MINUTES
CITY COUNCIL MEETING
OCTOBER 26th, 1982
6:30 P.M.

The meeting was called to order by the President of the Council Lionel J. Washington. All Council Members and Mayor Hart were present with the exception of Councilman Martinez.

Councilman Singletary, seconded by Councilman Salvaggio moved to suspend the rules at this time in order to swear in the City Attorney.

ROLL CALL 8 Yeas 0 Nays 1 Absent CARRIED

At this time, Councilman Singletary swore in Patrick Berrigan as the City Attorney.

Councilman Van Sandt moved, seconded by Councilman Callahan for the adoption of the following Consent Calendar:

CONSENT CALENDAR

1. Approval of October 12th, 1982 Minutes

2. Proposed Ordinances: (Public Hearing - November 23rd, 1982)
   a. Item No. 82-10-509 (Annexation and Zoning from Parish to A-8) Parker-Davis(Washington/Williams by request)
   b. Item No. 82-10-510 (Rezoning from A-6 to C-2 - Faciane) (Barthelemy/Washington by request)
   c. Item No. 82-10-511 (Rezoning from A-6 to C-2 - Willis A. Baker) (Van Sandt/Washington by request)
   d. Item No. 82-10-512 (Rezoning from A-7 to C-2 Tolar) (Washington/Williams by request)
   e. Item No. 82-9-494 (Establishing a Computerized Street Maintenance Program for the City of Slidell)(Callahan/Singletary)

3. Proposed Resolutions:
   a. Red Light - Brownswitch and Robert Road (Williams/Salvaggio)
   b. Non-Interest Bearing Funds - Rapides Bank, Alexandria, LA (Washington/Williams by request)

ROLL CALL 8 Yeas 0 Nays 1 Absent CARRIED

Bob Smith, City Engineer, spoke to the Council on the Receiving and Accepting of bids for Drainage Improvement - Dellwood and Bayou Vincent Pump Stations. He suggested to the Council that this be tabled until the next meeting as the information still was not complete.

Moved by Councilman Salvaggio, seconded by Councilman Singletary that we table the Drainage Improvement - Dellwood and Bayou Vincent Pump Stations until the next meeting.

ROLL CALL 8 Yeas 0 Nays 1 Absent CARRIED

Councilman Martinez joined the meeting at 6:40 P.M.

Tabled item Application for Liquor/Beer Permit - Cheryl Noveh d/b/a Slidell Home Delivery, was brought back before the Council. After discussion among the Council as to the possibility of teenagers being able to obtain delivery from this company and remedies to be taken to alleviate this as much as possible, Councilman Van Sandt, seconded by Councilman Callahan moved for the acceptance of this Liquor/Beer Permit.

ROLL CALL 7 Yeas 2 Nays 0 Absent CARRIED
(Williams)
(Martinez)

As advertised a public hearing was held in connection with Item No. 82-9-490 (Amending Ordinance No. 1153, and Division 2. Board of Zoning Adjustments, Section 2-151. Requirements; Manner of appointments). As no one from the public desired to be heard, the public hearing was closed.

Mayor Hart offered that the appointments now being made to this Board were from Councilmanic Districts in as much as possible and that this has been his procedure in appointing all along and saw no reason for change in appointment powers to the Council.

Councilman Van Sandt, seconded by Councilman Berault moved for the adoption of Ordinance No. 1548.

ROLL CALL 8 Yeas 1 Nays (Williams) 0 Absent CARRIED

As advertised a public hearing was held in connection with Item No. 82-9-491 (Amending Chapter 17, Taxation and License, Section 17-71. Interest on unpaid taxes). As no one from the public desired to be heard, the public hearing was closed. After discussion among the Council, Councilman Salvaggio called the question.

ROLL CALL 7 Yeas 0 Nays 2 Abstain (Martinez) (Singletary) 0 Absent CARRIED

It was moved by Councilwoman Williams, seconded by Councilman Barthelemy for the the adoption of Ordinance No. 1549.

ROLL CALL 7 Yeas 0 Nays 2 Abstain (Martinez) (Singeltary) 0 Absent CARRIED

As advertised a public hearing was held in connection with Item No. 82-9-492 (Annexation and Zoning from Parish to C-2 Neighborhood Commercial Laviolette). Mr. Fletcher Cochran, Attorney at Law representing Mr. Laviolette, informed the Council that if there were any questions regarding this annexation and zoning he would be happy to answer them, however, they had gone through the Planning Commission and did meet all of their requirements.

As no one else from the public desired to be heard, the public hearing was closed and Councilman Singletary, seconded by Councilman Berault moved for the adoption of Ordinance No. 1550.

ROLL CALL 9 Yeas 0 Nays 0 Absent CARRIED

As advertised a public hearing was held in connection with Item No. 82-9-493 (Amending Ordinance No. 1191 and Chapter 10 Fire Protection and Prevention). Mr. Ed Ryan, 130 Kempsey Court, serving on the Board of Commissioners, Fire District #1, spoke in favor of this ordinance and the reasons this will update the Fire Code.

As no one else from the Public desired to be heard, the public hearing was closed. Councilwoman Williams, seconded by Councilman Van Sandt moved for the adoption of Ordinance No. 1551.

ROLL CALL 9 Yeas 0 Nays 0 Absent CARRIED

Councilman Singletary moved for the Suspension of the Rules

ROLL CALL 9 Yeas 0 Nays 0 Absent CARRIED

Councilman Singletary stated that since two of the Fire Commissioners were present at this meeting he would like to know why they voted the way they did in the question of the option of dividing the Fire District into two class groups in order to provide lower fire insurance rates. First to speak was Mr. Ed Ryan who voted to divide the Fire District but was overruled. Mr. Ryan stated that after talking with Mr. Ray Newton, Municipal Field Representative of the Property Insurance Association of Louisiana he came to his vote in favor of the split.

The second commissioner to speak was Mr. Ralph Moser who voted against the splitting of the Fire District. Mr. Moser also spoke with Mr. Ray Newton and said his decision was based on the outcome of this conversation.

Mayor Hart spoke on what action he was taking to have the Board of Commissioners Fire District #1 reconsider this action.

Council Administrator, Reinhard Dearing, reminded the Council they must appoint a person to the Municipal Employees Civil Service Board at the next meeting. Mr. Dearing also brought up the question of a Bingo Ordinance and was given the okay to research and draft one up.

Mayor Hart reported that Contract "A" for Fritchie Municipal Park has been completed and requested the Council's approval for payment.

Councilman Singletary, seconded by Councilman Salvaggio moved that on the recommendation of the Mayor we will accept the DNA Job # 7939-2-1.

ROLL CALL	9 Yeas	0 Nays	0 Absent	CARRIED

Moved by Councilman Singletary, seconded by Councilman Martinez to amend the motion to say "substantially complete."

ROLL CALL	9 Yeas	0 Nays	0 Absent	CARRIED

Colbert Jones, Building Official/Planner, reported to the Council that the application for Louisiana Block Grant was not approved. This Grant was for $500,000 worth of drainage work in Lincoln Park area.

Councilman Van Sandt reported that there will be an ECC meeting for the 201 Sewer Project in Baton Rouge on Thursday, October 28th, 1982 and we would be on the agenda for approval of permit for discharge into the Fritchie Marsh.

As there was no further business, the meeting was adjourned at 7:55 P.M.

Lionel J. Washington
Councilman, District A
President of the Council

Gerri G. Ingrao
Clerk of the Council

Introduced September 28th, 1982
by Councilman Van Sandt, seconded by
Councilman Berault

Item No. 82-9-490

ORDINANCE NO. 1548

An Ordinance amending Ordinance No. 1153 and Division 2. Board of Zoning Adjustments, Section 2-151. Requirements; manner of appointment, of the Code of Ordinances of the City of Slidell.

BE IT ORDAINED by the Slidell City Council, in legal session convened, that Ordinance No. 1153 and Division 2. Board of Zoning Adjustments, Section 2-151. Requirements; manner of appointment, of the Code of Ordinances of the City of Slidell is amended as follows:

Delete subsections (c), (d) and (e) in their entirety and add a new subsection (c) to read as follows:

(c) All members of the Board of Zoning Adjustments shall be appointed by the City Council. The City Council shall appoint members in such a manner so as to provide, as far as possible, for representation from all seven (7) councilmanic districts.

Subsection (f): Delete the letter "(f)" and replace with the letter (d).

Delete the word "Mayor" and replace with the words City Council.

Subsection (g): Delete the Letter "(g)" and replace with the letter (e).

Delete the words "Mayor and"

ADOPTED this 26th day of October, 1982.

DELIVERED 10-28-82
9:00AM to the Mayor
RECEIVED 11-5-82
3:55PM from the Mayor

Lionel J. Washington
Lionel J. Washington
Councilman, District A
President of the Council

M.W. "Webb" Hart
Mayor

Gerri G. Ingrao
Gerri G. Ingrao
Clerk of the Council

Introduced September 28th, 1982 by Councilwoman Williams, seconded by Councilman Callahan

Item No. 82-9-491

ORDINANCE NO. 1549

An ordinance amending Chapter 17, Taxation and Licenses, Section 17-71. Interest on unpaid taxes, of the Code of Ordinances of the City of Slidell.

BE IT ORDAINED by the Slidell City Council, in legal session convened, that Chapter 17, Taxation and Licenses, Section 17-71, Interest on unpaid taxes, of the Code of Ordinances of the City of Slidell is amended as follows:

Section 17-71. Interest on unpaid taxes:

Line 5: Delete the words and number "twelve (12) per centum" and replace with the words and number fifteen (15) per centum.

ADOPTED this 26th day of October, 1982.

DELIVERED 10-28-82
9:00 AM to the Mayor
RECEIVED 11-5-82
3:55 pm from the Mayor

Lionel J. Washington
Lionel J. Washington
Councilman, District A
President of the Council

M.W. "Webb" Hart
Mayor

Gerri G. Ingrao
Gerri G. Ingrao
Clerk of the Council

Introduced September 28th, 1982 by
Councilman Berault, seconded by
Councilman Washington (by request)

Item No. 82-9-492

ORDINANCE NO. 1550

WHEREAS, the Slidell City Council did receive a petition from Mr. & Mrs. Raymond Laviolette, requesting the annexation and zoning from Parish to C-2, Neighborhood Commercial Zoning District, and

WHEREAS, the Slidell Planning & Zoning Commission, in a letter dated September 21, 1982, approved such annexation and zoning, and by a publication in the Daily Times on October 1st, October 4th, and October 10th, 1982, the Council gave notice of their intention to take action on said petition by calling a public hearing on October 26, 1982, in the Council Chambers,

NOW THEREFORE BE IT ORDAINED by the Slidell City Council in legal session convened, that the following described property be annexed into Councilmanic District E and zoned C-2:

> A CERTAIN PORTION OR LOT OF GROUND, together with all the buildings and improvements thereon, and all the rights, ways, privileges, servitudes, appurtenances, and advantages thereunto belonging or in anywise appertaining, situated in the Parish of St. Tammany, State of Louisiana, in Robbert Park Subdivision and which said parcel of ground is designated as a reserved area and Lot Number 2 and Square Number 1, Annex Number 2, Robbert Park Subdivision, Eighth Ward, St. Tammany Parish, Louisiana, all in accordance with plan and survey of official maps of said subdivision lying and being situated in the Northeast quarter of Section 12, Township 9 South, Range 14 East. Said portion of ground measures 150' front on Tyler Drive by a depth of 150' between equal and parallel lines in a westerly direction. All in accordance with plan and survey prepared by John J. Sollberger, C. E., and surveyor, as approved by the St. Tammany Parish Police Jury, Annex Number 2, Survey 2562, dated May 18, 1959, a copy of which is on file in the office of the Clerk of Court of St. Tammany Parish, Louisiana, and in accordance with the survey of Ivan Borgen dated 3 August 1982.

ADOPTED this 26th day of October, 1982.

Lionel J Washington

Lionel J. Washington
Councilman, District A
President of the Council

DELIVERED 10-28-82
9:00 AM *to the Mayor*
RECEIVED 11-5-82
3:55 PM *from the Mayor*

Gerri G. Ingrao

Gerri G. Ingrao
Clerk of the Council

M W Hart

M. W. "Webb" Hart
Mayor

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Introduced September 28th, 1982 by Councilwoman Williams, seconded by Councilman Salvaggio

Item No. 82-9-493

ORDINANCE NO. 1551

An ordinance amending Ordinance No. 1191 and Chapter 10, Fire Protection and Prevention, of the Code of Ordinances of the City of Slidell.

BE IT ORDAINED by the Slidell City Council, in legal session convened, that Ordinance No. 1191 and Chapter 10, Fire Protection and Prevention, of the Code of Ordinances of the City of Slidell is amended as follows:

Page 1, Line 64: Delete the letter "A".

Page 2, Line 1: Delete the letters "1979" and replace with the letters 1981.

Page 2, Line 7: Delete the word "Protection".

Page 2, Line 11: After the word "Code" insert: 1981 edition.

Page 2, Line 45: Delete the word "Superintendent" and replace with the words Fire Chief.

Page 2, Line 55: Delete the word "may" and replace with the word shall.

Page 2, Line 57: Delete the words "Superintendent and".

Page 3, Line 10: Delete the word "Superintendent" and replace with the words Fire Chief.

Page 3, Line 60: Delete the words "Superintendent and"

ADOPTED this 26th day of October, 1982.

DELIVERED 10-28-82
9:00 A.M. to the Mayor
RECEIVED 11-5-82
3:55 p.M. from the Mayor

Gerri G. Ingrao
Gerri G. Ingrao
Clerk of the Council

Lionel J. Washington
Lionel J. Washington
Councilman, District A
President of the Council

M.W. "Webb" Hart
Mayor

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Introduced October 26th, 1982 by
Councilman Washington, seconded by
Councilwoman Williams by request

RESOLUTION

A resolution authorizing the investment of non-interest bearing funds in direct obligations of the United States of America maturing in five (5) years or less.

BE IT RESOLVED by the Slidell City Council, in legal session convened, that all non-interest bearing funds now in the Sewerage and Water Construction Revenue Bonds Reserve Funds on deposit in the Rapides Bank and Trust Company, Alexandria, Louisiana, be invested in United States obligations, maturing in less than five (5) years, in accordance with bond requirements.

ADOPTED this 26th, day of October, 1982.

Lionel J. Washington
Councilman, District A
President of the Council

Gerri G. Ingrao
Clerk of the Council

Introduced October 26th, 1982 by Councilwoman Williams, seconded by Councilman Salvaggio

RESOLUTION

WHEREAS, the City of Slidell and surrounding areas have experienced a tremendous population growth in recent years, and

WHEREAS, this population growth has greatly increased the traffic flow in this community, and

WHEREAS, the area in the vicinity of Brownswitch Road and Robert Road is especially affected by said traffic flow,

NOW THEREFORE BE IT RESOLVED, by the Slidell City Council, in legal session convened, that the Department of Transportation and Development is urged to install a traffic light at the intersection of Brownswitch Road and Robert Road.

BE IT FURTHER RESOLVED, that a copy of this resolution be sent to Secretary Paul Hardy and Representative Ed Scogin.

ADOPTED this 26th, day of October, 1982.

Lionel J. Washington
Councilman, District A
President of the Council

Gerri G. Ingrao
Clerk of the Council

October 22, 1982

TO: Mayor Hart
Steve Buser
Barry Brupbacker
Bob Smith

FROM: Virginia Roe

The following is a catagorized list of items suggested for inclusion in the 1983 supplemental budget.

SUPPLEMENTAL BUDGET

OPERATING BUDGET

Administration		
Salary		1,500
To keep City Hall line open until 5 P.M.		
Finance		
Salary (Accountant IV)		12,000
Add position to aid in maintaining fixed asset records in the accounting function and in the development of a policy manual.		
Salary		
To add 15 hours per week to Senior Citizens week for mail and other clerical duties.		
Equipment - Desk, etc.		600
Various Unspecified Departments		
Insurance		50,000
Safety Equipment		7,000
Streets Resurfacing		
Supplies (concrete streets)		50,000

CAPITAL BUDGET

Administration		
Automobile for Mayor		10,000
General Maintenance		
Major Builing Repairs		75,800
Police - General	(5,000)	
Jail Kitchen	(4,000)	
Laundry Room	(6,800)	
City Hall - General	(15,000)	
City Hall Annex Stairwell	(3,000)	
Recreation - Roof	(4,000)	
Ceiling	(2,000)	
Addition to Museum	(10,000)	
General (Fire Truck)	(10,000)	
Van	(11,000)	
Workshop	(5,000)	
Purchasing - Warehouse		
Fence around yard supplies		5,000
Property Management		
Air Condition - City Hall Annex		5,000
Radio Equipment - Conversion		5,000
Computer - Property Records		7,500
Energy Saving Equipment		15,000
Land (Jackson Encroachment) plus tower		4,200
Recreation		
Maintenance Building - Fritchie Park		25,000

THE CITY OF SLIDELL

October 26, 1982

M.W. "WEBB" HART
Mayor

City Council
ALVIN D. SINGLETARY
AT LARGE
JOE MARTINEZ
AT LARGE
LIONEL J. WASHINGTON
DISTRICT A
BOB CALLAHAN
DISTRICT B
RICHARD B. VAN SANDT
DISTRICT C
L.P. "LYNN" BARTHELEMY
DISTRICT D
WARREN L. BERAULT, MSUS
DISTRICT E
PHIL SALVAGGIO
DISTRICT F
PEARL WILLIAMS
DISTRICT G
REINHARD J. DEARING
COUNCIL ADMINSTRATOR

PHONE 504/643-3434 • SLIDELL, LOUISIANA 70459-0828 • P.O. BOX 828 • 2055 SECOND STREET

Members of the City Council
Mayor M.W. "Webb" Hart
City Hall
Slidell, Louisiana 70459

Dear Fellow Council Members and Mayor Hart:

As provided by Section 2-09A of the City Charter, we hereby call a special meeting of the City Council at 6:30 P.M. on November 2, 1982, in the Council Chambers for the following purpose:

1. 1982 Audit Report

2. Management Letter

3. Supplemental Budget

Sincerely,

Lionel J. Washington
Councilman, District A
President of the Council

Pearl Williams

Pearl Williams
Councilwoman, District G
Vice President of the Council

R B Van Sandt

Richard B. Van Sandt
Councilman, District C

DENNIS FRENTZ & CO.
(A PROFESSIONAL CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1817
Covington, Louisiana 70434
(504) 892-8776

November 1, 1982

To the City Council
City of Slidell, Louisiana

Enclosed are our answers to the questions attached to your letter dated October 21, 1982. Although many of these questions did not pertain directly to the annual financial report, we attempted to answer them as best we could from the information we gathered during the course of the audit. Questions 5 through 8 and part of question 16 related primarily to the 1983 budget which we have not reviewed as a result of our audit. Accordingly, we were unable to answer these questions. We would, however, be most happy to meet with any councilman who so desires to review the 1983 budget and provide them with any assistance we can. This would also apply to other questions that you might have as well and feel that our background would be of assistance. We would hope that the members of the council would feel free to contact us as needed to answer questions on an informal basis without the necessity of calling a formal meeting of the council.

Thank you again for the opportunity to serve you and do not hesitate to call on us if you have any questions regarding the attached.

Sincerely,

Dennis K. Frentz

DKF/ac

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1. Do you agree or is there a better method during the budget process for allocating administrative overhead costs to the general, sales and utility funds?

2. Should other costs be identified as administrative overhead costs for allocation?

3. Should any of the current administrative overhead costs be deleted?

As described on page 29 of the annual financial report, the City allocates administrative expenses to the general, sales tax and utility funds based on each funds relative percentage of total revenues. There are many other methods which could be used in allocating these expenses. Some of these methods, such as allocating data processing department expenses based on an allocation of computer time and reports produced, could be argued as being more accurate. However, the use of some other method for allocation purposes would in all probability require considerable effort both initially and on a continual basis. The additional costs associated with another allocation method would not appear to be justified for the additional accuracy to be obtained. Accordingly, we agree with the current method of allocating administrative expenses. Additionally, we did not note any costs which should be added or deleted to those costs presently being allocated as administrative costs.

4. In the allocation of administrative costs, why limit allocation to only the general, sales and utility funds? All funds should bear their fair share of administrative costs.

Administrative costs are allocated to the general, sales tax and utility funds as they are the primary revenue producing funds (or "profit centers") of the City. A review of the different funds as shown on the combined balance sheet included on pages 16 and 17 of the annual report would also indicate very little choice in the way of other funds to include in this allocation. The Debe Service fund and the two account groups, general fixed assets and general long-term debt, should not receive an allocation based on their nature. The Special Assessment and Expendable Trust Funds are of such a small amount that their inclusion in the allocation would have no significant effect. Lastly, it would not be proper to allocate administrative costs to the Capitol Projects Funds through this general method as these funds account for the construction of fixed assets and many of the costs so allocated would not be eligible for capitalization as a fixed asset. You are therefore left with the general, sales tax and utility funds for which to allocate the administrative expenses.

9. What are your feelings organizationally of having the finance and purchasing functions under the control of the same department head? Federally speaking, that is a NO-NO.

We have no objections to the present organizational structure as it relates to the finance and purchasing department. There appears to be an adequate segregation of duties (purchasing, receiving, accounts payable, etc.) and other control mechanisms (competitive bid policies, budgetary controls, etc.) to provide for reasonable assurance against the possibility of errors or irregularities occurring.

10. Why was .87 mills approved for garbage collection in 1976 and not implemented until 1982? If it had been implemented sooner would the $.65 increase in garbage rates, recently passed by the previous City Council, have been avoided?

We do not believe that this question can be answered by our firm. We were not appointed auditors until 1982 and would at best just be guessing as to why the millage was not implemented. As to being able to avoid the increase in rates, this question would have to be posed to each member of the previous City Council. Their individual reasons for voting for the rate increase would surely be varied and could or could not have been effected by the millage in question.

11. The sales tax fund shows a balance of $663,306 of which $11,649 has been reserved for encumbrances. Is the balance available of $651,657 surplus? Of this balance, $43,700 is unused capital appropriation carry forward. What was this amount originally budgeted for?

The $651,657 ($663,306 - $11,649) represents the unencumbered balance of the fund as of June 30, 1982. It is our understanding that $586,617 has been utilized through inclusion in the 1983 budget as a beginning surplus. Also, $43,700 had previously been appropriated in the capital budget, a detailed listing of which will be supplied to you by the Director of Finance. This leaves a surplus available for appropriation of $21,340 [651,657 - (586,617 + 43,700)].

12. What controls have been established to assure that at least 50% of all sales tax collections are used for streets, bridges, drainage, recreation facilities and programs and capital expenditures for land, buildings and building furnishings? What was the percentage for 1982? What is the budgeted amount for 1983?

The primary control to assure that sales tax collections are used for their dedicated purposes is the establishment of the special revenue fund to account for the collections and their uses. This is in accordance with the guide to "Governmental Accounting, Auditing, and Financial Reporting" put out by the Municipal Finance Officers Association and with which we agree. After establishment of this special revenue, the controls present in City's budgetary process and entire accounting and reporting system would work to provide assurance that the funds are used only for their dedicated purposes. In 1982, in excess of 65% of expenditures were for the dedicated purposes.

13. The enterprise fund shows a drastic increase in the inventory account from $35,104 in 1981 to $113,984 in 1982 or an increase of $78,780. What is the cause for an increase of almost 225% in this account?

This increase is caused primarily by water meters and other supplies being used to install water meters.

14. In your opinion, is the unreserved earnings of $114,941 in the enterprise fund necessary for its efficient operation? Would you recommend adjusting water rates downward as the result of these unreserved earnings? What additional amount should be held in reserve over and above the $215,000 to cover emergency situations? We seem to have gotten along in the past without such a reserve.

The answer to each of the above questions is a management decision for which we would not feel comfortable answering without the benefit of a detailed study into the operations of the utility system. We can only note that the unreserved earnings of $114,941 does not appear to be a large amount by comparison to the total assets of the fund ($6,019,090), total operating expenses for the year ($1,002,248), or the costs of equipment additions necessary to meet the needs of a growing city.

15. The Federal revenue sharing fund has a balance of $373,214. The $226,800 represents unused capital appropriation carry forwards. What will the $226,800 be used for? It seems the term "unused capital appropriation carry forward" is a misnomer. Where in the budget process is the $102,500 accounted for? Identify the $19,000 FY 1983 entitlement?

The term "Unused capital appropriation carryforward" was used as the amount represents appropriations from the capital budget that had not been used as of June 30, 1982 and by the nature of the capital budget were eligible to be carried forward for three years. The $226,800 was appropriated in the capital budget, a detailed of which will be supplied to you by the Director of Finance.

16. Can I assume that the total undesignated funds as shown on pages 16 and 17 of your audit report are now available for new requirements?

The term "undesignated" is recommended in the professional literature for governmental reporting. You are correct in your belief that this should represent amounts available for new requirements. However, as discussed in the letter of transmittal on pages 5 and 6 of the annual report, certain amounts have already been included in the 1983 budgeting process.

17. Would it not reflect a true funding situation as of 6/30/82 if individual fund interfund receivable and payable balances transferred to the general fund for cash investment purposes only were reversed on 6/30/82 and then on 7/1/82 reversed again? This tends to cloud the true picture of a funds status on the year-end closing date.

We believe that the presentation shows the true facts of the circumstances as they existed at June 30, 1982. If the entries were made as you propose, the actual cash would have to be transfered back to the particular funds or establish separate investment accounts for each fund. Both situations would defeat the investment purposes for the pooling of available cash.

18. Does state law require the audit format currently used or can deviations be made in the format in which the financial condition of the city is presented?

The method of financial statement presentation is not prescribed by state law. However, the "Louisiana Municipal Audit and Accounting Guide" has been approved and adopted as the standard guide for municipal audit and accounting procedures in the State of Louisiana. Included therein are recommendations on financial reporting which have been compiled with in the preparation of the City's financial statements.

19. Are you totally in agreement that the information as presented in your audit report is the best way to display this information? Do you have, as the result of this audit, changes that should or could be made? Do you have any specific recommendations for changes that would make the audit report more understandable to the average lay-person?

Throughout the course of our examination we worked closely with the Director of Finance in performing our auditing procedures and in the preparation of the financial statements. During this process there was a concerted effort on both parts to produce financial statements that would meet the reporting standards established by the various professional bodies including the National Council of Governmental Accounting, American Institute of Certified Public Accountants, and Municipal Finance Officers Association. We are in agreement that the statements have been prepared as best as could be in accordance with applicable industry standards. We can however foresee that presentation changes will be made as the City's financial conditions change and the evolution of reporting requirements continues.

The concept of making financial statements more understandable is a subject of continuing discussion within the accounting profession. The problem is essentially a matter of the diverse requirements of the different readers of the financial statements. The Financial Accounting Standards Board in its Statement of Financial Accounting Concepts Number Four have stated that financial reporting by nonbusiness organizations should be comprehensible to those who have a reasonable understanding of an organization's activities and are willing to study the information with reasonable diligence. We believe that the City's financial statements meet these requirements within the framework of the reporting standards discussed above.

20. In your opening statement to the Council, you indicated that as a result of your audit, the financial statements presented, fairly reflect the financial position of the city of Slidell. In many evaluation processes, fair or fairly is recognized as below the level of good, excellent or outstanding. Is fairly a protective word generally used? On a scale of 1 to 10, where would the City of Slidell's financial operation on this scale?

The wording of the auditors' report on financial statements is prescribed by the American Institute of Certified Public Accountants through Statements on Auditing Standards. "Fairly" is not intended to mean below the level of good, excellent or outstanding but is the standard terminology used within the accounting profession.

It would not be appropriate for us to rate the financial operation of the City of Slidell. Based on our work with the Finance Department during the course of our examination, we would however, like to say that we were very impressed with its operation and feel that it is probably above average for municipalities of comparable size.

November 8th, 1982

PUBLIC NOTICE

Minutes of the Special City Council Meeting held November 2, 1982.

CITY OF SLIDELL, LOUISIANA

Gerri G. Ingrao

Gerri G. Ingrao
Clerk of the Council

Publish: November 11, 1982

MINUTES
SPECIAL MEETING
SLIDELL CITY COUNCIL
NOVMEBER 2, 1982
6:30 P.M.

The meeting was called to order by the President of the Council, Lionel J. Washington. All Council Members and Mayor Hart were present.

The purpose for this special meeting of the Slidell City Council was to discuss the following items:

1. 1982 Audit Report

2. Management Letter

3. Supplemental Budget

Mrs. Virginia Roe, Director of Finance, at this time responded to the questions regarding the audit she was asked to answer.

There was discussion on several points during her address from Councilman Callahan and Councilman Singletary.

Councilman Singletary seconded by Councilman Berault moved to make Mrs. Roe's comments a part of these minutes.

ROLL CALL 9 Yeas 0 Nays 0 Absent CARRIED

Councilman Berault praised Mrs. Roe for her report to the Council on the Audit and let it be known how much the city appreciates the fine job she is doing.

Councilman Callahan questioned the Auditors on the Management Letter.

The Supplemental Budget ordinance was introduced.

As there was no further business, the meeting was adjourned at 8:00 P.M.

Lionel J. Washington
Lionel J. Washington
Councilman, District A
President of the Council

Gerri G. Ingrao
Gerri G. Ingrao
Clerk of the Council

November 2, 198.

To: Slidell City Council

Subject: Response to Questions Regarding 1982 Audit

From: Virginia Roe

Questions Nos. 1, 2, 3, 4, 6, 7, and 8 refer to the City's method of determining and accounting for general administrative costs, so perhaps an explanation of the basic theory of administrative costs is in order. (Page 29 of the Annual Financial Report also addresses these questions.)

When the sales tax ordinance was first approved the funds were designated to streets, bridges, drainage, recreation facilities and programs and capital imporvements. Departments were established to carry out those goals, but there were also general costs that were incurred in the administering of this fund that could not be directly tied to the fund, but were, nevertheless, real. The theory of indirect costs is well understood in professional accounting circles. Additionally, the enterprise fund made certain draws on the administration that were also of an indirect nature. These two funds were especially costly to administer because, there were revenue collection and disbursement functions, personnel functions, equipment maintenance functions, etc., to be carried out. Other funds and account groups such as capital projects, debt service, general fixed assets, revenue sharing, etc., did not require such large expenditures of administrative dollars because revenue collections was not complicated nor daily, because no equipment was involved, because disbursements were limited relative to the amounts of money involved, and because no personnel were paid directly from these funds.

The choice of general fund departments for inclusion in the administrative cost allocation was a careful one in which only those departments were chosen which clearly cut across all three of the major funds and which met the usual criteria established in generally accepted accounting theory. The only ones omitted (police, animal control, sanitation, permits and civil defense) seemed to affect the other fund functions only in the sense that they serve the entire community on the same basis and would not therefore be increased or decreased if sales tax or utility funds purposes and activities were to be suspended.

The basis of allocation (ratio of revenue excluding transfers) was chosen after considering other methods (ratio of employees, for example) that produced essentially the same results and has been used consistently since 1979.

The actual adjusted year-end transfer is based upon actual year-end audited figures. Although my professional opinion is that the current method is fair, I am open to any other method that sustains the underlying logic and is as easy to administer.

As for the budgeting of these costs, the following facts should be considered:

1. Each fund is essentially a separate entity and accounting and budgeting for the revenues (from whatever source) and expenditures must be kept independent.
2. The Charter requires that appropriations be made by "Department and/or program" (see page 17 of the Charter). Historically, the City has made appropriations by department and all expenses of any fund have been included in one department or another and clearly marked (see Departments 21 and 33, Line Items 31--"Administrative Costs") This would also hold true of debt service funds that are to be paid from a specific fund. Sales tax fund is currently paying off three

certificates of indebtedness and one loan from the NOAC and these transfers are budgeted (clearly marked in Department 21, Line Item 98 -- "Interest/Debt Retirement"). The Utility Fund is currently paying off a revenue bond issue and those payments are budgeted in Department 33 (Line Item 98 -- "Interest/Debt Retirement").

3. There are some costs that are esily identified as being exclusively applicable to a particular fund. Examples are postage on sales tax forms, the salary of the sales tax examiner, costs of membership in LATA, postage on water bills and the City's portion of medical insurance for employees in those funds. In sales tax, the Director of Public Works' sal ary is also in Administrative Department 21 because his duties crossed several lines -- all properly fundable by sales tax.
4. Obviously, there could be a more minute breakdown of costs applicable to each fund, but I feel that the major general costs are shared appropriately and that further attention to minutiae would not be cost effective. (This is a purely professional opinion which I would change if I could not defend it.)
5. Any combined statement of the City's finances should properly exclude any transfer costs and the Budget Summary on Page 1 does that with the notation of transfer figures for revenues as well as expenditures. Additionally, Page 2, 3, and 4 of the Budget document shows graphs of the City's total financial picture and transfers.
6. I must emphatically state that there is absolutely no duplication of funding and that such a statement in Question No. 6 arises from an apparent lack of understanding of fund accounting and the relationship among funds.
7. If sales tax were to be included as a source of revenue in general fund rather than a separate fund (and there are good arguments on both sides of that question), there could be a combining of those administrative charges minus the transfers. The Utility Fund must never be included in General Fund and the same rules would continue to apply.
8. Complex subjects (such as Einstein's theory and, to a somewhat lesser extent, the Slidell City Budget) cannot be reduced to grade school level in a document of manageable proportions. The guiding factors for presentation has always been "Can a reasonable adult find the answers to the most pertinent questions about the City's proposed financial plan?" In order to meet this criterion, the Department of Finance has always been open to suggestions for better methods of presentation and will continue to include those changes that enhance the City's financial plan as a mirror of the City's goals and objectives.

Questions No. 5 refers to the Mineral Trust Fund revenues that were appropriated by the State for the City in 1982. During the formulation of the budget in March of 1982 the amount and timing of the receipt of these funds were not definite, although the purposes for which they could be used were a part of the law. Based on facts known at the time of budget preparation, the entire amount was included in 1982 revenues (and was, in fact also included in the 1982 financial statements as revenue), but was earmarked for capital appropriations for the 1983 Capital Improvement Budget.

Question No. 9 with regard to the Director of Finance controlling the purchasing is moot given the current Charter requirements. I have found nothing in Municipal Finance literature which disapproves such an arrangement. The City follows a well-publicized purchasing policy that conforms to State law. I am not aware of what requirements for good internal control are violated by this organizational structure.

The answer to Question No. 10 is as follows: On July 23, 1957, an election was held and voters favorably approved the attached millage.

> "Proposition to levy a four (4) mill tax on all the property subject to State taxation in the Town of Slidell, St. Tammany Parish, Louisiana for a period of ten (10) years beginning in the year of 1958, for the purpose of acquiring and constructing a public building and incinerator, together with permanent garbage disposal works and for the maintenance and operating expense thereof, including essential equipment necessary thereto, all is provided under the Constitution and laws of the State of Louisiana, title to which shall be in the public."

In February. 1958 a 4 mills millage was levied by Ordinance No. 599 on 1957 assessed rolls referring to the July 23, 1957 election as authorization.

The following ordinances were passed referring to the July 23, 1957, election.

Ordinance No. 608, March, 1959 based on 1958 assessments.
622, March, 1960 based on 1959 assessments.
631, February, 1961 based on 1960 assessments.
643, February, 1962 based on 1961 assessments.
669, January, 1963 based on 1962 assessments.
703, January, 1964 based on 1963 assessments.
727, January, 1965 based on 1964 assessments.
747, January, 1966 based on 1965 assessments.
767, January, 1967 based on 1966 assessments.

Apparently, up to this date the Ordinances levying the millage were correct. In as much as the proposition limits the time to 10 years beginning 1958, it is my feeling that in order to legally levy the millage beyond that date a renewal proposition should have been voted upon. I find no records of any such renewal election.

However, the following Ordinances were passed levying the same 4 mills and referencing the July 23, 1957 election as authority.

Ordinance No. 789, January, 1968 based on 1967 assessments.
803, January, 1969 based on 1968 assessments.
828, January, 1970 based on 1969 assessments.
849, January, 1971 based on 1970 assessments.
871, January, 1972 based on 1971 assessments.
900, January, 1971 based on 1972 assessments.
932, January, 1972 based on 1973 assessments.
965, June, 1975 based on 1974 assessments.
985, January, 1976 based on 1975 assessments.

On April 3, 1976, the following proposition was voted favorably in a city-wide election:

PROPOSTTION NO. 4

> Shall the City of Slidell, Louisiana, levy a five (5) mills tax on all the property subject to taxation in said City for a period of ten (10) years beginning with the year 1976, for the purpose of constructing and maintaining garbage disposal works and garbage collection and disposal systems within and for the City, a work of permanent public improvement, title to which shall be in the public?

However, Ordinance No. 1018 passed in January, 1977, levying the tax on 1976 tax roll assessment referenced the July 23, 1957, election and levied only 4 mills.

Ordinance No. 1046 passed in January, 1978, levying the tax on 1977 tax roll assessment also referenced the July 23, 1957, election and also levied only 4 mills.

Ordinance No. 1114 passed in January, 1979, levying the tax on 1978 tax roll assessment referenced the April 3, 1976, election but levied an amount of (3.48 mills) according to the Constitution required rollback formula starting with the same 4 mills that had been levied since 1958. This was the first millage ordinance passed after I became Director of Finance in July, 1978. I relied on tax ordinances prepared by the City Clerk previously as a guide for the preparation of the levying ordinances. When I asked Mr. Swenson (at a later date upon discovery of the discrepancy) he replied that the previous Council just didn't want to levy the full 5 mills. There is no official record of this decision to my knowledge.

Ordinance No. 1241 was passed in February of 1980 levying 3.56 mills (the 4 mills adjusted further by the rollback formula) on the 1979 tax roll assessment.

Ordinance No. 1337 was passed in January, 1981 levying 3.46 mills (the 4 mills adjusted once by the roll-back formula) on the 1980 tax roll assessment.

Beginning in 1979, if the proper millage had been charged, the City would have received an additional $112,735 for garbage collection for an average of $37,578 per year. Assuming that no additional services were provided during those years there would have been a surplus larger than the ones recorded for those years. It should be noted, however, that the budget as presented by the Mayor was balanced without the additional $.65 charge, lthough a smaller portion of the requested salary increases for employees was funded.

Question No. 11 is partially answered on Pa e 6, Paragraph 2, of the Annual Financial Report.

> "The Sales Tax Fund shows a fund balance of $663,306, of which $586,617 was projected as beginning surplus for the 1981 budget, $11,649 has been reserved for encumbrances from the 1982 fiscal year and $43,700 is unused capital appropriation carryforwards."

The $43,700 was originally appropriated for the Log Cabin in John Slidell Park and equipment in Parks and Parkway Maintenance.

On Page 33 of the Annual Financial Report (referring to Question No. 12) assurance is given that the legal requirements have been met. The procedure is quite simple and required only that the total of departments funded for dedicated purposes be compared to 50% of the sales tax revenues. The 1983 Budget, for instance, reflects an estimated $2,228,000 total sales tax revenue of which 50% or $1,114,000 must be spent on "Streets, Bridges, Drainage, Recreation Facilities, Programs and Capital Purchases of Land, Building and Equipment therefor."

Departments 22, 23 and 24 (Streets Resurfacing, Streets, Bridges, Drainage and Recreation) equal $1,301,434 or 17% above the minimum requirements.

Inventories questioned in Question No. 13, result from the metering project requirement for substantial amounts of expensive supplies.

Question No. 14, concludes with this statement "We seem to have gotten along in the past without such a reserve". Obviously, such a statement could not be made if we did not have the benefit of 20-20 hindsight. If assurances can be made that no emergencies in the system will occur in the future, no reserve is necessary.

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Furthermore, the phrase"we seem" is important. In "getting along" there have been dangerous and expensive so-called "short-cuts" taken that provided bandaids where massive corrective surgery would have been the most cost beneficial over the long run.

Question No. 15 refers to a misnomer in the use of the phrase "unused capital appropriation carryforwards". I am open to suggestions for another way of labeling funds that were appropriated for capital purposes but were not used and were, therefore, carried forward as required in the City's Charter. (See Section 5-06)

Other questions included in No. 15 is a request for information on capital projects carried forward. This schedule was circulated to all Council members previously and listed all capital appropriations for all pertinent years. A copy of that schedule is included here.

The $102,500 is part of the total revenue projected in the 1983 Federal Revenue Sharing Budget (Page 8 of the City's 1983 Operating Budget). The actual entitlement for 1983 was not known until shortly before the Financial Report was complete. That entitlement was $19,000 less than estimated in the 1981 Budget.

Question No. 16 is a restatement of Questions No. 11 and 15 and the answers are a part of the Transmittal Letter, Page 5, Paragraph 5 and Page 6, Paragraphs 2 and 3.

> "The General Fund balance at June 20, 1982 was $385,208 of which $228,563 was projected as beginning surplus for the 1983 budget and $7,729 has been reserved for encumbrances from the 1982 fiscal year."
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> "The Sales Tax Fund shows a fund balance of $663,306 of which $586,617 was projected as beginning surplus for the 1983 budget. $11,649 has been reserved for encumbrances from the 1982 fiscal year and $43,700 is unused capital appropriations carryforwards."
>
> "Federal Revenue Sharing Fund has a fund balance of $373,3214 of which $226,800 represents unused capital appropriation carryforwards and $102,500 that has been budgeted in 1983. There remains approximately $44,000 of the fund balance that has not been budgeted of which $19,000 is needed to make up for a fiscal year 1983 entitlement that is lower than budgeted."

The true picture of the fund status is accurately reflected in the Financial Report in answer to Question No. 17. Paragraph 6 on page 5 of the Transmittal Letter explains the investment technique being utilized. Only if the cash transfers were actually made could there be a different account for it. The loss of investment power could hardly be considered worth the results.

The American Institute of Certified Public Accountants have established industry guidelines for governmental entities. The National Committee on Governmental Accounting has published guidelines and requirements for meeting their Certificate of Conformance. A joint committee from the Society of Louisiana Certified Public Accountants, the Louisiana Municipal Associations, and the State Legislative Auditor published an audit and accounting guideline. All of these groups are working toward developing the ideal accounting for municipal finances. Their goal is to have statements that best serve the entity and those interested in the financial picture of that entity. Every effort has been made to conform to all of the sources of accounting and audit standards. In answer to Questions 18 & 19, then, I would say that deviations would put us in danger of not meeting recognized professional standards for good municipal financial reporting and I would not recommend that. However, there are a number of graphic presentations that could be included in the audit report that might be helpful to the lay person. Again, cost benefit of such presentations must be considered.

Question No. 20 seems to be a criticism of standard language used in the Certified Public Accountant's unqualified opinion. This language is used universally and is not in my opinion offensive nor degrading.

As to rating the City of Slidell's financial operations, I can, confidently, give it a 9.5 considering that there is always some room for improvement.