

2007

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CITY OF TALLAHASSEE
Tallahassee, Florida

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 2007
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the clerk of court, or reviewed, orally and other (open) public officials. The report is available for public inspection at the State Repository of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

NOV 15 2007

Release Date _____

CITY OF TALLULAH
Tallulah, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 1997
With Supplemental Information Schedules

C O N T E N T S

	Statement	Page No.
Independent Auditor's Report		4
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	A	7
Governmental Fund Type:		
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	B	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General and Special Revenue Funds	C	10
Proprietary Fund Type - Sewer Enterprise Fund:		
Statement of Revenues, Expenses, and Changes in Retained Earnings	D	12
Statement of Cash Flows	E	13
Notes to the Financial Statements		14

CONTENTS (CONTD.)

	<u>Schedule</u>	<u>Page No.</u>
Supplemental Information Schedules:		
Special Revenue Funds:		
Combining Balance Sheet	1	32
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	2	33
Debt Service Funds:		
Combining Balance Sheet	3	35
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	4	36
Schedule of Par Dues Paid Aldermen	5	38
 Independent Auditor's Reports Required by Government Accounting Standards, OMB Circular A-128, Audit of State and Local Governments, and the Single Audit Act of 1994:		
Report on Supplementary Schedule of Federal Financial Assistance		40
Schedule of Federal Financial Assistance	6	41
Report on Compliance With Laws, Regulations, Contracts, and Grants		42
Report on Compliance With General Requirements Applicable to Federal Financial Assistance Programs		44

CONTENTS (CONT'D)

	Page No.
Independent Auditor's Reports Required by Government Auditing Standards, OMB Circular A-128, Audit of State and Local Governments, and the Single Audit Act of 1984 (Cont'd.)	
Report on Compliance With Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	46
Report on Internal Control Structure	47
Report on Internal Control Structure Used in Administering Federal Financial Assistance Programs	49

LOUIS L. ANDREWS
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, 1997, 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. These 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, 1997, and the results of operations and cash flows of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

STATEWIDE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

MEMBER ASSOCIATE
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

+

SOCIETY OF CHARTERED
CERTIFIED PUBLIC
ACCOUNTANTS

MAYOR AND BOARD OF ALDERMEN
CITY OF TALLULAH

Tallulah, Louisiana
Independent Auditor's Report,
June 30, 1997

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 November 3, 1997, 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.

Marvin A. Boudrie

West Monroe, Louisiana
November 3, 1997

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

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

Combined Balance Sheet, June 30, 1997

	CONVENTIONAL FUND TYPE			PROPRIETARY FUND TYPE			ACCOUNT GROUPS		
	GENERAL FUND	SPECIAL SERVICE FUND	DEBT SERVICE FUND	GENERAL CAPITAL PROJECT FUND	ENTERPRISE FUND	OTHER FUND	GENERAL FUND	GENERAL LONG-TERM DEBENTURES	TOTAL ASSESSMENTS
	\$1,843,194	\$83,270	\$914,837		\$462,809				\$3,299,312
	123,102				74,838				229,940
		1,800		\$1,750	180,710				286,311
	91,000								91,000
					9,969				9,969
					1,898,032	\$2,960,014		\$914,837	10,046,029
									914,837
									3,164,685
	<u>\$1,988,112</u>	<u>\$84,270</u>	<u>\$914,837</u>	<u>\$1,750</u>	<u>\$1,658,551</u>	<u>\$2,960,014</u>	<u>\$914,837</u>	<u>\$914,837</u>	<u>\$18,125,981</u>
	882,960	\$1,920		\$2,750	534,348				\$111,958
									6,317

ASSETS AND OTHER DEBITS

Current assets:
Cash and cash equivalents
Receivables
Due from other funds
Other assets
Financial assets:
Cash and cash equivalents
Land, buildings, equipment, and improvements less of accumulated depreciation
Amount available in debt service funds
Amount to be provided for retirement of general long-term obligations

TOTAL ASSETS AND OTHER DEBITS

LIABILITIES AND FUND EQUITY

Liabilities:
Accounts payable
Payroll Accruals and withholdings payable

Due to other funds	181,465	41,505	50,535	289,711
Compensated absences				21,209
Judgments payable				21,509
Customer deposits			89,491	89,491
Funds payable				3,967,316
Certificates of indebtedness				180,000
Due to retirement systems				213,564
Due to other agencies				398,733
Other liabilities	171,175			171,175
Total liabilities	494,885	43,629	180,025	5,629,546
Fund Equity:				
Investment in general fixed assets				2,969,814
Contributed capital			8,442,847	8,442,847
Retained earnings			81,575	81,575
Fund balances:				
Reserved for debt service				974,877
Unreserved - undesignated	370,275	50,419		981,211
Total Fund Equity	740,575	100,838	8,524,422	13,386,052
TOTAL LIABILITIES	1,188,015	258,172	18,029,575	51,127,652
AND FUND EQUITY				

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, 1997

	GENERAL FUNDS	SPECIAL REVENUE FUNDS	DEBT SERVICES FUNDS	DEFERRED BUILDING CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES					
Taxes:					
All sales	\$350,640	\$326,478	\$115,870		\$792,988
Sales	967,900				967,900
Other taxes, penalties, and interest	191,418				191,418
Licenses and permits	187,624				187,624
Intergovernmental:					
Federal grants	3,300	159,488			162,788
State grants	281,020				281,020
Fees, charges, and commissions:					
For services	190,090				190,090
Use of money and property	53,809	5,308	28,915		88,032
Fees and facilities	84,351				84,351
Other revenues	33,426				33,426
Total revenues	<u>\$1,986,628</u>	<u>491,274</u>	<u>144,785</u>	<u>NONE</u>	<u>2,712,711</u>
EXPENDITURES					
Current:					
General government:					
Legislative	10,968				10,968
Financial and administrative	432,445				432,445
Public safety	129,978				129,978
Public works	340,831	190,591			531,422
Health and welfare		144,961			144,961
Culture and recreation	64,742				64,742
Economic development	1,150				1,150
Debt service	84,817	2,144	511,977		698,938
Capital outlay	122,885			847,782	970,667
Total expenditures	<u>\$1,369,891</u>	<u>337,696</u>	<u>514,977</u>	<u>847,782</u>	<u>2,060,346</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES					
	<u>\$616,737</u>	<u>153,578</u>	<u>632,808</u>	<u>(847,782)</u>	<u>555,341</u>

(Continued)

CITY OF TALLULAH

Tallah, Louisiana

GOVERNMENTAL FUND TYPE

Continued Statement of Revenues, Expenditures,
and Changes in Fund Balances, 1997

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICES FUNDS	UNIFORM BUILDING CAPITAL PROJECTS FUNDS	TOTAL (AMALGAMATED ONLY)
OTHER FINANCING SOURCES (Used)					
Operating transfers in	376,808		386,680	376,989	1,140,477
Proceeds from insurance settlement	158,879				158,879
Proceeds from bank loans				376,813	376,813
Operating transfers out	<u>(452,836)</u>	<u>(224,608)</u>			<u>(677,444)</u>
Total other financing sources (used)	<u>(77,149)</u>	<u>(224,608)</u>	<u>386,680</u>	<u>447,792</u>	<u>529,815</u>
EXCESS (deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					
	281,519	(86,903)	414	NONE	198,428
FUND BALANCES AT BEGINNING OF YEAR					
	<u>648,344</u>	<u>137,563</u>	<u>914,403</u>	<u>NONE</u>	<u>1,700,310</u>
FUND BALANCES AT END OF YEAR					
	<u>\$571,195</u>	<u>\$50,660</u>	<u>\$914,817</u>	<u>NONE</u>	<u>\$1,536,672</u>

(Continued)

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, 2007

	-- GENERAL FUNDS --			-- SPECIAL REVENUE FUNDS --		
	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE
REVENUES						
Taxes:						
Ad valorem	\$228,000	\$258,442	\$30,442	\$120,000	\$120,414	\$414
Sales	983,000	987,501	4,501			
Other taxes, penalties, and interest	178,438	180,414	1,976			
Licenses and permits	125,288	167,024	41,736			
Intergovernmental revenues						
Federal funds - federal grants		1,500	1,500	189,489	189,489	
State funds - state grants	243,788	280,028	36,240			
Fees, charges, and commissions	175,800	198,898	23,098			
Use of money and property	30,170	33,880	3,710	1,258	1,158	1,000
Fines and forfeitures	14,400	84,321	69,921			
Other revenues	12,800	33,428	20,628			
Total revenues	<u>1,821,686</u>	<u>2,296,672</u>	<u>474,986</u>	<u>310,747</u>	<u>311,061</u>	<u>314</u>
EXPENDITURES						
Current:						
General governmental						
Legislation	30,800	30,800	1000			
Finance and administrative	407,600	431,443	(23,843)			
Public safety	111,400	129,278	17,878			
Public works	148,550	141,821	6,729	100,000	128,500	(500)
Health and welfare				143,388	143,980	592
Culture and recreation	64,110	64,341	(231)			
Economic development	1,440	1,190	250			
Debt service	85,160	84,817	343	4,888	1,144	1,654
Capital outlay	122,150	121,881	269			
Total expenditures	<u>1,282,610</u>	<u>1,388,621</u>	<u>106,011</u>	<u>248,266</u>	<u>287,624</u>	<u>1,174</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES						
	<u>539,076</u>	<u>908,051</u>	<u>368,975</u>	<u>62,481</u>	<u>23,437</u>	<u>4,836</u>

(Continued)

CITY OF TALLULAH
Tulaha, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL
AND SPECIAL REVENUE FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP Basis) and Actual, 1997

	...GENERAL FUNDS...			... SPECIAL REVENUE FUNDS...		
	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE	BUDGET	ACTUAL	VARIANCE FAVORABLE UNFAVORABLE
OTHER FINANCING SOURCES (Less)						
Opening transfer in	128,000	129,000	128,000			
Proceeds from insurance settlement	158,000	158,000				
Proceeds from bank loan						
Opening transfer out	<u>(281,000)</u>	<u>(282,000)</u>	<u>11,001</u>	<u>(258,000)</u>	<u>(258,000)</u>	<u>(10)</u>
Total other financing sources (less)	<u>(281,000)</u>	<u>(224,000)</u>	<u>61,071</u>	<u>(258,000)</u>	<u>(258,000)</u>	<u>(10)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER LIAB:	21,000	189,000	262,000	(91,001)	(90,910)	4,000
FUND BALANCES AT BEGINNING OF YEAR	<u>648,344</u>	<u>648,344</u>		<u>(17,001)</u>	<u>(17,001)</u>	
FUND BALANCES AT END OF YEAR	<u>1873,004</u>	<u>2037,371</u>	<u>1621,000</u>	<u>315,001</u>	<u>320,410</u>	<u>10,000</u>

(Continued)

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, 1997

OPERATING REVENUES	
Charges for services	<u>\$628,806</u>
OPERATING EXPENSES	
Personal services	228,876
Supplies	11,596
Maintenance	289,181
Utilities	91,768
Travel	2,007
Miscellaneous	60,837
Uniforms	1,894
Insurance	8,877
Accounting fees	18,888
Collection fees	59,140
Depreciation	<u>131,683</u>
Total operating expenses	<u>798,580</u>
OPERATING INCOME (Loss)	(169,774)
NON-OPERATING REVENUES	
Interest	<u>28,713</u>
INCOME (Loss) BEFORE OPERATING TRANSFERS	(141,061)
OPERATING TRANSFERS OUT	<u>(20,084)</u>
NET INCOME (Loss)	(161,145)
Add depreciation on fixed assets acquired with restricted federal grant	<u>126,661</u>
INCREASE IN RETAINED EARNINGS	(34,484)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>121,654</u>
RETAINED EARNINGS AT END OF YEAR	<u>87,170</u>

The accompanying notes are an integral part of this statement.

CITY OF TALLULAH
Tallah, Louisiana
PROPRIETARY FUND TYPE - JEWEL ENTERPRISE FUND

Statement of Cash Flows
 For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	<u>\$(10,674)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by operating activities:	
Depreciation	131,685
Increase in accounts receivable	8,686
Decrease in accounts payable	3,268
Decrease in interfund receivables	(1,808)
Increase in customer deposits	<u>5,631</u>
Total adjustments	<u>147,173</u>
Net cash provided (used) by operating activities	<u>(2,501)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers out	<u>(10,000)</u>
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES	
Capital acquisition and construction	<u>(18,582)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Interest earnings	<u>20,715</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(10,373)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>507,771</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>497,398</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, 1997

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tallulah was founded in 1856 and is incorporated under the provisions of Louisiana 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 the 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 aggregating 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 fund 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.

Uniform Building Capital Projects Fund

The Uniform Building Capital Projects Fund accounts for the construction of a new apparel factory building. Financing is provided by a long-term bank loan and contributions from the General Fund.

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 27 per cent of fixed assets are valued at actual cost, while the remaining 73 per cent are valued at estimated cost based on the actual cost of like items. No depreciation has been provided on general fixed assets.

CITY OF TALLULAH

Tallahula, Louisiana

Notes to the Financial Statements (Continued)

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 obligation 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 systems, and collection system, 3 to 10 years for furniture and equipment.

DA. 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.

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:

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

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.

Other Financing Sources

Transfers between funds that are not expected to be repaid, proceeds from insurance settlements, 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.

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

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

At June 30, 1997, the city has cash and cash equivalents (bank balances) totaling \$2,609,301 as follows:

Demand deposits	\$1,574,171
Party cash	1,425
Time deposits	<u>1,033,705</u>
Total	<u>\$2,609,301</u>

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

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, 1997, are secured as follows:

Bank Balances	<u>\$2,644,692</u>
Federal deposit insurance	\$600,742
Pledged securities (uncollateralized)	<u>3,775,667</u>
Total	<u>\$6,821,081</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 C30.106; however, Louisiana Revised Statute 9:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 30 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.

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 30 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 C30, 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.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

At June 30, 1997, employees of the city have accumulated and vested \$32,258, of employee leave benefits, computed in accordance with GASB Codification Section C68. The liability is recorded within the general long-term obligations account group.

II. 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.

1. 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.

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	17.95	17.39
Police and fire departments	7.53	7.53
1991 Street Program	9.48	9.48
1988 General Obligation Bond	Various	8.10
1981 General Obligation Bond	Various	.90

The difference between authorized and levied millages is the result of measurements of taxable property required by article V, Section 180) of the Louisiana Constitution of 1974.

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

The following are the principal taxpayers for the parish and their 1997 assessed valuations:

	Assessed Valuation	
	1997	Per Cent of Total
Trans American Development	\$841,603	6.11%
Hibernia National Bank	785,702	5.70%
Peoples Water Service	583,755	4.31%
Bell South Telecommunications	\$19,600	0.17%
Rayville Compress and Warehouse	249,095	1.81%
Cross Keys Bank	245,841	1.78%
Gabonne Ford, Inc.	200,891	1.46%
National Auto Truck Sales	187,395	1.36%
M. F. J. R., Inc.	132,750	0.97%
Tallulah Cove Partnership	155,815	1.13%
Total	<u>\$3,952,056</u>	<u>28.67%</u>

3. RECEIVABLES

The following is a summary of receivables at June 30, 1997:

Class of Receivable	General	Sewer	Total
	Fund	Enterprise Fund	
Taxes:			
Sales and use	\$74,376		\$74,376
Grants:			
State	38,707		38,707
Sewer user fees		\$73,632	73,632
Other	<u>41,025</u>	<u>1,265</u>	<u>42,290</u>
Total	<u>\$155,102</u>	<u>\$74,897</u>	<u>\$229,999</u>

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

4. DUE FROM/TO OTHER FUNDS

Individual balances due from/to other funds at June 30, 1997, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$91,256	\$188,468
Special Revenue Funds:		
Section 8 Disabling		1,800
Section 8 Youthful	1,800	
Street Program		40,803
Uniform Building Capital Projects Fund	2,750	
Sewer Enterprise Fund	<u>185,715</u>	<u>50,353</u>
Total	<u>\$280,721</u>	<u>\$280,721</u>

5. FIXED ASSETS

The following presents the changes in general fixed assets for the year ended June 30, 1997:

	Balance at July 1, 1996	Additions	Deletions	Balance at June 30, 1997
Land	\$78,500			\$78,500
Buildings and improvements	1,544,932	\$447,363		1,992,295
Furniture and equipment	833,130	168,403	(\$112,725)	888,808
Fixed assets under capital lease	<u>44,430</u>		<u>(44,430)</u>	
Total	<u>\$2,500,992</u>	<u>\$615,767</u>	<u>(\$157,145)</u>	<u>\$2,959,614</u>

Included in addition to furniture and equipment is \$44,430 transferred from fixed assets under capital lease.

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

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

Land	\$613,879
Equipment	347,388
Sewer plant	7,866,378
Sewer lines	326,862
Total depreciable assets	<u>9,054,407</u>
Less accumulated depreciation	<u>(1,167,912)</u>
Net depreciable assets	<u>\$7,886,495</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 exact 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. 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 54066, Baton Rouge, Louisiana 70866, or by calling (504) 925-4000.

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

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 11:102, 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, 1997, 1996, and 1995, were \$6,290, \$5,285, and \$5,067 respectively, equal to the required contributions for each year.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

All Tallulah 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.

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, 6401 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 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, 1997, 1996, and 1995,

CITY OF TALLIHUAH

Tallahua, Louisiana

Notes to the Financial Statements (Continued)

were \$22,913, \$25,141, and \$23,116, respectively, equal to the required contributions for each year.

7. CAPITAL LEASE

The city records items under capital lease as an asset and an obligation in the accompanying financial statements. The city's one capital lease was retired during the year ended June 30, 1997.

8. RESTATEMENT OF FUND BALANCES

Subsequent to the issuance of the financial statements for the year ended June 30, 1996, an error was discovered affecting the ending fund balances of the Section 8 Housing Special Revenue Funds. The following schedule reconciles the ending fund balances of the special revenue funds as presented for the year ended June 30, 1996, with the beginning fund balances as presented in the accompanying financial statements:

Fund balances at June 30, 1996, as previously reported	\$120,812
Error in fund balance of Section 8 Existing Fund	7,372
Error in fund balance of Section 8 Vacancies Fund	<u>8,176</u>
Fund balances due at June 30, 1996, as restated	<u>\$136,360</u>

9. BANK LOANS 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 \$25,944 with 8.0 per cent interest. The remaining principal in the amount of \$13,052 is due in monthly installments of \$1,151 through June, 1998. Loan payments are made for the General Fund.

During the year ended June 30, 1997, the city secured a bank loan to finance the construction of a factory building. The amount of the loan was \$276,813 with 7.0 per cent interest. The remaining principal in the amount of \$338,648 is due in annual installments of \$51,884 through 2008. Loan payments are made for the General Fund.

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

9. CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 1997:

	Bonded Debt	Certificates of Indebtedness	Capital Lease	Other	Total
Long-term debt at July 1, 1996	\$2,506,594	\$790,000	\$1,086	\$286,528	\$3,584,198
Additions				400,594	400,594
Retirements	(1,109,216)	(99,000)	(1,086)	(77,096)	(1,286,400)
Long-term debt at June 30, 1997	\$1,397,378	\$691,000	\$700	\$609,026	\$2,098,204

The classification, "other", consists of \$23,509, which represents a contingent liability in a result of a lawsuit, \$215,584, 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 Systems of Louisiana, \$22,298, representing compensated absences payable, and \$380,735, representing bank loans.

Bonded debt payable and certificates of indebtedness at June 30, 1997, are comprised of the following individual issues:

General obligation bonds:

\$280,000 - 1981 General Obligation Bonds. The remaining principal is due in annual installments of \$4,985 to \$14,527 through October 8, 2021, with interest of 3 per cent. Debt retirement payments are made from the 1981 General Obligation Bond Debt Service Fund.

\$217,216

\$1,115,000 - 1988 Sewer Bonds. The remaining principal is due in annual installments of \$45,000 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.

745,000

Total general obligation bonds

\$962,216

Revenue bond - \$2,950,000 - 1989 Public Improvement Bonds. The remaining principal is due in annual installments of \$305,000 to \$295,000 through July 1, 2009. Interest rates are 8.25 per cent to 9.75 per cent. Debt retirement payments are made from the 1989 Public Improvement Bond Debt Service Fund.

3,405,000

Total bonded debt

\$3,967,216

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 one installment of \$700,000 with interest of 8.50 per cent. Debt retirement payments are made from the 1988 Certificate of Indebtedness Debt Service Fund.

	<u>\$700,000</u>
Total bonded debt and certificate of indebtedness	<u>\$3,462,216</u>

As shown on Statement A, \$914,857, 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, 1997, including interest of \$2,352,982, are as follows:

Year	Total
1998	\$621,083
1999	498,908
2000	483,989
2001	469,230
2002	496,964
Thereafter	<u>3,828,082</u>
Total	<u>\$5,431,854</u>

General obligation bonds totaling \$862,216, at June 30, 1997, 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.

III. 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, 1997, accumulated amortization on these assets is \$480,300.

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

11. LITIGATION AND CLAIMS

At June 30, 1997, 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 \$23,909, 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 and if 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 (and if 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
Tulaha, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1997

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.

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 FALLISLAH
Tulahoma, Louisiana
SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
(For the Year Ended June 30, 1997)

	RENTS & SECTION 8 HOUSING VOUCHER RECEIPTS	STREET REPAIRS	THE RECREATION CENTER	TOTAL
REVENUES				
Ad valorem tax		\$128,474		\$128,474
Intergovernmental revenues - Federal grants	\$70,424			70,424
Fee of money and property		2,728	8,193	10,921
Total revenues	90,424	131,192	8,193	229,809
EXPENDITURES				
Current:				
Public works	81,815			81,815
Health and welfare		1,144		1,144
Debt service	81,815	3,091	9,096	94,002
Total expenditures	163,630	4,235	9,096	176,961
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,794	126,957	(1,903)	151,848
OTHER FINANCING SOURCES (Used)				
Operating activities net			838,808	838,808

EXCESS RECEIPTS OF REVENUES
OVER EXPENDITURES AND
OTHER USES

(4,500)	(800)	(24,400)	777	2,263	(50,000)	(8,245)
<u>7,272</u>	<u>9,179</u>	<u>28,712</u>	<u>25,280</u>	<u>6,512</u>	<u>50,000</u>	<u>13,283</u>
<u>\$1,772</u>	<u>\$3,325</u>	<u>\$4,312</u>	<u>\$25,527</u>	<u>\$8,785</u>	<u>\$5,558</u>	<u>\$22,448</u>

FUND BALANCES AT
BEGINNING OF YEAR

FUND BALANCES AT
END OF YEAR

CITY OF TALLULAH
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1987

DEBT SERVICE FUNDS

1988 GENERAL OBLIGATION BOND FUND

The 1988 General Obligation Bond Fund accumulates monies for payment of \$8,115,000 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 \$200,000 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 according 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 \$240,000 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.

1989 PUBLIC IMPROVEMENT BOND FUND

The 1989 Public Improvement Bond Fund accumulates monies for payment of the \$2,250,000 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 TALLAHASSEE
Tallahassee, Florida
DEBT SERVICE FUNDS

Combining Balance Sheet, June 30, 1997

	1996 GENERAL OBLIGATION BOND	1996 CERTIFICATES OF INDEBTMENT	200 GENERAL OBLIGATION BOND	1996 FUND OF IMPROVEMENT BOND	TOTAL
ASSETS					
Cash and cash equivalents	\$175,897	\$108,209	\$85,859	\$121,158	\$491,063
Cash with paying agent				52,551	52,551
TOTAL ASSETS	<u>\$175,897</u>	<u>\$108,209</u>	<u>\$85,859</u>	<u>\$173,709</u>	<u>\$542,675</u>
LIABILITIES AND FUND EQUITY					
Liabilities	NONE	NONE	NONE	NONE	NONE
Fund Equity - fund balance - reserved - undesignated	\$175,897	\$108,209	\$85,859	\$173,709	\$542,675
TOTAL LIABILITIES AND FUND EQUITY	<u>\$175,897</u>	<u>\$108,209</u>	<u>\$85,859</u>	<u>\$173,709</u>	<u>\$542,675</u>

CITY OF TALLULAH
Tallula, Louisiana
DEBT SERVICE FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997

	for GENERAL OBLIGATION BOND	for CERTIFICATE OF INDENTURE	for GENERAL OBLIGATION BOND	for PUBLIC REFUNDING BOND	TOTAL
REVENUES					
Taxes - ad valorem	\$179,878		\$6,470		\$179,878
Use of money and property	4,266	87,127	1,758	621,664	814,815
Total revenues	119,272	92,127	8,228	21,564	141,191
EXPENDITURES					
Debt service:					
Principal	48,000	89,008	4,538	79,000	121,546
Interest and bond charges	67,232	16,914	11,078	207,431	302,655
Total expenditures	115,232	105,922	15,616	206,431	337,181
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,040	(13,795)	(7,388)	(288,867)	(293,905)
OTHER FINANCING SOURCES					
Operating transfers in		135,855		781,622	917,477
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	6,040	122,060	(13,004)	(288,867)	(79,761)
FUND BALANCES AT BEGINNING OF YEAR	13,689	607,796	73,477	587,343	814,425
FUND BALANCES AT END OF YEAR	\$19,729	\$729,856	\$60,473	\$198,476	\$708,534

CITY OF TALLULAH
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended June 30, 1997

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 TALLAHASSEE
Tallahassee, LouisianaSchedule of Compensation Paid Aldermen
For the Year Ended June 30, 1997

Eddie Hledge	\$3,100
Charles Fitzhugh	2,100
Donald Praxier	2,100
Ronald 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-138, *Audit 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

126-COMANCHE TRAIL
WEST MONROE, LA 70091

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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, 1997, and for the year then ended, and have issued my report thereon dated November 3, 1997. 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; *Governments Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, *Audit 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
November 3, 1997

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

CITY OF TALLULAH
Tallulah, Louisiana

Schedule of Federal Financial Assistance
Fiscal Year Ended June 30, 1997

FEDERAL GRANTOR/ PASS-THROUGH GRANTEE/ PROGRAM NAME	CFDA NUMBER	PASS-THROUGH NUMBER	COMBINED ACCREDITED REVENUE AT CLOSE OF 1996	REVENUE RECORDED	COMBINED ACCREDITED REVENUE AT CLOSE OF 1997
United States Department of Housing and Urban Development					
Brent program:					
Lower-Income Housing Assistance Program	14.156	87A	(44,246)	378,424	801,013
Section 8 Housing Voucher Program	14.177	87A	(80,482)	62,861	53,244
Total United States Department of Housing and Urban Development			<u>(124,728)</u>	<u>441,285</u>	<u>854,257</u>
United States Department of Justice					
Brent program - Mobile Safety and Community Policing Grant	14.116	87A		1,480	3,430
Total Federal Financial Assistance			<u>(249,456)</u>	<u>442,765</u>	<u>857,711</u>

MAYOR AND BOARD OF ALDERMEN
CITY OF TALLULAH

Tallahatchie, Louisiana
Independent Auditor's Report
on Compliance, etc.,
June 30, 1997

This report is intended for the information of the mayor and board of aldermen of the City of Tallahatchie; 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.

James H. Beal

West Monroe, Louisiana
November 3, 1997

LOUIS L. ANDRIES
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report on Compliance
With General Requirements Applicable to
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, 1997 and for the year then ended, and have issued my report thereon dated November 3, 1997.

I have applied procedures to test the City of Tallulah's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the two years ended June 30, 1997:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Drug-Free Workplace
- Allowable costs/cost principles
- Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. 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 the requirements listed in the preceding paragraph. 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 second paragraph of this report. 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.

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

-44-

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS

MAYOR AND BOARD OF ALDERMEN
CITY OF TALLULAH

Tallah, Louisiana

Independent Auditor's Report
on Compliance With General
Requirements, etc.,
June 30, 1997

This report is intended for the information of the mayor and board of aldermen of the City of Tallah, 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.



Winn Monroe, Louisiana
November 3, 1997

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, 1997, and for the year then ended, and have issued my report thereon dated November 3, 1997.

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, *Audit of State and Local Governments*, I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1997. 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 these 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.



West Monroe, Louisiana
November 3, 1997

RELATIVE CERTIFIED GOVERNMENTAL AUDITING AND ACCOUNTING

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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, 1997, and for the year then ended, and have issued my report thereon dated November 3, 1997.

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, opinions 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, 1997, 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.

PLANNED LIMITED-TO-ENVIRONMENTAL AUDITING AND ACCOUNTING

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
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-17-

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS

CITY OF TALLULAH
Tallulah, Louisiana
Independent Auditor's Report
on Internal Control Structure,
June 30, 1997

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.

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.



West Monroe, Louisiana
November 3, 1997

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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, 1993, and for the year then ended, and have issued my report thereon dated November 3, 1993. 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 November 3, 1993.

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, *Standards 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, 1993, 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 November 3, 1993.

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

OFFICE OF THE COMPTROLLER GENERAL OF THE UNITED STATES

CITY OF TALLULAH

Tallulah, Louisiana

Independent Auditor's Report on Internal Control Structure Used in Administering Federal Financial Assistance Programs, June 30, 1997

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 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:
 - Revenue/receipts
 - Expenditures/Disbursements
 - Payroll/personnel
 - Budgeting/budgetary reporting
- General Requirements:
 - Political activity
 - 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, 1997

Special requirements:

- Rent and utility allowances
- Annual adjustment of rent and utility allowance
- Initial and annual inspections
- 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, 1997, the City of Tallulah had no major federal financial assistance programs and expended 100 per cent of its total federal financial assistance under its non-major federal financial assistance program.

I performed tests of controls, as required by OMB Circular A-118, 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 found 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, 1997

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.

Robert A. Anderson

West Monroe, Louisiana
November 3, 1997