

**CITY OF TALLULAH**  
**Tallulah, Louisiana**

**General Purpose Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**June 30, 1996**  
**With Supplemental Information Schedules**

1996-1997  
City of Tallulah  
Louisiana

CITY OF TALLULAH  
Tallulah, Louisiana

General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
June 30, 1996  
With Supplemental Information Schedules

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LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report**

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the City of Tallulah's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Tallulah as of June 30, 1996, and the results of operations and cash flows of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana  
Independent Auditor's Report,  
June 30, 1996

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the City of Tallulah. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards* and OMB Circular A-128, I have also issued reports dated September 12, 1996, on the City of Tallulah's schedule of federal financial assistance; compliance with laws, regulations, contracts, and grants; and my consideration of the city's internal control structure.

*Louis A. Andrieu*

West Monroe, Louisiana  
September 12, 1996

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

CITY OF TALLULAH  
Tallulah, Louisiana  
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, June 30, 1996

	..GOVERNMENTAL FUND TYPES..		PROPRIETARY FUND TYPE -		..ACCOUNT GROUPS..		TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	SEWER ENTERPRISE FUND	DEBT SERVICE FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
<b>ASSETS AND OTHER DEBITS</b>							
Current assets:							
Cash and cash equivalents	\$696,459	\$218,347	\$541,664	\$914,423			\$2,370,893
Receivables	208,214		83,325				291,539
Due from other funds	50,753		183,877				234,630
Other assets	34,273						34,273
Restricted assets:							
Cash and cash equivalents			26,107				26,107
Land, buildings, equipment, and improvements (net of accumulated depreciation)							
Amount available in debt service funds			8,018,721		\$2,500,992		10,519,713
Amount to be provided for retirement of general long-term obligations						\$914,423	914,423
						3,070,745	3,070,745
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$989,699</b>	<b>\$218,347</b>	<b>\$8,853,694</b>	<b>\$914,423</b>	<b>\$2,500,992</b>	<b>\$3,985,168</b>	<b>\$17,462,323</b>
<b>LIABILITIES AND FUND EQUITY</b>							
Liabilities:							
Accounts payable	\$50,247	\$13,154	\$21,142				\$84,543
Payroll deductions and withholdings payable	6,958						6,958
Deferred revenue		83,978					83,978
Due to other funds	183,877	400	50,353				234,630
Compensated absences						\$15,581	15,581
Judgments payable						23,509	23,509
Customer deposits			79,817				79,817



Bonds payable					3,506,554	3,506,554
Certificates of indebtedness					190,000	190,000
Capital lease payable					2,086	2,086
Due to retirement system					222,431	222,431
Bank loans payable					25,007	25,007
Other liabilities					100,273	100,273
Total liabilities					<u>97,532</u>	<u>3,985,168</u>
Fund Equity:						<u>4,490,824</u>
Investment in general fixed assets						
Contributed capital				2,500,992		2,500,992
Retained earnings				8,579,508		8,579,508
Fund balances:				122,874		122,874
Reserved for debt service			914,423			914,423
Unreserved - undesignated					120,815	120,815
Total Fund Equity					<u>914,423</u>	<u>8,702,382</u>
TOTAL LIABILITIES						<u>NONE</u>
AND FUND EQUITY						<u>\$17,462,323</u>
					<u>\$218,347</u>	<u>\$3,985,168</u>
					<u>\$914,423</u>	<u>\$2,500,992</u>
					<u>\$8,853,694</u>	<u>\$17,462,323</u>

The accompanying notes are an integral part of this statement.

CITY OF TALLULAH  
Tallulah, Louisiana  
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1996

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>LCDBG CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b>REVENUES</b>					
Taxes:					
Ad valorem	\$301,309	\$108,191	\$133,827		\$543,327
Sales	971,515				971,515
Other taxes, penalties, and interest	200,915				200,915
Licenses and permits	142,662				142,662
Intergovernmental:					
Federal grants	8,400	94,287		\$476,417	579,104
State grants	157,170	25,000			182,170
Fees, charges, and commissions for services	173,390				173,390
Use of money and property	23,142	8,441	78,261		109,844
Fines and forfeitures	111,520				111,520
Other revenues	31,925				31,925
Total revenues	<u>2,121,948</u>	<u>235,919</u>	<u>212,088</u>	<u>476,417</u>	<u>3,046,372</u>
<b>EXPENDITURES</b>					
Current:					
General government:					
Legislative	10,800				10,800
Financial and administrative	352,045			12,600	364,645
Public safety	725,537				725,537
Public works	273,436	20,575		536,287	830,298
Health and welfare		94,287			94,287
Culture and recreation	55,137				55,137
Economic development	1,099				1,099
Debt service	21,504	123,876	536,063		681,443
Capital outlay	75,302				75,302
Total expenditures	<u>1,514,860</u>	<u>238,738</u>	<u>536,063</u>	<u>548,887</u>	<u>2,838,548</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>607,088</u>	<u>(2,819)</u>	<u>(323,975)</u>	<u>(72,470)</u>	<u>207,824</u>

(Continued)

CITY OF TALLULAH  
 Tallulah, Louisiana  
 GOVERNMENTAL FUND TYPE  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances, 1996

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUND</u>	<u>LCDBG CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b>OTHER FINANCING SOURCES (Uses)</b>					
Operating transfers in	\$10,000	\$51,427	\$379,003	\$72,470	\$512,900
Proceeds from bank loan	35,994				35,994
Operating transfers out	(430,430)	(72,470)			(502,900)
Total other financing sources (uses)	<u>(384,436)</u>	<u>(21,043)</u>	<u>379,003</u>	<u>72,470</u>	<u>45,994</u>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	222,652	(23,862)	55,028	NONE	253,818
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>425,692</u>	<u>144,677</u>	<u>859,395</u>	<u>NONE</u>	<u>1,429,764</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$648,344</u>	<u>\$120,815</u>	<u>\$914,423</u>	<u>NONE</u>	<u>\$1,683,582</u>

(Concluded)

The accompanying notes are an integral part of this statement.

CITY OF TALLULAH  
Tallulah, Louisiana  
GOVERNMENTAL FUND TYPE - GENERAL  
AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget  
(GAAP Basis) and Actual  
For the Year Ended June 30, 1996

	....GENERAL FUND....			....SPECIAL REVENUE FUNDS....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>						
Taxes:						
Ad valorem	\$295,000	\$301,309	\$6,309	\$105,000	\$108,191	\$3,191
Sales	935,000	971,515	36,515			
Other taxes, penalties, and interest	180,350	200,915	20,565			
Licenses and permits	125,200	142,662	17,462			
Intergovernmental revenues:						
Federal funds - federal grants		8,400	8,400	94,287	94,287	
State funds - state grants	94,700	157,170	62,470	25,000	25,000	
Fees, charges, and commissions	178,800	173,390	(5,410)			
Use of money and property	10,300	23,142	12,842	3,100	8,441	5,341
Fines and forfeitures	80,500	111,520	31,020			
Other revenues	2,400	31,925	29,525			
Total revenues	<u>1,902,250</u>	<u>2,121,948</u>	<u>219,698</u>	<u>227,387</u>	<u>235,919</u>	<u>8,532</u>
<b>EXPENDITURES</b>						
Current:						
General government:						
Legislative	10,800	10,800				
Finance and administrative	346,540	352,045	(5,505)			
Public safety	725,690	725,537	153			
Public works	274,550	273,436	1,114	48,500	20,575	27,925
Health and welfare				94,287	94,287	
Culture and recreation	54,505	55,137	(632)			
Economic development	1,440	1,099	341			
Debt service	21,600	21,504	96	123,900	123,876	24
Capital outlay	76,814	75,302	1,512			
Total expenditures	<u>1,511,939</u>	<u>1,514,860</u>	<u>(2,921)</u>	<u>266,687</u>	<u>238,738</u>	<u>27,949</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>390,311</u>	<u>607,088</u>	<u>216,777</u>	<u>(39,300)</u>	<u>(2,819)</u>	<u>36,481</u>

(Continued)

CITY OF TALLULAH  
 Tallulah, Louisiana  
 GOVERNMENTAL FUND TYPE - GENERAL  
 AND SPECIAL REVENUE FUNDS  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Budget  
 (GAAP Basis) and Actual, 1996

	....GENERAL FUND....			....SPECIAL REVENUE FUNDS....		
	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OTHER FINANCING SOURCES (Uses)</b>						
Operating transfers in	\$20,000	\$10,000	(\$10,000)	\$50,000	\$51,427	\$1,427
Proceeds from bank loan		35,994	35,994			
Operating transfer out	<u>(457,200)</u>	<u>(430,430)</u>	<u>26,770</u>	<u>(72,470)</u>	<u>(72,470)</u>	
Total other financing sources (uses)	<u>(437,200)</u>	<u>(384,436)</u>	<u>52,764</u>	<u>(22,470)</u>	<u>(21,043)</u>	<u>1,427</u>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	(46,889)	222,652	269,541	(61,770)	(23,862)	37,908
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>425,692</u>	<u>425,692</u>		<u>144,677</u>	<u>144,677</u>	
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$378,803</u>	<u>\$648,344</u>	<u>\$269,541</u>	<u>\$82,907</u>	<u>\$120,815</u>	<u>\$37,908</u>

(Concluded)

The accompanying notes are an integral part of this statement.

CITY OF TALLULAH  
Tallulah, Louisiana  
PROPRIETARY FUND TYPE - SEWER ENTERPRISE FUND

Statement of Revenues, Expenses, and  
Changes in Retained Earnings  
For the Year Ended June 30, 1996

<b>OPERATING REVENUES</b>	
Charges for services	<u>\$600,652</u>
<b>OPERATING EXPENSES</b>	
Personal services	208,882
Supplies	12,433
Maintenance	160,242
Utilities	77,248
Travel	2,326
Miscellaneous	30,994
Uniforms	2,107
Insurance	4,833
Accounting fees	22,000
Bad debts	5,855
Collection fees	20,180
Depreciation	<u>147,540</u>
Total operating expenses	<u>694,640</u>
<b>OPERATING INCOME (Loss)</b>	(93,988)
<b>NON-OPERATING REVENUES</b>	
Interest	<u>27,875</u>
<b>INCOME (Loss) BEFORE OPERATING TRANSFERS</b>	(66,113)
<b>OPERATING TRANSFERS OUT</b>	<u>(10,000)</u>
<b>NET INCOME (Loss)</b>	(76,113)
Add depreciation on fixed assets acquired with restricted federal grant	<u>136,661</u>
<b>INCREASE IN RETAINED EARNINGS</b>	60,548
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>62,326</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u><u>\$122,874</u></u>

The accompanying notes are an integral part of this statement.

CITY OF TALLULAH  
Tallulah, Louisiana  
PROPRIETARY FUND TYPE - SEWER ENTERPRISE FUND

Schedule of Cash Flows  
For the Year Ended June 30, 1996

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Loss	<u>(\$93,988)</u>
Adjustments to Reconcile Operating Income (Loss) to Net cash	
Provided (Used) by operating activities:	
Depreciation	147,540
Increase in accounts receivable	(11,922)
Decrease in accounts payable	(715)
Decrease in interfund receivables	1,293
Increase in customer deposits	4,592
Total adjustments	<u>140,788</u>
Net cash provided (used) by operating activities	<u>46,800</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating transfers out	<u>(10,000)</u>
<b>CASH FLOW FROM CAPITAL FINANCING ACTIVITIES</b>	
Capital acquisition and construction	<u>(3,729)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Interest earnings	<u>27,875</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	60,946
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>506,825</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$567,771</u></u>

The accompanying notes are an integral part of this statement.

CITY OF TALLULAH  
Tallulah, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 1996

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Tallulah was founded in 1856 and is incorporated under the provisions of Lawrason Act. The city is governed by the mayor and a five member board of aldermen. The mayor and aldermen serve four-year terms which expire on June 30, 1998.

**A. REPORTING ENTITY**

As the governing authority of the city, for reporting purposes, the City of Tallulah is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the city), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Tallulah for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,  
and
  - a. The ability of the city to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the city.
2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.



CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

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

Because the city appoints the governing body of the Tallulah Housing Authority, the housing authority was determined to be a component unit of the City of Tallulah, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the city and do not present information on the housing authority or the general government services provided by that governmental unit.

**B. FUND ACCOUNTING**

The city uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The city's current operations require the use of governmental and proprietary fund types described as follows:

**Governmental Funds:**

**General Fund**

The General Fund is the general operating fund of the city. It accounts for all financial resources, except those required to be accounted for in other funds.

**Special Revenue Funds**

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

**Debt Service Funds**

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

**Louisiana Community Development  
Block Grant Capital Projects Fund**

The Louisiana Community Development Block Grant (LCDBG) Fund accounts for improvements to the city's street system. Financing is provided by a federal grant from the United States Department of Housing and Urban Development through the Office of the Governor, Division of Administration. The objectives of the Community Development Block Grant Program are the development of viable urban communities, decent housing and a suitable living environment, and expanded economic opportunities to be achieved through the undertaking of eligible activities that fulfill one or more of the three broad national objectives: (1) benefiting low and moderate income persons, (2) aiding in the prevention or elimination of slums or blight, and (3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

**Proprietary Fund Type - Sewer Enterprise Fund**

The Sewer Enterprise Fund accounts for the operations of the city's sewer system. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

**C. FIXED ASSETS AND LONG-TERM DEBT**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed asset account group, rather than in the General Fund. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 14 per cent of fixed assets are valued at actual cost, while the remaining 86 per cent are valued at estimated cost based on the actual cost of like items. No depreciation has been provided on general fixed assets.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized. Public domain (infrastructure) general fixed assets consisting of roads, bridges, drainage, parking lots, etc. are not capitalized, as these assets are immovable and of value only to the city.

Long-term obligations, such as bonded debt and capital leases are recognized as liabilities of a governmental fund only when due. For other long-term obligations, such as compensated absences, only that portion expected to be financed from expendable available financial resources is reported as a liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations are charged as an expense against operations. Depreciation is computed using the straight-line method over estimated lives of 60 years for the plant, distribution system, and collection system, 3 to 10 years for furniture and equipment.

**D. BASIS OF ACCOUNTING**

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

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The city uses the following practices in recognizing and reporting revenues and expenditures:

**Revenues**

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1994 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January and February of the current year.

Franchise taxes and intergovernmental revenues are recorded when the city is entitled to the funds.

Interest income on time deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the city.

Based on the above criteria, ad valorem taxes, franchise taxes and intergovernmental revenues have been treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

**Other Financing Sources**

Transfers between funds that are not expected to be repaid and proceeds from bank loans are accounted for as other financing sources and are recognized when the underlying event occurs.

The Sewer Enterprise Fund is maintained on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**E. BUDGET PRACTICES**

A preliminary budget for the ensuing year is prepared by the clerk in May. The proposed budget is reviewed by the mayor and the board of aldermen and made available to the public. During the June meeting of the board of aldermen, the city holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the board of aldermen as a whole. The budget is then adopted during the June meeting, and notice is published in the official journal.

During the year, the board of aldermen receives monthly budget comparison statements which are used as a tool to control the operations of the city. The city clerk presents necessary budget amendments to the board when he determines that actual operations are differing materially from those anticipated in the original budget. The board in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in the city's minutes published in the official journal. The budget is established and controlled by the mayor and board of aldermen at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the mayor and the board of aldermen. The city does not use encumbrance accounting in its accounting system.

**F. CASH AND CASH EQUIVALENTS**

Under state law, the city may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The city may invest in certificates and time deposits of state

CITY OF TALLULAH  
 Tallulah, Louisiana  
 Notes to the Financial Statements (Continued)

banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 1996, the city has cash and cash equivalents (book balances) totaling \$2,397,000 as follows:

Demand deposits	\$1,361,308
Petty cash	1,425
Time deposits	<u>1,034,267</u>
Total	<u>\$2,397,000</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 1996, are secured as follows:

Bank Balances	<u>\$2,174,751</u>
Federal deposit insurance	\$436,648
Pledged securities (uncollateralized)	<u>2,357,471</u>
Total	<u>\$2,794,119</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the city, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the city that the fiscal agent bank has failed to pay deposited funds upon demand.

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

**G. VACATION AND SICK LEAVE**

Permanent, full-time employees receive from five to ten days of vacation leave each year depending on length of service. Employees may accumulate vacation leave. Sick leave is earned at the rate of ten days per year; however, no employee may accumulate more than ten days of sick leave. Employees who resign or retire are compensated for annual leave accumulated to the date of separation, not to exceed 10 days, provided in the case of resignation the employee has completed at least 12 months of continuous service and has given 2 weeks notice of resignation.

The cost of leave privileges, computed in accordance with the GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees are paid for accrued leave upon resignation or retirement. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

At June 30, 1996, employees of the city have accumulated and vested \$15,581, of employee leave benefits, computed in accordance with GASB Codification Section C60. The liability is recorded within the general long-term obligations account group.

**H. RESTRICTED ASSETS**

Certain grants received by the city contained restrictions on spending for specific purposes. In the Sewer Enterprise Fund, specially assessed sewer fees are restricted for future repair and maintenance of the sewer system.

**I. TOTAL COLUMNS ON THE  
COMBINED STATEMENTS**

The total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF TALLULAH  
 Tallulah, Louisiana  
 Notes to the Financial Statements (Continued)

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
City taxes:		
City operations	17.93	17.93
Police and fire departments	7.53	7.53
1991 Street Program	9.48	9.48
1988 General Obligation Bond	Various	11.27
1981 General Obligation Bond	Various	.50

The difference between authorized and levied millages is the result of reassessments of taxable property required by article 7, Section 18(f) of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 1996 assessed valuation:

	<u>Assessed Valuation</u>	
	<u>1996</u>	<u>Per Cent of Total</u>
Hibernia National Bank	\$747,579	6.18%
Peoples Water Service	670,345	5.54%
South Central Bell Company	611,380	5.05%
Trans American Development	530,435	4.38%
Rayville Compress and Warehouse	337,217	2.79%
Cross Keys Bank	226,861	1.87%
National Auto Truck Stops	194,400	1.61%
Capital Bank	184,303	1.52%
Osborne Ford, Inc.	183,608	1.52%
M.P.J.R., Inc.	154,700	1.28%
Total	<u>\$3,840,828</u>	<u>31.73%</u>



CITY OF TALLULAH  
Tallulah, Louisiana  
Notes to the Financial Statements (Continued)

**3. RECEIVABLES**

The following is a summary of receivables at June 30, 1996:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Sewer Enterprise Fund</u>	<u>Total</u>
Taxes:			
Sales and use	\$94,028		\$94,028
Grants:			
State	79,020		79,020
Sewer user fees		\$82,119	82,119
Other	<u>35,166</u>	<u>1,206</u>	<u>36,372</u>
Total	<u>\$208,214</u>	<u>\$83,325</u>	<u>\$291,539</u>

**4. DUE FROM/TO OTHER FUNDS**

Individual balances due from/to other funds at June 30, 1996, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$50,753	\$183,877
Special Revenue Funds:		
Section 8 Existing		200
Section 8 Voucher		200
Sewer Enterprise Fund	<u>183,877</u>	<u>50,353</u>
Total	<u>\$234,630</u>	<u>\$234,630</u>

**5. FIXED ASSETS**

The following presents the changes in general fixed assets for the year ended June 30, 1996:

CITY OF TALLULAH  
Tallulah, Louisiana  
Notes to the Financial Statements (Continued)

	<u>Balance at July 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 1996</u>
Land	\$78,500			\$78,500
Buildings and improvements	1,525,493	\$19,429		1,544,922
Furniture and equipment	791,072	55,873	(\$13,795)	833,150
Fixed assets under capital lease	44,420			44,420
Total	<u>\$2,439,485</u>	<u>\$75,302</u>	<u>(\$13,795)</u>	<u>\$2,500,992</u>

A summary of plant and equipment used in the Sewer System Enterprise Fund follows:

Land	\$612,879
Equipment	228,751
Sewer plant	7,866,378
Sewer lines	<u>326,942</u>
Total depreciable assets	9,034,950
Less accumulated depreciation	<u>(1,016,229)</u>
Net depreciable assets	<u>\$8,018,721</u>

## 6. PENSION PLANS

Substantially all employees of the City of Tallulah are members of either the Firefighters' Retirement System of Louisiana, the Municipal Police Retirement System of Louisiana, or the Social Security System. The state retirement systems are each multiple-employer, public employee retirement systems (PERS), controlled and administered by separate boards of trustees.

### FIREFIGHTERS' RETIREMENT SYSTEM OF LOUISIANA

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are *established or amended by state statute.*

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

Plan members are required by state statute to contribute 8.0 per cent of their annual covered salary and the City of Tallulah is required to contribute an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and the City of Tallulah are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Tallulah's contributions to the System for the years ending June 30, 1996, 1995, and 1994, were \$5,386, \$5,087, and \$3,968 respectively, equal to the required contributions for each year.

**MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM**

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of the final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Plan members are required by state statute to contribute 7.5 per cent of their annual covered salary and the City of Tallulah is required to contribute at an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and the City of Tallulah are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Tallulah's contributions to the System for the years ended June 30, 1996, 1995, and 1994, were \$25,141, \$23,116, and \$19,143, respectively, equal to the required contributions for each year.

**7. CAPITAL LEASE**

The city records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 1996, the city has one capital lease in effect for equipment with a recorded amount of \$44,420. The lease obligation is paid from the general fund. The lease has one payment remaining in 1997 of \$2,086 including interest of \$16.

**8. BANK LOAN PAYABLE**

During the year ended June 30, 1996, the city secured a bank loan to finance the purchase of two police cars. The amount of the loan was \$35,944 with 8.0 per cent interest. The remaining principal in the amount of \$25,0007 is due in monthly installments of \$1,131 through June, 1998. Loan payments are made for the General Fund.

**9. CHANGES IN LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions for the year ended June 30, 1996:

CITY OF TALLULAH  
Tallulah, Louisiana  
Notes to the Financial Statements (Continued)

	<u>Bonded Debt</u>	<u>Certificates of Indebtedness</u>	<u>Capital Lease</u>	<u>Other</u>	<u>Total</u>
Long-term debt at July 1, 1995	\$3,635,685	\$275,000	\$14,155	\$272,059	\$4,196,899
Additions				59,772	59,772
Retirements	<u>(129,131)</u>	<u>(85,000)</u>	<u>(12,069)</u>	<u>(45,303)</u>	<u>(271,503)</u>
Long-term debt at June 30, 1995	<u>\$3,506,554</u>	<u>\$190,000</u>	<u>\$2,086</u>	<u>\$286,528</u>	<u>\$3,985,168</u>

The classification, "other", consists of \$23,509, which represents a contingent liability as a result of a lawsuit, \$222,431, which represents the balance remaining as a result of the City of Tallulah's Police Retirement Fund merging with the Municipal and State Police Retirement System of Louisiana, \$15,581, representing compensated absences payable, and \$25,007, representing a bank loan to finance the purchase of two police cars.

Bonded debt payable and certificates of indebtedness at June 30, 1996, are comprised of the following individual issues:

General obligation bonds:

\$260,000 - 1981 General Obligation Bonds. The remaining principal is due in annual installments of \$3,934 to \$14,527 through October 8, 2021, with interest of 5 per cent. Debt retirement payments are made from the 1981 General Obligation Bond Debt Service Fund. \$221,554

\$1,115,000 - 1988 Sewer Bonds. The remaining principal is due in annual installments of \$35,000 to \$100,000 through March 1, 2008. Interest rates are 8.00 per cent to 9.75 per cent. Debt retirement payments are made from the 1988 General Obligation Bond Debt Service Fund. \$785,000

Total general obligation bonds 1,006,554

Revenue bond - \$2,930,000 - 1989 Public Improvement Bonds. The remaining principal is due in annual installments of \$80,000 to \$295,000 through July 1, 2009. Interest rates are 8.25 per cent to 10.30 per cent. Debt retirement payments are made from the 1989 Public Improvement Bond Debt Service Fund. 2,500,000

Total bonded debt 3,506,554

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Certificate of Indebtedness - \$700,000 Certificate of indebtedness.  
The remaining principal is due in annual installments of \$75,000 to \$100,000 through February 1, 1998. Interest rates are 8.25 per cent to 8.50 per cent. Debt retirement payments are made from the 1988 Certificate of Indebtedness Debt Service Fund.

	<u>\$190,000</u>
Total bonded debt and certificate of indebtedness	<u><u>\$3,696,554</u></u>

As shown on Statement A, \$914,423, is available in debt service funds to service the bonded debt and certificate of indebtedness. The annual requirements to amortize all outstanding debt at June 30, 1996, including interest of \$2,586,303, are as follows:

<u>Year</u>	<u>Total</u>
1997	\$567,565
1998	569,189
1999	447,032
2000	441,704
2001	441,336
Thereafter	<u>4,065,555</u>
Total	<u><u>\$6,532,381</u></u>

General obligation bonds totaling \$1,006,554, at June 30, 1996, are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the city is legally restricted from incurring long-term bonded debt in excess of 35 per cent of the assessed value of taxable property in the city. The city is within that statutory limitation.

**10. CONTRIBUTED CAPITAL**

The city has received grants from various federal, state, and local agencies to finance the acquisition and construction of the enterprise fund fixed assets. The amount, shown as contributed capital on the balance sheet, is reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with the grant funds. At June 30, 1996, accumulated amortization on these assets is \$932,832.

**11. LITIGATION AND CLAIMS**

At June 30, 1996, the city was involved in several lawsuits. The city's legal counsel estimates that the city has probable exposure to claims in the amount of \$23,509, not covered by insurance which is reflected in the General Long-term Obligations Account group. In the opinion of the city's legal counsel, other claims against the city would not materially affect the financial position of the city.

**12. DEFERRED COMPENSATION PLAN**

The City of Tallulah offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salaries until future years. The city does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the city, (without being claims of the city's general creditors. Participants' rights under the plan are equal to those of general creditors of the city in an amount equal to the fair market value of the deferred account for each participant.

In management's opinion, the city has no liability for losses under the plan. However, the city does have the duty of due care that would be required of an ordinary prudent investor. The City of Tallulah believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**SUPPLEMENTAL INFORMATION SCHEDULES**



CITY OF TALLULAH  
Tallulah, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended June 30, 1996

**SPECIAL REVENUE FUNDS**

**SECTION 8 EXISTING FUND**

The Section 8 Existing Fund accounts for the operations of the lower income housing assistance program which provides aid to very low income families in obtaining decent, safe, and sanitary rental housing. Financing is provided by a federal grant.

**SECTION 8 VOUCHER FUND**

The Section 8 Voucher Fund accounts for the operations of the lower income housing assistance program which provides aid to very low income families in obtaining decent, safe, and sanitary rental housing. Financing is provided by a federal grant.

**GARMENT FACTORY FUND**

The Garment Factory Fund accounts for loan repayments on March, 1984 loan made to Southway Inn from a \$350,000 grant from the Louisiana Department of Urban and Community Affairs. These loan repayments are being used to service a capital lease the city has with Madison Economic Development Foundation on a site to facilitate economic development. During the year ended June 30, 1996, this loan was repaid and the fund closed.

**STREET PROGRAM FUND**

The Street Program Fund accounts for the maintenance of the city streets. Major means of financing is provided by a specific citywide ad valorem tax.

**BUILDING REPAIR FUND**

The Building Repair Fund accounts for repairs and maintenance of the city hall funded by a grant from the State of Louisiana.

**TEC BUILDING FUND**

The TEC Building Fund accounts for revenue received from the rental of a city owned building.

CITY OF TALLULAH  
Tallulah, Louisiana  
SPECIAL REVENUE FUNDS

Combining Balance Sheet, June 30, 1996

	<u>SECTION 8 EXISTING</u>	<u>SECTION 8 VOUCHER</u>	<u>STREET PROGRAM</u>	<u>BUILDING REPAIR</u>	<u>TEC BUILDING</u>	<u>RECREATION CENTER</u>	<u>TOTAL</u>
<b>ASSETS</b>							
Cash and cash equivalents	<u>\$44,016</u>	<u>\$40,362</u>	<u>\$51,867</u>	<u>\$25,580</u>	<u>\$6,522</u>	<u>\$50,000</u>	<u>\$218,347</u>
<b>LIABILITIES AND FUND EQUITY</b>							
Liabilities:							
Accounts payable			\$13,154				\$13,154
Deferred revenue	\$43,816	\$40,162					83,978
Due to other funds	200	200					400
Total Liabilities	<u>44,016</u>	<u>40,362</u>	<u>13,154</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>97,532</u>
Fund equity - fund balances - unreserved - undesignated	<u>NONE</u>	<u>NONE</u>	<u>38,713</u>	<u>\$25,580</u>	<u>\$6,522</u>	<u>\$50,000</u>	<u>120,815</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$44,016</u>	<u>\$40,362</u>	<u>\$51,867</u>	<u>\$25,580</u>	<u>\$6,522</u>	<u>\$50,000</u>	<u>\$218,347</u>

CITY OF TALLULAH  
Tallulah, Louisiana  
SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1996

	SECTION 8 EXISTING	SECTION 8 VOUCHER	GARMENT FACTORY	STREET PROGRAM	BUILDING REPAIR	TEC BUILDING	RECREATION CENTER	TOTAL
<b>REVENUES</b>								
Taxes:				\$108,191				\$108,191
Ad valorem								94,287
Intergovernmental revenues:								25,000
Federal grants	\$55,082	\$39,205		4,780	\$25,000	\$3,154		8,441
State funds - other state grants					507			
Use of money and property					25,507	3,154	NONE	235,919
Total revenues	55,082	39,205	NONE	112,971	25,507	3,154	NONE	235,919
<b>EXPENDITURES</b>								
Current:								
Public works				20,575				20,575
Health and welfare	55,082	39,205						94,287
Debt service			\$111,264	12,612				123,876
Total expenditures	55,082	39,205	111,264	33,187	NONE	NONE	NONE	238,738
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	NONE	NONE	(111,264)	79,784	25,507	3,154	NONE	(2,819)
<b>OTHER FINANCING SOURCES (Uses)</b>								
Operating transfers in				1,427			\$50,000	51,427
Operating transfers out				(72,470)				(72,470)
Total other financing sources (uses)	NONE	NONE	NONE	(71,043)	NONE	NONE	50,000	(21,043)

EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	NONE	NONE	(111,264)	8,741	25,507	3,154	50,000	(23,862)
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>111,264</u>	<u>29,972</u>	<u>73</u>	<u>3,368</u>	<u>NONE</u>	<u>144,677</u>
FUND BALANCES AT END OF YEAR	<u><u>NONE</u></u>	<u><u>NONE</u></u>	<u><u>\$38,713</u></u>	<u><u>\$25,580</u></u>	<u><u>\$6,522</u></u>	<u><u>\$50,000</u></u>	<u><u>\$120,815</u></u>	

CITY OF TALLULAH  
Tallulah, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended June 30, 1996

DEBT SERVICE FUNDS

**1988 GENERAL OBLIGATION BOND FUND**

The 1988 General Obligation Bond Fund accumulates monies for payment of \$1,115,000 General Obligation Bonds Dated April 1, 1988, issued for the purpose of constructing a sewer system for Sewerage District No. 1. Funding is provided by an ad valorem tax.

**1988 CERTIFICATES OF INDEBTEDNESS FUND**

The 1988 Certificates of Indebtedness Fund accumulates monies for payment of the \$700,000 Certificates of Indebtedness dated February 1, 1988, issued for the purpose of refunding and extending certain obligations incurred by the city. Funding is provided from the excess of annual revenues accruing to the budget of the city for a ten-year period.

**1981 GENERAL OBLIGATION BOND FUND**

The 1981 General Obligation Bond fund accumulates monies for payment of \$260,000 General Obligation Bonds dated October 8, 1981, issued for the purpose of constructing improvements and extensions to the sewer system of the city. Funding is provided by an ad valorem tax.

**1978 GENERAL OBLIGATION BOND FUND**

The 1978 General Obligation Bond Fund accumulates monies for payment of \$900,000 General Obligation Bonds dated March 1, 1978, issued for the purpose of constructing, paving, and improving streets and alleys of the city. Funding is provided by an ad valorem tax. These bonds were retired during the year ended June 30, 1994. The balance remaining in this fund has been transferred to the General Fund.

**1989 PUBLIC IMPROVEMENT BOND FUND**

The 1989 Public Improvement Bond Fund accumulates monies for payment of the \$2,030,000 Revenue Bonds dated January 1, 1989, issued for the purpose of constructing a sewer system and providing for defeasement of the 1978 Public Street Bonds. Funding is provided by a two per cent sales tax.

CITY OF TALLULAH  
Tallulah, Louisiana  
DEBT SERVICE FUNDS

Combining Balance Sheet, June 30, 1996

	1988 GENERAL OBLIGATION BOND	1988 CERTIFICATES OF INDEBTEDNESS	1981 GENERAL OBLIGATION BOND	1989 PUBLIC IMPROVEMENT BOND	TOTAL
<b>ASSETS</b>					
Cash and cash equivalents	\$173,657	\$107,796	\$75,627	\$522,446	\$879,526
Cash with paying agent				34,897	34,897
TOTAL ASSETS	<u>\$173,657</u>	<u>\$107,796</u>	<u>\$75,627</u>	<u>\$557,343</u>	<u>\$914,423</u>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities	NONE	NONE	NONE	NONE	NONE
Fund Equity - fund balances - unreserved - undesignated	<u>\$173,657</u>	<u>\$107,796</u>	<u>\$75,627</u>	<u>\$557,343</u>	<u>\$914,423</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$173,657</u>	<u>\$107,796</u>	<u>\$75,627</u>	<u>\$557,343</u>	<u>\$914,423</u>

CITY OF TALLULAH  
Tallulah, Louisiana  
DEBT SERVICE FUNDS

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1996

	1988 GENERAL OBLIGATION BOND	1988 CERTIFICATES OF INDEBTEDNESS	1981 GENERAL OBLIGATION BOND	1978 GENERAL OBLIGATION BOND	1989 PUBLIC IMPROVEMENT BOND	TOTAL
<b>REVENUES</b>						
Taxes - ad valorem	\$128,145		\$5,682			\$133,827
Use of money and property	4,135	\$1,677	1,990		\$70,459	78,261
Total revenues	132,280	1,677	7,672	NONE	70,459	212,088
<b>EXPENDITURES</b>						
Debt service:						
Principal	35,000	85,000	4,131		90,000	214,131
Interest and bank charges	71,924	22,664	10,644		216,700	321,932
Total expenditures	106,924	107,664	14,775	NONE	306,700	536,063
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	25,356	(105,987)	(7,103)	NONE	(236,241)	(323,975)
<b>OTHER FINANCING SOURCES (Uses)</b>						
Operating transfers in		98,000			282,430	380,430
Operating transfers out				(\$1,427)		(1,427)
Total other financing sources (uses)		98,000	NONE	(1,427)	282,430	379,003
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USE</b>	25,356	(7,987)	(7,103)	(1,427)	46,189	55,028
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	148,301	115,783	82,730	1,427	511,154	859,395
<b>FUND BALANCES AT END OF YEAR</b>	\$173,657	\$107,796	\$75,627	NONE	\$557,343	\$914,423

CITY OF TALLULAH  
Tallulah, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULE  
As of and For the Year Ended June 30, 1996

**COMPENSATION PAID ALDERMEN**

The schedule of per diem paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of aldermen is included in legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:405, aldermen receive \$175 for each regular board meeting they attend and \$175 for each special meeting attended. The mayor pro tem receives \$200 for each regular and special meeting attended.



CITY OF TALLULAH  
Tallulah, Louisiana

Schedule of Compensation Paid Aldermen  
For the Year Ended June 30, 1996

Eddie Elledge	\$2,100
Charles Finlayson	2,100
Donald Frazier	2,100
Ronnie Groves	2,100
Tommy Watson	<u>2,400</u>
Total	<u>\$10,800</u>

**Independent Auditor's Reports on Federal  
Financial Assistance, Compliance with Laws,  
Regulations, Contracts, and Grants,  
and Internal Control Structure**

The following independent auditor's reports on the schedule of federal financial assistance; compliance with laws, regulations, contracts, and grants and internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the Office of Management and Budget's Circular A-128, *Audits of State and Local Governments*; the *Single Audit Act of 1984*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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126 COMANCHE TRAIL  
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**Independent Auditor's Report on Supplementary  
Schedule of Federal Financial Assistance**

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1996, and for the year then ended, and have issued my report thereon dated September 12, 1996. These general purpose financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the City of Tallulah, primary government, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Louis L. Andries*

West Monroe, Louisiana  
September 12, 1996

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

CITY OF TALLULAH  
Tallah, Louisiana

Schedule of Federal Financial Assistance  
For the Year Ended June 30, 1996

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM NAME	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	(DEFERRED) ACCRUED REVENUE AT JUNE 30, 1995	REVENUE RECOGNIZED	EXPENDITURES	(DEFERRED) ACCRUED REVENUE AT JUNE 30, 1996
<b>United States Department of Housing and Urban Development</b>						
Direct programs:						
Lower-Income Housing Assistance Program	14.156	N/A	(\$5,811)	\$55,082	\$55,082	(\$43,816)
Section 8 Housing Voucher Program	14.177	N/A	(7,971)	39,205	39,205	(40,162)
Passed through Louisiana Division of Administration - Community Development Block Grant	14.219	*		476,417	476,417	
Total United States Department of Housing and Urban Development			(13,782)	570,704	570,704	(83,978)
<b>United States Department of Justice</b>						
Direct program - Public Safety and Community Policing Grant	16.710	N/A		8,400	8,400	
Total Federal Financial Assistance			(\$13,782)	\$579,104	\$579,104	(\$83,978)

\* Major federal financial assistance program

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CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance  
With Laws, Regulations, Contracts, and Grants**

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1996, and for the year then ended, and have issued my report thereon dated September 12, 1996.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards, OMB Circular A-128, and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Tallulah is the responsibility of the city's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the City of Tallulah's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The audit report for the year ended June 30, 1995, included findings related to adjustment of ad valorem tax millages and timely remittance of fees. These findings have been resolved by management of the city.

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana  
Independent Auditor's Report  
on Compliance, etc.,  
June 30, 1996

This report is intended for the information of the mayor and board of aldermen of the City of Tallulah; management of the city; and interested federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Louis L. Andries*

West Monroe, Louisiana  
September 12, 1996

LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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126 COMANCHE TRAIL  
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**Independent Auditor's Report on Compliance With  
Specific Requirements Applicable to Major  
Federal Financial Assistance Programs**

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1996 and for the year then ended, and have issued my report thereon dated September 12, 1996.

I have also audited the City of Tallulah's compliance with the requirement governing types of services allowed and claims for advances and reimbursements, and the special requirements governing obligation of funds, and environmental reviews that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the City of Tallulah is responsible for the city's compliance with that requirement. My responsibility is to express an opinion on compliance with that requirement based on my audit.

I conducted my audit of compliance with that requirement in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirement referred to above occurred. An audit includes examining, on a test basis, evidence about the City of Tallulah's compliance with that requirement. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the City of Tallulah complied, in all material respects, with the requirement governing types of services allowed and claims for advances and reimbursements, and the special requirements governing obligation of funds, and environmental reviews that are applicable to its major federal financial assistance program for the year ended June 30, 1996.

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH

Tallulah, Louisiana  
Independent Auditor's Report on  
Compliance with Specific  
Requirements, etc.,  
June 30, 1996

This report is intended for the information of the mayor and board of aldermen of the City of Tallulah; management of the city; and interested federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Louis H. Andrews*

West Monroe, Louisiana  
September 12, 1996



MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH

Tallulah, Louisiana  
Independent Auditor's Report  
on Compliance With General  
Requirements, etc.,  
June 30, 1996

This report is intended for the information of the mayor and board of aldermen of the City of Tallulah; management of the city; and interested federal grantor agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Louis J. Andries*

West Monroe, Louisiana  
September 12, 1996

LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance With  
Specific Requirements Applicable to Nonmajor  
Federal Financial Assistance Program Transactions**

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1996, and for the year then ended, and have issued my report thereon dated September 12, 1996.

In connection with my audit of the general purpose financial statements of the City of Tallulah and with my consideration of the City of Tallulah's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audits of State and Local Governments*, I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed, eligibility, reporting, and special requirements governing rent and utility allowances, annual adjustment of rent and utility allowances, and initial and annual inspections that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Tallulah's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the City of Tallulah had not complied, in all material respects, with those requirements.

This report is intended for the information of the mayor and board of aldermen of the City of Tallulah; management of the city; and interested federal grantor agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Louis L. Andries*

West Monroe, Louisiana  
September 12, 1996

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

LOUIS L. ANDRIES  
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126 COMANCHE TRAIL  
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**Independent Auditor's Report  
on the Internal Control Structure**

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1996, and for the year then ended, and have issued my report thereon dated September 12, 1996.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the City of Tallulah is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the City of Tallulah, primary government, for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

CITY OF TALLULAH  
Tallulah, Louisiana  
Independent Auditor's Report  
on Internal Control Structure,  
June 30, 1996

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

The audit report for the year ended June 30, 1995, included findings related to the improvement of the general ledger structure and maintaining proper documentation for expenditures. Those findings have been resolved by management of the city.

This report is intended for the information of the mayor and board of aldermen of the City of Tallulah; management of the city; and interested federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Louis J. Andrus*

West Monroe, Louisiana  
September 12, 1996

LOUIS L. ANDRIES  
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Internal Control  
Structure Used in Administering Federal  
Financial Assistance Programs**

MAYOR AND BOARD OF ALDERMEN  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1996, and for the year then ended, and have issued my report thereon dated September 12, 1996. I have also audited the compliance of the City of Tallulah with requirements applicable to major federal financial assistance programs and have issued my report thereon dated September 12, 1996.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the City of Tallulah complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audit for the year ended June 30, 1996, I considered the internal control structure of the City of Tallulah in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements of the City of Tallulah and on the compliance of the City of Tallulah with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of general purpose financial statements in a separate report dated September 12, 1996.

The management of the City of Tallulah is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

CITY OF TALLULAH  
Tallulah, Louisiana  
Independent Auditor's Report on Internal  
Control Structure Used in Administering  
Federal Financial Assistance Programs,  
June 30, 1996

use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Accounting applications:
  - Revenues/receipts
  - Expenditures/disbursements
  - Payroll/personnel
  - Budgeting/budgetary reporting
- General Requirements:
  - Political activity
  - Davis-Bacon Act
  - Civil rights
  - Cash management
  - Drug-Free Workplace Act
  - Federal financial reports
  - Allowable costs/cost principles
  - Administrative requirements
- Specific Requirements:
  - Types of services allowed/unallowed
  - Reporting

CITY OF TALLULAH  
Tallulah, Louisiana  
Independent Auditor's Report on Internal  
Control Structure Used in Administering  
Federal Financial Assistance Programs,  
June 30, 1996

Special requirements:

- Rent and utility allowances
- Annual adjustment of rent and  
utility allowance
- Initial and annual inspections
- Obligation of funds
- Environmental reviews
- Claims for advances and reimbursements

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

For the year ended June 30, 1996, the City of Tallulah expended 82 per cent of its total federal financial assistance under its major federal financial assistance program.

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements and general requirements that are applicable to the city's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

CITY OF TALLULAH

Tallulah, Louisiana

Independent Auditor's Report on Internal  
Control Structure Used in Administering  
Federal Financial Assistance Programs,  
June 30, 1996

This report is intended for the information of the mayor and board of aldermen of the City of Tallulah; management of the city; and interested federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

*Louis J. Anderson*

West Monroe, Louisiana

September 12, 1996