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Release Date: SEP 11 1988

**VERNON R
COON**
LEGISLATIVE PUBLIC ACCOUNTANT

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E.O. 14176
50 USC 170105

CITY OF TALLULAH
Tallulah, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 1998
With Supplemental Information Schedules

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

Release Date: 9. 30. 98

CITY OF TALLULAH
Tallahatchie, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 1995
With Supplemental Information Schedules

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CITY OF TALLULAH
Tallulah, Louisiana
Comma, June 30, 1995

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ERNON R. COON
INSTITUTE OF CERTIFIED
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Independent Auditor's Report

**MAYOR AND CITY
COUNCIL MEMBERS
CITY OF TALLULAH
Tallulah, Louisiana**

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1998, 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 statements 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, 1998, and the results of operations and cash flows of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

MAYOR AND CITY
COUNCIL MEMBERS
CITY OF TALLULAH
Tallulah, Louisiana
Independent Auditor's Report,
June 30, 1958

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 *Governor's Auditing Standards*, I have also issued reports dated September 11, 1958, on my consideration of the City of Tallulah's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



West Monroe, Louisiana
September 11, 1958

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

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

Combined Balance Sheet, June 30, 1998

	GOVERNMENTAL FUNDS		PROPERTY TAX - SPECIAL USE	GENERAL FUND	SPECIAL PROJECT FUND	INDEPENDENT ENTERPRISE FUNDS	ACCOUNT GROUPS GENERAL LONG-TERM ASSETS	TOTAL ACCOUNT GROUPS GENERAL
	GENERAL FUND	SPECIAL PROJECT FUND						
5945 851	5162,008	\$438,208		5281,400				52,148,208
298,972				87,231				488,174
184,781				131,443				316,224
147,648								147,648
				1,246				1,246
				7,778,778	\$1,812,286		1408,209	10,801,669
							3,264,255	3,264,255
5,938,128	5,181,856	5,435,208		18,158,898			13,170,461	87,488,381

ASSETS AND OTHER DEBITS

- Cash on hand
- Cash and cash equivalents
- Receivables
- Due from other funds
- Other assets
- Inventory assets
- Cash and cash equivalents
- Land, buildings, equipment, and improvements (net 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 obligations and withholdings payable
- Due to other funds
- Deferred revenues
- Customer deposits
- Compensated absences
- Equity:
- Reserve
- Unassigned fund balance
- Assigned fund balance
- Retained earnings

Indebtedness payable	23,589	21,509
Bonds payable	3,127,661	3,217,661
Due to retirement systems	208,237	208,117
Bank loans payable	308,048	208,048
Other liabilities	187,683	187,683
Total liabilities	<u>3,855,118</u>	<u>4,032,218</u>
Fund Equity:		
Investments in general fund assets	82,622,290	2,622,290
Contributed capital	8,396,193	8,396,193
Retained earnings	69,299	69,299
Fund Reserves:		
Reserve for debt service	5699,200	
Unreserved - undesignated	76,848	438,209
Total Fund Equity	<u>96,486,930</u>	<u>11,466,001</u>
TOTAL LIABILITIES	31,641,056	15,598,219
AND FUND EQUITY	117,418,851	117,418,851

The accompanying notes are an integral part of this statement.

CITY OF TALLAHASSEE
Tallahassee, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1998

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	LONG CAPITAL PROJECTS FUNDS	TOTAL MEMORANDUM ONLY
REVENUES					
Taxes:					
Ad valorem	\$158,422	\$124,338	\$139,180		\$421,940
Sales	953,829				953,829
Other taxes, penalties, and interest	208,811				208,811
License and permits	144,487				144,487
Intergovernmental:					
Federal grants	179,217	177,745		\$441,947	785,219
State grants	386,311				386,311
Fees, charges, and commissions:					
for services	161,240				161,240
Use of money and property	44,158	4,187	28,879		77,224
Fines and forfeitures	39,444				39,444
Other revenues	219,883				219,883
Total revenues	<u>3,116,828</u>	<u>326,873</u>	<u>147,451</u>	<u>441,947</u>	<u>3,633,099</u>
EXPENDITURES					
Current:					
General government:					
Legislative	29,883				29,883
Financial and administrative	564,579				564,579
Public safety	680,870				680,870
Public works	316,646	147,417		441,947	904,879
Health and welfare	155,139	177,745			332,884
Culture and recreation	38,645				38,645
Transportation	28,875				28,875
Economic development	774,346				774,346
Debt service	86,318		1,481,579		1,567,897
Capital outlay	80,744	4,580			85,324
Total expenditures	<u>3,158,784</u>	<u>352,671</u>	<u>1,481,579</u>	<u>441,947</u>	<u>4,434,981</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES					
	<u>358,044</u>	<u>(25,798)</u>	<u>(3,334,128)</u>	<u>NONE</u>	<u>(201,882)</u>

(Continued)

Statement B

CITY OF TALLULAH
Tallulah, Louisiana
GOVERNMENTAL FUND TYPE
Condensed Statement of Revenues, Expenditures,
and Changes in Fund Balances, 1999

	GENERAL FUNDS	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	LONG CAPITAL PROJECTS FUNDS	TOTAL DEMOBILIZATION (200.5)
OTHER FINANCING SOURCES (Used)					
Operating transfers in		350,000	5277,500		5627,500
Proceeds from refunding bonds			640,000		640,000
Operating transfers out	(1287,500)				(1287,500)
Total other financing sources (used)	(1287,500)	350,000	5917,500	NONE	640,000
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	290,619	26,399	(476,628)	NONE	(159,610)
FUND BALANCES AT BEGINNING OF YEAR	921,271	20,448	916,827	NONE	1,858,546
FUND BALANCES AT END OF YEAR	\$1,211,890	\$46,847	\$440,199	NONE	\$1,709,036

Continued

The accompanying notes are an integral part of this statement.

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

Continued Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Budget
 (GAAP Basis) and Actual
 For the Year Ended June 30, 2008

	--GENERAL FUND--			-- SPECIAL REVENUE FUNDS --		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes:						
Ad valorem	1114,000	1069,421	544,421	\$ 00,000	1179,158	\$19,158
Sales	950,000	950,929	11,829			
Other taxes, penalties, and interest	154,000	300,811	46,811			
License and permits	100,000	144,487	11,487			
Intergovernmental payments:						
Federal funds - federal grants	179,000	179,927	527	177,745	177,745	
State funds - state grants	366,700	388,311	18,611			
Fees, charges, and commissions	178,000	165,248	(12,752)			
Use of money and property	21,000	48,226	23,226	500	4,457	1,687
Fines and forfeitures	80,400	58,444	(21,956)			
Other revenues	5,000	202,895	215,895			
Total revenues	<u>2,380,000</u>	<u>2,738,822</u>	<u>358,822</u>	<u>281,245</u>	<u>289,278</u>	<u>21,623</u>
EXPENDITURES						
Current:						
General government:						
Legislative	28,000	19,593	(8,407)			
Finance and administrative	429,850	505,276	(75,426)			
Public safety	714,000	680,823	34,000			
Public works	364,000	314,946	50,004	158,000	140,417	2,975
Habitat and welfare	233,000	155,139	77,861	171,245	170,345	
Culture and recreation	74,500	89,645	(7,094)			
Economic development	211,000	224,016	(13,016)			
Transportation	43,000	28,875	15,125			
Data services	110,000	88,318	21,682			
Capital outlay	40,800	30,294	10,506		4,288	14,580
Total expenditures	<u>2,180,170</u>	<u>2,138,791</u>	<u>41,379</u>	<u>281,245</u>	<u>228,651</u>	<u>11,811</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>200,830</u>	<u>600,031</u>	<u>358,451</u>	<u>281,245</u>	<u>229,627</u>	<u>20,828</u>

(Continued)

CITY OF TALLULAH
Tallahassee, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL,
AND SPECIAL REVENUE FUNDS
Combined Statements of Revenues, Expenditures,
and Changes in Fund Balances - Budget
GAAP Basis and Actual, 1998

	-- GENERAL FUNDS --			-- SPECIAL REVENUE FUNDS --		
	BUDGET	ACTUAL	PERCENT PERFORMED UNAVAILABLE	BUDGET	ACTUAL	PERCENT PERFORMED UNAVAILABLE
OTHER FINANCING SOURCES (less)						
Operating transfer in				50,000	50,000	
Operating transfer out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(100.00%)</u>			
Total other financing sources (less)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(100.00%)</u>	<u>50,000</u>	<u>50,000</u>	
EXCESS (Deficiency) OF REVENUES AND OTHER SERVICES OVER EXPEN- DITURES AND OTHER USES	(50,170)	280,618	340.89%	5,500	26,100	474.55%
FUND BALANCES AT BEGINNING OF YEAR	<u>50,170</u>	<u>50,170</u>		<u>50,418</u>	<u>50,418</u>	
FUND BALANCES AT END OF YEAR	<u>100,000</u>	<u>330,788</u>	<u>330.79%</u>	<u>105,918</u>	<u>126,518</u>	<u>119.40%</u>

(Continued)

The accompanying notes are an integral part of this statement.

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

Statement of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended June 30, 1995

OPERATING REVENUES	
Charges for services	<u>\$589,678</u>
OPERATING EXPENSES	
Personal services	244,579
Supplies	18,825
Maintenance	186,438
Utilities	84,895
Travel	3,067
Miscellaneous	78,167
Uniforms	2,283
Insurance	1,700
Accounting fees	1,000
Collection fees	86,650
Depreciation	<u>147,287</u>
Total operating expenses	<u>775,194</u>
OPERATING INCOME (Loss)	(185,516)
NON-OPERATING REVENUES	
Interest	<u>23,834</u>
NET INCOME (Loss)	(162,647)
Add depreciation on fixed assets acquired with restricted federal grant	<u>128,864</u>
INCREASE IN RETAINED EARNINGS	(23,783)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>66,226</u>
RETAINED EARNINGS AT END OF YEAR	<u>42,443</u>

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows
 For the Year Ended June 30, 1988

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	(\$180,521)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by operating activities:	
Depreciation	147,147
Increase in accounts receivable	(21,887)
Decrease in accounts payable	(9,580)
Decrease in interfund receivables	17,689
Increase in customer deposits	5,000
Total adjustments	<u>107,769</u>
Net cash provided (used) by operating activities	<u>27,248</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Interest earnings	<u>22,824</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	49,072
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>551,798</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>600,870</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, 1998

1. 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 city council. The mayor and council members serve four-year terms which expire on June 30, 2002.

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 include:

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 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:

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

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.

LCDBG Capital Projects Fund

The Louisiana Community Development Block Grant Fund accounts for major improvements to the streets of the city. Financing is provided by a grant from the United States Department of Housing and Urban Development through the Louisiana Division of Administration.

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.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

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 30 per cent of fixed assets are valued at actual cost, while the remaining 70 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 bank loans 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 systems, and collection systems, 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 increases for these funds pertain 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 by 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.

Other Financing Sources

Transfers between funds that are not expected to be repaid and proceeds from refunding bonds 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 city council and made available to the public. During the June meeting of the city council, the city holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made in the proposed budget based on the public hearing and the desires of the city council as a whole. The budget is then adopted during the June meeting, and notice is published in the official journal.

During the year, the city council 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 city council at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year or be expended. All changes in the budget must be approved by the mayor and the city council. 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.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

At June 30, 1998, the city has cash and cash equivalents (bank balances) totaling \$2,154,304 as follows:

Demand deposits	\$812,057
Petty cash	1,615
Time deposits	<u>1,340,632</u>
Total	<u>\$2,154,304</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, 1998, are secured as follows:

Bank Balances	<u>\$2,147,387</u>
Federal deposit insurance	\$679,972
Pledged securities (market value)	<u>3,095,322</u>
Total	<u>\$3,923,189</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 C.20.106; however, Louisiana Revised Statute 39:1129 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.

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

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

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, 1998, employees of the city have accumulated and vested \$24,568 of employee leave benefits, computed in accordance with GASB Codification Section C60. The liability is recorded within the general long-term obligations account group.

III. 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 prepared 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.

1. LEVIED TAXES

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

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

	<u>Authorized Millage</u>	<u>Levied Millage</u>
City taxes:		
City operations	17.99	17.99
Police and fire departments	7.93	7.93
1991 Street Program	9.48	9.48
1988 General Obligation Bond	Various	8.10
1981 General Obligation Bond	Various	.50

The difference between authorized and levied millages is the result of measurements of taxable property required by article V, Section 1802 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 1998 assessed valuation:

	<u>Assessed Valuation</u>	
	<u>1998 Assessed Valuation</u>	<u>Per Cent of Total</u>
Trans American Development	\$1,188,843	8.42%
Hibernia National Bank	1,098,580	7.95%
Peoples Water Service	578,568	4.30%
Bell South Telecommunications	591,480	4.35%
Cross Keys Bank	298,380	2.21%
Rayville Congress and Warehouse	249,085	1.79%
Obamas Ford, Inc.	217,370	1.54%
Deposit Guaranty National Bank	209,570	1.47%
National Auto Truckstop, Inc.	187,599	1.33%
M.P.R., Inc.	175,158	1.21%
Total	<u>\$4,638,013</u>	<u>37.85%</u>

3. RECEIVABLES

The following is a summary of receivables at June 30, 1998:

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

Class of Receivable	General	Sewer	Total
	Fund	Enterprise Fund	
Taxes:			
Sales and use	\$93,640		\$93,640
Grants:			
Federal	62,642		62,642
State	167,116		167,116
Sewer user fees		\$97,221	97,221
Other	<u>62,513</u>		<u>62,513</u>
Total	<u>\$385,911</u>	<u>\$97,221</u>	<u>\$483,132</u>

4. DUE FROM/TO OTHER FUNDS

Individual balances due from/to other funds at June 30, 1998, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$136,701	\$133,853
Street Program Special Revenue Fund		60,726
Sewer Enterprise Fund	<u>116,850</u>	<u>15,915</u>
Total	<u>\$253,551</u>	<u>\$210,494</u>

5. FIXED ASSETS

The following presents the changes in general fixed assets for the year ended June 30, 1998:

	Balance at July 1, 1997	Additions	Deletions	Balance at June 30, 1998
Land	\$78,500			\$78,500
Buildings and improvements	1,692,684			1,692,684
Furniture and equipment	<u>712,318</u>	<u>\$55,254</u>	<u>(\$21,360)</u>	<u>746,212</u>
Total	<u>\$2,483,502</u>	<u>\$55,254</u>	<u>(\$21,360)</u>	<u>\$2,517,396</u>

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

The beginning balance of equipment and furniture was adjusted by \$175,682 representing an error in prior year's balance.

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

Land	\$632,879
Equipment	247,738
Sewer plant	7,868,321
Sewer lines	<u>336,942</u>
Total depreciable assets	9,085,880
Less accumulated depreciation	<u>(7,873,162)</u>
Net depreciable assets	<u>\$1,212,718</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, 1990, 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 for each year of creditable service, not to exceed 100 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.

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 Firefighters' Retirement System, Post Office Box 94055, 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 Statutes 11:925, 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, 1998, 1997, and 1996, were \$6,021, \$6,200, and \$5,386 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 24 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, 8400 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 928-7411.

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

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

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, 1998, 1997, and 1996, were \$21,178, \$23,933, and \$25,141, respectively, equal to the required contributions for each year.

3. BANK LOANS PAYABLE

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 \$376,813 with 7.0 per cent interest. The remaining principal in the amount of \$308,646 is due in annual installments of \$30,864 through 2008. Loan payments are made for the General Fund.

8. CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 1998:

	Borrowed Data	Comprises of		
		Indebtedness	Other	Total
Long-term debt at July 1, 1997	\$2,287,216	\$100,000	\$612,866	\$4,009,282
Additions	3,000,000		37,082	3,037,082
Retirements	(2,169,534)	(100,000)	(19,788)	(2,349,292)
Long-term debt at June 30, 1998	\$3,117,682	\$100,000	\$630,160	\$3,797,802

The classification, "other", consists of \$23,509, which represents a contingent liability as a result of a lawsuit, \$208,217, 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, \$24,548, representing compensated absences payable, and \$395,646, representing a bank loan.

Borrowed debt payable at June 30, 1998, are comprised of the following individual issues:

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

General obligation bonds:

\$260,000 - 1981 General Obligation Bonds. The remaining principal is due in annual installments of \$4,762 to \$14,527 through October 1, 2021, with interest of 5 per cent. Debt retirement payments are made from the 1981 General Obligation Bond Debt Service Fund. \$712,661

\$640,000 - 1998 Refunding Bonds. The remaining principal is due in annual installments of \$15,000 to \$80,000 through March 1, 2008, with interest of 4.95 per cent. Debt retirement payments are made from the 1998 General Obligation Bond Debt Service Fund. 625,000
 Total general obligation bonds \$712,661

Revenue bond - \$2,598,000 - 1998 Public Improvement Refunding Bonds. The remaining principal is due in annual installments of \$175,000 to \$280,000 through July 1, 2009. Interest rates are 3.90 per cent to 5.00 per cent. Debt retirement payments are made from the 1998 Public Improvement Bond Debt Service Fund. 2,598,000
 Total bonded debt \$2,227,661

As shown on Statement A, \$438,208, is available in debt service funds to service the bonded debt. The annual requirements to amortize all outstanding debt as June 30, 1998, including interest of \$1,351,416, are as follows:

Year	Total
1999	440,941
2000	458,044
2001	443,732
2002	458,824
2003	493,379
Thereafter	<u>2,821,022</u>
Total	<u>\$5,025,942</u>

General obligation bonds totaling \$877,661, as June 30, 1998, are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:362, 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.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

9. LONG-TERM DEBT ADVANCE REFINING

On January 21, 1988, the city issued \$640,000 of General Obligation Bonds of Sewer District No. 1 of the City of Tallulah with an interest rate of 4.95 per cent to advance refund \$700,000 of outstanding 1988 Series bonds with an average interest rate of 8.45 per cent. The net proceeds of \$626,862 (after payment of \$13,138 in underwriting fees and other issuance costs) plus an additional \$98,184 of 1988 Series sinking fund monies were used to purchase U. S. government securities. These securities were deposited in an irrevocable trust with an escrow agent and the 1988 Series bonds were called and retired. On March 12, 1988, the city issued \$2,390,000 of Public Improvement Bonds with an average interest rate of 4.58 per cent to advance refund \$3,300,000 of outstanding 1989 Series bonds with an average interest rate of 8.45 per cent. The net proceeds of \$3,290,468 (after payment of \$99,532 in underwriting fees and other issuance costs) were used to purchase U. S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 1989 Series bonds. As a result, the 1988 and 1989 Series bonds are considered delisted and the liability for these bonds has been removed from the general long-term obligations account group.

The city advance refunded the 1988 and 1989 Series bonds to reduce its total debt service payments over the next 12 years by \$252,699 and \$614,129 and to obtain economic gains (difference between the present values of the debt service payments of the old and new debt) of \$107,885 and \$221,814.

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, 1998, accumulated amortization on these assets is \$1,116,990.

11. 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.

CITY OF TALLULAH

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

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 restricted to the provision of benefits under the plan), subject only to the 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.

13. LITIGATION AND CLAIMS

At June 30, 1998, 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.

SUPPLEMENTAL INFORMATION SCHEDULES

CITY OF TALLULAH
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1998

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 realized from the rental of a city owned building.

CITY OF TALLULAH
Tulaha, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet, June 30, 1998

	SECTION 4 ASSETS	SECTION 4 RESERVED	STREET PROGRAM	BUILDING REPAIR	TIC BUILDING	TOTAL
ASSETS						
Cash and cash equivalents	<u>96,981</u>	<u>94,170</u>	<u>890,473</u>	<u>377,179</u>	<u>29,000</u>	<u>1,675,095</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable			31,369			31,369
Due to other funds			60,736			60,736
Deferred revenue	51,679	377,438				439,117
Total Liabilities	<u>51,679</u>	<u>377,438</u>	<u>92,105</u>			<u>421,222</u>
Fund equity - fund balance - unexpended	<u>2,781</u>	<u>3,293</u>	<u>39,368</u>	<u>377,179</u>	<u>29,000</u>	<u>78,528</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>54,460</u>	<u>380,731</u>	<u>131,473</u>	<u>377,179</u>	<u>29,000</u>	<u>1,002,695</u>

CITY OF TALLAHASSEE
Tallahassee, Louisiana
SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1994

	SECTION 3 EXISTING	SECTION 4 SPECIAL	SECTION 5 STREET PROGRAM	SECTION 6 MILWAUKEE PROGRAM	TIC	TOTAL
REVENUES						
Administrative fees	895,000	879,864	8128,128			8128,128
Intergovernmental resources - Federal grants			3,412		5,028	171,760
Use of money and property	84,888	78,884	37,228		288	4,487
Total revenues						206,673
EXPENDITURES						
Current:						
Public works	86,000	78,864	847,427			847,427
Health and welfare			4,500			171,765
Capital outlay	88,888	78,884	8,900			4,500
Total expenditures						206,672
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	86,888	78,884	28,473	288	288	28,653
OTHER FINANCING SOURCE						
Operating transfers in			86,880			86,880
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES						
	1,788	1,256	4,226	26,317	1,776	36,449
FUND BALANCES AT BEGINNING OF YEAR						
	82,701	88,205	828,588	871,128	88,000	2,000,622
FUND BALANCES AT END OF YEAR						

CITY OF TALLULAH
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1998

DEBT SERVICE FUNDS

1998 GENERAL OBLIGATION BOND FUND

The 1998 General Obligation Bond Fund accumulates monies for payment of \$640,000 General Obligation Bonds dated January 22, 1998, issued for the purpose of providing for defeasement of the 1998 General Obligation Bonds. 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 refinancing 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 six-year period. These certificates were retired during the year ended June 30, 1998.

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.

1989 PUBLIC IMPROVEMENT BOND FUND

The 1989 Public Improvement Bond Fund accumulates monies for payment of the \$2,390,000 Revenue Refunding Bonds dated March 12, 1989, issued for the purpose of providing for defeasement of the 1989 Public Improvement Bonds. Funding is provided by a two per cent sales tax.

CITY OF TALLULAH
Tallulah, Louisiana
DEBT SERVICE FUNDS

Combining Balance Sheet, June 30, 1998

	1998 GENERAL OBLIGATION BOND	1998 CERTIFICATES OF INDENTURE	1993 GENERAL OBLIGATION BOND	1998 PUBLIC IMPROVEMENT BOND	TOTAL
ASSETS					
Cash and cash equivalents	\$99,300	\$1,308	\$61,589	\$245,991	\$408,188
Cash with paying agent				25,951	25,951
TOTAL ASSETS	<u>\$99,300</u>	<u>\$1,308</u>	<u>\$61,589</u>	<u>\$271,942</u>	<u>\$434,139</u>
LIABILITIES AND FUND EQUITY					
Liabilities	NONE	NONE	NONE	NONE	NONE
Fund Equity - Fund balances - unreserved - undesignated	\$99,300	\$1,308	\$61,589	\$271,942	\$434,139
TOTAL LIABILITIES AND FUND EQUITY	<u>\$99,300</u>	<u>\$1,308</u>	<u>\$61,589</u>	<u>\$271,942</u>	<u>\$434,139</u>

CITY OF THALASSAR
Tulahoma, Louisiana
GOVT SERVICE FUNDS

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2008

	2008 GENERAL OBLIGATIONS FUND	2008 COMMODITIES OR RESERVE FUND	2008 GENERAL OBLIGATIONS FUND	2008 PUBLIC MANAGEMENT FUND	TOTAL
REVENUES					
Taxes - ad valorem	\$112,408		\$6,504		\$118,912
Use of money and property	2,888		1,221		4,109
Total revenues	115,296		7,725		123,021
EXPENDITURES					
Sole services	590,000	190,000	4,500	195,000	980,500
Principal	75,732	9,380	63,648	418,000	666,760
Interest and bond charges	805,792	198,750	15,415	450,000	1,470,000
Total expenditures	1,471,524	398,130	83,563	1,063,000	2,016,217
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,356,228)</u>	<u>(188,130)</u>	<u>(75,838)</u>	<u>(449,000)</u>	<u>(1,069,200)</u>
OTHER FINANCING RESOURCES					
Proceeds from refunding of bonds	640,000				640,000
Operating transfers in	640,000	507,516	90,000	317,500	1,495,016
Total other financing sources	1,280,000	507,516	90,000	317,500	1,895,016
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(76,228)</u>	<u>(180,614)</u>	<u>(7,838)</u>	<u>(131,500)</u>	<u>(396,180)</u>
FUND BALANCES AT BEGINNING OF YEAR	178,497	189,259	68,009	539,991	915,756
FUND BALANCES AT END OF YEAR	<u>102,269</u>	<u>8,645</u>	<u>(9,829)</u>	<u>(97,509)</u>	<u>103,576</u>

CITY OF TALLULAH
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended June 30, 1998

COMPENSATION PAID COUNCIL MEMBERS

The schedule of per diem paid council members is presented in compliance with House Concurrent Resolution No. 34 of the 1979 Session of the Louisiana Legislature. Compensation of council members is included in legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 12:405, council members receive \$800 per month. The mayor pro tem receives \$525 per month.

CITY OF TALLULAH
Tallah, LouisianaSchedule of Compensation Paid Council Members
For the Year Ended June 30, 1998

Eddie Eledge	\$5,512
Charles Phelippon	5,512
Donald Pralier	5,512
Ronnie Graves	5,512
Tommy Watson	<u>5,512</u>
Total	<u>\$27,860</u>

**Independent Auditor's Report on Compliance with
Laws, Regulations, Contracts, and Grants,
and Internal Control**

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Single Audit Act Amendments of 1996*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Compliance and
Internal Control Over Financial Reporting**

**MAYOR AND CITY
COUNCIL MEMBERS
CITY OF TALLULAH
Tallulah, Louisiana**

**VERNON R. COON
MEMBER OF CHICAGO
BOARD OF ACCOUNTANTS
PUBLIC ACCOUNTANTS**

**VERNON R. COON
MEMBER OF CHICAGO
BOARD OF ACCOUNTANTS
PUBLIC ACCOUNTANTS**

**VERNON R. COON
MEMBER OF CHICAGO
BOARD OF ACCOUNTANTS
PUBLIC ACCOUNTANTS**

I have audited the general purpose financial statements of the City of Tallulah as of and for the year ended June 30, 1998, and have issued my report thereon dated September 11, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Tallulah's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed three instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 93-1 through 97-3.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered City of Tallulah's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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

**VERNON R. COON
MEMBER OF CHICAGO
BOARD OF ACCOUNTANTS
PUBLIC ACCOUNTANTS
TALLULAH, LOUISIANA
1-800-841-0000
P.O. BOX 1000**

MAYOR AND CITY
COUNCIL MEMBERS
CITY OF TALLULAH
Tallulah, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
June 30, 1998

This report is intended for the information of the mayor and members of the City of Tallulah city council, management of the city, federal awarding agencies and pass-through entities. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
September 11, 1998



**Independent Auditor's Report on Compliance
With Requirements Applicable to Each Major Program
and Internal Control Over Compliance**

**MAYOR AND CITY
COUNCIL MEMBERS
CITY OF TALLULAH
Tallulah, Louisiana**

Compliance

I have audited the compliance of the City of Tallulah with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 1998. The City of Tallulah's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City of Tallulah's management. My responsibility is to express an opinion on the City of Tallulah's compliance based on my audit.

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

In my opinion, the City of Tallulah complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 1998. The results of my auditing procedures disclosed no instances of noncompliance with these requirements that are required to be reported in accordance with OMB Circular A-133.

**MAYOR AND CITY
COUNCIL MEMBERS
CITY OF TALLULAH
Tallulah, Louisiana**

**Independent Auditor's Report on Compliance
With Requirements Applicable to Each Major
Program and Internal Control Over Compliance, etc.
June 30, 1998**

Internal Control Over Compliance

The management of the City of Tallulah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the City of Tallulah's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited 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 over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the mayor and members of the City of Tallulah city council, management of the city, federal awarding agencies and pass-through entities. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
September 11, 1998

CITY OF TALLULAH
Tallah, LouisianaSchedule of Findings and Questioned Costs
For the Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Tallulah.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting.
3. Three instances of noncompliance material to the financial statements of the City of Tallulah were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program are reported in the Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for the City of Tallulah expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for the City of Tallulah are reported.
7. The United States Department of Housing and Urban Development CDBG Grant - CFDA 14.219 program was tested as a major program.
8. The threshold for distinguishing Type A and B programs was \$500,000.
9. The City of Tallulah was not determined to be a low-risk auditee.

(Continued)

CITY OF TALLULAH
Tallulah, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 1998

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

**99-1 Need to Comply with Article VII, Section 14
of the Louisiana Constitution**

Finding: Article VII, Section 14 of the Louisiana Constitution prohibits the city from loaning, advancing, or donating funds or things of economic value to any person, association, or corporation, public or private. During the year ended June 30, 1998, the city made loans totaling approximately \$8,760 to city employees. The city has instituted procedures to withhold payments for these loans from the employees' wages and as June 30, 1998, the total receivable from employees is approximately \$5,000.

Recommendation: The city should discontinue the practice of loaning money to employees in violation of the constitution.

**99-2 Need to Comply With Louisiana
Code of Ethics**

Finding: Louisiana Revised Statute (LSA-RS) 42:1113 provides, in part, that no public servant shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of the public servant. LSA-RS 42:1902 defines public servant as a public employee or an elected official. During the year ended June 30, 1998, the city purchased a dump truck from one of its employees. This purchase of approximately \$29,700 was accomplished by paying off the employee's bank loan and making a cash payment to the employee.

Recommendation: I recommend that the city refrain from entering into any transaction with an employee which would cause the city to be in violation of the code of ethics.

(Continued)

CITY OF TALLULAH
Tallulah, LouisianaSchedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 1988

97-3 Need to Comply With Public Bid Law

Finding: Louisiana Revised Statute (LSA-85) 38:3213 requires that all purchases of any materials or supplies exceeding the sum of \$15,000 to be paid out of public funds, be advertised and let by contract to the lowest responsible bidder who had bid according to the contract, plans and specifications as advertised. The city did not advertise or receive bids for the purchase of the truck discussed in the finding above. The attorney general has opined that the purchase of used equipment must be advertised and let by public bid.

Recommendation: In the future, the city should advertise for bids for any equipment, new or used, exceeding \$15,000 as prescribed by state law.

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

None

(Concluded)

CITY OF TULLAH
Tulaha, LouisianaSchedule of Expenditures of Federal Awards
For the Year Ended June 30, 1998

FEDERAL AGENCY/ FEDERAL GOVERNMENT AGENCY	FY98 FUND	FY98 PROJECT/PROGRAM	FY98 AMOUNT	FY98 AMOUNT	FY98 AMOUNT	FY98 AMOUNT
United States Department of Housing and Urban Development Passed through Office of the Comptroller, Division of Administration - Community Development Block Grant	14-121	371-00000	90768	944,467	966,947	966,947
Minor program:						
Low-Income Housing Assistance Program	14-155	1-AMH00001	60000	60,000	60,000	60,000
Section 8 Housing Voucher Program	14-177	1-AS-0000001	60000	70,000	70,000	70,000
Total United States Department of Housing and Urban Development			180768	1,074,467	1,136,947	1,136,947
United States Department of Justice Dolby program - Public Safety and Community Policing Grant	18-170	95-0700150	87000	70,000	70,000	70,000
United States Department of Health and Human Services Passed through Louisiana Department of Social Services - Family Preservation and Support Services	95-298	2-0001	90768	155,128	155,128	155,128
Total Federal Financial Assistance			358544	1,300,595	1,362,075	1,362,075

FOOTNOTES:

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

CITY OF TALLULAH
Tallulah, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 1998

There were no audit findings reported in the audit for the year ended June 30, 1997.

Theodore Lindsey
Mayor

Gerald S. Olson
City Clerk



City of Tallahassee

258 North Cedar St.
Tallahassee, Florida 905 711883
Phone (904) 644-2744-0664
Fax (904) 644-2773

Earl J. Windley
Chief of Police

September 18, 1998

The City of Tallahassee respectfully submits the following corrective action plan for the year ended June 30, 1998.

Audit period, July 1, 1997 - June 30, 1998

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers in the schedule. Summary of Audit Results, does not include findings and is not addressed.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITION

- BT-1 Recommendation:** The City should discontinue the practice of loaning money to employees in violation of the Constitution.

Action to be taken: Beginning immediately, I have instructed my City Clerk to refrain from loaning or advancing money to employees under any circumstances. Monies presently outstanding will continue to be withheld from payroll checks until all balances are paid in full.

- BT-2 Recommendation:** I recommend that the City refrain from entering into any transactions with its employees which would cause the City to be in violation of the Code of Ethics.

Action to be taken: The City will not make any further purchases from any of its employees.

- BT-3 Recommendation:** In the future, the City should advertise for bids for any equipment, new or used, exceeding \$15,000 as prescribed by state law.

Action to be taken: The City was unaware that used equipment had to be obtained through the bid process. In the future the City will always proceed with the bid process in purchasing any kind of equipment requiring compliance with the bid law.

C. FINDINGS - FEDERAL AWARD PROGRAMS/AUDIT

None.

Sincerely,



Theodore Lindsay, Mayor
City of Tallahassee

TLL/aw