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CITY OF WINNFIELD, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1998

**WHITE & BATES
CERTIFIED PUBLIC ACCOUNTANTS
P. O. BOX 1397
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CITY OF WINNFIELD, LOUISIANA
ANNUAL FINANCIAL REPORT
JUNE 30, 1998

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Deano Thornton, Mayor
and the City Council of Winnfield, Louisiana

We have audited the accompanying general purpose financial statements of the City of Winnfield, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Winnfield, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our 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. Those standards require that we 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosures of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in progress or completed as of the year end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

The City of Winnfield has omitted such disclosures. We do not provide assurance that the City of Winnfield is or will be year 2000 ready, that the City of Winnfield's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Winnfield does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Winnfield, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 1998 on our consideration of the City of Winnfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Winnfield, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the general purpose financial statements of the City of Winnfield, Louisiana.

Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

White & Bates

White & Bates, CPA's
December 8, 1998
Winnfield, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

CITY OF WINNFIELD, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1998

ASSETS	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
Cash & Cash Equivalents	\$1,022,887	\$ 1,129,965	
Time Deposits	240,464		
Receivables			
Utility Billings (Less Allowance of \$71,046)			
Due From Other Governments:			
State of Louisiana	49,567		\$ 59,816
Winn Parish Police Jury	49,992		
Winn Parish School Board		64,870	
Due From Other Funds	60,104	20,000	
Economic Development Notes	46,060		
Other	18,411		
Prepaid Insurance	1,029		
Inventory, At Cost			
Restricted Assets:			
Cash & Cash Equivalents			
Investments, At Cost			
General Fixed Assets			
Utility Property, Plant & Equipment, At Cost			
Accumulated Depreciation			
Refundable Deposits			
Amount to be Provided for Retirement of General Long-Term Debt	_____	_____	_____
TOTAL ASSETS	<u>\$1,488,514</u>	<u>\$1,214,835</u>	<u>\$ 59,816</u>

The notes to the financial statements are an integral part of this statement.

(Continued)

EXHIBIT A

PROPRIETARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	LONG -TERM DEBT	
ENTERPRISE			
\$ 319,946			\$ 2,472,798
334,458			574,922
939,689			939,689
			109,383
			49,992
			64,870
			80,104
			46,060
9,743			28,154
			1,029
128,149			128,149
76,840			76,840
240,000			240,000
	\$ 3,589,399		3,589,399
15,054,394 (6,594,013)			15,054,394 (6,594,013)
4,800			4,800
		\$ 130,389	130,389
<u>\$ 10,514,006</u>	<u>\$ 3,589,399</u>	<u>\$ 130,389</u>	<u>\$ 16,996,959</u>

CITY OF WINNFIELD, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 JUNE 30, 1998

LIABILITIES AND FUND EQUITY	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
Liabilities:			
Accounts Payable	\$ 92,966	\$ 132,495	\$ 59,816
Accrued Salaries & Related Benefits	75,887		
Due to Other Funds	20,000		
Sales Taxes Payable			
Payable from Restricted Assets - Customer Deposits			
Notes Payable			
Accumulated Compensated Absences			
Total Liabilities	188,853	132,495	59,816
Fund Equity:			
Contributed Capital			
Investment in General Fixed Assets			
Retained Earnings:			
Reserved for Emergencies - Cash & Time Deposits			
Unreserved			
Fund Balance:			
Reserved for Economic Development:			
Cash & Cash Equivalents	752,558		
Notes	46,060		
Reserved For Capital Improvements:			
Fire Department - Cash Equivalents	233,054		
Police Department - Cash	2,870		
Reserved for Protested Taxes & Licenses - Cash	1,053		
Reserved for Prepaid Insurance	1,029		
Reserved for Streets, Drainage, & Sidewalks		277,491	
Reserved for Sewer Improvements		75,611	
Reserved for Water Works		50,621	
Reserved for Sanitation & Landfill		567,836	
Reserved for Motor Pool		110,781	
Unreserved - Undesignated	263,037		
Total Fund Equity	1,299,661	1,082,340	-
TOTAL LIABILITIES & FUND EQUITY	\$ 1,488,514	\$1,214,835	\$ 59,816

The notes to the financial statements are an integral part of this statement.

(Concluded)

EXHIBIT A

PROPRIETARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	LONG -TERM DEBT	
<u>ENTERPRISE</u>			
\$ 644,144			\$ 929,421
68,651			144,538
60,104			80,104
11,677			11,677
289,502			289,502
38,284		\$ 4,510	42,794
		125,879	125,879
<u>1,112,362</u>	<u>-</u>	<u>130,389</u>	<u>1,623,915</u>
7,080,205			7,080,205
	\$ 3,589,399		3,589,399
427,868			427,868
1,893,571			1,893,571
			752,558
			46,060
			233,054
			2,870
			1,053
			1,029
			277,491
			75,611
			50,621
			567,836
			110,781
			263,037
<u>9,401,644</u>	<u>3,589,399</u>	<u>-</u>	<u>15,373,044</u>
<u>\$ 10,514,006</u>	<u>\$ 3,589,399</u>	<u>\$ 130,389</u>	<u>\$16,996,959</u>

CITY OF WINNFELD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 1998

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
REVENUES:				
Taxes	\$ 128,581	\$ 827,514		\$ 956,095
Licenses & Permits	199,697			199,697
Intergovernmental Revenues	273,602		\$ 514,044	787,646
Charges for Services	470,108			470,108
Fines	8,500			8,500
Interest	59,023	26,904		85,927
Miscellaneous	<u>49,429</u>	<u> </u>	<u> </u>	<u>49,429</u>
Total Revenues	<u>1,188,940</u>	<u>854,418</u>	<u>514,044</u>	<u>2,557,402</u>
EXPENDITURES:				
Current:				
General Government	475,864			475,864
Public Safety:				
Police	735,642			735,642
Fire	225,522			225,522
Animal Shelter	26,389			26,389
Collection & Administration		44,095	9,000	53,095
Streets, Drainage & Sidewalks	260,807	217,269		478,076
Motor Pool	34,122	3,500		37,622
Sanitation & Sanitary Landfill	478,190	26,124		504,314
Recreation	222,116			222,116
Sewer		193,118		193,118
Water		202,234		202,234
Capital Outlay	30,123	81,004	691,286	802,413
Debt Service:				
Principal	26,054			26,054
Interest	<u>1,120</u>	<u> </u>	<u> </u>	<u>1,120</u>
Total Expenditures	<u>2,515,949</u>	<u>767,344</u>	<u>700,286</u>	<u>3,983,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,327,009)</u>	<u>87,074</u>	<u>(186,242)</u>	<u>(1,426,177)</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 YEAR ENDED JUNE 30, 1998

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTALS MEMORANDUM ONLY</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	1,394,172	20,000	186,242	1,600,414
Operating Transfers Out	<u>(173,335)</u>	<u>(32,908)</u>	<u>-</u>	<u>(206,243)</u>
Total Other Financing Sources (Uses)	<u>1,220,837</u>	<u>(12,908)</u>	<u>186,242</u>	<u>1,394,171</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	(106,172)	74,166	-	(32,006)
FUND BALANCE - Beginning of Year	<u>1,405,833</u>	<u>1,008,174</u>	<u>-</u>	<u>2,414,007</u>
FUND BALANCE - End of Year	<u>\$ 1,299,661</u>	<u>\$1,082,340</u>	<u>-</u>	<u>\$ 2,382,001</u>

The notes to the financial statements are an integral part of this statement.

(Concluded)

CITY OF WINNFELD, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 1998

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Taxes	\$ 130,600	\$ 128,581	\$ (2,019)
Licenses and Permits	188,700	199,697	10,997
Intergovernmental Revenues	254,210	273,602	19,392
Charges for Services	458,275	470,108	11,833
Fines	9,000	8,500	(500)
Interest	53,000	59,023	6,023
Miscellaneous	<u>49,400</u>	<u>49,429</u>	<u>29</u>
Total Revenues	<u>1,143,185</u>	<u>1,188,940</u>	<u>45,755</u>
EXPENDITURES:			
Current:			
General Government	519,800	475,864	43,936
Public Safety:			
Police	744,540	735,642	8,898
Fire	226,890	225,522	1,368
Animal Shelter	24,620	26,389	(1,769)
Collection and Administration			
Streets and Highways	278,080	260,807	17,273
Motor Pool	34,500	34,122	378
Sanitation	482,600	478,190	4,410
Recreation	206,900	222,116	(15,216)
Sewer			
Water			
Capital Outlay	28,550	30,123	(1,573)
Debt Service	<u>27,174</u>	<u>27,174</u>	<u>-</u>
Total Expenditures	<u>2,573,654</u>	<u>2,515,949</u>	<u>57,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,430,469)	(1,327,009)	<u>103,460</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	1,300,000	1,394,172	94,172
Operating Transfers Out	<u>-</u>	<u>(173,335)</u>	<u>(173,335)</u>
Total Other Financing Sources (Uses)	<u>1,300,000</u>	<u>1,220,837</u>	<u>(79,163)</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	(130,469)	(106,172)	24,297
FUND BALANCE - Beginning of Year	<u>1,405,833</u>	<u>1,405,833</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$1,275,364</u>	<u>\$1,299,661</u>	<u>\$ 24,297</u>

The notes to the financial statements are an integral part of this statement.

<u>SPECIAL REVENUE FUND</u>			<u>CAPITAL PROJECTS FUND</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 825,000	\$ 827,514	\$ 2,514	\$ 600,000	\$ 514,044	\$ (85,956)
26,500	26,904	404			
<u>851,500</u>	<u>854,418</u>	<u>2,918</u>	<u>600,000</u>	<u>514,044</u>	<u>(85,956)</u>
44,020	44,095	(75)	9,000	9,000	-
270,000	217,269	52,731			
45,000	3,500	41,500			
36,850	26,124	10,726			
217,000	193,118	23,882			
205,000	202,234	2,766	744,800	691,286	53,514
-	81,004	(81,004)			
<u>817,870</u>	<u>767,344</u>	<u>50,526</u>	<u>753,800</u>	<u>700,286</u>	<u>53,514</u>
<u>33,630</u>	<u>87,074</u>	<u>53,444</u>	<u>(153,800)</u>	<u>(186,242)</u>	<u>(32,442)</u>
	20,000	20,000	153,800	186,242	32,442
	(32,908)	(32,908)			
	<u>(12,908)</u>	<u>(12,908)</u>	<u>153,800</u>	<u>186,242</u>	<u>32,442</u>
33,630	74,166	40,536	-	-	-
<u>1,008,174</u>	<u>1,008,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$1,041,804</u>	<u>\$1,082,340</u>	<u>\$ 40,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WINNFELD, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
YEAR ENDED JUNE 30, 1998

OPERATING REVENUES:	
Charges for Services	<u>\$5,549,803</u>
OPERATING EXPENSES:	
Power Purchased	3,209,009
Salaries and Related Costs	529,640
Depreciation	427,135
Property Repairs and Maintenance	126,356
Materials and Supplies	61,113
Utilities and Telephone	24,662
Insurance	79,710
Other Miscellaneous Expenses	<u>43,025</u>
Total Operating Expenses	<u>4,500,650</u>
Operating Income	<u>1,049,153</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	36,653
Other Nonoperating Income	34,231
Interest Expense	<u>(2,791)</u>
Total Nonoperating Revenues (Expenses)	<u>68,093</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS:	1,117,246
Operating Transfers Out	<u>(1,394,172)</u>
NET INCOME (LOSS)	(276,926)
DECREASE (INCREASE) IN RETAINED EARNINGS RESERVED FOR EMERGENCIES	<u>(278)</u>
NET CHANGE IN UNRESERVED RETAINED EARNINGS	(277,204)
RETAINED EARNINGS - UNRESERVED - Beginning	<u>2,170,775</u>
RETAINED EARNINGS - UNRESERVED - Ending	<u>\$1,893,571</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WINNFIELD, LOUISIANA
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 YEAR ENDED JUNE 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Income for Year	\$ 1,049,153
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities-	
Depreciation	427,135
Nonoperating Income	34,231
Changes in Assets & Liabilities-	
(Increase) Decrease in Accounts Receivable	(111,190)
(Increase) Decrease in Inventory	20,471
(Increase) Decrease in Other Receivables	3,054
Increase (Decrease) in Accounts Payable	64,037
Increase (Decrease) in Accrued Expenses	(17,507)
Increase (Decrease) in Customer's Deposits - Net of Refunds	(20,550)
Increase (Decrease) in Due to Other Funds	1,346
Net Cash Provided by Operating Activities	<u>1,450,180</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Net Transfers to Other Funds	(1,394,172)
Net Cash Used by Non-capital Financing Activities	<u>(1,394,172)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest Paid on Installment Note Payable	(2,791)
Acquisition & Construction of Capital Assets	(825,858)
Principal Paid on Installment Note Payable	(13,774)
Contributed Capital	817,327
Net Cash Used for Capital and Related Financing Activities	<u>(25,096)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	36,653
Investment Security Maturity	96,000
Purchase of Investment Securities	(96,000)
Net Change in Time Deposits	(334,458)
Net Cash Used For Investing Activities	<u>(297,805)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(266,893)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>663,679</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 396,786</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF WINNFELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

1. Summary of Significant Accounting Policies-

The financial statements of the City of Winnfield, Louisiana, have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Financial Report.

Financial Reporting Entity -

The City of Winnfield, Louisiana, was incorporated under the Lawrason Act in June of 1902 and operates under an elected Mayor - Board of Aldermen form of government. The City's major operations include public safety, fire protection, ambulance, streets, sanitation, recreation and parks, utilities, and general administrative services.

Component Units -

Governmental Accounting Standards Board Statement No. 14 established criteria for determining component units which should be considered part of a primary government 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 primary government to impose its will on that organization and/or
 - (b) The potential for the organization to provide specific financial benefits or to impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
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.

The financial reporting entity consists of (a) the primary government (City of Winnfield, Louisiana), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Based on the application of these criteria, the financial statements of the City of Winnfield, Louisiana, consist only of the funds and account groups of the City, since the City has no oversight responsibility for any other governmental entity.

The City of Winnfield's financial statements do not include the Winnfield City Court, the Winnfield City Marshall, or the Winnfield Housing Authority. A description of these entities and the reasons for their exclusion from the reporting entity are summarized below:

Winnfield City Court -

The Winnfield City Court was created under the authority of Chapter 7 of Title 13 of the Louisiana Revised Statutes. The City Court's criminal jurisdiction is limited to the trial of offenses committed within its respective territorial jurisdiction that are not punishable by imprisonment at hard labor, including the trial of cases involving the violation of any city or parochial ordinances. The following factors suggest that the City Court should not be included in the reporting entity:

The city judge is elected by the general public for a six year term.

The city judge receives an annual salary payable monthly by the City and the Parish, based upon the population of the territorial jurisdiction of the court.

The city judge is solely responsible for the day-to-day operations of the court.

The City is neither entitled to operating surpluses nor responsible for operating deficits.

Based on these factors, it has been concluded that the City of Winnfield, Louisiana, has no oversight responsibility for the City Court, and therefore, the financial statements of the Court are excluded from the reporting entity.

Winnfield City Marshall -

The Winnfield City Marshall was created under the authority of Chapter 7 of Title 13 of the Louisiana Revised Statutes. The marshall is the executive officer of the court and executes the orders and mandates of the city court. The marshall makes arrests, preserves the peace, and has the same authority, within his territorial jurisdiction, as a sheriff. The following factors suggest that the Winnfield City Marshall should not be included in the reporting entity:

The city marshall is elected by the general public for a six year term.

The city marshall is responsible for the day-to-day operation of his office. The City is neither entitled to operating surpluses nor responsible for operating deficits.

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Based on these factors, it has been concluded that the City of Winnfield, Louisiana, has no oversight responsibility for the Winnfield City Marshall and, therefore, the financial statements of the Marshall are excluded from the reporting entity.

Winnfield Housing Authority -

The governing authority of the City of Winnfield is responsible for appointing the members of the board of the Winnfield Housing Authority; however, the City's accountability for the Winnfield Housing Authority does not extend beyond making the appointments. The following factors suggest that the Winnfield Housing Authority should not be included in the reporting entity:

The board of commissioners of the Winnfield Housing Authority is responsible for the day-to-day operation of the Authority.

The Winnfield Housing Authority is responsible for preparing its own budget, funding deficits and operating deficiencies, disposing surplus funds, controlling the collection and disbursement of funds, and maintaining title to assets. The City of Winnfield, Louisiana, has no responsibility for the financial deficits of the Winnfield Housing Authority, is not entitled to surpluses, nor guarantees Authority debt.

Based on these factors, it has been concluded that the City of Winnfield, Louisiana, has no oversight responsibility for the Winnfield Housing Authority, and therefore, the financial statements of the Authority are excluded from the reporting entity.

These units of government, described above, are considered separate reporting entities and issue financial statements separate from those of the City of Winnfield, Louisiana.

Fund Accounting -

The accounts of the City of Winnfield are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The individual funds account for the government resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Governmental Fund Types -

These are the funds through which most governmental functions are typically financed. The funds included in this category are as follows:

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specific purposes. The City's special revenue fund consists of a sales tax fund.

Capital Projects Fund

Capital project funds are established to account for major capital expenditures not financed by enterprise funds, internal service funds or trust funds.

Proprietary Fund Types -

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or beneficial to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

The proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity is included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The fund included in this category is the Enterprise Fund.

Enterprise Fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's Enterprise Fund is comprised of its Utility Department's electrical, water and sewer systems.

Account Groups -

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Fund.

General Long-Term Debt Account Group

This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in the proprietary funds.

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by the fund's measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at cost.

Property, plant, and equipment acquired for proprietary funds is capitalized in the respective funds to which it applies.

(Continued)

CITY OF WINNFIELD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 1998

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations. All fixed assets of the enterprise fund are shown at historical cost.

Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

	<u>LIFE IN YEARS</u>
Electrical Department:	
Trucks, cabs	3-8
Equipment	3-10
Electrical machinery and switchboard	40
Switching station and sub-station	10-20
Power plant building	50
Water Department:	
Water wells	25
Reservoir, tanks, and chlorinator	25
Pumps, machinery, and equipment	3-20
Trucks and tractor	4-10
Water works property	40
Sewer Department:	
Sewer property and treatment plant	40
Machinery and equipment	3-10
Trucks and tractor	4-10

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Basis of Accounting -

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. Ad valorem taxes are recorded as revenue when levied because they are considered to be both measurable and available even though a portion of the taxes are collected in subsequent years. Sales taxes are considered "measurable" when collected by the intermediary collecting agency and are recognized as revenue at that time.

Those revenues susceptible to accrual are ad valorem taxes, franchise taxes, sales taxes, interest revenue, intergovernmental revenues, and charges for services. Fines, permits, penalties and interest, and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due. Purchase of various operating supplies are regarded as expenditures at the time purchased.

All proprietary funds are accounted for by using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sales of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources or uses. These other financing sources or uses are recognized at the time the underlying events occur.

Budgets and Budgetary Accounting -

Formal budgetary accounting is employed as a management control. Annual operating budgets are adopted each fiscal year and amended as required.

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The City Clerk prepares a proposed budget, based on departmental group budget requests, and submits the same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an appropriation ordinance or adoption resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts *estimated require the approval of the Board of Aldermen.*
6. All budgetary appropriations lapse at the end of each fiscal year.

The City's procedures, with respect to its budget, are designed to meet the requirements of applicable Louisiana Revised Statutes. The City prepares budgets for its General Fund and Special Revenue Fund on a basis consistent with generally accepted accounting principles. The budget amounts shown in the financial statements represent the original adopted budget as amended by the Board of Alderman.

Encumbrances -

Encumbrance accounting is not employed by the City of Winnfield, Louisiana.

Cash and Cash Equivalents -

Consistent with GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting", the City of Winnfield defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify. The amount shown as "Time Deposits" on the balance sheet represents certificates of deposit with maturities in excess of three months from date of purchase.

Receivables -

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

(Continued)

CITY OF WINNFIELD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 1998

Bad Debts -

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Other Financing Sources (Uses) -

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) . These other financing sources (uses) are recognized at the time the underlying events occur.

Short-term Interfund Receivables/Payables -

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables" and are recorded by all funds affected in the period in which transactions are executed.

Interest Receivable -

Interest on investments and certain receivables are recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Inventories -

Inventory of the enterprise fund, which consists primarily of utility department supplies, is valued at the lower of cost (first-in, first-out) or market and is expensed as consumed. Immaterial amounts of inventory are maintained for general fund operations and are regarded as expenditures at the time purchased.

Vacation, Sick Leave, and Other Compensated Absences -

City employees are entitled to certain compensated absences based on their length of employment. Vacation earned is based on the number of years of service as follows:

<u>Full Time Employment</u>	<u>Working Hours Earned Per Year</u>
After one year	40
After two years	80
After ten years	120
After fifteen years	160
After twenty years	200

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Vacation time is not cumulative and must be taken in no less than seven (7) consecutive day increments. Vacation earned is recorded as an expenditure of the governmental fund that it relates to when it is paid. Vacation leave of the enterprise fund is recorded as an expense and liability of that fund as the benefits accrue to employees.

Sick leave is accrued on the basis of one day of leave for each month of continuous employment. Unused sick leave is cumulative. All sick leave is forfeited upon termination of employment with the city unless an employee retires with at least twenty (20) years of continuous service. In this case, the employee will be considered on leave of absence with pay for all of their accumulated and unused sick leave prior to their retirement date.

Compensatory time is granted by the department head and may be accumulated to a maximum of four hundred and eighty (480) hours.

The cost of current leave privileges, computed in accordance with GASB Codification C 60, is recognized as a current year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the General Long-Term Debt Account Group. Compensated absences associated with employees of the Enterprise Fund are recorded as a fund liability and operating expense.

Prepaid Items -

Payments made to vendors for services that will benefit periods beyond June 30, 1998, are recorded as prepaid items.

Fund Equity -

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Designated fund balances represent tentative plans for future use of financial resources.

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Restricted Assets -

Certain resources of the enterprise fund are classified as restricted assets on the balance sheet because their use is limited to providing refunds to customers for their refundable deposits.

Interfund Transactions -

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Sales Taxes -

The City of Winnfield receives proceeds from a one and one-half percent (1 1/2%) sales and use tax. An ordinance adopted on July 20, 1993, by the Board of Aldermen, which was approved in a special election on July 17, 1993, provides that the proceeds of the sales and use tax, after costs of administering the fund, be dedicated for the following purposes:

Streets, Drainage and Sidewalks	33%
Sewer Improvements	30%
Water Works	25%
Sanitary Landfill and Sanitation	10%
Motor Pool	2%

Total Columns on Combined Statements - Overview -

Total columns on the Combined Financial Statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, 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.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period.

(Continued)

CITY OF WINNFIELD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 1998

2. Ad Valorem Taxes

The City of Winnfield levies taxes on real and business personal property located within its boundaries. The Winn Parish Tax Assessor assesses the property values and prepares the City's property tax roll. The City bills and collects its own property taxes.

Ad valorem taxes are levied no later than June 1, and are due by December 31. The ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. All ad valorem tax revenues are recognized in compliance with NCGA Interpretation - 3 and GASB Codification Section P70 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period, and collected no longer than 60 days after the close of the current period.

For the year ended June 30, 1998, taxes of 6.88 mills were levied for general corporate purposes against property with assessed valuations totaling \$13,767,745. Total taxes levied were \$94,722. Subsequent change orders adjusted the original levy to \$93,360.

Total taxes collected during the year ended June 30, 1998 were \$93,360. Delinquent taxes are collected by the sale of the related property; therefore, no allowance for uncollectible taxes is considered necessary.

3. Interfund Receivables and Payables

As of June 30, 1998, interfund receivables and payables that resulted from various transactions between individual funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 60,104	\$ 20,000
Sales Tax Fund	20,000	0
Enterprise fund	<u>0</u>	<u>60,104</u>
Totals	<u>\$ 80,104</u>	<u>\$ 80,104</u>

4. Restricted Assets - Proprietary Fund Type

Restricted assets of the Enterprise Fund were comprised of the following at June 30, 1998:

Customer's Deposit Account	<u>\$ 316,840</u>
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(Continued)

CITY OF WINNFIELD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 1998

5. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>7-1-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-98</u>
Land	\$ 640,852			\$ 640,852
Buildings	1,148,436	\$ 31,963		1,180,399
Equipment	<u>1,694,091</u>	<u>74,057</u>	<u> </u>	<u>1,768,148</u>
Totals	<u>\$3,483,379</u>	<u>\$106,020</u>	<u>\$ -</u>	<u>\$ 3,589,399</u>

6. Enterprise Fund Property, Plant and Equipment

A summary of enterprise fund property, plant and equipment at June 30, 1998 follows:

Land	\$ 5,000
Buildings	86,121
Construction in Progress	799,950
Electrical Substation	1,219,021
Electrical Machinery	2,438,436
Sewer Treatment Plant	2,824,210
Sewer System	2,212,396
Water System	4,665,725
Trucks, Machinery & Equipment	803,535
Less: Accumulated Depreciation	<u>(6,594,013)</u>
Total	<u>\$ 8,460,381</u>

7. Long-Term Debt

General Long-Term Debt

Installment Note Payable - Proceeds from this loan were used to purchase four police cars. This loan is being paid from general fund revenues. This note bears interest at 6% and is payable in 36 monthly installments of \$2,265.

Compensated Absences - At June 30, 1998, employees of the City of Winnfield, Louisiana have accumulated and vested \$156,781 of employee leave benefits, which were computed in accordance with GASB Codification C60. \$125,879 is recorded within the General Long-Term Debt Account Group and \$30,902 is recorded as a liability within the enterprise fund.

(Continued)

CITY OF WINNFIELD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 1998

The following is a summary of changes in general long-term debt for the year ended June 30, 1998:

	Balance <u>7-1-97</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6-30-98</u>
Installment Note Payable	\$ 30,532		\$ 26,054	\$ 4,478
Compensated Absences	<u>115,479</u>	<u>\$ 10,310</u>	_____	<u>125,789</u>
Total	<u>\$146,011</u>	<u>\$ 10,310</u>	<u>\$ 26,054</u>	<u>\$130,267</u>

Enterprise Fund Long-Term Debt

Installment Note Payable - Proceeds from this loan were used to purchase computer equipment and related software. This loan is being paid from enterprise fund revenues. This note bears interest at 6.3% and is payable in 60 monthly installments of \$1,380.

The annual debt service requirements to maturity of all installment notes payable at June 30, 1998, including interest payments of \$3,084 are as follows:

Year Ending <u>June 30</u>	General Long-Term <u>Debt</u>	Enterprise <u>Fund</u>	<u>Total</u>
1999	\$ 4,510	16,564	\$ 21,074
2000		16,564	16,564
2001		<u>8,241</u>	<u>8,241</u>
Totals	<u>\$ 4,510</u>	<u>\$ 41,369</u>	<u>\$ 45,879</u>

8. Dedication of Proceeds and Flow of Funds

Under the provisions of an ordinance adopted July 20, 1993, the proceeds of the 1 1/2% sales and use tax, after provision for the cost of administration, are dedicated for the following specific purposes:

	<u>Percentages</u>	Collections Year Ended <u>June 30, 1998</u>
Streets, Drainage and Sidewalks	33%	\$ 259,496
Sewer Improvements	30%	235,906
Water Works	25%	196,588
Sanitary Landfill and Sanitation	10%	78,635
Motor Pool	<u>2%</u>	<u>15,727</u>
Totals	<u>100%</u>	<u>\$ 786,352</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

9. Employment Retirement Systems

Substantially all employees of the City of Winnfield are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, Firefighters Retirement System of Louisiana, or Louisiana State Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their 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 above 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 Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Winnfield is required to contribute at an actuarially determined rate. The current rate is 5.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Winnfield 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

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CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

prior fiscal year. The City of Winnfield's contributions to the System under Plan A for the years ending June 30, 1998, 1997, and 1996 were \$49,820, \$52,988, and \$55,680, respectively, and were equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. 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 percent of their 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, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Winnfield is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Winnfield are established and may be amended by state statute. As provided by Louisiana Revised Statute II: 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 Winnfield's contributions to the System for the years ending June 30, 1998, 1997 and 1996 were \$35,411, \$37,912, and \$36,081, respectively, and were equal to the required contributions for each year.

C. Firefighters Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

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 95095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Winnfield 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 Winnfield's contributions to the System for the years ending June 30, 1998, 1997, and 1996 were \$7,874, \$7,931, and \$7,247, respectively, and were equal to the required contributions for each year.

D. Louisiana State Employee's Retirement System

Plan Description. The City Judge is the only employee of the City of Winnfield, Louisiana who participates in this system. The City Judge will be eligible for normal retirement when one of the following criteria is satisfied:

1. Any age with at least eighteen (18) years of creditable service as a judge or court officer.
2. Age fifty (50) upon attaining a total of twenty (20) years of creditable service, at least twelve (12) years of which were as a judge or court officer.
3. Age fifty-five (55) upon attaining a total of at least twelve (12) years of creditable service as a judge of court officer.
4. Age seventy (70) without regard to the number of years of creditable service as a judge or court officer.

Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 2 1/2 percent of their final average salary for each year of creditable service plus three hundred dollars. In addition, each judicial officer shall receive an additional benefit equal to one percent times the number

(Continued)

CITY OF WINNFIELD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 1998

of years of service as a judge or court officer times his average compensation. 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 Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (800) 256-3000.

Funding Policy. Plan members are required by state statute to contribute 11.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 13.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Winnfield 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 Winnfield's contributions to the System for the years ending June 30, 1998, 1997, and 1996 were \$312, \$260, and \$216, respectively, and were equal to the required contributions for each year.

10. Cash and Investments

Louisiana Revised Statutes authorize the City to invest in United States bonds, treasury notes, time certificates of deposit, or any other federally insured instrument. Cash and investments are held separately by each of the City's funds. At June 30, 1998, the City's cash and investments totaled \$3,364,560. Bank account balances at June 30, 1998, totaled \$3,192,808. Of the amounts held in commercial banks, \$240,083 was covered by federal depository insurance.

The City's cash and investments are categorized below to give an indication of the level of risk assumed by the City at June 30, 1998. Category 1 includes cash that is held by the City, cash and investments that are insured or registered, or investments held by the City or its brokers in the City's name. Category 2 would include uninsured and unregistered investments for which the securities are held by the broker's dealer's trust department or agent in the City's name. Category 3 would include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name.

	Category			Carrying Value	Market Value
	1	2	3		
Cash -					
Petty Cash	\$ 3,190	\$ 0	\$ 0	\$ 3,190	\$ 3,190
Demand Deposits	140,083	1,605,688	0	1,745,771	1,745,771
Certificates of Deposit	100,000	1,158,874	0	1,258,874	1,285,874
Investments-					
U. S. Government Securities	240,000	0	0	240,000	240,000
Total	<u>\$ 483,273</u>	<u>\$2,764,562</u>	<u>\$ 0</u>	<u>\$3,247,835</u>	<u>\$3,247,835</u>

The remaining balance of \$116,725 is not secured by the pledge of securities and is a violation of state law.

(Continued)

CITY OF WINNFIELD, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 1998

11. Compensation of City Councilmen

A detail of compensation paid to individual councilmen for the year ended June 30, 1998 follows:

Kenneth Caldwell	\$ 6,000
William Holden	6,000
Andre' Howard	6,000
John Lutes	6,000
Jimmy Williams	<u>6,000</u>
Total	<u>\$30,000</u>

12. Lease Obligations

The City of Winnfield, Louisiana was not obligated under any capital or operating lease commitments at June 30, 1998.

13. Fund Equity

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below.

General Fund

Reserved for Economic Development Notes Receivable - This reserve was created to represent the economic development notes receivable by the City. These funds are restricted to use for economic development in the Winnfield, Louisiana area.

Reserved for Economic Development - This reserve was created to represent the funds in the City's Revolving Loan Fund. The City of Winnfield has acted as contractor in the administration of various economic development grant programs. The terms of the contracts vary as to the amount of repayments from the various developers that the City is allowed to retain. These funds are restricted as to use and must be expended for activities consistent with Title I of the Housing and Community Development Act of 1974, as amended. These funds are deposited by the City into a Revolving Loan Fund and are to be used to assist small and medium size businesses and to provide an investment incentive for industry in the Winnfield, Louisiana area.

Reserved for Capital Improvements - Fire Department - This reserve was created to represent funds received by the City under the 2% Fire Insurance Rebate. These funds are restricted to expenditure for capital additions to the City's fire department.

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Reserved for Capital Improvements - Police Department - This reserve was created to represent funds received through drug seizures and forfeitures and DWI convictions. These funds are restricted to expenditure for capital additions to the City's police department.

Reserved for Protested Ad Valorem Taxes - This reserve represents amounts of ad valorem taxes collected by the City which were paid under protest. These funds are not available for future expenditure until final litigation.

Reserved for Prepaid Insurance - This reserve represents insurance expense for the next fiscal year paid in the fiscal year ended June 30, 1998, and recorded as a current asset. This amount is not available for future expenditure.

Special Revenue Fund

Reserved for Streets, Drainage and Sidewalks - This reserve was created to represent sales taxes collected that are legally dedicated for improvements to streets, drainage and sidewalks.

Reserved for Sewer Improvements - This reserve was created to represent sales taxes collected that are legally dedicated for sewer treatment.

Reserved for Water Works - This reserve was created to represent sales taxes collected that are legally dedicated for water works improvements.

Reserved for Sanitary Landfill and Sanitation - This reserve was created to represent sales taxes collected that are legally dedicated for solid waste landfill.

Reserved for Motor Pool - This reserve was created to represent sales taxes collected that are legally dedicated for capital improvements in the City's motor pool.

Enterprise Fund

Reservations of retained earnings of the enterprise fund are created by increases in assets restricted for emergencies. These increases result from earnings on restricted assets and other transfers to restricted accounts. Earnings on restricted assets are included in the net income of the enterprise fund. When reserved retained earnings are increased, there is an equal reduction to the portion of retained earnings that is unreserved.

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

Retained Earnings - Reserved for Emergencies - On November 12, 1991, the governing body of the City of Winnfield established an Emergency Reserve Fund in the Utility Fund to be used, solely at the governing body's discretion, to fund extraordinary expenses arising from natural disasters or other major disruptions to the Utility System. Monthly contributions of \$5,000 are made to the Emergency Reserve Fund if the balance in the fund is below \$400,000. If the balance in the fund is in excess of \$400,000 but less than \$500,000, interest earned on the fund is to be deposited back into the fund until the balance reaches \$500,000. When the balance of the fund reaches \$500,000, interest earned on the fund is to be deposited into the general revenues of the Utility Fund. This reserve represents funds restricted for that purpose at June 30, 1998.

14. Economic Development Notes Receivable

At June 30, 1998, the City of Winnfield, Louisiana had economic development notes outstanding of \$ 46,060 which have been funded by the Louisiana Community Development Block Grant Program. These notes are repayable in installments over periods ranging from ten (10) to fifteen (15) years, bearing interest at rates from 5% to 11%, and are secured by mortgages on the subrecipient's assets. An allowance for doubtful accounts has not been provided or deemed necessary for these notes.

15. Litigation

The City is a defendant in various lawsuits. The City's counsel has advised that at this stage in the proceedings he cannot offer an opinion as to the probable outcome of these suits; however, the potential losses not covered by applicable insurance is not considered to be significant in relation to the City's overall financial condition.

16. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

(Continued)

CITY OF WINNFIELD, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1998

17. Contributed Capital

During the year ended June 30, 1998, contributed capital changed in the following amounts:

Utility Fund -	
Contribution by Municipalities - Sales Tax Fund & Economic Development	\$ 303,283
Contribution by Federal Government - LCDBG Water Grant	514,044
Contributed Capital at June 30, 1997	<u>6,262,878</u>
Contributed Capital at June 30, 1998	<u>\$ 7,080,205</u>

18. Fund Deficits

At June 30, 1998, no individual fund of the City had a fund deficit.

19. Subsequent Event

At the December 8, 1998 regular meeting of the Mayor and City Council a resolution was passed restricting General Fund monies totaling \$540,000 for use as the City's matching funds for the planning, design and construction of a Police Station and Jail Facility. The City of Winnfield had been approved for funding of this project by the State of Louisiana Capital Outlay Program but the State of Louisiana Office of the Attorney General requested that the funds be formally restricted by City Council resolution before any design work could begin. At June 30, 1998 \$299,536 of these funds were included in Cash and Cash Equivalents in the General Fund and \$240,464 were included in Time Deposits in the General Fund.

(Concluded)

**FINANCIAL SCHEDULES OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS**

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF WINNFIELD, LOUISIANA
GENERAL FUND
BALANCE SHEET
JUNE 30, 1998

ASSETS

Cash & Cash Equivalents	\$1,022,887
Time Deposits	240,464
Receivables:	
Due From Other Governments:	
State of Louisiana	49,567
Winn Parish Police Jury	49,992
Due From Other Funds	60,104
Economic Development Notes Receivable	46,060
Other	18,411
Prepaid Insurance Expense	<u>1,029</u>
TOTAL ASSETS	<u>\$1,488,514</u>

LIABILITIES & FUND BALANCES

Liabilities:	
Accounts Payable	\$ 92,966
Payroll & Related Benefits	75,887
Due to Other Funds	<u>20,000</u>
Total Liabilities	<u>188,853</u>
Fund Balances:	
Reserved Fund Balances:	
Reserved For Economic Development:	
Cash & Time Deposits	752,558
Notes	46,060
Reserved For Capital Improvements:	
Fire Department	233,054
Police Department	2,870
Reserved For Protested Taxes & Licenses	1,053
Reserved For Prepaid Insurance	1,029
Unreserved Fund Balance - Undesignated	<u>263,037</u>
Total Fund Balances	<u>1,299,661</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$1,488,514</u>

Supplementary schedule. Presented as additional analytical data.

CITY OF WINNFIELD, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998

REVENUES:	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes:			
Ad Valorem	\$ 93,800	\$ 93,360	\$ (440)
Franchise	<u>36,800</u>	<u>35,221</u>	<u>(1,579)</u>
Total Taxes	<u>130,600</u>	<u>128,581</u>	<u>(2,019)</u>
Licenses and Permits:			
Occupational Licenses	181,000	192,006	11,006
Other Licenses & Permits	<u>7,700</u>	<u>7,691</u>	<u>(9)</u>
Total Licenses & Permits	<u>188,700</u>	<u>199,697</u>	<u>10,997</u>
Intergovernmental Revenues:			
Beer & Tobacco Taxes	35,600	36,168	568
Vidco Poker Rebate	90,000	93,804	3,804
2% Fire Insurance Rebate	27,000	28,170	1,170
Fire Service - Parish	40,000	37,328	(2,672)
Winn Parish Police Jury - Streets	20,000	20,000	-
Winn Parish Police Jury - Recreation	8,000	8,000	-
State of Louisiana	<u>33,610</u>	<u>50,132</u>	<u>16,522</u>
Total Intergovernmental Revenues	<u>254,210</u>	<u>273,602</u>	<u>19,392</u>
Charges for Services:			
Sanitation	412,000	420,524	8,524
Other	<u>46,275</u>	<u>49,584</u>	<u>3,309</u>
Total Charges for Services	<u>458,275</u>	<u>470,108</u>	<u>11,833</u>
Fines	<u>9,000</u>	<u>8,500</u>	<u>(500)</u>
Interest	<u>53,000</u>	<u>59,023</u>	<u>6,023</u>
Miscellaneous Revenues:			
Rental Buildings & Equipment	24,660	24,862	202
Other	<u>24,740</u>	<u>24,567</u>	<u>(173)</u>
Total Miscellaneous Revenues	<u>49,400</u>	<u>49,429</u>	<u>29</u>
TOTAL REVENUES	<u>1,143,185</u>	<u>1,188,940</u>	<u>45,755</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998

EXPENDITURES:	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Current:			
General Government:			
Salaries & Related Costs	230,420	229,019	1,401
Insurance	37,000	27,154	9,846
Utilities & Telephone	41,840	38,743	3,097
Legal, Accounting, & Elections	48,100	45,778	2,322
Advertising & Dues	30,250	26,002	4,248
Economic Development	15,000	7,000	8,000
Travel and Training	8,400	7,643	757
Property Repairs and Maintenance	22,140	18,009	4,131
Airport	12,000	10,790	1,210
Coroner	15,000	15,563	(563)
Office Supplies	15,010	14,703	307
Main Street Program	6,000	14,708	(8,708)
Capital Expenditures	2,000	1,942	58
Other	<u>36,640</u>	<u>18,810</u>	<u>17,830</u>
Total General Government	<u>519,800</u>	<u>475,864</u>	<u>43,936</u>
Public Safety:			
Police:			
Salaries & Related Costs	602,950	601,524	1,426
Insurance	26,000	23,950	2,050
Vehicle Costs	20,100	20,967	(867)
Utilities & Telephone	13,250	12,751	499
Prisoner Maintenance	42,220	42,499	(279)
Property Repairs & Maintenance	14,550	6,033	8,517
Capital Expenditures	3,500	6,655	(3,155)
Other	<u>21,970</u>	<u>21,263</u>	<u>707</u>
Total Police	<u>744,540</u>	<u>735,642</u>	<u>8,898</u>
Fire:			
Salaries & Related Costs	170,870	167,760	3,110
Insurance	11,000	13,059	(2,059)
Utilities & Telephone	7,840	8,046	(206)
Truck Costs	8,500	8,428	72
Capital Expenditures	13,000	12,863	137
Other	<u>15,680</u>	<u>15,366</u>	<u>314</u>
Total Fire	<u>226,890</u>	<u>225,522</u>	<u>1,368</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998

EXPENDITURES (Continued):	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Animal Shelter:			
Salaries & Related Costs	21,350	21,274	76
Veterinarian & Medicines	300	249	51
Other	<u>2,970</u>	<u>4,866</u>	<u>(1,896)</u>
Total Animal Shelter	<u>24,620</u>	<u>26,389</u>	<u>(1,769)</u>
Streets, Drainage & Sidewalks:			
Salaries & Related Costs	200,480	195,878	4,602
Insurance	14,500	7,319	7,181
Truck Costs	14,710	14,675	35
Street Materials & Repairs	3,320	1,394	1,926
Engineering	600	560	40
Streets, Drainage & Sidewalks	38,000	34,327	3,673
Other	<u>6,470</u>	<u>6,654</u>	<u>(184)</u>
Total Streets, Drainage & Sidewalks	<u>278,080</u>	<u>260,807</u>	<u>17,273</u>
Motor Pool:			
Salaries & Related Costs	27,250	27,002	248
Parts & Supplies	4,950	4,961	(11)
Other	<u>2,300</u>	<u>2,159</u>	<u>141</u>
Total Motor Pool	<u>34,500</u>	<u>34,122</u>	<u>378</u>
Sanitation & Sanitary Landfill:			
Compaction Station:			
Salaries & Related Costs	76,250	76,416	(166)
Tipping Fees	59,200	62,095	(2,895)
Utilities & Telephone	1,750	1,790	(40)
Repairs & Maintenance	14,900	12,732	2,168
Vehicle Costs	15,700	17,682	(1,982)
Other	<u>4,900</u>	<u>6,444</u>	<u>(1,544)</u>
Total Compaction Station	<u>172,700</u>	<u>177,159</u>	<u>(4,459)</u>
Garbage Pickup:			
Salaries & Related Costs	59,400	58,983	417
Insurance	11,000	3,480	7,520
Private Hauler Collection Fees	233,000	231,876	1,124

(Continued)

CITY OF WINNFIELD, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998

EXPENDITURES (Continued):	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Vehicle Costs	4,900	5,290	(390)
Other	<u>1,600</u>	<u>1,402</u>	<u>198</u>
Total Garbage Pickup	<u>309,900</u>	<u>301,031</u>	<u>8,869</u>
Total Sanitation & Sanitary Landfill	<u>482,600</u>	<u>478,190</u>	<u>4,410</u>
Recreation:			
Salaries & Related Costs	100,400	100,394	6
Utilities & Telephone	16,100	16,072	28
Repairs & Maintenance	29,200	40,322	(11,122)
Supplies	22,350	21,354	996
Capital Expenditures	9,200	10,987	(1,787)
Civic Center & Museum	26,500	26,124	376
Other	<u>3,150</u>	<u>6,863</u>	<u>(3,713)</u>
Total Recreation	<u>206,900</u>	<u>222,116</u>	<u>(15,216)</u>
Capital Outlays	<u>28,550</u>	<u>30,123</u>	<u>(1,573)</u>
Debt Service	<u>27,174</u>	<u>27,174</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,573,654</u>	<u>2,515,949</u>	<u>57,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,430,469)	(1,327,009)	103,460
OTHER FINANCING SOURCES (USES)	<u>1,300,000</u>	<u>1,220,837</u>	<u>(79,163)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(130,469)	(106,172)	24,297
FUND BALANCE - Beginning of Year	<u>1,405,833</u>	<u>1,405,833</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$1,275,364</u>	<u>\$1,299,661</u>	<u>\$ 24,297</u>

Supplementary schedule. Presented as additional analytical data.

(Concluded)

SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Sales Tax Fund - To account for the receipt and use of proceeds of the City's one and one-half percent (1 ½%-) sales and use tax. An ordinance adopted on July 20, 1993, by the Board of Aldermen, which was approved in a special election on July 17, 1993, provides that the proceeds of the sales tax, after costs of administering the fund, be dedicated for the following purposes:

Streets, Drainage and Sidewalks	33%
Sewer Improvements	30%
Water Works	25%
Sanitary Landfill and Sanitation	10%
Motor Pool	<u>2%</u>
	<u>100%</u>

CITY OF WINNFIELD, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND
BALANCE SHEET
JUNE 30, 1998

ASSETS

Cash and Cash Equivalents	\$ 1,129,965
Receivables:	
Due From Other Governments:	
Winn Parish School Board	64,870
Due From Other Funds	<u>20,000</u>
TOTAL ASSETS	<u>\$ 1,214,835</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts Payable	<u>\$ 132,495</u>
Total Liabilities	<u>132,495</u>
Fund Balance:	
Reserved Fund Balances:	
Reserved for Streets, Drainage and Sidewalks	277,491
Reserved for Sewer Improvements	75,611
Reserved for Water Works	50,621
Reserved for Sanitary Landfill and Sanitation	567,836
Reserved for Motor Pool	<u>110,781</u>
Total Fund Balance - Reserved	<u>1,082,340</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,214,835</u>

Supplementary schedule. Presented as additional analytical data.

CITY OF WINNFIELD, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1998

REVENUES:	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes - Sales Taxes	\$ 825,000	\$ 827,514	\$ 2,514
Interest Income	<u>26,500</u>	<u>26,904</u>	<u>404</u>
Total Revenues	<u>851,500</u>	<u>854,418</u>	<u>2,918</u>
 EXPENDITURES:			
Current:			
Collection and Administration	44,020	44,095	(75)
Streets, Drainage & Sidewalks	270,000	217,269	52,731
Motor Pool	45,000	3,500	41,500
Sanitation & Sanitary Landfill	36,850	26,124	10,726
Sewer	217,000	193,118	23,882
Water	205,000	202,234	2,766
Capital Outlay	<u>-</u>	<u>81,004</u>	<u>(81,004)</u>
Total Expenditures	<u>817,870</u>	<u>767,344</u>	<u>50,526</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>33,630</u>	<u>87,074</u>	<u>53,444</u>
 OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	20,000	20,000
Operating Transfers Out	<u>-</u>	<u>(32,908)</u>	<u>(32,908)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(12,908)</u>	<u>(12,908)</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING (USES)	33,630	74,166	40,536
FUND BALANCE, Beginning of Year	<u>1,008,174</u>	<u>1,008,174</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$1,041,804</u>	<u>\$1,082,340</u>	<u>\$ 40,536</u>

Supplementary schedule. Presented as additional analytical data.

CAPITAL PROJECTS FUND

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds.)

The capital projects fund of the City consists of the following:

1996 Louisiana Community Development Block Grant in the amount of \$600,000 for water system upgrades to systems to comply with various recommendations of applicable agencies.

CITY OF WINNFIELD, LOUISIANA
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 1998

ASSETS	
Cash and Cash Equivalents	\$ -
Intergovernmental Receivables: State of Louisiana	<u>59,816</u>
TOTAL ASSETS	<u>\$ 59,816</u>
LIABILITIES AND FUND BALANCES	
Liabilities: Accounts Payable	<u>\$ 59,816</u>
Fund Balance - Unreserved - Undesignated	<u>-</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 59,816</u>

Supplementary schedule. Presented as additional analytical data.

CITY OF WINNFIELD, LOUISIANA
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 1998

REVENUES:	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Intergovernmental Revenues:			
State of Louisiana	\$ 600,000	\$ 514,044	\$ (85,956)
Total Revenues	<u>600,000</u>	<u>514,044</u>	<u>(85,956)</u>
EXPENDITURES:			
Administration	9,000	9,000	-
Capital Outlays:			
Engineering	40,000	35,383	4,617
Project Construction	<u>704,800</u>	<u>655,903</u>	<u>48,897</u>
Total Expenditures	<u>753,800</u>	<u>700,286</u>	<u>53,514</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(153,800)</u>	<u>(186,242)</u>	<u>(32,442)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>153,800</u>	<u>186,242</u>	<u>32,442</u>
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>153,800</u>	<u>186,242</u>	<u>32,442</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING (USES)	-	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplementary schedule. Presented as additional analytical data.

ENTERPRISE FUND

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Utility Fund

The City's utility fund accounts for the provision of electric, water, and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund; including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF WINNFIELD, LOUISIANA
 ENTERPRISE FUND
 UTILITY FUND
 BALANCE SHEET
 JUNE 30, 1998

ASSETS

Current Assets:	
Cash & Cash Equivalents	\$ 319,946
Time Deposits	334,458
Receivables:	
Utility Billings	939,689
Other	9,743
Inventory, at cost	<u>128,149</u>
Total Current Assets	<u>1,731,985</u>
Restricted Assets:	
Customer Deposits:	
Cash & Cash Equivalents	76,840
Investments	<u>240,000</u>
Total Restricted Assets	<u>316,840</u>
Property, Plant, and Equipment, at cost, Net of Accumulated Depreciation - \$6,594,013	<u>8,460,381</u>
Other Assets:	
Refundable Deposits	<u>4,800</u>
TOTAL ASSETS	<u>\$10,514,006</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA
 ENTERPRISE FUND
 UTILITY FUND
 BALANCE SHEET
 JUNE 30, 1998

LIABILITIES AND FUND EQUITY	
Current Liabilities (Payable from Current Assets):	
Accounts Payable	\$ 644,144
Accrued Salaries Payable	49,528
Payroll Withholdings & Related Benefits	19,123
Due to Other Funds	60,104
Sales Taxes Payable	11,677
Current Portion of Notes Payable	<u>14,635</u>
Total Current Liabilities (Payable from Current Assets)	<u>799,211</u>
Current Liabilities (Payable from Restricted Assets):	
Customer Deposits Payable	<u>289,502</u>
Long Term Liabilities:	
Installment Note Payable	<u>23,649</u>
Total Liabilities	<u>1,112,362</u>
Fund Equity:	
Contributed Capital:	
Municipality	1,480,935
Waterworks & Sewer District	654,668
Louisiana Department of Public Safety and Corrections	1,201,280
Customers and Federal government	<u>3,743,322</u>
Total Contributed Capital	<u>7,080,205</u>
Retained Earnings:	
Reserved for Emergencies	427,868
Unreserved	<u>1,893,571</u>
Total Retained Earnings	<u>2,321,439</u>
Total Fund Equity	<u>9,401,644</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 10,514,006</u>

Supplementary schedule. Presented as additional analytical data

(Concluded)

CITY OF WINNFELD, LOUISIANA
 ENTERPRISE FUND
 UTILITY FUND
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 YEAR ENDED JUNE 30, 1998

OPERATING REVENUES:

Charges for Services:

Electric Department:

Electricity Sales	\$2,924,392
Fuel Adjustment	1,781,378
Penalties	103,615
Service Fees	<u>44,949</u>

Total Electric Department 4,854,334

Water Department:

Water Sales	463,370
Service Fees	<u>2,221</u>

Total Water Department 465,591

Sewer Department:

Sewer Service Charges	228,408
Service Fees	<u>1,470</u>

Total Sewer Department 229,878

Total Operating Revenues 5,549,803

OPERATING EXPENSES:

Electric Department:

Power Purchased	3,209,009
Salaries & Related Costs	177,620
Depreciation	115,655
Property Repairs & Maintenance	114,594
Insurance	34,528
Materials & Supplies	37,805
Utilities & Telephone	2,811
Other Miscellaneous Expenses	<u>8,956</u>

Total Electric Department 3,700,978

(Continued)

CITY OF WINNFIELD, LOUISIANA
 ENTERPRISE FUND
 UTILITY FUND
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS (CONTINUED)
 YEAR ENDED JUNE 30, 1998

OPERATING EXPENSES: (Continued)

Water Department:

Salaries & Related Costs	84,649
Property Repairs & Maintenance	6,172
Depreciation	147,048
Insurance	30,241
Materials & Supplies	6,747
Utilities & Telephone	6,739
Other Miscellaneous Expenses	<u>1,196</u>
 Total Water Department	 <u>282,792</u>

Sewer Department:

Salaries & Related Costs	94,672
Depreciation	164,432
Utilities & Telephone	4,749
Waste Water Treatment	288
Materials & Supplies	2,046
Insurance	7,173
Other Miscellaneous Expenses	<u>1,423</u>
 Total Sewer Department	 <u>274,783</u>

General & Administrative:

Salaries & Related Costs	172,700
Utilities & Telephone	10,362
Materials & Supplies	14,514
Property Repairs & Maintenance	5,675
Bad Debt	15,465
Insurance	7,768
Other Miscellaneous Expenses	<u>15,613</u>
 Total General & Administrative	 <u>242,097</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA
 ENTERPRISE FUND
 UTILITY FUND
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS (CONTINUED)
 YEAR ENDED JUNE 30, 1998

OPERATING EXPENSES: (continued)

Total Operating Expenses	<u>4,500,650</u>
Operating Income	<u>1,049,153</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	36,653
Other Nonoperating Income	34,231
Interest Expense	<u>(2,791)</u>
Total Non-Operating Revenues (Expenses)	<u>68,093</u>
INCOME BEFORE OPERATING TRANSFERS	1,117,246
Operating Transfers Out	<u>(1,394,172)</u>
NET INCOME (LOSS)	(276,926)
(INCREASE) DECREASE IN RETAINED EARNINGS RESERVED FOR EMERGENCIES	<u>(278)</u>
NET CHANGE IN UNRESERVED RETAINED EARNINGS	(277,204)
RETAINED EARNINGS - UNRESERVED - Beginning	<u>2,170,775</u>
RETAINED EARNINGS - UNRESERVED - Ending	<u>\$1,893,571</u>

Supplementary schedule. Presented as additional analytical data.

(Concluded)

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is used to account for fixed assets not used in proprietary fund operations or accounted for in trust funds.

CITY OF WINNFIELD, LOUISIANA
 DETAILED SCHEDULE OF GENERAL FIXED ASSETS
 JUNE 30, 1998

GENERAL FIXED ASSETS, at cost:	
Land	\$ 126,372
Cemetery Addition	250
Buildings:	
Equipment Building	26,138
City Hall	88,524
Allen Building	229,310
Winnfield Industrial Facility	475,320
Jail Building	60,591
Museum	83,484
Dog Pound	5,770
American Tar and Turpentine Plant	194,896
Donald C. Joyce Airport	319,334
Garbage Assets	334,414
Recreation Assets	229,784
Mini-Parks	68,705
Winn Ambulance Assets	153,467
Furniture and Fixtures	24,990
Machinery, Equipment and Trucks	947,564
Fire Station	<u>220,486</u>
TOTAL GENERAL FIXED ASSETS	<u>\$3,589,399</u>
INVESTMENT IN GENERAL FIXED ASSETS:	
Ad Valorem Taxes (Fire Bond)	\$ 32,710
Economic Development Funds & Grants	712,739
Community Development Block Grant	840,893
Citizen Donation	58,132
Winn Parish Police Jury Funds	18,000
Federal Grants	73,199
General & Sales Tax Fund Revenues	1,019,503
General Obligation Bonds	460,000
Federal Aviation Administration Grant	280,464
Other State Grants	<u>93,759</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$3,589,399</u>

Supplementary schedule. Presented as additional analytical data.

CITY OF WINNFIELD, LOUISIANA
 DETAILED SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 JUNE 30, 1998

GENERAL FIXED ASSETS, at cost:	Balance <u>7/1/97</u>	<u>Additions</u>	Retire- <u>ments</u>	Balance <u>6/30/98</u>
Land	\$ 126,372			\$ 126,372
Cemetery Addition	250			250
Buildings:				
Equipment Building	26,138			26,138
City Hall	88,524			88,524
Allen Building	223,979	\$ 5,331		229,310
Winnfield Industrial Facility	464,721	10,599		475,320
Jail Building	60,591			60,591
Museum	67,451	16,033		83,484
Dog Pound	5,770			5,770
American Tar and Turpentine Plant	194,896			194,896
Donald C. Joyce Airport	319,334			319,334
Garbage Assets	314,834	19,580		334,414
Recreation Assets	218,797	10,987		229,784
Mini-Parks	68,705			68,705
Winn Ambulance Assets	153,467			153,467
Furniture and Fixtures	24,990			24,990
Machinery, Equipment and Trucks	904,074	43,490		947,564
Fire Station	<u>220,486</u>			<u>220,486</u>
TOTAL GENERAL FIXED ASSETS	<u>\$3,483,379</u>	<u>\$106,020</u>	<u>\$ -</u>	<u>\$3,589,399</u>

Supplementary schedule. Presented as additional analytical data.

**GENERAL LONG-TERM DEBT
ACCOUNT GROUP**

The general long-term debt account group is used to account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds (except special assessment funds) . Payment of maturing obligations, including interest, is accounted for in the general fund.

CITY OF WINNFIELD, LOUISIANA
SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 1998

AMOUNT AVAILABLE AND TO BE PROVIDED FOR
THE RETIREMENT OF GENERAL LONG-TERM DEBT

Amount to be Provided from General Fund Revenues	<u>\$130,389</u>
TOTAL AVAILABLE AND TO BE PROVIDED	<u>\$130,389</u>
GENERAL LONG-TERM DEBT PAYABLE	
Note Payable - Sabine State Bank	\$ 4,510
Accumulated Compensated Absences	<u>125,879</u>
TOTAL GENERAL LONG TERM DEBT PAYABLE	<u>\$130,389</u>

Supplementary schedule. Presented as additional analytical data.

INTERNAL CONTROL, COMPLIANCE AND
FEDERAL FINANCIAL ASSISTANCE SECTION

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LAWRENCE I. WHITE, C.P.A.

STEVEN F. BATES, C.P.A.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Deano Thornton, Mayor
and the City Council of Winnfield, Louisiana

We have audited the general purpose financial statements of the City of Winnfield, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 8, 1998, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. We conducted our 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 Winnfield's general purpose financial statements are free of material misstatement, we 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item B-1. We also noted certain immaterial instances of noncompliance that we have reported to management of the City of Winnfield in a separate letter dated December 8, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Winnfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Winnfield's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item B-2.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition note above, item B-2, we consider to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the City of Winnfield in a separate letter dated December 8, 1998.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

White & Bates

White & Bates, CPA's
December 8, 1998
Winnfield, Louisiana

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

To the Honorable Deano Thornton, Mayor
and the City Council of Winnfield, Louisiana

Compliance

We have audited the compliance of the City of Winnfield, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. The City of Winnfield's major federal programs are identified in the summary of the 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 each of its major federal programs is the responsibility of the City of Winnfield's management. Our responsibility is to express an opinion on the City of Winnfield's compliance based on our audit.

We conducted our 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Winnfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Winnfield's compliance with those requirements.

In our opinion, City of Winnfield, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of the City of Winnfield, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Winnfield's internal control over

compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

White & Bates

White & Bates, CPA's
December 8, 1998
Winnfield, Louisiana

CITY OF WINNFIELD, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 1998

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/ Expenditures</u>
U.S. Department of Housing & Urban Development - Office of Community Planning & Development			
State of Louisiana Divison of Administration - Office of Community Development			
FY 1996 Community Development Block Grant	14.228	107-700136	\$ 514,044
U.S. Department of Interior - National Park Service			
State of Louisiana - Office of Culture, Recreation, & Tourism	15.904	97-HP-19	<u>15,779</u>
Totals			<u>\$ 529,823</u>

CITY OF WINNFIELD, LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of the City of Winnfield.
2. One reportable condition disclosed during the audit of the general purpose financial statements is reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The condition is reported as a material weakness.
3. One instance of noncompliance material to the general purpose financial statements of the City of Winnfield was disclosed during the audit and reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
4. No reportable conditions relating to the major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for the City of Winnfield expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Winnfield.
7. The programs tested as major programs include:

<u>Name</u>	<u>CFDA No.</u>
FY96 LCDBG	14.228
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Winnfield was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

INSTANCE OF NONCOMPLIANCE

1. Securities pledged to secure cash and investments

Finding - Custodial banks are required to pledge securities owned by the bank to secure public fund deposits that are in excess of FDIC insurance coverage. At certain times during the year ended June 30, 1998 a custodial bank did not appear to have sufficient securities pledged to secure the City of Winnfield's public fund deposits.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Recommendation - The management of the City of Winnfield should request the custodial bank to provide verification of adequate pledged securities to secure the City's public funds. If the bank is unable to meet this request, the City of Winnfield should consider moving these funds to another financial institution.

Response - We concur with the recommendation. The custodial bank in question has agreed to pledge sufficient securities to insure that the City's public funds are fully secured. We will monitor this area on a monthly basis to verify that adequate securities are pledged throughout the year.

REPORTABLE CONDITIONS

2. Financial information

Finding - The City Clerk is responsible for maintaining and posting monthly cash receipt and disbursement transactions to the general ledger system. The City's general ledger is not always posted in a timely manner due to the other numerous and varied responsibilities of the Clerk as well as certain problems encountered with the City's computer software. This situation does not provide for timely reconciliation of individual account balances with the general ledger balances and does not provide timely financial data for management of the City operations.

Recommendation - We recommend that the City Clerk's duties and responsibilities be revised so that adequate time is provided for maintaining the general ledger system in a timely manner. We also recommend that certain problems with the computer software be addressed to provide for more efficient posting to the general ledger system.

Response - I agree with your observation and the duties and responsibilities of all City accounting personnel will be reviewed and appropriate revisions will be made to eliminate this situation. At the present time the City's general ledger is being posted in a more timely manner and the City's computer software vendor has made enhancements to the general ledger software to provide for more efficient posting of certain transactions.

CITY OF WINNFELD, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1998

JUNE 30, 1997 FINANCIAL STATEMENT AUDIT REPORTABLE CONDITIONS

General Ledger

Condition - The City Clerk is responsible for maintaining and posting monthly cash receipt and disbursement transactions to the general ledger system. The City's general ledger is not always posted in a timely manner due to the other numerous and varied responsibilities of the Clerk. This situation does not provide for timely reconciliation of individual account balances with the general ledger balances and does not provide timely financial data for management of the City operations.

Recommendation - We recommend that the City Clerk's duties and responsibilities be revised so that adequate time is provided for maintaining the general ledger system in a timely manner.

Current Status - There have been improvements in the timeliness of the posting of the general ledger; however, financial data is still not being provided to the management of the City of Winnfield in a timely manner to be utilized in certain financial decisions.

JUNE 30, 1997 MANAGEMENT LETTER COMMENTS

Documentation Supporting Cash Disbursements

Condition - While performing tests of cash disbursements, we noted that supporting documentation for certain expenditures (primarily those related to travel) included summary statements rather than *individual invoices for items purchased*. These statements did not provide detail information as to the reason for the disbursement. (e.g. - credit card statements related to credit cards used by City personnel for travel did not provide the reason for the trip, the personnel making the trip, or the itemized charges in relation to the trip.) Upon request of City personnel, they were able to obtain detailed invoices for substantially all of these items from the vendors; however, this may not always be the case in future transactions.

Recommendation - We recommend that City personnel obtain detailed invoices for all items purchased by the City. If payment is made by statement, all charges noted on the statement should be matched with the detailed invoices before payment is made. Also, in regards to travel expenditures, the detailed invoices or other supporting documentation should include information as to who made the trip, the purpose of the trip, and the location of the trip.

Current Status - The recommendation was adopted in January 1998. No similar findings were noted in the June 30, 1998 audit.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

Utility Customer Deposits

Condition - While performing tests of the utility customer deposits, it was noted that a number of deposits remain for prior customers that left with an outstanding balance owed the City, yet these deposits have not been applied to the balances owed.

Recommendation - We recommend that the City perform a detailed analysis of the customer deposit listing and apply any remaining deposits from inactive customers to outstanding balances and if applicable refund any excess deposit to the customer.

Current Status - During the year ended June 30, 1998 employees of the City's utility billing department performed the recommended analysis of customer deposits of inactive customers. No similar finding was noted in the June 30, 1998 audit.

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LAWRENCE I. WHITE, C.P.A.

STEVEN F. BATES, C.P.A.

December 8, 1998

Deano Thornton, Mayor
City of Winnfield
P. O. Box 509
Winnfield, LA 71483

Dear Mayor Thornton:

In planning and performing our audit of the general purpose financial statements of the City of Winnfield, Louisiana, as of and for the year ended June 30, 1998, we considered the City's internal control over financial reporting to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. We also performed tests of the City's compliance with certain provisions of law, regulations, contracts, and grants for the purpose of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement and not to provide an opinion on the overall compliance with such provisions.

During the course of our audit we became aware of several matters that we believe are opportunities for strengthening the internal control over financial reporting, improving compliance with certain laws and regulations, and for obtaining increased utilization of resources and operating efficiency. The following sections of this letter summarize our comments and suggestions and this letter does not affect our reports dated December 8, 1998 on the general purpose financial statements or the related reports on internal control over financial reporting and compliance.

1. PURCHASING PROCEDURES

Observation - While performing tests of cash disbursements, we noted that certain expenditures did not have complete documentation supporting the disbursements.

Recommendation - All disbursements made by the City of Winnfield should be supported by a complete documentation package consisting of the following documents:

- a. A purchase requisition signed by the requesting department head and approved by the Mayor.
- b. A properly completed purchase order approved by an employee authorized to approve purchase orders supported by an approved purchase requisition. If applicable, documentation should include information verifying compliance with the public bid law.

MANAGEMENT LETTER (CONTINUED)

- c. A properly completed receiving report. The bill of lading or invoice may be used for this purpose in certain situations.
- d. A vendor's invoice, signed by the Mayor to indicate approval for payment. The check number, general ledger account allocation, and the date of payment should be noted on the invoice to indicate cancellation.

The City may also desire to consider the adoption of a purchasing procedure manual that will in greater detail set forth the City's purchasing policies. This manual could address such matters as emergency purchases, threshold amounts requiring purchase order, etc.

2. YEAR 2000 ISSUE

Observation - The year 2000 problem affects many of the computer systems and other electronic equipment necessary for the continued and uninterrupted operations of a government. The effects of the year 2000 problem extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent on microchip technology. This includes computer systems and other equipment that are a part of the City's operational activities.

Recommendation - The City of Winnfield should implement a "Year 2000 Plan" to insure that all computer systems and other electronic equipment critical to conducting operations of the City are year 2000 compliant. This plan should include but not be limited to the following:

- a. Names of individuals responsible for establishing and carrying out a year 2000 compliance plan.
- b. The consideration of establishing a budget for dealing with the year 2000 issue.
- c. Identification of all systems of the City that could be affected by the year 2000 issue.
- d. Steps to take to make the systems in question year 2000 compliant.
- e. Testing of the systems to insure that changes made to the systems have been successful and that they are year 2000 compliant.

3. RELATED PARTY TRANSACTIONS

Observation - In June of 1998, the City of Winnfield was host to a meeting of some 100 individuals associated with the state's Main Street Program, in which the City is a participant. In connection with this meeting, one of the meals provided to the participants was paid for by the City to a local business that is owned by members of the family of a City employee. State statutes prohibit transactions with such related parties.

Recommendation - City employees should be continuously reminded of state ethics rules and statutes regarding related party transactions in order to prevent future transactions from taking place.

MANAGEMENT LETTER (CONTINUED)

4. SALES TAX COLLECTIONS

Observation - The City of Winnfield has a contract with the Winn Parish School Board to collect the sales and use taxes authorized by the City's Sales and Use Tax Ordinance. This contract provides that the Winn Parish School Board shall be paid a 3% fee of gross collections and that any and all expenses incurred by the school board in collecting such taxes be the responsibility of the Winn Parish School Board. In a number of prior periods, the Winn Parish School Board has withheld from remittances to the City of Winnfield certain collection costs in excess of the 3% fee provided in the contract. These withheld collection costs, which were paid to outside vendors, appear to be costs that are to be absorbed by the school board under the contract.

Recommendation - The City of Winnfield and Winn Parish School Board should review the contract, make any changes as appropriate, and resolve the costs withheld from prior collections.

5. POLICE DEPARTMENT INTERNAL CONTROLS

Observation - While performing certain audit procedures, we determined that cash receipts by the police department were not being deposited on a daily basis but instead were being deposited periodically as cash accumulated.

Recommendation - Proper internal accounting controls require that cash receipts be deposited on a daily basis so as to maintain control over such collections. Procedures should be put in place to insure that all cash receipts collected by the police department are deposited on a daily basis. The City may also want to consider evaluating the other internal controls related to the police department, such as controls over evidence and controls over ticket issuance and accountability.

Sincerely,



White & Bates

City of Winnfield

PHONE (318) 628-3939
FAX (318) 628-6773
P. O. BOX 509
WINNFIELD, LOUISIANA
71483



Deano Thornton, Mayor

Aldermen
KENNY CALDWELL
WILLIE HOLDEN
ANDRE' HOWARD
JOHN LUTES
JIMMY WILLIAMS

CORRECTIVE ACTION PLAN

December 15, 1998

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

Name and address of independent public accounting firm: White & Bates
203 North Abel Street
Winnfield, LA 71483

Audit Period: Year ended June 30, 1998

The findings from the June 30, 1998 schedule of findings and questioned costs and the comments from the June 30, 1998 management letter are discussed below.

FINDINGS - FINANCIAL STATEMENT AUDIT

INSTANCE OF NONCOMPLIANCE

1. Securities pledged to secure cash and investments

Recommendation - The management of the City of Winnfield should request the custodial bank to provide verification of adequate pledged securities to secure the City's public funds. If the bank is unable to meet this request, the City of Winnfield should consider moving these funds to another financial institution.

Action Taken - We concur with the recommendation. The custodial bank in question has agreed to pledge sufficient securities to insure that the City's public funds are fully secured. We will monitor this area on a monthly basis to verify that adequate securities are pledged throughout the year.

REPORTABLE CONDITIONS

2. Financial information

Recommendation - We recommend that the City Clerk's duties and responsibilities be revised so that adequate time is provided for maintaining the general ledger system in a timely manner. We also recommend that certain problems with the computer software be addressed to provide for more efficient posting to the general ledger system.

CORRECTIVE ACTION PLAN (CONTINUED)

Action Taken - We concur with the recommendation and the duties and responsibilities of all City accounting personnel will be reviewed and appropriate revisions will be made hired to eliminate this situation. At the present time the City's general ledger is being posted in a more timely manner and the City's computer software vendor has made enhancements to the general ledger software to provide for more efficient posting of certain transactions.

MANAGEMENT LETTER COMMENTS

1. *Purchasing procedures*

Recommendation - All disbursements made by the City of Winnfield should be supported by a complete documentation package consisting of the following documents:

- a. A purchase requisition signed by the requesting department head and approved by the Mayor.
- b. A properly completed purchase order approved by an employee authorized to approve purchase orders supported by an approved purchase requisition. If applicable, documentation should include information verifying compliance with the public bid law.
- c. A properly completed receiving report. The bill of lading or invoice may be used for this purpose in certain situations.
- d. A vendor's invoice, signed by the Mayor to indicate approval for payment. The check number, general ledger account allocation, and the date of payment should be noted on the invoice to indicate cancellation.

The City may also desire to consider the adoption of a purchasing procedure manual that will in greater detail set forth the City's purchasing policies. This manual could address such matters as emergency purchases, threshold amounts requiring purchase order, etc.

Action Taken - We concur with the recommendation. All applicable purchases of the City of Winnfield will be supported by a complete documentation package as described in the recommendation. In addition the City's Budget and Finance Committee will review the City's current purchasing policy and determine if there is a need for a more formal purchasing procedure manual.

2. *Year 2000 issue*

Recommendation - The City of Winnfield should implement a "Year 2000 Plan" to insure that all computer systems and other electronic equipment critical to conducting operations of the City are year 2000 compliant. This plan should include but not be limited to the following:

- a. Names of individuals responsible for establishing and carrying out a year 2000 compliance plan.
- b. The consideration of establishing a budget for dealing with the year 2000 issue.

CORRECTIVE ACTION PLAN (CONTINUED)

- c. Identification of all systems of the City that could be affected by the year 2000 issue.
- d. Steps to take to make the systems in question year 2000 compliant.
- e. Testing of the systems to insure that changes made to the systems have been successful and that they are year 2000 compliant.

Action Taken - We concur with the recommendation. The City of Winnfield recognizes the potential problems related to the year 2000 issue and accordingly will implement a year 2000 compliance plan as outlined in the auditor recommendation

3. Related party transactions

Recommendation - City employees should be continuously reminded of state ethics rules and statutes regarding related party transactions in order to prevent future transactions from taking place.

Action Taken -The City of Winnfield will educate all its employees and public officials as to the various state ethics rules and statutes regarding transactions with related parties.

4. Sales tax collections

Recommendation - The City of Winnfield and Winn Parish School Board should review the contract, make any changes as appropriate, and resolve the costs withheld from prior collections.

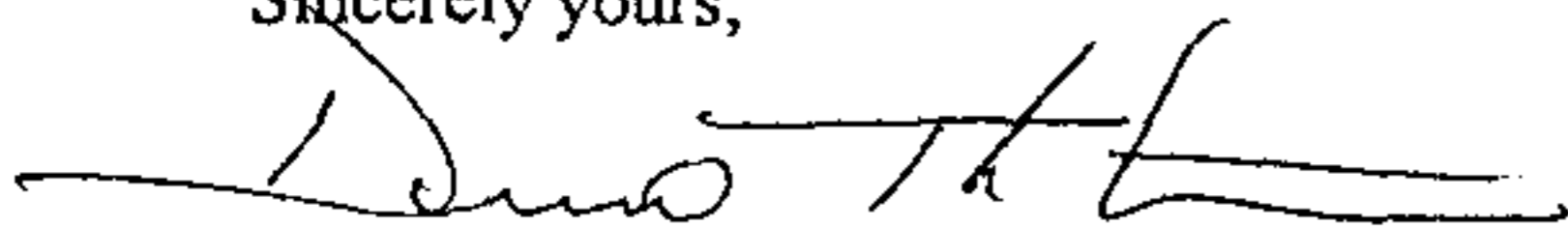
Action Taken -The City of Winnfield will review its contract with the Winn Parish School Board, consider any contract changes proposed, and resolve with the Winn Parish School Board an appropriate resolution for the withheld costs from prior collections.

5. Police department internal controls

Recommendation - Proper internal accounting controls require that cash receipts be deposited on a daily basis so as to maintain control over such collections. Procedures should be put in place to insure that all cash receipts collected by the police department are deposited on a daily basis. The City may also want to consider evaluating the other internal controls related to the police department, such as controls over evidence and controls over ticket issuance and accountability.

Action Taken - All cash receipts collected by the police department are now required to be deposited on a daily basis. In addition, the management of the City of Winnfield is reviewing the other internal controls currently in place in the police department to determine if any modifications are deemed necessary.

Sincerely yours,



Deano Thornton, Mayor
City of Winnfield