,000	130,000	118,138	(11,862)
Insurance	161,000	153,000	161,521	8,521
Other	9,200	10,410	9,371	(1,039)
Intergovernmental				
Corrections	35,000	35,000	31,956	(3,044)
Fire insurance	29,500	27,000	29,180	2,180
Beer	7,500	8,300	7,880	(420)
Federal, state, and parish grants	458,460	634,400	831,438	197,038
Fines				
Court fines	65,000	58,000	57,156	(844)
Other revenues				
Miscellaneous	222,000	282,550	336,865	54,315
Interest	1,000	2,200	1,353	(847)
Rent - Lemann Center	12,000	12,000	13,250	1,250
Total revenues	1,822,560	2,046,860	2,288,887	242,027
EXPENDITURES				
General government	1,223,531	1,982,121	1,839,252	142,869
Public safety	967,110	1,024,350	978,756	45,594
Streets and sanitation	631,770	608,000	690,073	(82,073)
Recreation	61,000	61,000	136,164	(75,164)
Debt service	72,967	-	-	-
Total expenditures	2,956,378	3,675,471	3,644,245	31,226
Excess of revenues under expenditures	(1,133,818)	(1,628,611)	(1,355,358)	273,253

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 1,276,500	\$ 1,730,986	\$ 1,805,105	\$ 74,119
Operating transfers out	(40,500)	(40,500)	(40,500)	-
Total other financing sources	<u>1,236,000</u>	<u>1,690,486</u>	<u>1,764,605</u>	<u>74,119</u>
Excess of revenues and other financing sources over expenditures and other financing uses	102,182	61,875	409,247	347,372
FUND BALANCE				
Beginning of year	<u>755,321</u>	<u>999,864</u>	<u>999,864</u>	-
End of year	<u><u>\$ 857,503</u></u>	<u><u>\$ 1,061,739</u></u>	<u><u>\$ 1,409,111</u></u>	<u><u>\$ 347,372</u></u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales tax revenues, net of discounts allowed	\$ 2,833,000	\$ 2,860,842	\$ 2,944,909	\$ 84,067
Charges				
User fee	360,000	362,000	352,489	(9,511)
Other				
Interest	50	1,600	2,879	1,279
Total revenues	<u>3,193,050</u>	<u>3,224,442</u>	<u>3,300,277</u>	<u>75,835</u>
EXPENDITURES				
Sanitation				
Garbage disposal	785,000	801,000	792,901	8,099
Bank fees	300	300	58	242
Bad debt	2,100	2,100	2,359	(259)
Total expenditures	<u>787,400</u>	<u>803,400</u>	<u>795,318</u>	<u>8,082</u>
Excess of revenues over expenditures	<u>2,405,650</u>	<u>2,421,042</u>	<u>2,504,959</u>	<u>83,917</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(2,405,650)	(2,421,042)	(2,503,457)	(82,415)
Total other financing uses	<u>(2,405,650)</u>	<u>(2,421,042)</u>	<u>(2,503,457)</u>	<u>(82,415)</u>
Excess of revenues over expenditures and other financing uses	-	-	1,502	1,502
FUND BALANCE				
Beginning of year	-	16,030	16,030	-
End of year	<u>\$ -</u>	<u>\$ 16,030</u>	<u>\$ 17,532</u>	<u>\$ 1,502</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
SECTION 8 FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Favorable (Unfavorable)
REVENUES				
Intergovernmental				
HUD receipts	\$ 365,000	\$ 480,000	\$ 531,546	\$ 51,546
Other	600	-	-	-
Other				
Interest	50	50	56	6
Total revenues	<u>365,650</u>	<u>480,050</u>	<u>531,602</u>	<u>51,552</u>
EXPENDITURES				
Welfare				
Rent and utility assistance	345,500	463,300	484,058	(20,758)
General and administrative	10,000	51,050	56,420	(5,370)
Total expenditures	<u>355,500</u>	<u>514,350</u>	<u>540,478</u>	<u>(26,128)</u>
Excess of revenues over (under) expenditures	<u>10,150</u>	<u>(34,300)</u>	<u>(8,876)</u>	<u>25,424</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>10,150</u>	<u>(34,300)</u>	<u>(8,876)</u>	<u>25,424</u>
FUND BALANCE				
Beginning of year	-	45,037	54,340	9,303
End of year	<u>\$ 10,150</u>	<u>\$ 10,737</u>	<u>\$ 45,464</u>	<u>\$ 34,727</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
LAW ENFORCEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Favorable (Unfavorable)
REVENUES				
Charges for services				
User fee	\$ 385,000	\$ 385,000	\$ 392,005	\$ 7,005
Other	-	-	1,247	1,247
Total revenues	<u>385,000</u>	<u>385,000</u>	<u>393,252</u>	<u>8,252</u>
EXPENDITURES				
Public Safety				
Sheriff contract	986,900	986,900	986,884	16
Other	1,850	1,900	2,867	(967)
Total expenditures	<u>988,750</u>	<u>988,800</u>	<u>989,751</u>	<u>(951)</u>
Excess of revenues under expenditures	<u>(603,750)</u>	<u>(603,800)</u>	<u>(596,499)</u>	<u>7,301</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	603,750	606,342	628,188	21,846
Operating transfers out	-	-	-	-
Total other financing sources	<u>603,750</u>	<u>606,342</u>	<u>628,188</u>	<u>21,846</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	2,542	31,689	29,147
FUND BALANCE				
Beginning of year	-	271,281	271,281	-
End of year	<u>\$ -</u>	<u>\$ 273,823</u>	<u>\$ 302,970</u>	<u>\$ 29,147</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF THE CITY OF DONALDSONVILLE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017 (*)

	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>MERS (Plan B)</u>					
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>					
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 THE CITY OF DONALDSONVILLE'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll³</u>	<u>Contribution as a % of Covered Employee Payroll</u>
<u>MERS (Plan B)</u>					
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>					
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 employee payroll

² Actual employer contributions remitted to MERS and FRS

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Benefit Terms include:

Municipal Employee's Retirement System (Plan B)

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

Firefighters' Retirement System

There was 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:

Year End	Measureme		
	nt date	Rate	Change
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%	

Inflation Rate:

Year End	Measureme		
	nt date	Rate	Change
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:

Year End	Measureme		
	nt date	Rate	Change
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:

Year End	Measureme		
	nt date	Rate	Change
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%	

Merit:

Year End	Measureme		
	nt date	Rate	Change
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%	

Investment rate of return:

Year End	Measureme		
	nt date	Rate	Change
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:

Year End	Measureme		
	nt date	Rate	Change
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%	

OTHER SUPPLEMENTARY INFORMATION

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Gas Utility Fund	Sewerage District No. 1	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 6,477	\$ 154,671	\$ 161,148
Accounts receivable, net	81,988	153,931	235,919
Due from other funds	79,314	196,846	276,160
Total unrestricted assets	<u>167,779</u>	<u>505,448</u>	<u>673,227</u>
Restricted assets			
Cash and cash equivalents - customer deposits	189,294	53,559	242,853
Cash - bond reserve, sinking, and contingencies funds	804,395	200,191	1,004,586
Cash - capital improvements funds	274,956	-	274,956
Total restricted assets	<u>1,268,645</u>	<u>253,750</u>	<u>1,522,395</u>
Total current assets	<u>1,436,424</u>	<u>759,198</u>	<u>2,195,622</u>
Noncurrent assets			
Fixed assets, net	838,541	3,030,214	3,868,755
Total noncurrent assets	<u>838,541</u>	<u>3,030,214</u>	<u>3,868,755</u>
Total assets	<u>2,274,965</u>	<u>3,789,412</u>	<u>6,064,377</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	96,118	62,364	158,482
Total deferred outflows of resources	<u>96,118</u>	<u>62,364</u>	<u>158,482</u>
LIABILITIES			
Current liabilities			
Payable from current assets:			
Accounts payable	22,629	224,355	246,984
Accrued payables	16,675	19,189	35,864
Due to other funds	481,116	21,635	502,751
Current portion of capital lease	-	71,989	71,989
Payable from restricted assets:			
Bonds payable in one year	32,700	71,000	103,700
Total current liabilities	<u>553,120</u>	<u>408,168</u>	<u>961,288</u>
Noncurrent liabilities			
Customer deposits	180,917	51,539	232,456
Capital lease payable after one year	-	37,023	37,023
Bonds payable after one year	785,508	1,650,959	2,436,467
Net pension liability	220,540	143,092	363,632
Total noncurrent liabilities	<u>1,186,965</u>	<u>1,882,613</u>	<u>3,069,578</u>
Total liabilities	<u>1,740,085</u>	<u>2,290,781</u>	<u>4,030,866</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	11,409	7,403	18,812
Total deferred inflows of resources	<u>11,409</u>	<u>7,403</u>	<u>18,812</u>
NET POSITION			
Net investment in capital assets	19,518	1,304,572	1,324,090
Restricted for debt service	142,324	165,258	307,582
Restricted for asset improvements and replacement	937,027	34,933	971,960
Unrestricted (deficit)	(479,280)	48,829	(430,451)
Total net position	<u>\$ 619,589</u>	<u>\$ 1,553,592</u>	<u>\$ 2,173,181</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Gas Utility Fund	Sewerage District No. 1	Total
OPERATING REVENUES			
Charges for services	\$ 884,530	\$ 1,049,521	\$ 1,934,051
Other	6,693	33,286	39,979
Total operating revenues	<u>891,223</u>	<u>1,082,807</u>	<u>1,974,030</u>
OPERATING EXPENSES			
Gas	305,354	-	305,354
Depreciation and amortization	74,047	348,166	422,213
Field	351,522	462,112	813,634
Administrative	187,248	166,162	353,410
Total operating expenses	<u>918,171</u>	<u>976,440</u>	<u>1,894,611</u>
Operating income	<u>(26,948)</u>	<u>106,367</u>	<u>79,419</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest	290	253	543
Interest and fiscal charges	<u>(36,582)</u>	<u>(13,057)</u>	<u>(49,639)</u>
Total non-operating revenues (expenses)	<u>(36,292)</u>	<u>(12,804)</u>	<u>(49,096)</u>
Income before operating transfers	<u>(63,240)</u>	<u>93,563</u>	<u>30,323</u>
OPERATING TRANSFERS			
Operating transfers in	-	147,635	147,635
Operating transfers out	-	<u>(229,060)</u>	<u>(229,060)</u>
Net operating transfers	<u>-</u>	<u>(81,425)</u>	<u>(81,425)</u>
Changes in net position	(63,240)	12,138	(51,102)
Net position at beginning of year	<u>682,829</u>	<u>1,541,454</u>	<u>2,224,283</u>
Net position at end of year	<u>\$ 619,589</u>	<u>\$ 1,553,592</u>	<u>\$ 2,173,181</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
COMBINING STATEMENT OF OPERATING EXPENSES
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

EXPENSES	Gas Utility Fund	Sewerage District No. 1	Total
Gas	\$ 305,354	\$ -	\$ 305,354
Depreciation and amortization	74,047	348,166	422,213
Field			
Personnel	191,952	124,057	316,009
Professional fees	8,821	33,981	42,802
Maintenance	46,698	64,506	111,204
Weed control and chemicals	1,994	13,268	15,262
Supplies	8,404	2,759	11,163
Oxidation testing	-	20,662	20,662
Utilities	3,244	131,109	134,353
Gas and oil	6,239	2,483	8,722
Uniforms	3,912	4,182	8,094
Rentals	2,379	2,217	4,596
Insurance	64,562	56,362	120,924
Training	3,400	135	3,535
Miscellaneous	9,917	6,391	16,308
Total field	351,522	462,112	813,634
Administration			
Personnel	78,904	53,218	132,122
Professional	22,000	22,000	44,000
Maintenance	2,282	327	2,609
Supplies	2,706	1,658	4,364
Postage	10,557	10,511	21,068
Authorization fees	10,855	-	10,855
Bad debt	1,892	4,948	6,840
Computer service	16,954	25,414	42,368
Utilities	3,683	3,956	7,639
Administrative fees	-	12,257	12,257
Miscellaneous	409	213	622
Rentals	2,208	2,208	4,416
Bank fees	2,294	277	2,571
Insurance	31,911	28,276	60,187
Travel and entertainment	-	306	306
Uniforms	593	593	1,186
Total administration	187,248	166,162	353,410
Total operating expenses	\$ 918,171	\$ 976,440	\$ 1,894,611

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Gas Utility Fund	Sewerage District No. 1	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 886,949	\$ 1,063,794	\$ 1,950,743
Cash received from (payments for) customer deposits	(356)	50	(306)
Cash payments to suppliers for goods and services	(577,884)	(251,897)	(829,781)
Cash payments to employees	(246,012)	(176,619)	(422,631)
Cash loans (to) from other funds	84,304	(48,336)	35,968
Net cash provided by operating activities	<u>147,001</u>	<u>586,992</u>	<u>733,993</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers out, net	<u>-</u>	<u>(81,425)</u>	<u>(81,425)</u>
Net cash used for non-capital financing activities	<u>-</u>	<u>(81,425)</u>	<u>(81,425)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest and fiscal charges on capital debt	(36,582)	(11,763)	(48,345)
Principal received from capital debt	-	597,029	597,029
Principal paid on capital debt	(31,267)	(71,070)	(102,337)
Acquisition of capital assets	(3,946)	(868,645)	(872,591)
Principal paid on capital lease	<u>-</u>	<u>(69,422)</u>	<u>(69,422)</u>
Net cash used for capital and related financing activities	<u>(71,795)</u>	<u>(423,871)</u>	<u>(495,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>290</u>	<u>253</u>	<u>543</u>
Net cash provided by investing activities	<u>290</u>	<u>253</u>	<u>543</u>
Increase in cash	75,496	81,949	157,445
Cash at beginning of year	<u>1,199,626</u>	<u>326,472</u>	<u>1,526,098</u>
Cash at end of year	<u>\$ 1,275,122</u>	<u>\$ 408,421</u>	<u>\$ 1,683,543</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Gas Utility Fund	Sewerage District No. 1	Totals
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income (loss) from operations	\$ (26,948)	\$ 106,367	\$ 79,419
ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation and amortization	74,047	348,166	422,213
Change in operating assets and liabilities:			
Accounts receivable	(4,274)	(19,013)	(23,287)
Deferred outflows of resources	(13,630)	2,046	(11,584)
Accounts payable	525	195,711	196,236
Accrued payroll payables	1,410	7,642	9,052
Deferred inflows of resources	(1,936)	(3,001)	(4,937)
Net pension liability	33,859	(2,640)	31,219
Due to other funds	84,304	(48,336)	35,968
Customer deposits	(356)	50	(306)
Net cash provided by operating activities	<u>\$ 147,001</u>	<u>\$ 586,992</u>	<u>\$ 733,993</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS			
Current assets-			
Cash and cash equivalents	\$ 6,477	\$ 154,671	\$ 161,148
Restricted assets-			
Cash and cash equivalents	1,268,645	253,750	1,522,395
Total cash and cash equivalents	<u>\$ 1,275,122</u>	<u>\$ 408,421</u>	<u>\$ 1,683,543</u>

CITY OF DONALDSONVILLE, LOUISIANA
SCHEDULE OF SEWERAGE CUSTOMERS
(Unaudited)
June 30, 2017

Records maintained by the City indicated there were 2,911 customers of Sewerage District No. 1 at June 30, 2017. 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, 2017

Issuer	Kind of Insurance	Property Covered	Insurance	Expiration Date
Bourg Insurance Agency (Scottsdale Insurance Company)	Fire and extended coverage	Fire Station	\$ 250,000	April 3, 2018
		Fire Station contents	\$ 25,000	April 3, 2018
		406 Charles Street	\$ 65,000	April 3, 2018
		Lemann Center building	\$ 500,000	April 3, 2018
		Lemann Center contents	\$ 25,000	April 3, 2018
		House D Thibaut Drive	\$ 65,000	April 3, 2018
		Gas dept. warehouse	\$ 25,000	April 3, 2018
		Gas dept. contents	\$ 16,000	April 3, 2018
		City Hall buildings	\$ 450,000	April 3, 2018
		City Hall contents	\$ 150,000	April 3, 2018
		DMV building	\$ 190,000	April 3, 2018
		DMV contents	\$ 20,000	April 3, 2018
		Warehouse B building	\$ 500,000	April 3, 2018
		Warehouse B contents	\$ 50,000	April 3, 2018
		Louisiana Municipal Risk Management Agency	General liability	Public officials - Errors and omissions
General liability	\$ 500,000			June 16, 2018
Louisiana Municipal Risk Management Agency	Collision and comprehensive	Automobiles	\$ 500,000	June 16, 2018
CNA Surety	Employee blanket bond	Employees	\$ 50,000	May 1, 2018
CNA Surety	Public employee bond	Commission	\$ 70,000	May 1, 2018
CNA Surety	Levee bond	Levee (river top prj.)	\$ 8,000	May 1, 2018
Rod Prejean & Assoc, Inc. (Essex Insurance Company)	Collision and comprehensive	Automobiles	\$ 204,011	January 1, 2018
		2007 John Deere tractor	\$ 27,000	January 1, 2018
Arthur Gallagher of LA, Inc (LWCC)	Worker's compensation	Eligible employees	\$ 1,000,000	March 16, 2018
Fort Dearborn Life Insurance	Life Insurance	Employees	\$ 25,000 per employee	January 1, 2018

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
JUNE 30, 2017

Leroy Sullivan - Mayor	\$	11,398
Brent Landry - Commissioner of District No. 5	\$	8,642
Lauthaught A. Delaney, Sr. - Commissioner of District No. 1	\$	8,642
Raymond Aucoin - Commissioner of District No. 2	\$	8,642
Charles Brown - Commissioner of District No. 4	\$	8,642
Reginald Francis Sr. - Commissioner of District No. 3	\$	8,642

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

Mayor : Leroy Sullivan

Purpose

Salary	\$	11,398
Benefits - insurance		8,588
Benefits - retirement		570
Travel		-
Reimbursements		-
	<u>\$</u>	<u>20,556</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, 2017, 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 29, 2017.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. [2017-001].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 summary schedule of findings and questioned costs as items 2017-002, and 2017-003.



The City's Response to Findings

The City's response to the 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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.

A handwritten signature in black ink, which appears to read "Donaldsonville, Louisiana".

Donaldsonville, Louisiana

December 29, 2017

**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, 2017. 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 or 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 major federal programs for the year ended June 30, 2017.



Postlethwaite & Netterville

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-004. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance 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.

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 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 identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-004, that we consider to be a material weakness.

The City's response to the internal control over compliance finding 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.

Donaldsonville, Louisiana
December 29, 2017

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

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	\$ 540,437
TOTAL HOUSING VOUCHER CLUSTER			<u>540,437</u>
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Passed through Louisiana Office of State Parks - Department of Culture, Recreation and Tourism			
Recreational Trails Program	20.219	H.011395	158,940
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			<u>158,940</u>
OTHER PROGRAMS			
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	334,743
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
Passed through Louisiana Governor's Office of Homeland Security and Emergency Preparedness			
Disaster Assistance Program	97.036	005-21240-00-1786- PW-1737	900
Disaster Assistance Program	97.036	005-21240-00-1786- PW-1510	18,327
			<u>19,227</u>
UNITED STATES DEPARTMENT OF INTERIOR			
Passed through Louisiana Office of the Lieutenant Governor - Department of Culture, Recreation and Tourism			
Historic Preservation Fund Grants-In-Aid	15.904	P16AF00142	6,374
TOTAL OTHER PROGRAMS			<u>360,344</u>
TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 1,059,721</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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 St. James Parish, 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	\$ 1,059,721
Less: loan proceeds recorded on Schedule of Expenditures of Federal Awards	
Capitalization Grants for Clean Water State Revolving Funds	(334,743)
Add: revenues received in current year for prior year federal expenditures :	
Historic Preservation Fund Grant - Audio Tour of Main Street Donaldsonville	4,523
Less: expenditures in current year not reimbursed in current year	
Section 8 Housing Choice Vouchers	(8,891)
Add: state revenues	711,390
Intergovernmental revenues as reported on Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 1,432,000

NOTE C - 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, 2017	New Loans Made During the Year Ended June 30, 2017
Capitalization Grants for Clean Water State Revolving Funds		\$ 595,959	\$ 597,029
Less: Source of Funds - State or Repayment Funds		(262,286)	(262,286)
Federal Portion of Loan	66.458	\$ 333,673	\$ 334,743

CITY OF DONALDSONVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

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 X None reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over financial reporting:

- Material weakness identified X 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)? X Yes No

Identification of major program:

<u>Name of Federal Program or Cluster</u>	<u>Federal CFDA Number</u>
Highway Planning and Construction Cluster	20.219
Capitalization Grants for Clean Water State Revolving Funds	66.458
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

CITY OF DONALDSONVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2017-001 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, preparation and review of the reconciliation of the bank statements, customer account maintenance, vendor account maintenance, cash disbursements, and the lack of review of general journal entries.

Cause: Controls related to the recording of deposits, preparation and review of the reconciliation of bank statements, customer account maintenance, vendor account maintenance, cash disbursements, and the review of general journal entries have not been designed to properly safeguard the assets of the City and to prevent or detect material misstatements.

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.

Recommendation: Proper internal controls should be established regarding the recording of deposits, preparation and review of the reconciliation of the bank statements, customer account maintenance, vendor account maintenance, cash disbursements, and the review of general journal entries.

View of Responsible Official: Controls over the recording of deposits, preparation and review of the reconciliation of the bank statements, customer account maintenance, vendor account maintenance, cash disbursements, and the review of general journal entries will be properly segregated in order to properly safeguard the assets of the City and to prevent or detect material misstatements.

SIGNIFICANT DEFICIENCIES

None

CITY OF DONALDSONVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

COMPLIANCE WITH LAWS AND REGULATIONS

2017-002 BOND RESERVE REQUIREMENTS AND PAYMENTS

Criteria: The City of Donaldsonville must comply with the requirements of the outstanding bond issues. Additionally, as it relates to debt payments, Louisiana R.S. 39:1410.62 requires notification to the Louisiana State Bond Commission, in writing, whenever principal, interest, premiums, or other payments due on outstanding indebtedness have not been made timely.

Condition: The City of Donaldsonville issued Sewer Revenue Bonds, Series 2016 in the current year. The required reserve fund and the replacement fund accounts were not established. Additionally, as it relates to the Gas Bond, Series 2009, and the Sewer Bonds, Series 2010 and 2016, the City failed to make timely principal and (or) interest payments and did not notify the Commission of these delinquent payments.

Cause: The City's internal controls established for the issuance and payment of debt did not prevent these issues.

Effect: The City is out of compliance with the provisions as set forth in the Sewer Revenue Bond, Series 2016 and also not in compliance with Louisiana R.S. 39:1410.62.

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

2017-003 LOUISIANA PUBLIC BID LAW

Criteria: Louisiana Revised Statute 38:2212 requires that in the cases of public emergencies where such emergency has been certified to by the public entity and notice of such public emergency shall, within ten days thereof, be published in the official journal of the public entity proposing or declaring such public emergency.

Condition: The City failed to properly declare the purchase of equipment an emergency at a public meeting, and did not publish notice of such emergency.

Cause: The supervisor failed to take the necessary steps to ensure compliance with the requirements of Louisiana Revised Statute 38:2212.

Effect: The City is out of compliance with the requirements of the Louisiana Revised Statute 38:2212.

Recommendation: We recommend that the City comply with all requirements of the Louisiana Public Bid Law.

View of Responsible Official: Management of the City concurs with the finding and require the Supervisor to comply with the requirements of Louisiana Revised Statute 38:2212 and submit all required documentation to the Mayor and Finance Director.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

2017-004 INTERNAL CONTROL – SUSPENSION AND DEBARMENT

See 2017-004 compliance finding below.

SIGNIFICANT DEFICIENCY

None.

2017-004 COMPLIANCE – SUSPENSION AND DEBARMENT

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

Capitalization Grants for Clean Water State Revolving Funds – CFDA No. 66.458 – Loan No. 221912-01 dated September 1, 2016

Questioned Costs: None

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).

Sample Size: The total population of covered transactions was a total of five covered transactions. All five of the covered transactions were selected for testing.

Condition: While testing compliance and internal controls with respect to 2 CFR section 180.995, we were unable to obtain documentation to support that the City verified four of the covered transactions were not suspended, debarred, or otherwise excluded from doing business with the Federal government. However, based on a search of sam.gov these four vendors were not on the excluded parties listing.

Cause: The City has no formal policies and procedures relating to the verification that an entity is not suspended or debarred or otherwise excluded from participating in the transaction.

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.

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

LERROY 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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES For the Year Ended June 30, 2017

A. FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESSES

2016-001 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, preparation and review of the reconciliation of the bank statements, customer account maintenance, vendor account maintenance, cash disbursements, and the lack of review of general journal entries.

Current Status: Similar finding was noted in the current year and is listed as finding 2017-001.

B. FINDINGS – COMPLIANCE WITH LAWS AND REGULATIONS

2016-002 BUDGET AMENDMENTS

Condition: During the year ended June 30, 2016, the budget was not amended for one of the City's funds in which actual expenditures exceeded budgeted expenditures by a variance of more than five percent.

Current Status: Resolved.

2016-003 BOND RESERVE REQUIREMENTS

Condition: The City of Donaldsonville failed to properly fund the "Short-Lived Assets Depreciation Fund" as per the loan and pledge agreement which governs the Gas Revenue Bonds, Series 2009. The City also failed to properly fund the "Revenue Reserve Fund" as per the loan and pledge agreement which governs the Sewer Revenue Bonds, Series 2010.

Current Status: Similar finding was noted in the current year and is listed as finding 2017-002.

2016-004 LOUISIANA PUBLIC BID LAW

Condition: The City failed to properly declare the purchase of equipment an emergency at a public meeting, and did not publish notice of such emergency.

Current Status: Similar finding was noted in the current year and is listed as finding 2017-003.

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

Not applicable.



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, 2017

Audit Finding	Description of Findings	Correction Action	Contact Person	Anticipated completion date
2017-001	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
2017-002	Bond Reserve Requirements	Management will establish procedures to ensure compliance with all provision as stated in the bond documents and as prescribed by law.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2017-003	La Public Bid Law	Management will make sure the supervisors comply with state law when making purchases due to emergencies.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2017-004	Compliance-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	Immediately

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


 Leroy Sullivan, Mayor

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



City of Donaldsonville

LEROY J. SULLIVAN, SR., MAYOR

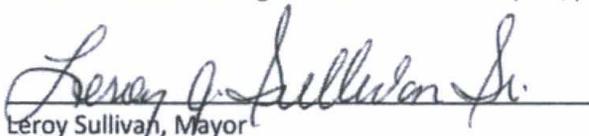
Lauthaught Delaney, Sr., District 1
 Raymond Aucoin, District 2
 Reginald Francis, Sr., District 3

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

Corrective Action Plan for
 current year audit findings
 for the year ended June 30, 2017

Audit Finding	Description of Findings	Correction Action	Contact Person	Anticipated completion date
2017-001	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
2017-002	Bond Reserve Requirements	Management will establish procedures to ensure compliance with all provision as stated in the bond documents and as prescribed by law.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2017-003	La Public Bid Law	Management will make sure the supervisors comply with state law when making purchases due to emergencies.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2017-004	Compliance-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	Immediately

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


 Leroy Sullivan, Mayor

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

CITY OF DONALDSONVILLE

DONALDSONVILLE, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2017

CITY OF DONALDSONVILLE

DONALDSONVILLE, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2017

Independent Accountants' Report
On Applying Agreed-Upon Procedures
For the Year Ended 2017

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 City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The City'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.

Written Policies and Procedures

1. Obtain the City's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the City does not have any written policies and procedures), as applicable:

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

No exception noted.

- 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 or state purchasing rules and regulations; and (5) documentation required to be maintained for all bids and price quotes.

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 compliance with Public Bid Law or documentation that is required to be maintained for all bids and price quotes.

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

No exception noted.

- d) **Receipts**, including receiving, recording, and preparing deposits.

No exception noted.

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

The payroll processing function is outsourced. There is no policy that addresses the reviewing and approving time and attendance records, including leave and overtime worked.

- 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 City does not have a policy regarding 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, and (5) monitoring card usage

The credit card policy does not include how cards are to be controlled, allowable business uses, required approvers, and 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 City's policies and procedures does not address dollar thresholds by category of expense.

- 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 City's ethics policy.

The City does not have a policy regarding ethics.

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

The City does not have a policy regarding debt service.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exception noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and additional funds identified as major funds in the entity's prior audit (GAAP basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

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

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exception noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

No exception noted.

4. Using the listing provided by management, select all of the City's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No exception noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

The bank reconciliations for twelve bank accounts were reviewed. None of the reconciliations had evidence that a member of management or a board member reviewed the bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Of the twenty-five bank statements that had reconciling items that were outstanding for more than 6 months, seventeen of the bank statements did not include any documentation reflecting that the items had been researched.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

No exception noted.

6. Using the listing provided by management, select all of the City's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a. Obtain existing documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is 1) bonded, 2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by a board member or an outside party) and 3) not required to share the same cash register or drawer.

There is no documentation that requires each person responsible for collecting cash to be bonded and no documentation that requires each person responsible for collecting cash to not be responsible for depositing the cash in the bank. There is also no documentation that requires the person collecting the cash to not share the same cash register or drawer.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the City has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash location selected.

No exception noted.

c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using City collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exception noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exception noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the City has a process specifically defined (identified as such by the City) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

No exception noted.

Disbursements – Other General

8. Obtain a listing of City disbursements from management or, alternately, obtain the general ledger and sort/filter for City disbursements. Obtain management's representation that the listing or general ledger population is complete.

No exception noted.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the City had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Of the twenty-five disbursements selected, five required a requisition or purchase order. Of the five that required a requisition or purchase order, one was initiated and approved by the same person.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

One purchase order was approved by the same person who initiated the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order (P.O.), or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

For 20 of the 25 disbursements selected, no purchase orders or requisitions were issued. However, these disbursements were for services, utilities, or on-going recurring purchases whose quantities are not pre-determined by the City and "ordered." Issuance of a P.O. in these circumstances is not customarily performed according to City standard procedures.

10. Using City documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the City's purchasing/disbursement system.

The persons responsible for processing payments is not prohibited from adding vendors to the City's purchasing/disbursement system.

11. Using City documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exception noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review City documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exception noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The authorized signers do not maintain control of the signed checks until mailed.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

No exception noted.

15. Using the listing prepared by management, randomly select ten cards (or at least one-third of the cards if the City has less than ten cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No exception noted.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No exception noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

No exception noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Eight of the ten cards selected were Fuel cards. Fuel cards are issued to employees that operate transportation equipment that is owned by the City. Fuel purchases through Fuel cards did not have an explicitly documented business purpose. Statements contain all transactions for each card and that identifies the card user, the vehicle, and other information is maintained that implies business use; however, positive determination or documentation of business purpose is not present on the face of the statements.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exception noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the City's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exception noted.

- c) For each transaction, compare the City's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exception noted.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

No exception noted.

- 18. Obtain the City's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (GSA) and report any rates that exceed the GSA rates.

No exception noted.

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the City does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The mileage rate reimbursed to one employee exceeded the policy approved rate for one of the three expense reimbursements that were tested.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exception noted.

c) Compare the City's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exception noted.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There was no evidence of review and approval on the expense vouchers by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

No exception noted.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner or the Louisiana Legislative Auditor). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exception noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the City complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

No exceptions noted.

- If no, obtain supporting contract documentation and report whether the City solicited quotes as a best practice.

Two of the five contracts selected were not subject to the bid law. In procurement of one of these contracts, the City did not solicit quotes.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exception noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exception noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

No exception noted.

Payroll and Personnel

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

The personnel files do not include documentation of the approved pay rate for the employee.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Four of the five employees that were tested received a pay raise during the year. There was no documentation of approval of pay raises for these four employees.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exception noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exception noted.

- c) Report whether there is written documentation that the City maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Two employees were not included on the Employee Time Off Accrual Reports that are maintained by the independent entity contracted by the City to prepare payroll checks and maintain payroll reports.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There was no evidence of independent approval of termination payments for both employees that were selected for testing. Additionally, there was no evidence of a written letter of resignation for one of these two employees.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Federal and state income tax withholdings payments are made by the independent entity that is contracted by the City to prepare payroll checks. This entity was unable to provide support in order to determine if payments for July, August, and September withholding taxes were paid timely.

Four monthly payments to the Municipal Employees Retirement System were not paid timely.

Four monthly reports to the Municipal Employees Retirement System were not submitted timely.

Ethics

26. Using the five selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the City maintained documentation to demonstrate that required annual ethics training was completed.

There was no documentation that indicated that annual ethics training was completed for the five employees that were tested.

27. Inquire of management whether any alleged ethics violations were reported to the City during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the City's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exception noted.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the City, and report whether State Bond Commission approval was obtained.

No exception noted.

29. If the City had outstanding debt during the fiscal period, obtain supporting documentation from the City and report whether the City made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Four debt payments were paid subsequent to the due dates.

30. If the City had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No exception noted.

Other

31. Inquire of management whether the City had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the City reported the misappropriation to the legislative auditor and the district attorney of the parish in which the City is domiciled.

No exception noted.



32. Observe and report whether the City has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exception noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exception noted.

Corrective Action

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

See the 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.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Postlethwaite & Netterville', written in dark ink.

December 29, 2017



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, 2017

Written Policies and Procedures

Findings:

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

Board (or Finance Committee, if applicable)

Findings:

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

Corrective Action

Management will add to the policy.

Anticipated Completion Date

Immediately

Bank Reconciliations

4b. The bank reconciliations for twelve bank accounts were reviewed. None of the reconciliations had evidence that a member of management or a board member reviewed the bank reconciliation.

Corrective Action

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

Anticipated Completion Date

Immediately

4c. Outstanding items on bank statements were not researched and did not have any documentation.

Corrective Action

Management will add to the policy.

Anticipated Completion Date

Immediately

Collections

6a. There is no documentation that requires each person responsible for collecting cash to be bonded and no documentation that requires each person responsible for collecting cash to not be responsible for depositing the cash in the bank. There is also no documentation that requires the person collecting the cash to not share the same cash register drawer.

Corrective Action

Management will get the council to add this policy.

Anticipated Completion Date

Immediately

Disbursements

9a. Of the twenty-five disbursements selected, five required a requisition or purchase order. Of the five that required a requisition or purchase order, one was initiated and approved by the same person.

Corrective Action

Management will make sure that all purchases have a purchase order or a requisition.

Anticipated Completion Date

Immediately

9b. One purchase order was approved by the same person who initiated the purchase.

Corrective Action

Management will make sure that all purchase orders have the person requesting and approving signatures to be different.

Anticipated Completion Date

Immediately

9c. For 20 of the 25 disbursements selected, no purchase orders or requisitions were issued. However, these disbursements were for services, utilities, or on-going recurring purchases that quantities are not pre-determined by the City and "ordered." Issuance of a P.O. in these circumstances is not customarily performed according to City standard procedures.

Corrective Action

Management don't normally issue purchase order for utilities because it is recurring with an unknown amount.

Anticipated Completion Date

10. The person responsible for processing payments is not prohibited from adding vendors to the City's purchasing/disbursement system.

Corrective Action

Management will develop a policy.

Anticipated Completion Date

Immediately

13. The authorized signers do not maintain control of the signed checks until mailed.

Corrective Action

This is not feasible we store the checks in the safe until signed.

Anticipated Completion Date

16a. Eight of the ten cards selected were Fuel cards. Fuel cards are issues to employees that operate transportation equipment that is owned by the City. Fuel purchases through Fuel cards did not have an explicitly documented business purpose. Statements containing all transactions for each card and that identify the card user, the vehicle, and other information is maintained that implies business use; however, positive determination or documentation of business purpose is not present on the face of the statements.

Corrective Action

Management will require supervisors to obtain receipts for each purchase or sign off on a monthly statement to approve all purchase.

Anticipated Completion Date

Immediately

Travel and Expense Reimbursement

19a. The mileage rate reimbursed to one employee exceeded the policy approved rate for one of the three expense reimbursements that were tested.

Corrective Action

Management will include the mileage rate in the policy book.

Anticipated Completion Date

Immediately

19d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Corrective Action

Management will make sure the travel expense report has the signature of the person requesting and the person approving.

Anticipated Completion Date

Immediately

Contracts

21b. Two of the five contracts selected were not subject to the bid law. In procurement of one of these contracts, the city did not solicit quotes.

Corrective Action

Management will follow the public bid law when soliciting contracts.

Anticipated Completion Date

Immediately

Payroll and Personnel

22a. The personnel files do not include documentation of the approved pay rate for the employee.

Corrective Action

Management is in the process of creating a new payroll filing system to show documentation for when pay raises are given.

Anticipated Completion Date

Immediately

22b. Four of the five employees that were tested received a pay raise during the year. There was no documentation of approval of pay raises for these four employees.

Corrective Action

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

Anticipated Completion Date

Immediately

23c. Two employees were not included on the Employee Time off Accrual Reports that are maintained by the independent entity contracted by the City to prepare payroll checks and maintain payroll reports.

Corrective Action

Management will review closely reports from the payroll company to make sure all employees are listed for accruals.

Anticipated Completion Date

Immediately

24. There was no evidence of independent approval of termination payments for both employees that were selected for testing. Additionally, there was no evidence of a written letter of resignation for one of these two employees.

Corrective Action

Management will create a policy for termination of employees.

Anticipated Completion Date

Immediately

25. Federal and state income tax withholdings payments are made by the independent entity that is contracted by the City to prepare payroll checks. This entity was unable to provide support in order to determine if payments for July and August and September withholding taxes were paid timely.

Four monthly payments and reports to the Municipal Employees Retirement System were not paid timely.

Corrective Action

Management will inform the independent entity that performs payroll to submit the support for tax payments made and obtain the monthly retirement reports on time for filing.

Anticipated Completion Date

Immediately

Ethics

26. There was no documentation that indicated that annual ethics training was completed for the five employees that were tested.

Corrective Action

Management will create a policy for completing ethics training for all employees.

Anticipated Completion Date

Immediately

Debt Service

29. Four debt payments were paid subsequent to the due dates.

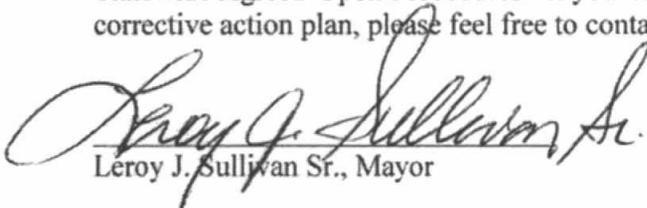
Corrective Action

Management will make sure that the accounts payable clerk makes all debt service payments 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



215 Saint Patrick Street - Donaldsonville, LA 70346
225-473-4179 Phone - 225-473-7204 Fax - pncpa.com

A Professional Accounting Corporation

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, 2017, and have issued our report thereon dated December 29, 2017. 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 below. This letter does not affect our reports dated December 29, 2017, on the financial statements of the City of Donaldsonville or the City's internal control over financial reporting.



ML 17-001

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 17-002

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.

ML 17-003

Enhancement of Policies and Procedures for Federal Awards

Condition:

The Uniform Guidance administrative requirements and cost principles apply to federal funding awarded 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. The written policies and procedures of the City do not directly address compliance with the Uniform Guidance for federal programs.

Recommendation:

The written policies and procedures of the City should be enhanced to ensure compliance with the Uniform Guidance as it relates to allowable costs, procurement, and subrecipient monitoring, as applicable.



Postlethwaite & Netterville

ML 17-004

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.

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.

Postlethwaite & Netterville

Donaldsonville, Louisiana

December 29, 2017

Status of Prior Year Management Letter Comments

ML 16-001

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 required in initiating and recording financial transactions. Detailed policies and procedures regarding cash receipts, purchases, cash disbursements, payroll, expense reimbursements, credit cards, contracting for services, budget amendments, as well as other significant areas should be adopted and consistently followed. Such procedures should be documented in policies that clearly define control procedures and management responsibilities. Additionally, management should develop a fraud risk assessment and monitoring process.

Current Status: This has been partially corrected. Policies and procedures have been adopted. The City is still in the process of developing a fraud risk assessment and monitoring process.

ML 16-002 Check Custody and Signatory Authority

Condition: Access to the unissued checks is not properly safeguarded. The checks are kept in an unlocked file cabinet during business hours. The Mayor and billing clerk are the authorized signers on the account. A second signature is required on checks in the amount of \$50,000 or more. However, we noted a check that was issued in excess of \$50,000 that was only signed by one of the authorized signers.

Recommendation: Access to the unissued checks should be restricted to personnel without signatory authority. Controls should be designed and implemented to ensure that checks should be signed by the appropriate personnel prior to issuance. Additionally, the City should consider changing the signatory authority to include the Mayor and someone that is independent of the accounting department.

Current Status: This has been corrected. Access to the unissued checks has been restricted. Additionally, signatory authority has been modified to include the Mayor and an employee that is independent of the accounting department.

ML 16-003 Capital Asset Inventory

Condition: Management is responsible for designing controls that safeguard the assets of the City. The City is not currently completing a capital asset inventory count and 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 perform a complete inventory of all capital assets at least once every two years. Additionally, 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.

Current Status: This has been partially corrected. A complete inventory has been performed. Management is still in the process of designing and implementing a formal process to track, update, adjust, and reconcile the inventory of capital assets to the inventory counts and the accounting records.



Postlethwaite & Netterville

ML 16-004

Grant Reimbursements

- Condition:** Certain projects require reimbursement requests from either federal or state agencies. In some instances the requests were not filed in a timely manner. The reimbursements, as a result, were not received in a reasonable time frame.
- Recommendation:** Management should design and implement a formal process to track grant and project costs. Reimbursement requests should be prepared timely to ensure that the City's funds are properly reimbursed.
- Current Status:** This has been corrected. The reimbursement requests that were tested were filed in a timely manner.

ML 16-005

Delinquent Accounts

- Condition:** The City has a sewer ordinance that defines when customer account balances become delinquent. The ordinance states that the account shall become delinquent and be reported as such after 60 days of non-payment. Management currently uses 120 days as the benchmark for reporting delinquent accounts.
- Recommendation:** Management should follow the City's ordinance for reporting delinquent sewer customer account balances.
- Current Status:** This has been corrected.



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, 2017

ML 17-001 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.

ML 17-002 Capital Asset Inventory

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.

Corrective Action Plan: Management has begun taking inventory on a regular basis, and we are in the process of purchasing tags for the equipment.

ML 17-003 Enhancement of Policies and Procedures for Federal Awards

Recommendation: The written policies and procedures of the City should be enhanced to ensure compliance with the Uniform Guidance as it relates to allowable costs, procurement, and sub-recipient monitoring, as applicable.

Corrective Action Plan: Management will develop a policy to include the Uniform Guidance as it relates to allowable costs, procurement, and sub-recipient monitoring, for federal programs.

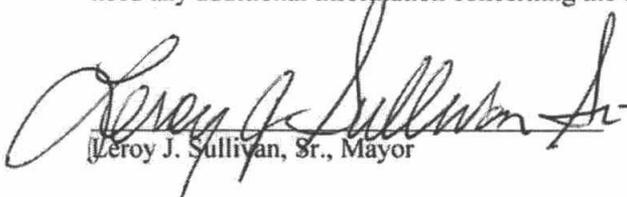
ML 17-004

Travel and Expense Reimbursements

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.

Corrective Action Plan: Management will add to its current policy to include specific procedures regarding the reserving of transportation and lodging when overnight stays are required. The policy will also include maximum allowances for daily or per meal reimbursement.

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