

# CITY OF MANDEVILLE, LOUISIANA

## Annual Financial Statements

For the Year Ended  
August 31, 2008

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 12/9/09

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## Independent Auditor's Report

The Honorable Edward Price, III, Mayor  
and Members of the City Council  
City of Mandeville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mandeville, Louisiana (the City), as of and for the year ended August 31, 2008, which collectively comprise the City of Mandeville, Louisiana's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Mandeville, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

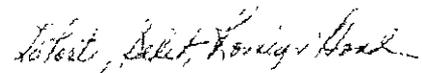
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mandeville, Louisiana as of August 31, 2008, and the respective changes in financial positions and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2009, on our consideration of the City of Mandeville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used in conjunction with this report in considering the results of our audit.

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

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City of Mandeville, Louisiana's basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules for the Enterprise Fund are presented for the purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Mandeville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all materials respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

February 22, 2009

**REQUIRED SUPPLEMENTAL INFORMATION (PART I)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Management's Discussion and Analysis**

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As management of the City of Mandeville, Louisiana (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City, for the fiscal year ended August 31, 2008. This management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of City finances and an analysis of the City's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial reporting, the information contained with the MD&A should be considered only a part of a greater whole. We encourage readers to consider the information presented here in conjunction with additional information presented in the Required Supplemental Information (RSI) that is provided in addition to this MD&A.

#### **Financial Highlights**

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$75,104,749. This is comprised of \$41,768,516 in governmental activities and \$33,336,233 in business-type activities.
- The City's total net assets increased by \$8,346,816. This is comprised of a \$7,863,203 increase from governmental activities and a \$483,613 increase from business-type activities.
- The unrestricted portion of total net assets totaled \$24,408,940. This is comprised of \$20,198,713 in governmental funds and \$4,210,227 in business-type activities. Unrestricted net assets are available for spending at the City's discretion.
- Approximately 65% of the City's total net assets are comprised of its investment in capital assets (e.g., land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- Less than 3.5% (\$2,597,212) of the City's net assets are reserved for debt service.
- The balance of net assets (approximately 32.5%) is unrestricted.
- The City's outstanding debt decreased by \$1,095,000 due to normal debt service requirements.

**Management's Discussion and Analysis**

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**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 27 and 28) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 30. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements consist of the following components:

- Government-Wide Financial Statements,
- Fund Financial Statements,
- Notes to the Financial Statements, and
- Other Supplemental Information, which is in addition to the financial statements themselves.

**Government-Wide Financial Statements**

Government-wide financial statements required by GASB Statement 34 provide readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or weakening.
- The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation time).

**Management's Discussion and Analysis**

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The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the City into:

*Governmental Activities* that are principally supported by taxes and intergovernmental revenues, and

*Business-Type Activities* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Water and Sewer).

**Net Assets Analysis**

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. Net Assets are divided into three categories, invested in capital assets (which makes up the largest portion of total net assets), restricted for debt service, and unrestricted. The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$75,104,779 (total net assets), of which \$24,408,940 is unrestricted net assets.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

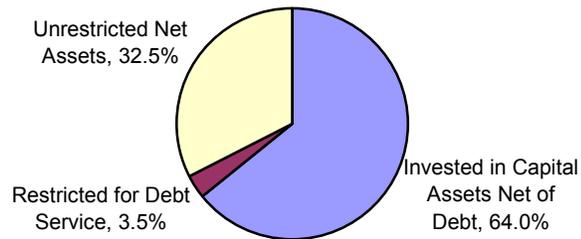
Management's Discussion and Analysis

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Government-Wide Financial Analysis (Continued)

Net Assets Analysis

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Invested in Capital Assets Net of Debt	\$ 18,972,591	\$ 29,126,006	\$ 48,098,597
Restricted for Debt Service	2,597,212	-	2,597,212
Unrestricted Net Assets	20,198,713	4,210,227	24,408,940
	<u>\$ 41,768,516</u>	<u>\$ 33,336,233</u>	<u>\$ 75,104,749</u>



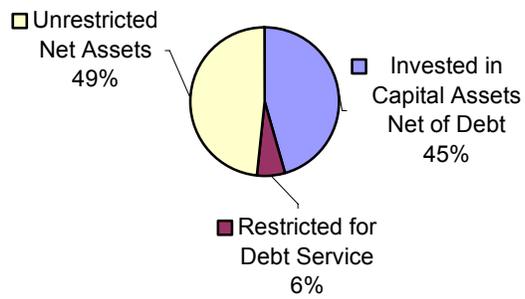
Management's Discussion and Analysis

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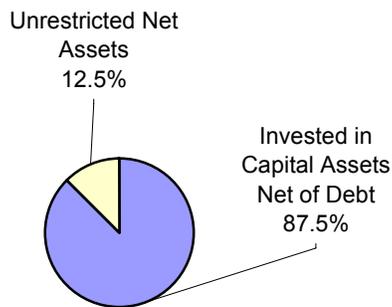
Government-Wide Financial Statements (Continued)

Net Assets Analysis (Continued)

**Governmental Activities Net Assets  
August 31, 2008**



**Business Type Activities Net Assets  
August 31, 2008**



Management's Discussion and Analysis

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Government-Wide Financial Statements (Continued)

Financial Ratios

"Working Capital" is the amount by which current assets (including investments) exceed current liabilities. The "Current Ratio", which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

Working Capital	2008	2007	2006
Entity Wide Summary	\$ 27,261,179	\$ 24,893,375	\$ 19,343,876
Governmental	\$ 22,756,793	\$ 17,366,764	\$ 14,757,614
Business-type	\$ 4,504,386	\$ 7,526,611	\$ 4,586,262
Current Ratio	2008	2007	2006
Entity Wide Summary	52	52	42
Governmental	47	38	39
Business-type	121	348	94

"Liabilities to Net Assets" indicates the extent of borrowing.

Liabilities to Net Assets	2008	2007	2006
Entity Wide Summary	9%	13%	16%
Governmental	16%	25%	32%
Business-type	1%	1%	1%

"Total Return on Assets" illustrates to what extent there will be sufficient funds from operations to replace assets in the future. It includes all revenues.

Total Return on Assets	2008	2007	2006
Entity Wide Summary	11.7%	12.5%	12.7%
Governmental	19.9%	14.8%	13.9%
Business-type	1.5%	10.0%	2.1%

"Capital Asset Change" illustrates to what extent the City financially maintains infrastructure. Percentage increase (decrease) in Net Capital Assets.

Capital Asset Change	2008	2007	2006
Entity Wide Summary	13%	4%	1%
Governmental	19%	1%	-1%
Business-type	8%	7%	2%

Management's Discussion and Analysis

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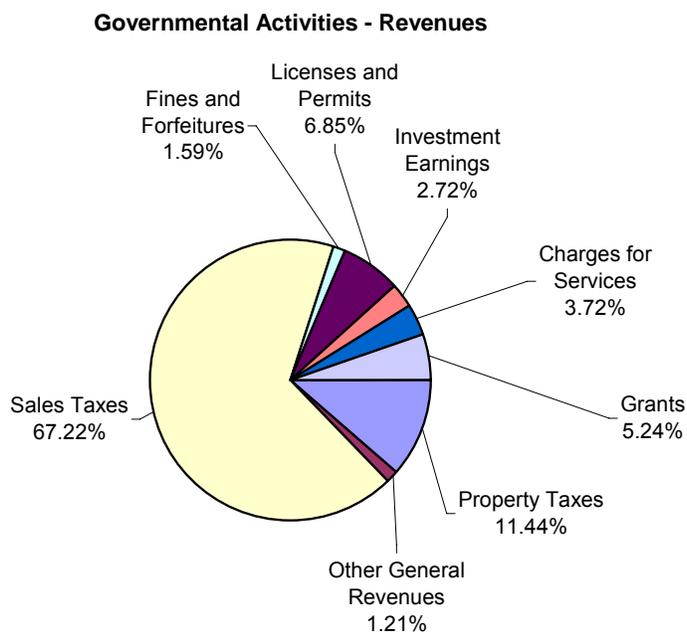
Government-Wide Financial Statements (Continued)

Governmental activities for the City include General Government, Public Safety, Public Works, Cemetery, and Interest on Long-Term Debt. Sales taxes, property taxes, franchise taxes, licenses and permits, fees and fines fund most of these governmental activities.

Presented is the City's revenues and expenses related to those functions typically associated with governments.

**Governmental Activities - Revenues**

Property Taxes	\$ 2,359,623
Other General Revenues	250,463
Sales Taxes	13,861,993
Fines and Forfeitures	328,499
Licenses and Permits	1,413,078
Investment Earnings	561,356
Charges for Services	766,936
Grants	1,080,998
Franchise Taxes	<u>940,908</u>
 Total Governmental Activities	 <u>\$ 21,563,854</u>



Management's Discussion and Analysis

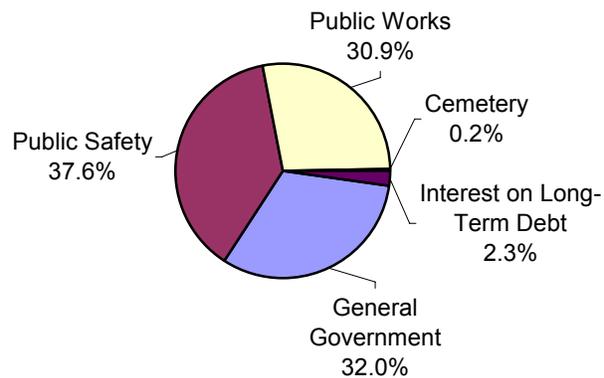
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Government-Wide Financial Statements (Continued)

Governmental Activities - Expenses

General Government	\$ 4,139,888
Public Safety	4,866,054
Public Works	3,613,180
Cemetery	19,552
Interest on Long-Term Debt	299,601
	<hr/>
Total Governmental Activities	<u>\$ 12,938,275</u>

Governmental Program Expenses



Management's Discussion and Analysis

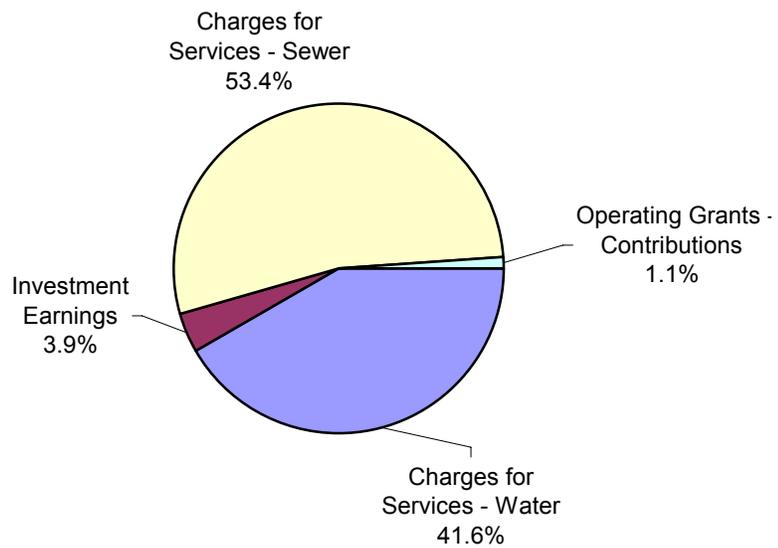
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Government-Wide Financial Statements (Continued)

Business-Type Activities - Revenues

Charges for Services - Water	\$ 1,303,220
Investment Earnings	122,642
Charges for Services - Sewer	1,671,098
Operating Grants - Contributions	<u>35,090</u>
Total Business-Type Activities	<u><u>\$ 3,132,050</u></u>

Business-Type Activities - Revenues



Management's Discussion and Analysis

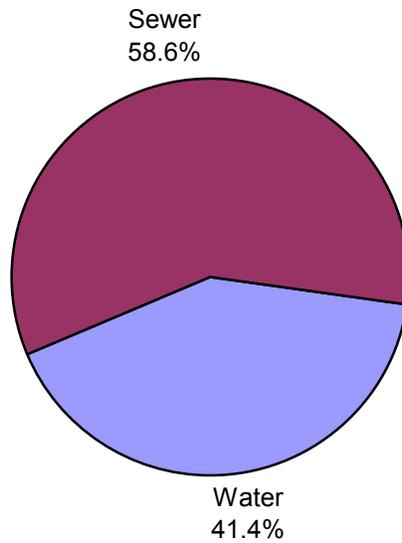
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Government-Wide Financial Statements (Continued)

Business-Type Activities - Expenses

Water	\$ 1,411,546
Sewer	<u>1,999,267</u>
Total Governmental Activities	<u><u>\$ 3,410,813</u></u>

**Business-Type Activities - Expenses**



**Management's Discussion and Analysis**

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**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements begin on page 30. They provide detailed information about the most significant funds of the City as a whole. Some funds are required to be established by law. The City has also established separate funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's funds are comprised of governmental funds and a proprietary fund (Enterprise Fund).

- **Governmental Funds** - are used to account for most of the City's services reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measure cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the services it provides. Governmental fund information 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 the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds, of which five are considered major. Information is presented separately in the governmental funds' Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Tax Collector Fund, Sales Tax Fund, Special Sales Tax Fund and Street Construction Fund, which are all considered to be major funds as defined by GASB Statement No. 34. Data from the other governmental funds (Bond Reserve Fund, Bond Sinking Fund and Water Construction II Fund) are combined into a single, aggregated presentation.

- **Proprietary Fund** - The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses its enterprise Fund to account for its Water and Sewer departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer departments.

CITY OF MANDEVILLE, LOUISIANA  
Year Ended August 31, 2008

Management's Discussion and Analysis

Fund Financial Statement Analysis

Major Governmental Funds

General Fund

	Fiscal Years Ended August 31,	
	2008	2007
<b>Revenue</b>		
Property Taxes	\$ 2,269,677	\$ 2,116,476
Franchise Taxes	940,908	895,164
Tobacco Taxes	-	15,534
Licenses and Permits	1,413,078	1,454,604
Intergovernmental Grants	1,080,998	726,222
Charges for Services	766,936	712,943
Fines and Forfeitures	328,499	265,873
Interest Income	80,996	111,180
Miscellaneous	365,300	1,414,303
<b>Total Revenues</b>	<b>7,246,392</b>	<b>7,712,299</b>
<b>Expenditures</b>		
Current:		
General Government	3,723,853	4,498,332
Public Safety	4,676,446	4,375,750
Public Works	1,554,360	1,409,725
Cemetery	19,552	19,341
Capital Outlay	3,332,960	2,644,449
Debt Service	692,031	-
<b>Total Expenditures</b>	<b>13,999,202</b>	<b>12,947,597</b>
Deficiency of Revenues under Expenditures	(6,752,810)	(5,235,298)
<b>Other Financial Sources (Uses)</b>		
Proceeds from Community Disaster Loan	-	-
Transfers In	6,206,500	6,659,000
Transfers Out	-	-
<b>Net Transfers</b>	<b>6,206,500</b>	<b>6,659,000</b>
<b>Net Change in Fund Balance</b>	<b>(546,310)</b>	<b>1,423,702</b>
<b>Fund Balance, Beginning of the Year</b>	<b>7,650,480</b>	<b>6,226,778</b>
<b>Fund Balance, End of the Year</b>	<b>\$ 7,104,170</b>	<b>\$ 7,650,480</b>

**Management's Discussion and Analysis**

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**Fund Financial Statement Analysis (Continued)**

**Major Governmental Funds (Continued)**

**Discussion:**

- Property Tax Revenue increased approximately 12% due to the normal growth of the City and the rebuilding of homes damaged from Hurricane Katrina.
- Franchise Tax Revenue increased approximately 7% due to the normal growth of the City and the increase in the cost of natural gas.
- Licenses and Permits revenue increased approximately 15% due to the normal growth of the City and the after effects of Hurricane Katrina (rebuilding, higher insurance premiums, and more retail spending).
- The decrease in Intergovernmental Grants is due to funds received for the Galvez St. drainage improvements Phase II last year (approximately \$1,200,000).
- The decrease in Miscellaneous Revenues is due to reimbursements from the federal government for expenses incurred last year with Hurricane Katrina (approximately \$4,300,000).
- General Government expenditures decreased primarily due to expenses incurred last year with Hurricane Katrina (approximately \$3,200,000).
- Public Safety expenditures increased primarily due to the increased cost of salaries and benefits.
- Public Works expenses increased due to inflationary factors.

CITY OF MANDEVILLE, LOUISIANA  
Year Ended August 31, 2008

Management's Discussion and Analysis

Fund Financial Statement Analysis (Continued)

Major Governmental Funds (Continued)

Tax Collector Debt Service Fund

	Fiscal Years Ended August 31,	
	2008	2007
<b>Revenue</b>		
Property Taxes	\$ 89,946	\$ 100,736
Interest Income	66,980	79,569
<b>Total Revenues</b>	<b>156,926</b>	<b>180,305</b>
<b>Expenditures</b>		
Current		
General Government	21,123	20,873
Debt Service	116,186	108,058
<b>Total Expenditures</b>	<b>137,309</b>	<b>128,931</b>
<b>Deficiency of Revenues under Expenditures</b>	<b>19,617</b>	<b>51,374</b>
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>19,617</b>	<b>51,374</b>
<b>Fund Balance, Beginning of the Year</b>	<b>729,834</b>	<b>678,460</b>
<b>Fund Balance, End of the Year</b>	<b>\$ 749,451</b>	<b>\$ 729,834</b>

CITY OF MANDEVILLE, LOUISIANA  
Year Ended August 31, 2008

Management's Discussion and Analysis

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Fund Financial Statement Analysis (Continued)

Major Governmental Funds (Continued)

Sales Tax Fund

	Fiscal Years Ended August 31,	
	2008	2007
<b>Revenue</b>		
Sales Taxes	\$ 13,861,993	\$ 13,216,869
Interest Income	17,212	23,527
<b>Total Revenues</b>	<b>13,879,205</b>	<b>13,240,396</b>
<b>Expenditures</b>		
Current:		
General Government	159,009	152,263
<b>Total Expenditures</b>	<b>159,009</b>	<b>152,263</b>
<b>Excess of Revenues over Expenditures</b>	<b>13,720,196</b>	<b>13,088,133</b>
<b>Other Financial Sources (Uses)</b>		
Transfers Out	(13,802,032)	(13,113,687)
<b>Net Transfers</b>	<b>(13,802,032)</b>	<b>(13,113,687)</b>
<b>Net Change in Fund Balance</b>	<b>(81,836)</b>	<b>(25,554)</b>
<b>Fund Balance, Beginning of the Year</b>	<b>367,298</b>	<b>392,852</b>
<b>Fund Balance, End of the Year</b>	<b>\$ 285,462</b>	<b>\$ 367,298</b>

CITY OF MANDEVILLE, LOUISIANA  
Year Ended August 31, 2008

Management's Discussion and Analysis

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Fund Financial Statement Analysis (Continued)

Major Governmental Funds (Continued)

Special Sales Tax Fund

	Fiscal Years Ended August 31,	
	2008	2007
<b>Revenue</b>		
Interest Income	\$ 219,706	\$ 144,614
<b>Total Revenues</b>	<b>219,706</b>	<b>144,614</b>
<b>Expenditures</b>		
Current		
General Government	700	765
<b>Total Expenditures</b>	<b>700</b>	<b>765</b>
<b>Excess of Revenues Over Expenditures</b>	<b>219,006</b>	<b>143,849</b>
<b>Other Financial Sources (Uses)</b>		
Transfers In	5,455,872	5,361,997
Transfers Out	(4,721,343)	(5,098,416)
<b>Net Transfers</b>	<b>734,529</b>	<b>263,581</b>
<b>Net Change in Fund Balance</b>	<b>953,535</b>	<b>407,430</b>
<b>Fund Balance, Beginning of the Year</b>	<b>5,099,673</b>	<b>4,692,243</b>
<b>Fund Balance, End of the Year</b>	<b>\$ 6,053,208</b>	<b>\$ 5,099,673</b>

CITY OF MANDEVILLE, LOUISIANA  
Year Ended August 31, 2008

Management's Discussion and Analysis

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Fund Financial Statement Analysis (Continued)

Major Governmental Funds (Continued)

Street Construction Fund

	Fiscal Years Ended August 31,	
	2008	2007
<b>Revenue</b>		
Interest Income	\$ 129,356	\$ 116,633
<b>Total Revenues</b>	<b>129,356</b>	<b>116,633</b>
<b>Expenditures</b>		
Current		
General Government	12,149	-
Public Works	223,553	-
Capital Outlay	2,890,223	616,140
<b>Total Expenditures</b>	<b>3,125,925</b>	<b>616,140</b>
<b>Deficiency of Revenues under Expenditures</b>	<b>(2,996,569)</b>	<b>(499,507)</b>
<b>Other Financial Sources (Uses)</b>		
Transfers In	4,899,339	2,757,077
<b>Net Transfers</b>	<b>4,899,339</b>	<b>2,757,077</b>
<b>Net Change in Fund Balance</b>	<b>1,902,770</b>	<b>2,257,570</b>
<b>Fund Balance, Beginning of the Year</b>	<b>4,813,971</b>	<b>2,556,401</b>
<b>Fund Balance, End of the Year</b>	<b>\$ 6,716,741</b>	<b>\$ 4,813,971</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Year Ended August 31, 2008**

**Management's Discussion and Analysis**

**Fund Financial Statement Analysis (Continued)**

**Proprietary (Enterprise) Fund**

**Proprietary Fund**

	Fiscal Years Ended August 31,	
	2008	2007
<b>Operating Revenues</b>		
Charges for Services		
Water Fees	\$ 1,094,056	\$ 1,052,416
Sewerage Fees	1,522,563	1,435,682
Tapping Fees		
Water Department	25,055	39,700
Sewer Department	14,200	16,800
Service Charge	22,230	18,761
Delinquent Charges	71,931	69,774
Sewer Inspection Fees	1,150	1,450
Miscellaneous	1,316	10,839
DHH Fees	12,906	12,489
Sewer Impact Fees	95,904	106,888
Water Inspection Fees	1,550	3,950
Water Impact Fees	111,457	124,040
<b>Total Operating Revenues</b>	<b>2,974,318</b>	<b>2,892,789</b>
<b>Operating Expenses</b>		
Water Department Expenses	1,411,546	1,650,246
Sewer Department Expenses	1,999,267	2,064,115
<b>Total Expenditures</b>	<b>3,410,813</b>	<b>3,714,361</b>
<b>Operating Loss</b>	<b>(436,495)</b>	<b>(821,572)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Grant Income	50,995	192,456
Disaster Income	3,666	1,483,372
Interest Income	122,642	121,898
Loss on Disposal of Assets	(19,572)	-
<b>Total Non-Operating Revenue</b>	<b>157,731</b>	<b>1,797,726</b>
<b>Loss Before Contributions and Transfers</b>	<b>(278,764)</b>	<b>976,154</b>
<b>Transfers - Special Revenue Fund</b>	<b>762,376</b>	<b>2,310,000</b>
<b>Net Change in Net Assets</b>	<b>483,612</b>	<b>3,286,154</b>
<b>Total Net Assets, Beginning of Year</b>	<b>32,852,620</b>	<b>29,566,466</b>
<b>Total Net Assets, End of the Year</b>	<b>\$ 33,336,232</b>	<b>\$ 32,852,620</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Year Ended August 31, 2008**

**Management's Discussion and Analysis**

**Fund Financial Statement Analysis (Continued)**

**Proprietary (Enterprise) Fund (Continued)**

	Water Department For The Years Ended August 31,		Sewer Department For The Years Ended August 31,	
	2008	2007	2008	2007
Salaries, Overtime and Vacation	\$ 343,418	\$ 385,809	\$ 352,011	\$ 293,202
Payroll Taxes	25,168	28,156	22,773	21,890
Retirement	78,994	82,348	58,294	56,912
Employee Medical Insurance	91,582	69,003	106,597	81,120
Workmen's Compensation	16,021	19,338	12,005	11,099
Licenses and Permits	12,193	12,020	100	7,114
Engineers' Fees	12,727	3,569	7,720	9,412
Computer Programs and Supplies	13,730	44,392	13,153	16,624
Pumps Maintenance	10,285	11,327	11,773	130,073
Purification Chemicals	73,526	51,337	15,217	7,722
Bad Debt Expense	-	-	-	-
Membership, Dues and Subscriptions	1,340	977	383	874
Printing	2,509	2,194	1,826	1,931
Utilities	100,452	86,495	389,210	388,470
Telephone	7,856	14,279	4,744	5,546
Insurance - General	17,568	16,954	6,940	6,000
Insurance - Property	16,000	14,375	14,118	13,370
Office Supplies	1,664	2,435	806	2,000
Service Charges	-	375	-	-
Building Maintenance	1,962	1,705	1,455	1,666
Postage	8,199	9,990	8,463	8,892
Travel, Convention and Conferences	2,873	1,967	2,846	2,655
Civil Service	2,749	6,618	2,800	6,594
Radio Maintenance	1,239	1,500	1,239	1,500
Uniforms	3,151	3,330	3,075	3,302
Fuel, Oil and Lube	32,822	19,000	32,453	17,500
Insurance - Vehicle	4,000	4,000	7,000	5,685
Vehicle Repair and Maintenance	3,925	10,915	8,311	10,794
Equipment Maintenance	8,094	11,416	18,700	14,820
Equipment Rental	99	-	740	587
Contract Labor	80,863	112,478	108,845	183,543
Small Tools and Supplies	(55,382)	11,482	8,055	11,808
Depreciation	373,577	468,325	575,898	468,814
Connection Supplies	80,004	83,295	3,670	8,929
Testing	330	-	129,429	124,509
Plant Maintenance and Repair	34,516	56,843	65,223	136,072
Training	3,492	1,999	3,395	3,086
<b>Total</b>	<b>\$ 1,411,546</b>	<b>\$ 1,650,246</b>	<b>\$ 1,999,267</b>	<b>\$ 2,064,115</b>

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 41 of this report.

• **Other Supplemental Information**

In addition to the financial statements and accompanying notes, this report also presents certain required supplemental information.

- A. **Budgetary Comparison Schedule** - The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget, beginning on page 61.
- B. **Analysis of Significant Budget Variances in the General Fund**
  - 1. Revenues: The Intergovernmental grants revenue budget was based on anticipated grants and the large variance is due in part to grants that have been awarded but not yet received
  - 2. Expenditures: There were no significant expenditures in excess of final budgeted amounts.

**Supplemental Information**

- A. Combining statements of the Non-major Governmental Funds (Bond Reserve, Bond Sinking and Water Construction II Funds)
- B. Other Supplemental Schedules

**Capital Asset and Debt Administration**

**A. Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of August 31, 2008, amounts to \$54,113,597 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads and water and sewer infrastructure.

Major capital asset additions during the current fiscal year included the following:

1. Several police and other vehicles were acquired for the General Government at a cost of \$166,873.
2. Other machinery, equipment, etc. were acquired at a cost of \$168,596 for the General Government.
3. Land was acquired for the General Government at a cost of \$676,705.
4. Drainage improvements totaled \$830,728.
5. Road construction and replacement totaled \$2,890,224.
6. Improvements at the Trailhead totaled \$654,272.
7. Improvements to the harbor totaled \$275,309.
8. Improvements to buildings and structures totaled \$535,642.
9. Various water line additions and improvements were constructed by the Water Fund at a cost of \$98,691.
10. Various sewer line additions and improvements were constructed by the Sewer Fund at a cost of \$649,421.
11. Equipment and vehicles were acquired for the Water and Sewer Funds at a cost of \$504,143.

Additional information on the City's capital assets can be found in Note 7 of this report.

**B. Long-Term Debt**

At August 31, 2008, the City had total bonded debt outstanding of \$6,015,000. This total is comprised of \$680,000 in general obligation bonds, \$315,000 Series 1999 Bonds, \$725,000 Series 2000 Bonds and \$4,295,000 Series 2006 Bonds payable from a pledge of the City's 1% Sales Tax.

Total retirement of Long-Term Debt amounted to \$1,095,000.

Additional information on the City's long-term debt can be found in Note 12 of this report.

CITY OF MANDEVILLE, LOUISIANA

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Economic Factors and Next Year's Budget and Rates**

*The following factors were considered in preparing the City's budget for the 2009 fiscal year:*

Sales tax revenues, the City's largest revenue source, produced substantial growth in this fiscal year. The City feels that a majority of this increase is due to the rebuilding of the City after Hurricane Katrina and we are not sure how long the rebuilding will last. Because of this, the City is taking a conservative approach to projecting sales tax revenues, therefore, for fiscal year ending August 31, 2009, there was no increase in budgeted sales tax revenue compared to the August 31, 2008, fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Milton Stiebing, Director of Finance  
City of Mandeville  
3101 E. Causeway Approach  
Mandeville, LA 70448  
**Independent Auditor's Report**

**BASIC FINANCIAL STATEMENTS**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF MANDEVILLE, LOUISIANA**  
**Statement of Net Assets**  
**August 31, 2008**

**Statement A**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 8,870,601	\$ 298,472	\$ 9,169,073
Investments	13,145,957	3,655,252	16,801,209
Receivables			
Ad Valorem Taxes	8,655	-	8,655
Water and Sewer, Net	-	306,936	306,936
Other	35,293	-	35,293
FEMA Receivable	1,176,744	297,086	1,473,830
Internal Balances	97,248	(97,248)	-
Deposits	2,780	-	2,780
Inventory	99	81,003	81,102
Bond Financing Cost, Net	39,132	-	39,132
Capital Assets, Net	24,987,591	29,126,006	54,113,597
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>48,364,100</b>	<b>33,667,507</b>	<b>82,031,607</b>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	483,508	37,115	520,623
Customer Deposits	97,076	294,159	391,235
General Obligations Bonds Payable			
Current	1,155,000	-	1,155,000
Long-Term	4,860,000	-	4,860,000
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>6,595,584</b>	<b>331,274</b>	<b>6,926,858</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	18,972,591	29,126,006	48,098,597
Restricted for:			
Debt Service	2,597,212	-	2,597,212
Unrestricted	20,198,713	4,210,227	24,408,940
	<hr/>	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>\$ 41,768,516</b>	<b>\$ 33,336,233</b>	<b>\$ 75,104,749</b>

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

**CITY OF MANDEVILLE, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended August 31, 2008**

**Statement B**

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 4,139,888	\$ 718,366	\$ -	\$ -	\$ (3,421,522)	\$ -	\$ (3,421,522)
Public Safety	4,866,054	-	5,817	-	(4,860,237)	-	(4,860,237)
Public Works	3,613,180	-	180,460	894,721	(2,537,999)	-	(2,537,999)
Cemetery	19,552	48,570	-	-	29,018	-	29,018
Interest on Debt	299,601	-	-	-	(299,601)	-	(299,601)
<b>Total Governmental Activities</b>	<b>12,938,275</b>	<b>766,936</b>	<b>186,277</b>	<b>894,721</b>	<b>(11,090,341)</b>	<b>-</b>	<b>(11,090,341)</b>
<b>Business-Type Activities</b>							
Water	1,411,546	1,303,220	-	-	-	(108,326)	(108,326)
Sewer	1,999,267	1,671,098	-	35,090	-	(293,079)	(293,079)
<b>Total Business-Type Activities</b>	<b>3,410,813</b>	<b>2,974,318</b>	<b>-</b>	<b>35,090</b>	<b>-</b>	<b>(401,405)</b>	<b>(401,405)</b>
<b>Total</b>	<b>\$ 16,349,088</b>	<b>\$ 3,741,254</b>	<b>\$ 186,277</b>	<b>\$ 929,811</b>	<b>(11,090,341)</b>	<b>(401,405)</b>	<b>(11,491,746)</b>
<b>General Revenues</b>							
Property Taxes					2,359,623	-	2,359,623
Franchise Taxes					940,908	-	940,908
Sales Taxes					13,861,993	-	13,861,993
Licenses and Permits					1,413,078	-	1,413,078
Fines and Forfeitures					328,499	-	328,499
Investment Earnings					561,356	122,642	683,998
Other General Revenues					227,413	-	227,413
Donations					23,050	-	23,050
<b>Transfers</b>					(762,376)	762,376	-
<b>Total General Revenues and Transfers</b>					<b>18,953,544</b>	<b>885,018</b>	<b>19,838,562</b>
<b>Change in Net Assets</b>					<b>7,863,203</b>	<b>483,613</b>	<b>8,346,816</b>
<b>Net Assets, Beginning of Year</b>					<b>33,905,313</b>	<b>32,852,620</b>	<b>66,757,933</b>
<b>Net Assets, End of Year</b>					<b>\$ 41,768,516</b>	<b>\$ 33,336,233</b>	<b>\$ 75,104,749</b>

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

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUNDS**

**CITY OF MANDEVILLE, LOUISIANA**  
**Balance Sheet**  
**Governmental Funds**  
**August 31, 2008**

**Statement C**

	Debt Service		Special Revenue Funds		Capital Projects		Total Governmental Funds
	Fund		Fund		Fund		
	General	Tax Collector	Sales Tax	Special Sales Tax	Street Construction	Non-Major Governmental	
<b>Assets</b>							
Cash and Cash Equivalents	\$ 4,311,529	\$ 73,168	\$ 195,546	\$ 794,208	\$ 2,717,944	\$ 778,206	\$ 8,870,501
Investments	1,788,643	940,046	89,916	5,259,000	3,998,797	1,069,555	13,145,957
Receivables, Net	-	8,655	-	-	-	-	8,655
Ad Valorem	-	-	-	-	-	-	35,293
Other Receivables	35,293	-	-	-	-	-	35,293
FEIMA Receivable	1,176,744	-	-	-	-	-	1,176,744
Deposits	2,780	-	-	-	-	-	2,780
Inventory of Plots and Crypts	99	-	-	-	-	-	99
Interfund Receivables	369,666	-	-	-	-	-	369,666
<b>Total Assets</b>	<b>\$ 7,684,754</b>	<b>\$ 1,021,869</b>	<b>\$ 285,462</b>	<b>\$ 6,053,208</b>	<b>\$ 6,716,741</b>	<b>\$ 1,847,761</b>	<b>\$ 23,609,795</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 57,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,623
Accrued Liabilities	425,885	-	-	-	-	-	425,885
Deposits	97,076	-	-	-	-	-	97,076
Interfund Payables	-	272,418	-	-	-	-	272,418
<b>Total Liabilities</b>	<b>580,584</b>	<b>272,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>853,002</b>
<b>Fund Balances</b>							
Reserved for Debt Service	-	749,451	-	-	-	1,847,761	2,597,212
Reserved for Inventory	99	-	-	-	-	-	99
Unreserved, Reported in:							
General Fund	7,104,071	-	-	-	-	-	7,104,071
Special Revenue Fund	-	-	285,462	6,053,208	-	-	6,338,670
Capital Projects Fund	-	-	-	-	6,716,741	-	6,716,741
<b>Total Fund Balances</b>	<b>7,104,170</b>	<b>749,451</b>	<b>285,462</b>	<b>6,053,208</b>	<b>6,716,741</b>	<b>1,847,761</b>	<b>22,756,793</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,684,754</b>	<b>\$ 1,021,869</b>	<b>\$ 285,462</b>	<b>\$ 6,053,208</b>	<b>\$ 6,716,741</b>	<b>\$ 1,847,761</b>	<b>\$ 23,609,795</b>

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

**CITY OF MANDEVILLE, LOUISIANA**  
**Reconciliation of the Governmental Funds Balance to**  
**the Government-Wide Financial Statement of Net Assets**  
**August 31, 2008**

**Statement D**

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**Amounts reported for governmental activities in the Statement**  
**of Net Assets are different because:**

Fund Balances - Total Governmental Funds	\$ 22,756,793
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental Capital Assets	57,039,344
Less: Accumulated Depreciation	(32,051,753)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bond Issuance Cost	39,132
Amount Outstanding on Community Disaster Loan	-
General Obligation Bonds	<u>(6,015,000)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 41,768,516</u></b>

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

CITY OF MANDEVILLE, LOUISIANA  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended August 31, 2008

	Debt Service Fund		Special Revenue Funds		Capital Projects Fund		Total Governmental Funds
	General Fund	Tax Collector Fund	Sales Tax Fund	Special Sales Tax Fund	Street Construction Fund	Non-Major Governmental Funds	
<b>Revenues</b>							
Taxes							
Property Taxes	\$ 2,269,677	\$ 89,946	\$ -	\$ -	\$ -	\$ -	\$ 2,359,623
Franchise Taxes	940,908	-	-	-	-	-	940,908
Sales Taxes	-	-	13,861,993	-	-	-	13,861,993
Licenses and Permits	1,413,078	-	-	-	-	-	1,413,078
Intergovernmental Grants	1,080,998	-	-	-	-	-	1,080,998
Charges for Services	766,936	-	-	-	-	-	766,936
Fines and Forfeitures	328,499	-	-	-	-	-	328,499
Interest Income	80,996	66,980	17,212	219,706	129,356	47,106	561,356
Other Revenues	365,300	-	-	-	-	-	365,300
<b>Total Revenues</b>	<b>7,246,392</b>	<b>156,926</b>	<b>13,879,205</b>	<b>219,706</b>	<b>129,356</b>	<b>47,106</b>	<b>21,678,691</b>
<b>Expenditures</b>							
Current							
General Government	3,723,853	21,123	159,009	700	12,149	-	3,916,834
Public Safety	4,676,446	-	-	-	-	-	4,676,446
Public Works	1,554,360	-	-	-	223,553	-	1,777,913
Cemetery	19,552	-	-	-	-	-	19,552
Capital Outlay	3,332,960	-	-	-	2,890,223	-	6,223,183
Debt Service:							
Principal	650,000	85,000	-	-	-	1,000,000	1,745,000
Interest and Other Charges	42,031	21,166	-	-	-	236,384	299,501
<b>Total Expenditures</b>	<b>13,999,202</b>	<b>137,309</b>	<b>159,009</b>	<b>700</b>	<b>3,125,925</b>	<b>1,236,384</b>	<b>18,658,529</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(6,752,810)</b>	<b>19,617</b>	<b>13,720,196</b>	<b>219,006</b>	<b>(2,696,569)</b>	<b>(1,189,276)</b>	<b>3,020,162</b>

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

Statement E (Continued)

CITY OF MANDEVILLE, LOUISIANA  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended August 31, 2008

	Debt Service Fund		Special Revenue Funds		Capital Projects Fund		Total Governmental Funds
	General Fund	Collector Fund	Sales Tax Fund	Special Sales Tax Fund	Street Construction Fund	Non-Major Governmental Funds	
Operating Transfers In (Out)							
Transfers In	6,206,500	-	-	5,455,872	4,899,339	1,263,343	17,825,054
Transfers Out	-	-	(13,802,032)	(4,721,343)	-	(64,055)	(18,587,430)
<b>Total Other Financing Sources (Uses)</b>	<b>6,206,500</b>	<b>-</b>	<b>(13,802,032)</b>	<b>734,529</b>	<b>4,899,339</b>	<b>1,199,288</b>	<b>(762,376)</b>
<b>Net Change in Fund Balances</b>	<b>(546,310)</b>	<b>19,617</b>	<b>(81,836)</b>	<b>953,535</b>	<b>1,902,770</b>	<b>10,010</b>	<b>2,257,786</b>
<b>Fund Balances, Beginning of Year</b>	<b>7,650,480</b>	<b>729,834</b>	<b>367,298</b>	<b>5,099,673</b>	<b>4,813,971</b>	<b>1,837,751</b>	<b>20,499,007</b>
<b>Fund Balances, End of Year</b>	<b>\$ 7,104,170</b>	<b>\$ 749,451</b>	<b>\$ 285,462</b>	<b>\$ 6,053,208</b>	<b>\$ 6,716,741</b>	<b>\$ 1,847,761</b>	<b>\$ 22,756,793</b>

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

**CITY OF MANDEVILLE, LOUISIANA**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Government-Wide Statement of Activities**  
**For the Year Ended August 31, 2008**

**Statement F**

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**Amounts reported for governmental activities in the Statement of Activities are different because:**

Net Change in Fund Balances - Total Governmental Funds	\$ 2,257,786
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.	3,978,807
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(114,837)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>1,741,447</u>
<b>Change in Net Assets of Governmental Activities</b>	<u>\$ 7,863,203</u>

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

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS  
PROPRIETARY FUND**

**CITY OF MANDEVILLE , LOUISIANA**  
**Statement of Net Assets**  
**Proprietary Fund**  
**August 31, 2008**

**Statement G**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 298,472
Investments	3,655,252
Receivables	
Water and Sewer, Net	306,936
FEMA Receivable	297,086
	<u>4,557,746</u>
<b>Total Current Assets</b>	<b>4,557,746</b>
<b>Long-Term Assets</b>	
Inventory	81,003
Capital Assets, Net of Accumulated Depreciation	29,126,006
	<u>29,207,009</u>
<b>Total Long-Term Assets</b>	<b>29,207,009</b>
<b>Total Assets</b>	<b>33,764,755</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable and Accrued Liabilities	37,115
Due to Other Funds	97,248
	<u>134,363</u>
<b>Total Current Liabilities</b>	<b>134,363</b>
<b>Long-Term Liabilities</b>	
Customer Deposits	294,159
	<u>294,159</u>
<b>Total Liabilities</b>	<b>428,522</b>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	29,126,006
Unrestricted Net Assets	4,210,227
	<u>4,210,227</u>
<b>Total Net Assets</b>	<b>\$ 33,336,233</b>

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

**CITY OF MANDEVILLE, LOUISIANA**  
**Statement of Revenues, Expenditures and Changes in Net Assets**  
**Proprietary Fund**  
**For the Year Ended August 31, 2008**

**Statement H**

<b>Operating Revenues</b>	
Charges for Services	
Water Fees	\$ 1,094,056
Sewerage Fees	1,522,563
Tapping Fees	
Water	25,055
Sewer	14,200
Service Charges	22,230
Delinquent Charges	71,931
Miscellaneous	16,922
Sewer Impact Fees	95,904
Water Impact Fees	111,457
	<hr/>
<b>Total Operating Revenues</b>	<b>2,974,318</b>
	<hr/>
<b>Operating Expenses</b>	
Water Department Expenses	1,411,546
Sewer Department Expenses	1,999,267
	<hr/>
<b>Total Operating Expenses</b>	<b>3,410,813</b>
	<hr/>
<b>Operating Loss</b>	<b>(436,495)</b>
	<hr/>
<b>Non-Operating Revenues (Expenses)</b>	
Grant Income	50,995
Disaster Income	3,666
Interest Income	122,642
Loss on Disposal of Assets	(19,571)
	<hr/>
<b>Total Non-Operating Revenues</b>	<b>157,732</b>
	<hr/>
<b>Change in Net Assets Before Transfers</b>	<b>(278,763)</b>
	<hr/>
<b>Operating Transfers</b>	<b>762,376</b>
	<hr/>
<b>Change in Net Assets</b>	<b>483,613</b>
	<hr/>
<b>Net Assets, Beginning of Year</b>	<b>32,852,620</b>
	<hr/>
<b>Net Assets, End of Year</b>	<b>\$ 33,336,233</b>
	<hr/>

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

**CITY OF MANDEVILLE , LOUISIANA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended August 31, 2008**

**Statement I**

<b>Cash Flows from Operating Activities</b>	
Receipts from Customers and Users	\$ 2,902,295
Payments to Suppliers	(1,050,990)
Payments to Employees	<u>(1,394,873)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>456,432</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Operating Grants Receipts	640,443
Transfers In	762,376
Net Proceeds from Borrowings from Other Funds	<u>(3,128,424)</u>
<b>Net Cash Used in Non-Capital Financing Activities</b>	<u>(1,725,605)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Capital Grants Receipts	50,995
Purchase of Capital Assets	<u>(1,329,902)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(1,278,907)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Received	(19,571)
Net Change in Investments	<u>(1,111,396)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(1,130,967)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(3,679,047)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,835,306</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 156,259</u>

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

CITY OF MANDEVILLE, LOUISIANA  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended August 31, 2008

Statement I (Continued)

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<b>Reconciliation of Operating Loss to Net Cash</b>	
<b>Provided by Operating Activities</b>	
Operating Loss	\$ (436,495)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	949,475
Changes in Assets and Liabilities	
Increase in Accounts Receivable, Net	(81,833)
Increase in Accounts Payable and Accrued Liabilities	15,475
Increase in Customer Deposits	<u>9,810</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 456,432</u></b>

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

**NOTES TO FINANCIAL STATEMENTS**

## CITY OF MANDEVILLE, LOUISIANA

### Notes to Financial Statements

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#### Introduction

The City of Mandeville, Louisiana (the City) adopted the Home Rule Charter on November 16, 1985, under the provisions of Article VI, Section 5, of the Louisiana Constitution of 1974. The City operates under a Mayor - Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation and utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

#### Note 1. Summary of Significant Accounting Policies

##### Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the City includes all funds which are controlled by or dependent on the City which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the City has determined that there are no component units that are part of the reporting entity.

##### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the City's proprietary fund. Most individual governmental funds are reported as separate columns in the fund financial statements.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the City. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income.

**Tax Collector Debt Service Fund (Tax Collector Fund)** - The Tax Collector Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Financing is being provided by Ad Valorem taxes.

**Sales Tax Special Revenue Fund (Sales Tax Fund)** - The Sales Tax Fund is used to account for the receipt of proceeds of the City's 2.5% sales and use tax and the State, Parish and Municipal Motor Vehicle sales tax. This fund also accounts for the use of the City's 1% sales and use tax and the State, Parish and Municipal Motor Vehicle sales tax. This 1% tax is dedicated to capital expenditures for constructing, improving, extending and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal, waterworks, fire protection, beach improvements, seawalls and extensions, harbor improvements and other works of permanent public improvements in the town. The remaining 1.5% sales and use tax and the State, Parish and Municipal Motor Vehicle sales tax is transferred 1% to the Special Sales Tax Fund and .5% to the Street Construction Fund.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Special Sales Tax Special Revenue Fund (Special Sales Tax Fund)** - The Special Sales Tax Fund is used to account for 1% of the sales and use tax and the State, Parish and Municipal Motor Vehicle sales tax transferred from the Sales Tax Fund. One percent became effective January 1, 1987, and is to be used for the retirement of the 1999 Public Improvements Bonds for \$6,600,000 and for the retirement of the 2000 Sales Tax Refunding Bonds for \$4,915,000.

All monies remaining in the Special Sales Tax Fund on the 20<sup>th</sup> day of each month in excess of all reasonable and necessary expenses of collection and administration of the tax and after making the required payments into the Sinking Fund and the Reserve Fund for the current month and for prior months during which the required payments may not have been made, shall be considered surplus. Such surplus may be used by the issuer for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds in advance of their maturities.

**Street Construction Capital Projects Fund (Street Construction Fund)** - The Street Construction Fund is used to account for the costs of constructing, acquiring, extending and improving (i) streets and/or (ii) roadside drains and roadside drainage facilities. Financing is provided by a pledge of revenue to be derived from the City's collection of a .5% sales tax transferred from the Sales Tax Fund.

The City has one proprietary fund to account for the water and sewer services it provides to the residents and businesses of the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Principal operating revenues for the City's proprietary fund consist of charges to customers and users of its water and sewer services. Operating expenses for the City's proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Budgets and Budgetary Accounting**

All proposed budgets must be completed and submitted to the City Council no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. The final budget must be adopted before the ensuing fiscal year begins.

The City adopted a line item budget on a basis consistent with accounting principles generally accepted in the United States of America for the following funds: general fund, special revenue funds, capital projects funds and enterprise fund. A formal budget was not adopted for the debt service funds because effective budgetary control is alternately achieved through general obligation bond provisions.

According to line item budgeting, actual expenditures for each line item may not exceed its corresponding budgeted amount. The budget may be amended under the same procedures as were followed under its adoption. The budgets presented have been amended.

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if one (1) year passes without any disbursement from or encumbrance of the appropriation.

**Deposits and Investments**

Cash includes amounts in demand deposits as well as time certificates of deposit.

State statutes authorize the City to invest in the following types of securities:

- (1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. Government.
- (2) Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Deposits and Investments (Continued)**

- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, or by U.S. Government instrumentalities which are federally sponsored, and provided such obligations are backed by the full faith and credit of the U.S. government.
- (4) Direct repurchase agreements of any federal bank entry only securities enumerated in paragraphs (1) and (3) above. "Direct security repurchase agreement" means an agreement under which the political subdivision buys, holds for a specified time and then sells back those securities and obligations enumerated in paragraphs (1) and (3) above.
- (5) Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933, and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by Government Auditing Standards Board Statement No. 31, are reported at fair value, which is determined using selected bases.

**Inventories**

Governmental fund type inventories are accounted for using the "purchases" method.

It was not practicable to determine the amount of governmental fund type inventories at August 31, 2008, and, therefore, such inventories are not reported in the accompanying governmental fund type financial statements as required by accounting principles generally accepted in the United States of America. In the opinion of management, such inventories would be immaterial to the financial statements.

There exist inventories of cemetery plots and mausoleum crypts of \$99 at August 31, 2008. These inventories are valued at cost.

Materials and supplies inventory of the proprietary fund are stated at the lower of cost or market, or at cost, determined by the first-in, first-out method.

**Property Taxes**

Property taxes are due on January 1<sup>st</sup> and delinquent if not paid by March 31<sup>st</sup>. Property on which the taxes have not been paid is adjudicated to the City after being offered for sale to the public. Receivables - Tax liens are reflected in the financial statements. Total property tax revenue for the year ended August 31, 2008, was \$2,359,623 and was recorded in the funds as follows:

General Fund	\$ 2,269,677
Debt Service Fund	<u>89,946</u>
<b>Total</b>	<b><u>\$ 2,359,623</u></b>

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

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Note 1. Summary of Significant Accounting Policies (Continued)

**Accounts Receivable**

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due 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."

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance was \$217,052 at August 31, 2008.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital outlays are recorded as expenditures of the general, special revenue and capital projects funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Effective in fiscal year 2004, interest incurred during construction is capitalized on a government-wide basis. Interest attributable to capitalized assets as of August 31, 2008, was immaterial. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis

Description	Estimated Useful Lives
Roads, Bridges and Infrastructure	20 - 40 Years
Land Improvements	20 Years
Buildings and Building Improvements	20 - 40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	3 - 20 Years

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Long-Term Obligations**

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**Fund Equity**

*Government-Wide Statements*

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net assets - Net assets with constraints placed on the use either by:
  - a. external groups such as creditors, grantors, contributors or laws or regulations of other governments, or
  - b. law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

**Interfund Transactions**

Permanent re-allocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**Use of Estimates**

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

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the debt service funds which were not budgeted. All annual appropriations lapse at fiscal year end.

General fund revenues were \$704,108 less than final budgeted revenues. This was the result of actual revenues for grants being less than budgeted due to grants that were awarded but did not begin.

The City does not utilize encumbrance accounting.

**Note 2. Stewardship, Compliance and Accountability**

**Deposits and Investment Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At August 31, 2008, the City had deposits in one financial institution that were not adequately collateralized by FDIC insurance and by securities pledged by the financial institution.

**Excess of Expenditures over Appropriations**

There were no individual funds which had actual expenditures over budgeted appropriations for the year ended August 31, 2008.

**Deficit Fund Equity**

As of August 31, 2008, no City funds had deficit fund equities.

**Compliance with Debt Covenants**

*Compliance with Sales Tax Bond Covenants:* As of August 31, 2008, the City was in compliance with all Sales Tax Bond Covenants.

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

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**Note 3. Cash and Cash Equivalents**

At August 31, 2008, the City had cash and cash equivalents (book balances) totaling \$9,169,073. These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank or through letters of credit issued by the Federal Home Loan Bank. The market value of the pledged securities plus the federal deposit insurance and letters of credit must at all times equal the amount on deposit with the fiscal agent.

At August 31, 2008, the City had \$10,393,266 (collected bank balances). These deposits are secured from risk by \$373,168 of federal deposit insurance, \$7,100,000 was covered by letters of credit, and \$2,920,098 was covered by pledged securities held by the custodial bank's trust department not in the name of the City (GASB Category 2). At August 31, 2008, the City had \$70,719 in uninsured deposits, which is a violation of Louisiana Revised Statute 39:1229.

Louisiana Revised Statute 39:1229 imposes a requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

**Note 4. Investments**

At August 31, 2008, the City has investments which include \$9,524,029 invested in the Louisiana Asset Management Pool (LAMP) and \$7,277,180 in other securities.

**Credit Risk**

<u>Investment</u>	<u>Rating</u>	<u>Percentage</u>
LAMP	AAAm	56%
Federal Home Loan Bank	AAA	14%
Federal National Mtg. Assoc. Disc. Notes	AAA	13%
Federal Home Loan Mtg. Corp.	AAA	7%
Federal National Mtg. Assoc. Disc. Notes	AAA	5%
Federal Home Loan Mtg. Corp. Step-Up	AAA	2%
Federal Home Loan Mtg. Corp. Disc. Notes	AAA	1%
Federal Farm Credit Bank Disc. Notes	AAA	1%
Federal Agricultural Mtg. Corp.	AAA	1%

**Concentration of Credit Risk**

The City has no formal limit on the amount the City may invest in any one issuer. More than 5% of the City's investment are in Federal Home Loan Bank, Federal National Mortgage Association Discount, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association Notes. These investments are 14%, 13%, 7% and 5%, respectively, of the City's total investments.

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

Note 4. Investments (Continued)

Interest Rate Risk

Investment	Maturity Date	Fair Value
Federal National Mtg. Assoc.	September 2008	\$ 150,047
Federal Farm Credit Bank Disc.	September 2008	174,842
Federal Home Loan Mtg. Corp. Disc. Notes	September 2008	99,920
Federal Home Loan Bank	November 2008	415,787
Federal Home Loan Mtg. Corp.	November 2008	35,055
Federal National Mtg. Assoc. Disc. Notes	November 2008	149,190
Federal National Mtg. Assoc.	December 2008	225,351
Federal National Mtg. Assoc. Disc. Notes	December 2008	198,280
Federal National Mtg. Assoc. Disc. Notes	January 2009	568,560
Federal Home Loan Bank	February 2009	574,203
Federal Agricultural Mtg. Corp.	February 2009	125,254
Federal National Mtg. Assoc.	March 2009	375,234
Federal Home Loan Mtg. Corp.	March 2009	374,114
Federal Home Loan Bank	April 2009	149,735
Federal Home Loan Mtg. Corp.	April 2009	400,750
Federal National Mtg. Assoc. Disc. Notes	April 2009	98,200
Federal Home Loan Bank	May 2009	299,656
Federal Home Loan Mtg. Corp.	May 2009	373,612
Federal National Mtg. Assoc. Disc. Notes	June 2009	562,008
Federal Home Loan Bank	July 2009	474,703
Federal National Mtg. Assoc. Disc. Notes	July 2009	48,705
Federal National Mtg. Assoc. Disc. Notes	August 2009	535,260
Federal Home Loan Bank	October 2009	495,157
Federal National Mtg. Assoc.	March 2010	74,883
Federal Home Loan Mtg. Corp. S	April 2011	298,674
Louisiana Asset Management Pool	Not Applicable	<u>9,524,029</u>
<b>Total</b>		<b><u>\$ 16,801,209</u></b>

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

**Note 5. Receivables**

As of August 31, 2008, the receivables, at net, are as follows:

	General Fund	Debt Service Fund	Enterprise Fund	Total
Accounts Receivable	\$ -	\$ -	\$ 306,936	\$ 306,936
Ad Valorem	-	8,655	-	8,655
FEMA Receivables	1,176,744	-	297,086	1,473,830
Other	35,293	-	-	35,293
<b>Total</b>	<b>\$ 1,212,037</b>	<b>\$ 8,655</b>	<b>\$ 604,022</b>	<b>\$ 1,824,714</b>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$77,914 for governmental activities and \$217,052 for the business-type activities.

**Note 6. Interfund Receivables/Payables**

The primary purpose of interfund receivables/payables is to loan monies from the general fund to individual funds to cover current expenditures. Individual fund balances due from/to other funds at August 31, 2008, are as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 369,666	\$ -
Tax Collector Fund	-	272,418
Enterprise Fund	-	97,248
<b>Total</b>	<b>\$ 369,666</b>	<b>\$ 369,666</b>

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended August 31, 2008:

Governmental Activities	Restated Balance August 31, 2007	Increases	Decreases	Balance August 31, 2008
<b>Capital Assets Not Depreciated</b>				
Land	\$ 2,834,743	\$ 676,705	\$ 114,937	\$ 3,396,511
<b>Capital Assets Being Depreciated</b>				
Infrastructure - Streets	33,352,326	2,890,224	-	36,242,550
Trace and Trailhead	3,213,443	654,272	-	3,867,715
Drainage	5,377,538	830,728	-	6,208,266
Vehicles	1,982,660	166,873	66,759	2,082,774
Equipment	1,256,680	168,596	24,800	1,400,476
Buildings	2,603,894	535,642	-	3,139,536
Office Equipment and Furniture	53,860	24,835	618	78,077
Harbor	348,130	275,309	-	623,439
<b>Total Capital Assets Being Depreciated</b>	<b>48,188,531</b>	<b>5,546,479</b>	<b>92,177</b>	<b>53,642,833</b>
<b>Less Accumulated Depreciation for:</b>				
Infrastructure - Streets	(25,190,616)	(1,532,222)	-	(26,722,838)
Trace and Trailhead	(558,096)	(89,176)	-	(647,272)
Drainage	(980,210)	(171,759)	-	(1,151,969)
Vehicles	(1,207,429)	(237,022)	(66,759)	(1,377,692)
Equipment	(587,160)	(111,529)	(24,800)	(673,889)
Buildings	(1,253,098)	(87,361)	-	(1,340,459)
Office Equipment and Furniture	(59,003)	(5,044)	(618)	(63,429)
Harbor	(63,941)	(10,264)	-	(74,205)
<b>Total Accumulated Depreciation</b>	<b>(29,899,553)</b>	<b>(2,244,377)</b>	<b>(92,177)</b>	<b>(32,051,753)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>18,288,978</b>	<b>3,302,102</b>	<b>-</b>	<b>21,591,080</b>
<b>Total</b>	<b>\$ 21,123,721</b>	<b>\$ 3,978,807</b>	<b>\$ 114,937</b>	<b>\$ 24,987,591</b>

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

**Note 7. Capital Assets (Continued)**

Depreciation was charged to governmental functions as follows:

Infrastructure - Street Construction	\$ 1,438,574
Public Safety - Police	189,608
Public Works - Street Maintenance	396,694
General Government - City Hall	<u>219,501</u>
<b>Total</b>	<b><u>\$ 2,244,377</u></b>

Capital outlays are reported as expenditures in the governmental funds; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Primary Government	
Capital Outlay	\$ 6,223,184
Depreciation Expense	<u>2,244,377</u>
<b>Total Adjustment</b>	<b><u>\$ 3,978,807</u></b>

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended August 31, 2008:

Business-Type Activities	Balance August 31, 2007	Increases	Decreases	Balance August 31, 2008
Land	\$ 1,745,392	\$ -	\$ -	\$ 1,745,392
Buildings	1,172,520	77,647	-	1,250,167
Water Wells, Lines and Tower	16,001,407	98,691	-	16,100,098
Sewer Lines	15,175,293	649,421	18,572	15,806,142
Equipment and Vehicles	1,228,664	504,143	1,000	1,731,807
Wastewater Treatment Plant	<u>2,891,853</u>	-	-	<u>2,891,853</u>
<b>Total Capital Assets</b>	38,215,129	1,329,902	19,572	39,525,459
Less Accumulated Depreciation for Plant, Buildings and Equipment	<u>9,460,101</u>	<u>949,475</u>	<u>10,123</u>	<u>10,399,453</u>
<b>Total</b>	<b><u>\$ 28,755,028</u></b>	<b><u>\$ 380,427</u></b>	<b><u>\$ 9,449</u></b>	<b><u>\$ 29,126,006</u></b>

**Note 8. Employee Pension Plan**

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

**Plan Description and Provisions**

All of the City's full-time employees, other than police employees, participate in MERS, a multiple-employer, cost sharing pension plan.

Employees can retire providing they meet one of the following criteria:

1. 25 years or more service, at any age.
2. 10 years or more service, at age 60 or thereafter.
3. Has at least five years of service credit towards the plan, is not eligible for normal retirement benefits, suffers disability and is approved by the board of trustees after medical review and is eligible to retire and receive disability retirement benefits.
4. Survivor's benefits require five years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to 3% of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

If a member's employment is terminated before the member is eligible for any benefits under MERS, the member shall receive a refund of his member contributions.

**Description of Funding Policy**

MERS' contribution requirements are not actuarially determined. Instead, the contribution requirements are currently established by statute. The member contribution rate was 9.25% as of August 31, 2008. The employer's contribution rate was 13.50% as of August 31, 2008. The City has elected to pay the member contribution as an additional benefit to City employees. The City's contribution requirement for the years ended August 31, 2008, 2007 and 2006, was \$302,148, \$312,282 and \$295,510, respectively, equal to the required contributions for each year.

**Trend Information**

Six year historical trend information presenting MERS' progress in accumulating sufficient assets to pay benefits when due is presented in MERS' June 30, 2007, annual financial report. MERS' June 30, 2008, annual financial report was not available as of the date of this audit report. That report may be obtained by writing to MERS at 7937 Office Park Blvd., Baton Rouge, LA 70809.

**Note 8. Employee Pension Plan (Continued)**

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

**Plan Description and Provision**

A majority of the City's full-time police officers participate in MPERS, a multiple-employer, cost sharing pension plan.

Any member is eligible for normal retirement after he or she has been a member of MPERS for one year, if he or she has 25 years of creditable service at any age, has 20 years creditable service and is age 50, or has 12 years creditable service and is age 55.

Benefit rates are 3¼% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years creditable service not to exceed 100% of final salary.

A member is eligible to receive disability benefits if he was an active contributing member of MPERS or, if he is no longer a member but has 20 years creditable service established in MPERS and suffers disability, which has been certified by examination by a member of the Statewide Medical Disability Board. A service related disability requires no certain number of years of creditable service, however, a non-service connected disability requires five years of creditable service.

The disability benefits are calculated at 3% of average final compensation multiplied by years of creditable service, but shall not be less than 40% or more than 60% of average final compensation. Upon reaching the age required for regular retirement, the disability pensioner receives the greater of disability benefit or accrued benefit earned to date of disability.

Upon the death of an active contributing member or disability retiree, the plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40 - 60% of the member's average final compensation.

**Description of Funding Policy**

Contributions for all member employees are established by statute at 7.5% of employee's earnable compensation excluding overtime, but including state supplemental pay. The employer contribution rate was 13.75% as of August 31, 2008. The City has elected to pay the member contribution as an additional benefit to City police employees. The City's contribution requirements for the years ended August 31, 2008, 2007 and 2006, were \$332,092, \$310,391 and \$288,443, respectively, which equal the required contributions for each year.

**Trend Information**

Six-year historical trend information presenting MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in MPERS' June 30, 2007 annual financial statements. That report may be obtained by writing to MPERS at 8550 United Plaza Blvd., Suite 501, Baton Rouge, LA 70809.

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

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**Note 9. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. An independent plan administrator through an administrative service agreement administers the plan. The City's administrative involvement is limited to transmitting amounts withheld to the plan administrator who performs investing functions.

Plan assets are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets will not be diverted to any other purpose. Accordingly, the plan assets and related liabilities have not been included herein.

**Note 10. Accumulated Unpaid Vacation Leave and Sick Pay**

A majority of employees may accrue annual leave up to a maximum of 30 days. At termination, employees are paid for any accumulated annual leave. No payment is made to terminated employees for accrued sick leave. The amount of accumulated annual leave payable in the accompanying government-wide financial statements at August 31, 2008, was \$455,262.

**Note 11. Mausoleum Endowed Care Trust Fund**

The City entered into an agreement with the Citizens Bank and Trust Company on June 24, 1966, creating "Lake Lawn Park, Inc., Endowed Care Trust, Town of Mandeville." This Trust Fund was created to provide for the maintenance and care of the mausoleum. On January 24, 2006, the account was transferred to Argent Trust. The Trust Fund can make disbursements to the City "upon presentation to the company of an itemized and notarized statement of maintenance expenses and costs approved and signed by the mayor." This account is not reflected on the financial statements because the Trust Fund is not considered a part of the reporting entity and is not significant in total.

**Note 12. Long-Term Liabilities**

The following is a summary of long-term liabilities of the City for the year ended August 31, 2008:

	<b>General Obligation</b>
Bonds and Certificates Payable at September 1, 2007	\$ 7,110,000
Bonds Issued	-
Bonds Retired	<u>(1,095,000)</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 6,015,000</u></b>

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

Note 12. Long-Term Liabilities (Continued)

General Obligation Bonds Retirement Schedule

Sales Tax Bonds	Payment Dates	Interest % Rate	Year	Annual Serial Payments
Series 2000. Issued 09/14/2000, for \$4,915,000				
Payable from Special 1% Sales Tax (Refunding Series 1990 and 1991 Sales Tax Bonds)	Jan. 1 <sup>st</sup> and July 1 <sup>st</sup>	4.50	2009	\$ 725,000
				<u>725,000</u>
Series 1999. Issued 09/01/1999, for \$6,600,000				
Payable from Special 1% Sales Tax (Water Improvements)	Jan. 1 <sup>st</sup> and July 1 <sup>st</sup>	4.65	2009	315,000
				<u>315,000</u>
Series 2006. Refunded 01/04/2007, for \$4,310,000				
Payable from Special 1% Sales Tax (Water Improvements)	Jan. 1 <sup>st</sup> and July 1 <sup>st</sup>	3.85	2009	15,000
		3.85	2010	350,000
		3.85	2011	365,000
		3.85	2012	380,000
		3.85	2013	400,000
		3.85	2014	415,000
		3.85	2015	435,000
		3.85	2016	450,000
		3.85	2017	475,000
		3.85	2018	495,000
		3.85	2019	515,000
				<u>4,295,000</u>
<b>Water Improvement Bonds</b>				
Bonds Issued 08/18/2003, for \$1,035,000				
Payable from Ad Valorem Taxes	Feb. 1 <sup>st</sup> and Aug. 1 <sup>st</sup>	2.25	2009	100,000
		2.65	2010	105,000
		2.90	2011	110,000
		3.15	2012	115,000
		3.25	2013	120,000
		3.40	2014	130,000
				<u>680,000</u>
<b>Total General Obligation Bonds</b>				<u>\$ 6,015,000</u>

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

**Note 12. Long-Term Liabilities (Continued)**

Principal and Interest Repayment Schedule for the Year Ending August 31<sup>st</sup>:

	Principal	Interest	Total
2009	\$ 1,155,000	\$ 207,745	\$ 1,362,745
2010	455,000	174,566	629,566
2011	475,000	157,816	632,816
2012	495,000	140,069	635,069
2013	520,000	121,293	641,293
2014 - 2018	2,400,000	327,535	2,727,535
2019 - 2023	515,000	9,914	524,914
<b>Total</b>	<b>\$ 6,015,000</b>	<b>\$ 1,138,938</b>	<b>\$ 7,153,938</b>

**Note 13. Interfund Transfers**

Operating transfers between funds consist primarily of sales tax revenues transferred out of the sales tax fund and special sales tax fund to the particular funds for which the sales tax revenue is to be used.

	Transfers In	Transfers Out
<b>Governmental Funds</b>		
Major Funds		
General Fund	\$ 6,206,500	\$ -
Tax Collector Fund	-	-
Sales Tax Fund	-	(13,802,032)
Special Sales Tax Fund	5,455,872	(4,721,343)
Street Construction Fund	4,899,339	-
Non-Major Funds	-	-
Bond Sinking Fund	1,263,343	-
Bond Reserve Fund	-	(56,679)
Water Constuction Fund II	-	(7,376)
<b>Total Governmental Funds</b>	<b>17,825,054</b>	<b>(18,587,430)</b>
<b>Proprietary Funds</b>	<b>762,376</b>	<b>-</b>
<b>Total All Funds</b>	<b>\$ 18,587,430</b>	<b>\$ (18,587,430)</b>

CITY OF MANDEVILLE, LOUISIANA

Notes to Financial Statements

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**Note 14. Reserved Fund Balances**

The reserved fund balances as of August 31, 2008, are as follows:

**Reserved for Debt Service**

This reserve represents the amounts reserved for payment of principal and interest maturing in future years on bonded debt.

**Reserved for Inventory**

This reserve was established for inventories of cemetery plots and mausoleum crypts.

**Note 15. Contingent Liabilities**

The City is a defendant in several lawsuits, which are currently pending. The City persists in its vigorous defense of these lawsuits and maintains that the defenses available should shield the City from liability or, at a minimum, preclude the amount of damages sought by the plaintiffs. The majority of the cases are covered by insurance and, in the opinion of legal counsel for the City, the ultimate resolutions of these cases will not result in a significant liability to the City.

**Note 16. Risk of Loss**

The City of Mandeville is exposed to various risks of loss related to damage and destruction of assets, errors and omissions, and injuries to employees. The City has contracted with various insurers to cover its risk of loss in these areas.

The City has also contracted with various insurers to provide health insurance coverage for its workers.

**Note 17. Recent Reporting and Disclosure Developments**

As of August 31, 2008, the Governmental Accounting Standards Board has issued several statements not yet implemented by the City. The statements, which might impact the City, are as follows:

**Governmental Accounting Standards Board Statement No. 45 (GASB 45)**

GASB 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, becomes effective during fiscal year 2009. This statement addresses how state and local governments should account for and report costs and obligations related to post employment benefits.

**Governmental Accounting Standards Board Statement No. 47 (GASB 47)**

GASB 47, *Accounting for Termination Benefits*, becomes effective during fiscal year 2009. This statement provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated.

**Note 18. Other Matters**

As of the date of the audit report, the Mayor of the City was being investigated by the State Ethics Board, as well as by other state and federal agencies, regarding alleged improprieties detailed in an audit report prepared by the Legislative Auditor's Office dated August 8, 2008.

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**  
**BUDGETARY COMPARISON SCHEDULES**

CITY OF MANDEVILLE, LOUISIANA  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended August 31, 2008

Required Supplemental Information  
 Schedule 1

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,965,500	\$ 3,185,500	\$ 3,210,585	\$ 25,085
Licenses and Permits	1,346,500	1,388,500	1,413,078	24,578
Intergovernmental Grants	-	1,924,500	1,080,998	(843,502)
Charges for Services	694,000	714,000	766,936	52,936
Fines and Forfeitures	240,000	330,000	328,499	(1,501)
Interest Income	55,000	70,000	80,996	10,996
Miscellaneous	180,500	338,000	365,300	27,300
<b>Total Revenues</b>	<b>5,481,500</b>	<b>7,950,500</b>	<b>7,246,392</b>	<b>(704,108)</b>
<b>Expenditures</b>				
Current				
General Government	3,457,000	4,535,000	3,723,853	811,147
Public Safety - Police	4,608,500	4,934,500	4,676,446	258,054
Public Works - Streets and Sanitation	1,723,000	1,921,000	1,554,360	366,640
Debt Service - CDL	-	710,000	692,031	17,969
Cemetery	20,000	76,000	19,552	56,448
Capital Outlay	977,500	7,439,000	3,332,960	4,106,040
<b>Total Expenditures</b>	<b>10,786,000</b>	<b>19,615,500</b>	<b>13,999,202</b>	<b>5,616,298</b>
<b>Deficiency of Revenues Under Expenditures</b>	<b>(5,304,500)</b>	<b>(11,665,000)</b>	<b>(6,752,810)</b>	<b>4,912,190</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out):				
Sales Tax Fund	4,658,000	5,503,500	5,503,500	-
Special Sales Tax Fund	378,000	703,000	703,000	-
Donations	4,000	23,000	-	(23,000)
Disaster Income	-	32,000	-	(32,000)
Depreciation/Reserves	(1,200,000)	(1,200,000)	-	1,200,000
<b>Total Other Financing Sources (Uses)</b>	<b>3,840,000</b>	<b>5,061,500</b>	<b>6,206,500</b>	<b>1,145,000</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,464,500)</b>	<b>\$ (6,603,500)</b>	<b>(546,310)</b>	<b>\$ 6,057,190</b>
<b>Fund Balance, Beginning of Year</b>			<b>7,650,480</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 7,104,170</b>	

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended August 31, 2008**

**Required Supplemental Information**  
**Schedule 2**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Taxes</b>				
Ad Valorem	\$ 2,100,000	\$ 2,250,000	\$ 2,269,677	\$ 19,677
Franchise	850,000	920,000	940,908	20,908
Tobacco	15,500	15,500	-	(15,500)
<b>Total Taxes</b>	<b>2,965,500</b>	<b>3,185,500</b>	<b>3,210,585</b>	<b>25,085</b>
<b>Licenses and Permits</b>				
Building Permits	190,000	190,000	215,951	25,951
Insurance Licenses	535,000	550,000	545,531	(4,469)
Privilege and Occupational Licenses	560,000	585,000	590,201	5,201
Contractors' Licenses	16,000	18,000	18,910	910
Beer and Liquor Licenses	45,000	45,000	42,485	(2,515)
Dog Licenses	500	500	-	(500)
<b>Total Licenses and Permits</b>	<b>1,346,500</b>	<b>1,388,500</b>	<b>1,413,078</b>	<b>24,578</b>
<b>Intergovernmental</b>				
Federal and State Grants	-	1,924,500	1,080,998	(843,502)
<b>Total Intergovernmental</b>	<b>-</b>	<b>1,924,500</b>	<b>1,080,998</b>	<b>(843,502)</b>
<b>Charges for Services</b>				
Garbage Fees	660,000	660,000	713,022	53,022
Sale of Cemetery Plots	15,000	45,000	48,570	3,570
Zoning Fees	18,000	8,000	5,070	(2,930)
Culvert Fees	1,000	1,000	274	(726)
<b>Total Charges for Services</b>	<b>694,000</b>	<b>714,000</b>	<b>766,936</b>	<b>52,936</b>
<b>Fines and Forfeitures</b>	<b>240,000</b>	<b>330,000</b>	<b>328,499</b>	<b>(1,501)</b>
<b>Interest Income</b>	<b>55,000</b>	<b>70,000</b>	<b>80,996</b>	<b>10,996</b>
<b>Miscellaneous</b>				
Miscellaneous	140,000	180,000	207,474	27,474
Sale of Property/Equipment	3,000	113,000	112,635	(365)
Keep Mandeville Beautiful	6,000	11,000	10,550	(450)
Community Center	20,000	22,500	23,405	905
Dispatch Income	11,500	11,500	11,236	(264)
<b>Total Miscellaneous</b>	<b>180,500</b>	<b>338,000</b>	<b>365,300</b>	<b>27,300</b>
<b>Total Revenues</b>	<b>\$ 5,481,500</b>	<b>\$ 7,950,500</b>	<b>\$ 7,246,392</b>	<b>\$ (704,108)</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended August 31, 2008**

**Required Supplemental Information**  
**Schedule 2 (Continued)**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>General Government</b>				
Salaries, Overtime and Vacation	\$ 1,001,000	\$ 1,005,000	\$ 1,009,706	\$ (4,706)
Payroll Taxes	76,000	76,000	71,842	4,158
Retirement	216,500	216,500	213,463	3,037
Employee Medical Insurance	284,000	284,000	244,413	39,587
Workmen's Compensation	8,000	8,000	7,933	67
Audit and Accounting	26,000	27,500	27,500	-
Magistrate Retainer	12,000	14,000	14,000	-
City Engineer Retainer	6,000	6,000	5,500	500
Engineer Fees - Special Projects	100,000	310,000	168,116	141,884
Computer Programs and Supplies	116,000	249,000	152,861	96,139
Membership, Dues and Subscriptions	23,000	23,000	22,829	171
Stationery and Printing	8,000	8,000	7,956	44
Utilities	73,000	79,000	76,757	2,243
Telephone	24,000	24,000	16,696	7,304
Advertising	15,000	15,000	9,730	5,270
General Insurance	25,000	25,000	13,980	11,020
Janitorial Service and Supplies	35,000	37,000	37,927	(927)
Insurance - Property	12,000	12,000	6,420	5,580
Miscellaneous	2,000	3,000	2,555	445
Office Supplies	18,000	19,500	10,029	9,471
City Hall Maintenance	21,000	26,000	13,586	12,414
Recreation - Equipment Maintenance	10,000	15,000	11,867	3,133
Community Center	32,000	32,000	20,839	11,161
Parks and Parkways	50,000	180,000	104,343	75,657
Recording Fees	4,000	4,000	2,071	1,929
Trailhead	65,000	68,000	67,845	155
Keep Mandeville Beautiful	35,000	77,500	50,201	27,299
Postage	15,000	15,000	10,309	4,691
Banquets	15,000	17,500	6,379	11,121
Travel, Meetings and Conferences	23,000	23,000	20,863	2,137
Decorations and Beautification	20,000	21,000	17,840	3,160
Social Service Programs	18,500	23,000	10,000	13,000
Council on Aging	2,500	2,500	-	2,500
Economic Development Council	6,000	6,000	675	5,325
Animal Control	20,000	35,500	25,836	9,664
Humanities	6,000	6,000	6,000	-

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended August 31, 2008**

**Required Supplemental Information**  
**Schedule 2 (Continued)**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>General Government</b>				
Youth Service	10,000	10,000	10,000	-
Mayor Allowance	8,500	8,500	5,103	3,397
Planning and Zoning Meeting Fees	8,500	8,500	8,567	(67)
Council Meeting Fees	60,000	60,000	58,950	1,050
Car Allowance	500	500	194	306
Civil Service	3,000	8,000	7,691	309
Uniforms	6,000	6,000	5,293	707
Fuel, Oil and Lube	15,000	18,500	18,127	373
Insurance - Vehicle	5,500	5,500	4,922	578
Vehicle Maintenance	7,000	7,000	6,202	798
Maintenance of Equipment	3,000	3,000	1,416	1,584
Equipment Rental	11,000	11,000	9,949	1,051
Contract Labor	145,000	402,500	212,936	189,564
Training	13,500	13,500	13,432	68
Garbage Collection Fees	690,000	697,500	691,207	6,293
Hurricane Expense	-	200,000	101,093	98,907
General Liability Claims	35,000	45,000	43,695	1,305
Legal Fees	-	10,000	10,000	-
Election Expense	12,000	26,500	26,209	291
<b>Total General Government</b>	<b>\$ 3,457,000</b>	<b>\$ 4,535,000</b>	<b>\$ 3,723,853</b>	<b>\$ 811,147</b>

**CITY OF MANDEVILLE , LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended August 31, 2008**

**Required Supplemental Information**  
**Schedule 2 (Continued)**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Public Safety</b>				
Salaries, Overtime and Vacation	\$ 2,477,500	\$ 2,547,500	\$ 2,523,610	\$ 23,890
Payroll Taxes	202,500	206,500	204,456	2,044
Retirement	496,000	499,000	495,863	3,137
Insurance - Employee Medical	665,000	665,000	575,588	89,412
Workmen's Compensation	138,000	138,000	103,057	34,943
Computer Supplies	83,000	102,500	103,660	(1,160)
Dues and Subscription	3,500	3,500	3,312	188
Printing	3,000	3,000	3,000	-
Utilities	30,000	33,000	32,208	792
Telephone	35,000	35,000	24,369	10,631
Insurance - Police Professional	30,000	30,000	24,225	5,775
Janitorial	17,500	18,500	16,789	1,711
Insurance - Building	17,000	17,000	7,478	9,522
Office Supplies	11,000	13,500	13,144	356
Building Maintenance and Repair	21,500	33,000	28,352	4,648
Postage	3,000	3,000	2,150	850
Conferences and Conventions	6,000	6,000	4,624	1,376
Crime Prevention	11,500	19,500	16,610	2,890
Civil Service	7,000	55,000	57,832	(2,832)
Maintenance of Radios and Radar	47,000	67,000	46,420	20,580
Uniforms	25,500	33,000	26,833	6,167
Fuel, Oil and Lube	94,000	153,000	153,282	(282)
Vehicle and Equipment Insurance	31,000	31,000	28,545	2,455
Maintenance and Repairs of Vehicles	50,000	60,000	59,393	607
Equipment Maintenance and Repair	1,500	1,500	345	1,155
Crime Investigation	3,000	3,000	3,011	(11)
Police Supplies	52,000	92,000	70,708	21,292
Equipment Rental	7,000	8,000	7,845	155
Contract Labor	8,500	20,500	4,064	16,436
Schools and Training Course	30,000	35,000	34,036	964
Prisoner Expense	1,000	2,000	1,637	363
<b>Total Public Safety</b>	<b>\$ 4,608,500</b>	<b>\$ 4,934,500</b>	<b>\$ 4,676,446</b>	<b>\$ 258,054</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended August 31, 2008**

**Required Supplemental Information**  
**Schedule 2 (Continued)**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Public Works</b>				
Salaries and Vacation	\$ 692,000	\$ 692,000	\$ 677,224	\$ 14,776
Payroll Taxes	53,000	58,000	55,777	2,223
Retirement	153,500	153,500	128,381	25,119
Insurance - Employee Medical	245,000	245,000	215,355	29,645
Workmen's Compensation	48,000	48,000	24,931	23,069
Computers	10,000	10,000	5,000	5,000
Memberships	500	500	110	390
Utilities	140,000	155,000	151,316	3,684
Telephone	6,000	6,000	3,252	2,748
Insurance - General	8,000	8,000	4,066	3,934
Insurance - Property	13,000	13,000	12,000	1,000
Office Supplies	2,500	2,500	1,897	603
Building Maintenance	4,500	4,500	2,425	2,075
Canal and Drainage Maintenance	12,000	119,000	32,112	86,888
Travel, Conventions and Conferences	1,000	1,000	833	167
Radio Maintenance	2,000	2,000	2,000	-
Uniforms	5,500	5,500	2,500	3,000
Fuel, Oil and Lube	41,000	56,000	54,697	1,303
Vehicle and Equipment Insurance	13,500	13,500	9,569	3,931
Maintenance of Vehicles	17,000	17,000	13,245	3,755
Equipment Maintenance	31,000	31,000	30,950	50
Equipment Rental	1,000	1,000	260	740
Contract Labor	20,000	60,000	27,134	32,866
Supplies	24,000	30,000	16,013	13,987
Mosquito and Pest Control	1,000	1,000	13	987
Signs and Lights	11,000	21,000	8,675	12,325
Sand, Asphalt and Gravel	55,000	55,000	17,694	37,306
Prisoner Expense	112,000	112,000	56,931	55,069
<b>Total Public Works</b>	<b>\$ 1,723,000</b>	<b>\$ 1,921,000</b>	<b>\$ 1,554,360</b>	<b>\$ 366,640</b>
<b>Capital Outlays</b>				
General Government	\$ 500,000	\$ 5,224,500	\$ 2,129,765	\$ 3,094,735
Public Safety	154,500	284,500	176,441	108,059
Public Works	323,000	1,930,000	1,026,754	903,246
<b>Total Capital Outlays</b>	<b>\$ 977,500</b>	<b>\$ 7,439,000</b>	<b>\$ 3,332,960</b>	<b>\$ 4,106,040</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**Sales Tax Fund**  
**For the Year Ended August 31, 2008**

**Required Supplemental Information**  
**Schedule 3**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Favorable/ (Unfavorable)</b>
<b>Revenues</b>				
Taxes				
Sales and Use	\$ 12,000,000	\$ 13,500,000	\$ 13,861,993	\$ 361,993
Interest Income	8,000	8,000	17,212	9,212
<b>Total Revenues</b>	<b>12,008,000</b>	<b>13,508,000</b>	<b>13,879,205</b>	<b>371,205</b>
<b>Expenditures</b>				
General Government				
Collection Expense	138,000	155,500	159,009	(3,509)
<b>Total Expenditures</b>	<b>138,000</b>	<b>155,500</b>	<b>159,009</b>	<b>(3,509)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>11,870,000</b>	<b>13,352,500</b>	<b>13,720,196</b>	<b>367,696</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers				
General Fund	(4,658,000)	(5,503,500)	(5,503,500)	-
Special Sales Tax	(4,650,000)	(5,234,500)	(5,399,193)	(164,693)
Capital Projects - Streets	(2,562,000)	(2,880,000)	(2,899,339)	(19,339)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,870,000)</b>	<b>(13,618,000)</b>	<b>(13,802,032)</b>	<b>(184,032)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (265,500)</b>	<b>(81,836)</b>	<b>\$ 183,664</b>
<b>Fund Balance, Beginning of Year</b>			<b>367,298</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 285,462</b>	

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**Special Sales Tax Fund**  
**For the Year Ended August 31, 2008**

**Required Supplemental Information**  
**Schedule 4**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Revenues</b>				
Interest Income	\$ 90,000	\$ 180,000	\$ 219,706	\$ 39,706
<b>Total Revenues</b>	<u>90,000</u>	<u>180,000</u>	<u>219,706</u>	<u>39,706</u>
<b>Expenditures</b>				
General Government				
Miscellaneous	1,000	1,000	700	300
<b>Total Expenditures</b>	<u>1,000</u>	<u>1,000</u>	<u>700</u>	<u>300</u>
<b>Excess of Revenues Over Expenditures</b>	<u>89,000</u>	<u>179,000</u>	<u>219,006</u>	<u>40,006</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers				
Sales Tax	4,650,000	5,234,500	5,399,193	164,693
Reserve Account	44,000	44,000	56,679	12,679
Enterprise Fund	(530,000)	(755,000)	(755,000)	-
Bond Sinking Fund	(1,263,500)	(1,263,500)	(1,263,343)	157
Capital Projects - Streets	-	(2,000,000)	(2,000,000)	-
General Fund	(378,000)	(703,000)	(703,000)	-
Depreciation/Reserve	(1,200,000)	(1,200,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,322,500</u>	<u>(643,000)</u>	<u>734,529</u>	<u>177,529</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,411,500</u>	<u>\$ (464,000)</u>	<u>953,535</u>	<u>\$ 217,535</u>
<b>Fund Balance, Beginning of Year</b>			<u>5,099,673</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 6,053,208</u>	

**CITY OF MANDEVILLE , LOUISIANA**  
**Budgetary Comparison Schedule**  
**Capital Projects - Street Construction Fund**  
**For the Year Ended August 31, 2008**

**Required Supplemental Information**  
**Schedule 5**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Revenues</b>				
Interest	\$ 68,000	\$ 68,000	\$ 129,356	\$ 61,356
<b>Total Revenues</b>	<u>68,000</u>	<u>68,000</u>	<u>129,356</u>	<u>61,356</u>
<b>Expenditures</b>				
Construction Costs	2,353,500	8,682,000	2,890,223	5,791,777
Engineers Fees	261,500	1,064,500	223,553	840,947
Other Costs	15,000	15,000	12,149	2,851
<b>Total Expenditures</b>	<u>2,630,000</u>	<u>9,761,500</u>	<u>3,125,925</u>	<u>6,635,575</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(2,562,000)</u>	<u>(9,693,500)</u>	<u>(2,996,569)</u>	<u>6,696,931</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers				
Sales Tax	2,562,000	2,880,000	2,899,339	19,339
Special Sales Tax	-	2,000,000	2,000,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>2,562,000</u>	<u>4,880,000</u>	<u>4,899,339</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (4,813,500)</u>	<u>1,902,770</u>	<u>\$ 6,696,931</u>
<b>Fund Balance, Beginning of Year</b>			<u>4,813,971</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 6,716,741</u>	

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF MANDEVILLE, LOUISIANA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**August 31, 2008**

**Other Supplemental Information**  
**Schedule 1**

	Debt Service Fund		Capital Projects Fund	Total Non-Major Governmental Funds
	Bond Reserve Fund	Bond Sinking Fund	Water Construction Fund II	
<b>Assets</b>				
Cash	\$ 615	\$ 777,591	\$ -	\$ 778,206
Investments	983,683	85,872	-	1,069,555
<b>Total Assets</b>	<b>\$ 984,298</b>	<b>\$ 863,463</b>	<b>\$ -</b>	<b>\$ 1,847,761</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Interfund Payables	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>				
Reserved for Debt Service	984,298	863,463	-	1,847,761
Unreserved, Reported in: Capital Projects Fund	-	-	-	-
<b>Total Fund Balance</b>	<b>984,298</b>	<b>863,463</b>	<b>-</b>	<b>1,847,761</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 984,298</b>	<b>\$ 863,463</b>	<b>\$ -</b>	<b>\$ 1,847,761</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended August 31, 2008**

**Other Supplemental Information**  
**Schedule 2**

	Debt Service Fund		Capital Projects Fund	Total Non-Major Governmental Funds
	Bond Reserve Fund	Bond Sinking Fund	Water Construction Fund II	
<b>Revenues</b>				
Interest Income	\$ 36,803	\$ 10,303	\$ -	\$ 47,106
Miscellaneous Income	-	-	-	-
<b>Total Revenues</b>	<b>36,803</b>	<b>10,303</b>	<b>-</b>	<b>47,106</b>
<b>Expenditures</b>				
Debt Service	-	1,236,384	-	1,236,384
<b>Total Expenditures</b>	<b>-</b>	<b>1,236,384</b>	<b>-</b>	<b>1,236,384</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>36,803</b>	<b>(1,226,081)</b>	<b>-</b>	<b>(1,189,278)</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out):				
Special Sales Tax	(56,679)	1,263,343	(7,376)	1,199,288
<b>Total Other Financing Sources (Uses)</b>	<b>(56,679)</b>	<b>1,263,343</b>	<b>(7,376)</b>	<b>1,199,288</b>
<b>Net Change in Fund Balance</b>	<b>(19,876)</b>	<b>37,262</b>	<b>(7,376)</b>	<b>10,010</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,004,174</b>	<b>826,201</b>	<b>7,376</b>	<b>1,837,751</b>
<b>Fund Balance, End of Year</b>	<b>\$ 984,298</b>	<b>\$ 863,463</b>	<b>\$ -</b>	<b>\$ 1,847,761</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**Enterprise Fund**  
**For the Year Ended August 31, 2008**

**Other Supplemental Information**  
**Schedule 3**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Operating Revenues</b>				
Charges for Services				
Water Fees	\$ 1,000,000	\$ 1,050,000	\$ 1,094,056	\$ 44,056
Sewer Fees	1,450,000	1,500,000	1,522,563	22,563
Tapping Fees				
Water Department	25,000	27,000	25,055	(1,945)
Sewer Department	24,000	20,000	14,200	(5,800)
Service Charge	18,000	21,000	22,230	1,230
Delinquent Charges	60,000	75,000	71,931	(3,069)
Sewer Inspection Fees	1,500	1,500	1,150	(350)
Miscellaneous	5,000	5,000	1,316	(3,684)
DHH Fees	13,000	13,000	12,906	(94)
Sewer Impact Fees	75,000	95,000	95,904	904
Water Inspection Fees	1,500	2,000	1,550	(450)
Water Impact Fees	85,000	110,000	111,457	1,457
<b>Total Operating Revenues</b>	<b>2,758,000</b>	<b>2,919,500</b>	<b>2,974,318</b>	<b>54,818</b>
<b>Operating Expenses</b>				
Water Department Expenses	1,488,000	1,778,000	1,411,546	366,454
Sewer Department Expenses	2,423,500	7,553,500	1,999,267	5,554,233
<b>Total Expenditures</b>	<b>3,911,500</b>	<b>9,331,500</b>	<b>3,410,813</b>	<b>5,920,687</b>
<b>Operating Loss</b>	<b>(1,153,500)</b>	<b>(6,412,000)</b>	<b>(436,495)</b>	<b>5,975,505</b>
<b>Non-Operating Revenues (Expenses)</b>				
Grant Income	-	3,502,000	50,995	(3,451,005)
Disaster Income	-	4,000	3,666	(334)
Interest Income	65,000	100,000	122,642	22,642
Loss on Disposal of Assets	-	-	(19,571)	(19,571)
<b>Total Non-Operating Revenues</b>	<b>65,000</b>	<b>3,606,000</b>	<b>157,732</b>	<b>(3,448,268)</b>
<b>Income Before Transfers</b>	<b>(1,088,500)</b>	<b>(2,806,000)</b>	<b>(278,763)</b>	<b>2,527,237</b>
<b>Operating Transfers - Special Sales Tax Fund</b>	<b>530,000</b>	<b>755,000</b>	<b>755,000</b>	<b>-</b>
<b>Operating Transfers - Water Construction Fund</b>	<b>-</b>	<b>7,500</b>	<b>7,377</b>	<b>(123)</b>
<b>Total Operating Transfers</b>	<b>530,000</b>	<b>762,500</b>	<b>762,376</b>	<b>(123)</b>
<b>Change in Net Assets</b>	<b>\$ (558,500)</b>	<b>\$ (2,043,500)</b>	<b>483,613</b>	<b>\$ 2,527,237</b>
<b>Net Assets, Beginning of Year</b>			<b>32,852,620</b>	
<b>Net Assets, End of Year</b>			<b>\$ 33,336,233</b>	

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**Enterprise Fund**  
**For the Year Ended August 31, 2008**

**Other Supplemental Information**  
**Schedule 4**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Water Department Expenses</b>				
Salaries, Overtime and Vacation	\$ 449,000	\$ 449,000	\$ 343,418	\$ 105,582
Payroll Taxes	34,000	34,000	25,168	8,832
Retirement	97,500	97,500	78,994	18,506
Employee Medical Insurance	148,000	148,000	91,582	56,418
Workmen's Compensation	25,500	25,500	16,021	9,479
Licenses and Permits	13,000	13,000	12,193	807
Engineers' Fees	20,000	40,000	12,727	27,273
Computer Programs and Supplies	15,000	15,000	13,730	1,270
Pumps Maintenance	20,000	20,000	10,285	9,715
Purification Chemicals	50,000	70,000	73,526	(3,526)
Bad Debt Expense	3,000	3,000	-	3,000
Membership, Dues and Subscriptions	1,500	1,500	1,340	160
Printing	3,000	3,000	2,509	491
Utilities	100,000	100,000	100,452	(452)
Telephone	12,000	12,000	7,856	4,144
Insurance - General	20,000	20,000	17,568	2,432
Insurance - Property	16,000	16,000	16,000	-
Office Supplies	2,500	2,500	1,664	836
Service Charges	500	500	-	500
Building Maintenance	2,500	2,500	1,962	538
Postage	8,500	8,500	8,199	301
Travel, Convention and Conferences	3,000	3,000	2,873	127
Civil Service	3,000	3,000	2,749	251
Radio Maintenance	1,500	1,500	1,239	261
Uniforms	4,000	4,000	3,151	849
Fuel, Oil and Lube	18,000	33,000	32,822	178
Insurance - Vehicle	5,000	5,000	4,000	1,000
Vehicle Repair and Maintenance	8,000	8,000	3,925	4,075
Equipment Maintenance	15,000	15,000	8,094	6,906
Equipment Rental	1,000	1,000	99	901
Contract Labor	108,000	108,000	80,863	27,137
Small Tools and Supplies	12,000	12,000	(55,382)	67,382
Depreciation	126,000	351,000	373,577	(22,577)
Water Connection Supplies	80,000	90,000	80,004	9,996
Testing	500	500	330	170
Water Plant Maintenance	55,000	55,000	34,516	20,484
Training	3,500	3,500	3,492	8
Emergency Repairs	3,000	3,000	-	3,000
<b>Total Water Department Expenses</b>	<b>\$ 1,488,000</b>	<b>\$ 1,778,000</b>	<b>\$ 1,411,546</b>	<b>\$ 366,454</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**Enterprise Fund**  
**For the Year Ended August 31, 2008**

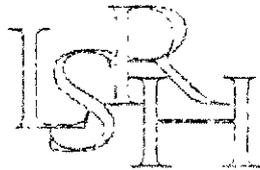
**Other Supplemental Information**  
**Schedule 5**

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
<b>Sewer Department Expenses</b>				
Salaries, Overtime and Vacation	\$ 414,000	\$ 414,000	\$ 352,011	\$ 61,989
Payroll Taxes	31,500	31,500	22,773	8,727
Retirement	89,500	89,500	58,294	31,206
Employee Medical Insurance	208,000	208,000	106,597	101,403
Workmen's Compensation	25,000	25,000	12,005	12,995
Licenses and Permits	8,000	8,000	100	7,900
Engineers' Fees	20,000	161,000	7,720	153,280
Computer Programs and Supplies	15,000	15,000	13,153	1,847
Pumps Maintenance	125,000	125,000	11,773	113,227
Purification Chemical	18,000	18,000	15,217	2,783
Membership, Dues and Subscriptions	1,000	1,000	383	617
Printing	2,000	2,000	1,826	174
Utilities	385,000	390,000	389,210	790
Telephone	6,000	6,000	4,744	1,256
Insurance - General	12,000	12,000	6,940	5,060
Insurance - Building	14,500	14,500	14,118	382
Office Supplies	2,000	2,000	806	1,194
Building Maintenance	2,000	2,000	1,455	545
Postage	8,500	8,500	8,463	37
Travel, Conventions and Conferences	3,000	3,000	2,846	154
Civil Service	3,000	3,000	2,800	200
Radio Maintenance and Repair	1,500	1,500	1,239	261
Uniforms	4,500	4,500	3,075	1,425
Fuel, Oil and Lube	16,500	32,500	32,453	47
Insurance - Vehicle	8,000	8,000	7,000	1,000
Vehicle Repair and Maintenance	9,000	9,000	8,311	689
Equipment Maintenance	20,000	20,000	18,700	1,300
Equipment Rental	1,500	1,500	740	760
Contract Labor	150,000	150,000	108,845	41,155
Small Tools and Supplies	14,000	14,000	8,055	5,945
Sand, Asphalt and Gravel	5,000	5,000	-	5,000
Depreciation	496,000	5,314,000	575,898	4,738,102
Sewer Connection Supplies	8,000	8,000	3,670	4,330
Sewer Testing	132,000	132,000	129,429	2,571
Plant Maintenance and Repair	158,000	308,000	65,223	242,777
Training	3,500	3,500	3,395	105
Emergency Repairs	3,000	3,000	-	3,000
<b>Total Sewer Department Expenses</b>	<b>\$ 2,423,500</b>	<b>\$ 7,553,500</b>	<b>\$ 1,999,267</b>	<b>\$ 5,554,233</b>

**CITY OF MANDEVILLE, LOUISIANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2008**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures Recognized</u>
<b><u>U.S. Environmental Protection Agency</u></b>		
Passed through State Department of Environmental Quality		
Nonpoint Source Implementation	66.460	\$ 74,868
<b><u>U. S. Department of Transportation</u></b>		
Passed through State Department of Transportation and Development		
Highway Planning and Construction	20.205	207,618
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>		
Economic Development Initiative - Special Project		
Independent Interpretive Center - Trailhead Program	14.251	282,997
<b><u>U. S. Department of Justice</u></b>		
Bulletproof Vest Partnership Program	16.607	<u>2,217</u>
<b>Total Expenditures of Federal Awards</b>		<b><u>\$ 567,700</u></b>

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



**LAPORTE SEHRT  
ROMIG HAND**  
CERTIFIED PUBLIC ACCOUNTANTS

**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**

The Honorable Edward Price, III, Mayor  
and the Members of the City Council  
City of Mandeville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mandeville, Louisiana, as of and for the year ended August 31, 2008, which collectively comprise the City of Mandeville, Louisiana's basic financial statements and have issued our report thereon dated February 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Mandeville, Louisiana's internal control over financial reporting as 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 of Mandeville, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mandeville, Louisiana's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Mandeville, Louisiana's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Mandeville, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the City of Mandeville, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as item 2008-2 to be significant deficiencies in internal control over financial reporting.

110 VETERANS MEMORIAL BOULEVARD, SUITE 200, METairie, LA 70002-4958 • 504.835.5522 • FAX 504.835.5535  
5100 VILLAGE WALK, SUITE 300, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956  
TOWN HALL WEST, 10000 PARKINS ROWL, SUITE 200, BATON ROUGE, LA 70810-1797 • 225.296.5150 • FAX 225.296.5151  
WWW.LAPORTE.COM

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Mandeville, Louisiana's internal control.

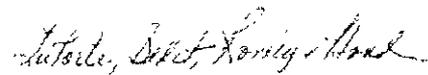
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Mandeville, Louisiana'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 is described in the accompanying schedule of findings and questioned costs as item 2008-1.

The City of Mandeville, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Mandeville, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the City of Mandeville, Louisiana, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

February 22, 2009



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

The Honorable Edward Price, III, Mayor  
and the Members of the City Council  
City of Mandeville, Louisiana

**Compliance**

We have audited the compliance of the City of Mandeville, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2008. The City of Mandeville, Louisiana's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Mandeville, Louisiana's management. Our responsibility is to express an opinion on the City of Mandeville, Louisiana's compliance based on our audit.

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

In our opinion the City of Mandeville, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008.

### Internal Control Over Compliance

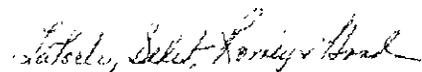
The management of the City of Mandeville, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Mandeville,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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, the Federal Emergency Management Agency, the Louisiana Legislative Auditor, and other federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

February 22, 2009

**CITY OF MANDEVILLE, LOUISIANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended August 31, 2008**

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Financial Statements

1. Type of auditor's report	Unqualified
2. Compliance and internal control over financial reporting	
1. Material weaknesses identified	None
2. Significant deficiencies identified not considered to be material weaknesses	Yes
3. Noncompliance material to the financial statements noted	Yes

Federal Awards

3. Internal control over major programs	
Material weaknesses identified	None
Significant deficiencies identified not considered to be material weaknesses	None
4. Type of auditor's report issued on compliance for major program	Unqualified
5. Audit findings disclosed that are required in accordance with OMB A-133, Section 510a	None
6. Identification of major programs 14.251	Economic Development Initiative
7. Dollar threshold used to distinguish between Type A and B programs	\$300,000
8. Auditee qualified as a low-risk auditee under OMB A-133 Section 530	Yes

**CITY OF MANDEVILLE, LOUISIANA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended August 31, 2008**

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**2008-1 Inadequate Collateralization of Bank Deposits**

*Condition:* Louisiana Revised Statute 13:1219 requires all bank deposits in excess of FDIC coverage to be collateralized by securities owned by the bank. As of August 31, 2008, one of the City of Mandeville, Louisiana's banks failed to provide adequate collateralization for bank balances in excess of FDIC coverage. The deficiency at August 31, 2008, was \$70,719.

*Cause/Effect:* Due to Hurricane Gustav, employees of the City of Mandeville did not return to work until September 5, 2009. At that time, the director of finance determined that collateralization was not sufficient and requested that the bank pledge additional collateral.

*Recommendation:* We recommend that the City closely monitor their bank balances and require their bank to pledge additional collateral as necessary.

*Management's Response:* The City will monitor their bank balances closer and ensure the bank has the necessary pledged collateral.

**2008-2 Findings From Legislative Auditor**

On August 8, 2008, the Office of the Louisiana Legislative Auditor issued its report on compliance of the City of Mandeville (the "City"). Their audit covered selected transactions for the period of January 2002 through March 2008. A summary of the findings noted in the report follows:

Citizen's Service Fund

From January 2002 through December 2007, the City of Mandeville Police Department solicited and received donations for the Citizen's Service Fund. Although these funds were solicited, received, processed and expended by City employees on City time, the City council had not given the Mandeville Police Department authority to collect and expend these funds. As a result, these funds were not included in the City's budget or financial statements and thus were not subjected to public scrutiny or local and state laws.

Credit Card Usage

The City issued credit cards to the Mayor, all department heads, and numerous other City employees. For the period of September 2003 through March 2008, the Legislative Auditor determined that the Mayor incurred 65 charges totaling \$8,845 which appeared to be personal in nature; 356 charges totaling \$36,103 for meals which lacked proper documentation; and 15 charges totaling \$6,143 which pertained to employee functions.

Personal Use of City Vehicles

The City does not have a written policy on the use of City vehicles and fueling cards; City employees appear to use the vehicles and fueling cards for personal purposes; and the City does not include the value of the personal use of the vehicles as income to these employees.

Improper Gifts

Based on a review of the Mayor's e-mails, the Legislative Auditor noted several messages which indicated that people doing business with the City were providing things of value to the Mayor, chief fiscal officer, and a councilperson.

**CITY OF MANDEVILLE, LOUISIANA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended August 31, 2008**

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Public Bid Law

Based on a review of purchases and supplies, as well as a number of public works projects performed for the City, (1) the City failed to publicly advertise one public works project in accordance with state bid law; (2) the City repeatedly purchased limestone and sand in violation of the state bid law; and (3) numerous public works projects were performed without written contracts and surety bonds and by contractors who were not licensed, as required by state law.

Campaign Golf Tournaments

The Legislative Auditor noted that several City employees, both classified and exempt, appear to have used City time and resources assisting the Mayor with his annual campaign golf tournaments.

Weak Business Practices

The Legislative Auditor noted areas in which the City either did not comply with its own policies or did not have adequate written policies. In addition, the Legislative Auditor determined that the City has repeatedly used public funds to defray the costs of Christmas parties and other office celebrations in possible violation of the Louisiana Constitution. The City has also failed to maintain control over inventories, has not established a written travel policy for nonclassified employees, and has financially supported a nonprofit organization that has failed to comply with the state audit law.

**Recommendations and Corrective Action Taken**

Citizen's Service Fund

The City maintains that the Citizen's Service Fund was a separate entity from the City. As such, the City did not consider the Citizen's Service Fund to be under the control of the City. Operations of the Citizen's Service Fund have been transferred to a not-for-profit organization. We recommend that the City request an opinion from the Louisiana Attorney General in order to obtain clarification as to whether the Citizen's Service Fund was separate from the City of Mandeville, or whether it should have been included in the City's budget and financial statements.

Credit Card Usage

Since the issuance of the Legislative Auditor's report, the City has established and implemented a comprehensive credit card policy. The policy provides guidance as to the use of the cards as well as documentation that must be submitted in order to support the transaction. In order to ensure that expenditures of the City's funds are for the benefit of the City as a whole, we recommend that the City strictly enforce its credit card policy, and require reimbursement for any charges that are not supported by appropriate documentation or do not identify the business purpose of the transaction.

In regards to charges incurred by the Mayor that the Legislative Auditor considered to be personal in nature, the Mayor stated that he has completely reimbursed the City for those charges for which he agrees were personal in nature. The amount reimbursed by the Mayor totaled \$3,575.

**CITY OF MANDEVILLE, LOUISIANA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended August 31, 2008**

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Personal Use of City Vehicles

Since the issuance of the Legislative Auditor's report, the City has established and implemented a motor vehicle and equipment usage policy. The policy covers, among other matters, the following:

- Review of motor vehicle record
- Unauthorized usage
- Criteria for Take-Home vehicles
- Compliance with Internal Revenue Code

In regards to compliance with the Internal Revenue Code, the City performed a calculation of the value of personal miles driven in City-owned vehicles. We noted that these values were included in the respective employee's W-2 forms for the calendar year ended December 31, 2008. We recommend that the City continue to enforce the guidelines established within its motor vehicle and equipment usage policy.

Improper Gifts

Based on the findings of the Legislative Auditor, as described in their report dated August 8, 2008, the Mayor as well as other public servants of the City of Mandeville (as defined by Louisiana Revised Statute 42:1102) may have violated current ethics laws, as described in Louisiana Revised Statute 42:1101 – 1115. The Mayor stated that this matter is currently under review by the Judiciary System, and would not provide any further comment on the matter.

Public Bid Law

Based on our inquiries with the City's Chief Fiscal Officer, the City has implemented procedures to identify public works projects which should be considered one project for purposes of compliance with the State Bid Law. In addition, the City will require that any contractor involved with a public works contract of \$25,000 or more have a surety bond in place. We recommend that the City monitor projects to ensure that compliance with the Public Bid law is met.

Campaign Golf Tournaments

Per our inquiries with the Mayor and CFO, the City will take all necessary steps to ensure that classified employees will not participate in any political or fundraising activities that are prohibited under the City's Civil Service regulations. In addition, any unclassified employee that chooses to voluntarily participate in political or fundraising efforts will do so at their own time. If the activity occurs during a regular work day, the employee is required to submit a leave slip so that the activity is not conducted during compensated work hours. We recommend that the City strictly enforce this policy.

Weak Business Practices

**Purchasing Policies** – We recommend that all City employees involved with purchases of material, supplies, etc. receive training as to the applicable state and City laws and policies over purchasing.

**Purchases Made In Possible Violation of Louisiana Laws** – We recommend that all City officials and employees receive training as to Article 7, Section 14 of the Louisiana Constitution. In addition, we recommend that the City cease incurring any expenditures that appear to be for parties and gifts.

**CITY OF MANDEVILLE, LOUISIANA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended August 31, 2008**

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Inventory Control – Since the issuance of the Legislative Auditor's report, it appears that the City has reduced its expenditures for quantities of limestone, sand and gravel. We agree with the Legislative Auditor's recommendation that the City require that the actual quantities of materials delivered and dumped by vendors are verified and recorded at the time of the delivery to ensure the City has received the quantity for which it paid.

Travel – Since the issuance of the Legislative Auditor's report, the City has established a travel guide which covers methods of transportation, lodging and meals, parking, special meals, and international travel. We recommend that the City closely monitor adherence to its established travel guide.

Mandeville Trailhead – Since the issuance of the Legislative Auditor's report, the Mandeville Trailhead Foundation has been dissolved, and the City will directly contract for the operations at the Trailhead.

**CITY OF MANDEVILLE, LOUISIANA**  
**Summary Schedule of Prior Audit Findings and Questioned Costs**  
**For the Year Ended August 31, 2007**

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**2007-1      Inadequate Collateralization of Bank Deposits**

*Condition:* Louisiana Revised Statute 13:1219 requires all bank deposits in excess of FDIC coverage to be collateralized by securities owned by the bank. As of August 31, 2007, one of the City of Mandeville, Louisiana's banks failed to provide adequate collateralization for bank balances in excess of FDIC coverage. The deficiency was \$32,318.

*Status:* This condition has not been resolved. See finding 2008-1.