

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

**General Purpose Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**June 30, 1999**  
**With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report is available for inspection at the office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-12-00

**VERNON R**  
**COON**  
CERTIFIED PUBLIC ACCOUNTANT

CITY OF TALLULAH  
Tallulah, Louisiana

General Purpose Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended  
June 30, 1999  
With Supplemental Information Schedules

C O N T E N T S

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

C O N T E N T S (CONTD.)

	<u>Schedule</u>	<u>Page No.</u>
<b>Supplemental Information Schedules:</b>		
Special Revenue Funds:		
Combining Balance Sheet	1	31
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	2	32
Debt Service Funds:		
Combining Balance Sheet	3	34
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	4	35
Proprietary Fund Type - Enterprise Funds:		
Combining Balance Sheet	5	37
Combining Schedule of Revenues, Expenses, and Changes in Retained Earnings	6	38
Combining Schedule of Cash Flows	7	39
Schedule of Per Diem Paid Council Members	8	41
Year 2000 Issue (Unaudited)	9	42
<b>Independent Auditor's Reports Required by <i>Government Auditing Standards; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the Single Audit Act Amendments of 1996:</i></b>		
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting		44

C O N T E N T S (CONTD.)

	<u>Schedule</u>	<u>Page No.</u>
<b>Independent Auditor's Reports Required by Government</b> <i>Auditing Standards; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the Single Audit Act Amendments of 1996: (Contd.)</i>		
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance		46
Schedule of Findings and Questioned Costs	10	48
Schedule of Expenditures of Federal Awards	11	50
Summary Schedule of Prior Audit Findings	12	51

**Independent Auditor's Report**

MAYOR AND CITY  
COUNCIL MEMBERS  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah, primary government, as of June 30, 1999, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the City of Tallulah's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Tallulah as of June 30, 1999, and the results of operations and cash flows of its proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS  
  
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MAYOR AND CITY  
COUNCIL MEMBERS  
CITY OF TALLULAH  
Tallulah, Louisiana  
Independent Auditor's Report,  
June 30, 1999

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the City of Tallulah. Such information, except for the schedule on the Year 2000 Issue which is marked unaudited, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The year 2000 supplementary information on page 42 is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Year 2000 supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the City of Tallulah is or will be year 2000 compliant, that the City of Tallulah's remediation efforts will be successful in whole or in part, or that parties with which City of Tallulah does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, I have also issued reports dated November 11, 1999, on my consideration of the City of Tallulah's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



West Monroe, Louisiana  
November 11, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**





Customer deposits					93,670				93,670
Current portion of long-term debt					140,000				
Total current liabilities (payable from restricted assets)					233,670				
Bonds payable					6,360,000				
Due to retirement system									
Bank loans payable									
Total liabilities					6,774,051				
Fund Equity:									
Investment in general fixed assets									
Contributed capital									
Retained earnings									
Fund balances:									
Reserved for debt service									
Unreserved - undesignated									
Total Fund Equity									
TOTAL LIABILITIES AND FUND EQUITY									

The accompanying notes are an integral part of this statement.

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CITY OF TALLULAH  
Tallulah, Louisiana  
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1999

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	LCDBG CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>					
Taxes:					
Ad valorem	\$382,177	\$126,938	\$122,703		\$631,818
Sales	994,812				994,812
Other taxes, penalties, and interest	197,195				197,195
Licenses and permits	164,177				164,177
Intergovernmental:					
Federal grants	103,355	187,236		\$341,953	632,544
State grants	187,148	39,811			226,959
Fees, charges, and commissions for services	174,435				174,435
Use of money and property	43,567	4,603	23,362		71,532
Fines and forfeitures	77,061				77,061
Other revenues	27,597				27,597
Total revenues	<u>2,351,524</u>	<u>358,588</u>	<u>146,065</u>	<u>341,953</u>	<u>3,198,130</u>
<b>EXPENDITURES</b>					
Current:					
General government:					
Legislative	35,457				35,457
Financial and administrative	545,517				545,517
Public safety	716,829				716,829
Public works	384,653	213,647		341,953	940,253
Health and welfare	72,971	190,474			263,445
Culture and recreation	119,818				119,818
Transportation	32,960				32,960
Economic development	697				697
Debt service	71,504		196,608		268,111
Capital outlay	78,436	40,000			118,436
Total expenditures	<u>2,058,842</u>	<u>444,121</u>	<u>196,608</u>	<u>341,953</u>	<u>3,041,524</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>292,682</u>	<u>(85,533)</u>	<u>(50,543)</u>	<u>NONE</u>	<u>156,606</u>

(Continued)

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**Statement B**

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

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
<b>OTHER FINANCING SOURCE (Use)</b>					
Operating transfers in	\$300,000	\$40,932	\$284,428		\$625,360
Operating transfers out	(325,360)				(325,360)
Total other financing source (use)	(25,360)	40,932	284,428	NONE	300,000
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USES</b>	267,322	(44,601)	233,885	NONE	456,606
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	1,216,100	76,846	448,038	NONE	1,740,984
<b>FUND BALANCES AT END OF YEAR</b>	\$1,483,422	\$32,245	\$681,923	NONE	\$2,197,590

(Concluded)

The accompanying notes are an integral part of this statement.

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

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget  
(GAAP Basis) and Actual  
For the Year Ended June 30, 1999

	....GENERAL FUND....			....SPECIAL REVENUE FUNDS....		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>						
Taxes:						
Ad valorem	\$350,000	\$382,177	\$32,177	\$105,000	\$126,938	\$21,938
Sales	930,000	994,812	64,812			
Other taxes, penalties, and interest	164,200	197,195	32,995			
Licenses and permits	133,000	164,177	31,177			
Intergovernmental revenues:						
Federal funds - federal grants		103,355	103,355	228,000	187,236	(40,764)
State funds - state grants	148,700	187,148	38,448		39,811	39,811
Fees, charges, and commissions	178,800	174,435	(4,365)			
Use of money and property	49,000	43,567	(5,433)		4,603	4,603
Fines and forfeitures	80,400	77,061	(3,339)			
Other revenues	47,000	27,597	(19,403)	500		(500)
Total revenues	<u>2,081,100</u>	<u>2,351,524</u>	<u>270,424</u>	<u>333,500</u>	<u>358,588</u>	<u>25,088</u>
<b>EXPENDITURES</b>						
Current:						
General government:						
Legislative	33,900	35,457	(1,557)			
Finance and administrative	448,260	545,517	(97,257)	112,000		112,000
Public safety	714,550	716,829	(2,279)			
Public works	346,680	384,653	(37,973)	15,000	213,647	(198,647)
Health and welfare	72,000	72,971		206,000	190,474	15,526
Culture and recreation	67,550	119,818	(52,268)			
Economic development	1,320	697	623			
Transportation	65,040	32,960	32,080			
Debt service	88,604	71,504	17,100			
Capital outlay	68,700	78,436	(9,736)		40,000	(40,000)
Total expenditures	<u>1,906,604</u>	<u>2,058,842</u>	<u>(152,238)</u>	<u>333,000</u>	<u>444,121</u>	<u>(111,121)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>						
	<u>174,496</u>	<u>292,682</u>	<u>118,186</u>	<u>500</u>	<u>(85,533)</u>	<u>(86,033)</u>

(Continued)

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CITY OF TALLULAH  
Tallulah, Louisiana  
GOVERNMENTAL FUND TYPE - GENERAL  
AND SPECIAL REVENUE FUNDS  
Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget  
(GAAP Basis) and Actual, 1999

	....GENERAL FUND....			....SPECIAL REVENUE FUNDS....		
	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<b>OTHER FINANCING SOURCES (Uses)</b>						
Operating transfers in		\$300,000	\$300,000		\$40,932	\$40,932
Operating transfer out	(\$354,460)	(325,360)	29,100			
Total other financing sources (uses)	<u>(354,460)</u>	<u>(25,360)</u>	<u>329,100</u>	<u>NONE</u>	<u>40,932</u>	<u>40,932</u>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USE</b>	(179,964)	267,322	447,286	\$500	(44,601)	(45,101)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>880,900</u>	<u>1,216,100</u>	<u>335,200</u>	<u>34,500</u>	<u>76,846</u>	<u>42,346</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$700,936</u>	<u>\$1,483,422</u>	<u>\$782,486</u>	<u>\$35,000</u>	<u>\$32,245</u>	<u>(\$2,755)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

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

Combined Statement of Revenues, Expenses, and  
Changes in Retained Earnings  
For the Year Ended June 30, 1999

<b>OPERATING REVENUES</b>	
Charges for services	\$1,807,708
Other operating revenue	<u>106,661</u>
Total operating revenue	<u>1,914,369</u>
<b>OPERATING EXPENSES</b>	
Personal services	537,965
Supplies	84,751
Maintenance	281,808
Utilities	126,658
Consultant	47,628
Miscellaneous	49,330
Uniforms	7,554
Insurance	3,314
Accounting fees	14,000
Collection fees	1,900
Bad debt expense	7,592
Depreciation	<u>448,457</u>
Total operating expenses	<u>1,610,957</u>
<b>OPERATING INCOME (Loss)</b>	303,412
<b>NON-OPERATING REVENUES</b>	
Interest income	80,386
Insurance proceeds	22,725
Interest expense	(174,879)
Operating transfer out	(300,000)
Amortization of bond issue costs	<u>(10,932)</u>
Total non-operating revenues (expenses)	<u>(382,700)</u>
<b>NET INCOME (Loss)</b>	(79,288)
Add depreciation on fixed assets acquired with restricted federal grant	<u>136,555</u>
<b>INCREASE IN RETAINED EARNINGS</b>	57,267
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>1,223,102</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$1,280,369</u>

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows  
For the Year Ended June 30, 1999

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Loss	<u>\$303,412</u>
Adjustments to Reconcile Operating Income (Loss) to Net cash	
Provided (Used) by operating activities:	
Depreciation	448,457
Increase in accounts receivable	(167,802)
Decrease in accounts payable	25,784
Decrease in interfund receivables	7,049
Increase in customer deposits	<u>6,574</u>
Total adjustments	<u>320,062</u>
Net cash provided (used) by operating activities	<u>623,474</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Non-operating transfer out	<u>(300,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Bond Proceeds	6,500,000
Acquisition and construction of capital assets	(5,539,236)
Bond issue costs	(338,096)
Amortization of bond issue costs	(10,932)
Interest paid on bonds	<u>(174,879)</u>
Net cash provided (used) by capital and related financing activities	<u>436,857</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Interest earnings	80,386
Insurance proceeds	<u>22,725</u>
Net cash provided (used) by investing activities	<u>103,111</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	863,442
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>587,146</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$1,450,588</u>

The accompanying notes are an integral part of this statement.

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**CITY OF TALLULAH**  
Tallulah, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 1999

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Tallulah was founded in 1856 and is incorporated under the provisions of Lawrason Act. The city is governed by the mayor and a five member city council. The mayor and council members serve four-year terms which expire on June 30, 2002.

**A. REPORTING ENTITY**

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

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

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

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

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

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

## **B. FUND ACCOUNTING**

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

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

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



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

**Governmental Funds:**

**General Fund**

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

**Special Revenue Funds**

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

**Debt Service Funds**

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

**LCDBG Capital Projects Fund**

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

**Proprietary Fund Type - Enterprise Funds**

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

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

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed asset account group, rather than in the General Fund.

## CITY OF TALLULAH

Tallulah, Louisiana

### Notes to the Financial Statements (Continued)

All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 30 per cent of fixed assets are valued at actual cost, while the remaining 70 per cent are valued at estimated cost based on the actual cost of like items. No depreciation has been provided on general fixed assets.

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

Long-term obligations, such as bonded debt and bank loans are recognized as liabilities of a governmental fund only when due.

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

#### **D. BASIS OF ACCOUNTING**

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

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

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

**Revenues**

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

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

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

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

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

**Expenditures**

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

**Other Financing Source (Use)**

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

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

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

**E. BUDGET PRACTICES**

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

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

**F. CASH AND CASH EQUIVALENTS**

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

At June 30, 1999, the city has cash and cash equivalents (book balances) totaling \$2,496,276 as follows:

Demand deposits	\$1,193,623
Petty cash	1,925
Time deposits	<u>1,300,728</u>
Total	<u>\$2,496,276</u>

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

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 1999, are secured as follows:

Bank Balances	<u>\$2,017,395</u>
Federal deposit insurance	\$464,509
Pledged securities (uncollateralized)	<u>2,696,613</u>
Total	<u>\$3,161,122</u>

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

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

**G. INVESTMENTS**

Under state law, the city may invest funds in obligations of the United States, in federally insured investments, or in time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments in marketable securities with readily determinable fair values are reported at their fair values on Statement A. Realized gains and losses are included in operations on Statement B.

	<u>Cost</u>	<u>Fair Value</u>	<u>Realized Gain</u>
United States Treasury Notes	<u>\$1,088,623</u>	<u>\$1,102,682</u>	<u>\$14,059</u>

**CITY OF TALLULAH**

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

**II. VACATION AND SICK LEAVE**

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees are paid for accrued leave upon resignation or retirement.

**I. RESTRICTED ASSETS**

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

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

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

**K. RISK MANAGEMENT**

The city is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the city maintains commercial insurance policies covering its automobiles, professional liability, general liability, and surety bond coverage. There were no significant reductions in insurance coverage during the year ended June 30, 1999.

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

2. LEVIED TAXES

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
City taxes:		
City operations	17.93	17.39
Police and fire departments	7.53	7.53
1991 Street Program	9.48	9.48
1988 General Obligation Bond	Various	8.10
1981 General Obligation Bond	Various	.50

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

The following are the principal taxpayers for the parish and their 1999 assessed valuation:

	<u>Assessed Valuation</u>	<u>Per Cent of Total</u>
Trans American Development	\$1,164,003	7.78%
Bell South Telecommunications	522,240	3.49%
LA Gas Service, Co	155,944	1.04%
Entergy Louisiana, Inc.	121,900	0.81%
Sprint Communications Company	88,620	0.59%
MCTA	70,786	0.47%
Country Meadows Limited	64,050	0.43%
Star Lodge, Apts., Inc.	60,960	0.41%
Madison Community Apartments	39,700	0.27%
Kansas City Southern	40,120	0.27%
Total	<u>\$2,328,323</u>	<u>15.56%</u>

3. RECEIVABLES

The following is a summary of receivables at June 30, 1999:

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

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Taxes:			
Ad valorem	\$930		\$930
Sales and use	109,915		109,915
Grants:			
Federal	\$720		\$720
State	40,401		40,401
Sewer user fees		\$171,585	171,585
Water user fees		112,298	112,298
Other	<u>72,730</u>		<u>72,730</u>
Total	<u>\$224,696</u>	<u>\$283,883</u>	<u>\$508,579</u>

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

Individual balances due from/to other funds at June 30, 1999, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$93,025	\$133,853
Special Revenue Funds:		
Street Program		10,000
Section 8 Voucher	9,409	
Section 8 Existing		9,409
Sewer Enterprise Fund	<u>133,853</u>	<u>83,025</u>
Total	<u>\$236,287</u>	<u>\$236,287</u>

**5. FIXED ASSETS**

The following presents the changes in general fixed assets for the year ended June 30, 1999:

	<u>Balance at July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 1999</u>
Land	\$78,500			\$78,500
Buildings and improvements	1,992,684			1,992,684
Furniture and equipment	<u>751,106</u>	<u>\$118,436</u>		<u>869,542</u>
Total	<u>\$2,822,290</u>	<u>\$118,436</u>	<u>NONE</u>	<u>\$2,940,726</u>



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

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

	Sewer Fund	Water Fund
Land	\$612,879	\$65,451
Equipment	248,518	459,408
Plant	7,866,378	2,034,116
Transmission lines	326,942	2,203,053
Water systems		438,484
Pumping stations		337,944
Total depreciable assets	<u>9,054,717</u>	<u>5,538,456</u>
Less accumulated depreciation	<u>(1,459,657)</u>	<u>(303,959)</u>
Net depreciable assets	<u>\$7,595,060</u>	<u>\$5,234,497</u>

**6. PENSION PLANS**

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

**FIREFIGHTERS' RETIREMENT SYSTEM OF LOUISIANA**

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**CITY OF TALLULAH**

Tallulah, Louisiana

**Notes to the Financial Statements (Continued)**

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

Plan members are required by state statute to contribute 8.0 per cent of their annual covered salary and the City of Tallulah is required to contribute an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and the City of Tallulah are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Tallulah's contributions to the System for the years ending June 30, 1999, 1998, and 1997, were \$8,164, \$6,021, and \$6,200, respectively, equal to the required contributions for each year.

**MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM**

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

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

Plan members are required by state statute to contribute 7.5 per cent of their annual covered salary and the City of Tallulah is required to contribute at an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and the City of Tallulah are established and

**CITY OF TALLULAH**

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Tallulah's contributions to the System for the years ended June 30, 1999, 1998, and 1997, were \$22,797, \$21,178, and \$22,913, respectively, equal to the required contributions for each year.

**7. BANK LOANS PAYABLE**

During the year ended June 30, 1998, the city secured a bank loan to finance the construction of a factory building. The amount of the loan was \$376,813 with 7.0 per cent interest. The remaining principal in the amount of \$278,658 is due in annual installments of \$51,894 through 2006. Loan payments are made for the General Fund.

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

The following is a summary of long-term obligation transactions for the year ended June 30, 1999:

	<u>Bonded Debt</u>	<u>Other</u>	<u>Total</u>
Long-term debt at July 1, 1998	\$3,227,661	\$516,863	\$3,744,524
Additions			NONE
Retirements	<u>(59,826)</u>	<u>(37,850)</u>	<u>(97,676)</u>
Long-term debt at June 30, 1999	<u>\$3,167,835</u>	<u>\$479,013</u>	<u>\$3,646,848</u>

The classification, "other", consists of \$200,355, which represents the balance remaining as a result of the City of Tallulah's Police Retirement Fund merging with the Municipal and State Police Retirement System of Louisiana, and \$278,658, representing a bank loan.

Bonded debt payable at June 30, 1999, are comprised of the following individual issues:

General obligation bonds:

\$260,000 - 1981 General Obligation Bonds. The remaining principal is due in annual installments of \$4,782 to \$14,527 through October 8, 2021, with interest of 5 per cent. Debt retirement payments are made from the 1981 General Obligation Bond Debt Service Fund.

\$207,835

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

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

	\$570,000
Total general obligation bonds	777,835

Revenue bond - \$2,390,000 - 1998 Public Improvement Refunding Bonds. The remaining principal is due in annual installments of \$175,000 to \$260,000 through July 1, 2009. Interest rates are 3.90 per cent to 5.00 per cent. Debt retirement payments are made from the 1998 Public Improvement Bond Debt Service Fund.

	2,390,000
Total bonded debt in general long-term debt account group	\$3,167,835

Water Revenue bond - \$6,500,000 Principal is due in annual installments of \$140,000 to \$465,000 through September 1, 2023. Interest rates are 4.00 per cent to 5.50 per cent. Debt retirement payments are made from the Water Enterprise Fund

	\$6,500,000
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As shown on Statement A, \$681,923, is available in debt service funds to service the bonded debt in the general long-term debt account group. The annual requirements to amortize all outstanding debt at June 30, 1999, including interest of \$1,163,108 for the general long-term account group and \$5,408,385 in the Water Enterprise fund, are as follows:

Year	Water Enterprise Fund	General Long Term Debt
2000	\$664,636	\$448,000
2001	489,157	433,732
2002	488,285	433,824
2003	487,135	433,379
2004	490,625	486,049
2005-2009	2,440,025	2,030,160
2010-2014	2,446,933	426,629
2015-2019	2,448,720	74,193
2020-2023	1,952,869	43,992
Total	\$11,908,385	\$4,809,956

**CITY OF TALLULAH**

Tallulah, Louisiana

**Notes to the Financial Statements (Continued)**

General obligation bonds totaling \$777,835, at June 30, 1999, are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the city is legally restricted from incurring long-term bonded debt in excess of 35 per cent of the assessed value of taxable property in the city. The city is within that statutory limitation.

**9. CONTRIBUTED CAPITAL**

The city has received grants from various federal, state, and local agencies to finance the acquisition and construction of the enterprise fund fixed assets. The amount, shown as contributed capital on the balance sheet, is reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with the grant funds. At June 30, 1999, accumulated reduction of contributed capital related to those assets is \$1,211,763.

**10. LITIGATION AND CLAIMS**

At June 30, 1999, the city is involved in several lawsuits. In the opinion of the city's legal counsel, the outcome will not materially affect the financial statements.

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**SUPPLEMENTAL INFORMATION SCHEDULES**

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CITY OF TALLULAH  
Tallulah, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended June 30, 1999

**SPECIAL REVENUE FUNDS**

**SECTION 8 EXISTING FUND**

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

**SECTION 8 VOUCHER FUND**

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

**STREET PROGRAM FUND**

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

**BUILDING REPAIR FUND**

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

**TEC BUILDING FUND**

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

**CITY OF TALLULAH**  
**Tallulah, Louisiana**  
**SPECIAL REVENUE FUNDS**

Combining Balance Sheet, June 30, 1999

	<u>SECTION 8 EXISTING</u>	<u>SECTION 8 VOUCHER</u>	<u>STREET PROGRAM</u>	<u>BUILDING REPAIR</u>	<u>TEC BUILDING</u>	<u>TOTAL</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$8,954	\$57,467	\$28,527	\$9	\$9,314	\$104,271
Due from other funds		9,409				9,409
Total Assets	<u>\$8,954</u>	<u>\$66,876</u>	<u>\$28,527</u>	<u>\$9</u>	<u>\$9,314</u>	<u>\$113,680</u>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities:						
Accounts payable			\$3,443			\$3,443
Due to other funds	\$9,409		10,000			19,409
Deferred revenue		\$58,583				58,583
Total Liabilities	<u>9,409</u>	<u>58,583</u>	<u>13,443</u>	<u>NONE</u>	<u>NONE</u>	<u>81,435</u>
Fund equity - fund balances - unreserved - undesignated	<u>(455)</u>	<u>8,293</u>	<u>15,084</u>	<u>\$9</u>	<u>\$9,314</u>	<u>32,245</u>
<b>TOTAL LIABILITIES     AND FUND EQUITY</b>	<u>\$8,954</u>	<u>\$66,876</u>	<u>\$28,527</u>	<u>\$9</u>	<u>\$9,314</u>	<u>\$113,680</u>

CITY OF TALLULAH  
Tallulah, Louisiana  
SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1999

	<u>SECTION 8 EXISTING</u>	<u>SECTION 8 VOUCHER</u>	<u>STREET PROGRAM</u>	<u>BUILDING REPAIR</u>	<u>TEC BUILDING</u>	<u>TOTAL</u>
<b>REVENUES</b>						
Ad valorem taxes			\$126,938			\$126,938
Intergovernmental revenues						
Federal grants	\$98,026	\$89,210				187,236
State grants				\$39,811		39,811
Use of money and property			4,297	45	\$261	4,603
Total revenues	<u>98,026</u>	<u>89,210</u>	<u>131,235</u>	<u>39,856</u>	<u>261</u>	<u>358,588</u>
<b>EXPENDITURES</b>						
Current:						
Public works			145,709	67,938		213,647
Health and welfare	101,264	89,210				190,474
Capital outlay			40,000			40,000
Total expenditures	<u>101,264</u>	<u>89,210</u>	<u>185,709</u>	<u>67,938</u>	<u>NONE</u>	<u>444,121</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(3,238)	NONE	(54,474)	(28,082)	261	(85,533)
<b>OTHER FINANCING SOURCE</b>						
Operating transfers in			40,000	932		40,932
<b>EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES</b>	(3,238)	NONE	(14,474)	(27,150)	261	(44,601)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>2,783</u>	<u>8,293</u>	<u>29,558</u>	<u>27,159</u>	<u>9,053</u>	<u>76,846</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>(\$455)</u>	<u>\$8,293</u>	<u>\$15,084</u>	<u>\$9</u>	<u>\$9,314</u>	<u>\$32,245</u>

CITY OF TALLULAH  
Tallulah, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended June 30, 1999

**DEBT SERVICE FUNDS**

**1998 GENERAL OBLIGATION BOND FUND**

The 1998 General Obligation Bond Fund accumulates monies for payment of \$640,000 General Obligation Bonds dated January 22, 1998, issued for the purpose of providing for defeasement of the 1988 General Obligation Bonds. Funding is provided by an ad valorem tax.

**1988 CERTIFICATES OF INDEBTEDNESS FUND**

The 1988 Certificates of Indebtedness Fund accumulates monies for payment of the \$700,000 Certificates of Indebtedness dated February 1, 1988, issued for the purpose of refunding and extending certain obligations incurred by the city. Funding is provided from the excess of annual revenues accruing to the budget of the city for a ten-year period. These certificates were retired during the year ended June 30, 1999.

**1981 GENERAL OBLIGATION BOND FUND**

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

**1998 PUBLIC IMPROVEMENT BOND FUND**

The 1998 Public Improvement Bond Fund accumulates monies for payment of the \$2,390,000 Revenue Refunding Bonds dated March 12, 1998, issued for the purpose of providing for defeasement of the 1989 Public Improvement Bonds. Funding is provided by a two per cent sales tax.

CITY OF TALLULAH  
Tallulah, Louisiana  
DEBT SERVICE FUNDS

Combining Balance Sheet, June 30, 1999

	1998 GENERAL OBLIGATION BOND	1988 CERTIFICATES OF INDEBTEDNESS	1981 GENERAL OBLIGATION BOND	1998 PUBLIC IMPROVEMENT BOND	TOTAL
<b>ASSETS</b>					
Cash and cash equivalents	\$130,200	\$1,362	\$54,296		\$185,858
Investments				\$496,065	496,065
TOTAL ASSETS	<u>\$130,200</u>	<u>\$1,362</u>	<u>\$54,296</u>	<u>\$496,065</u>	<u>\$681,923</u>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities	NONE	NONE	NONE	NONE	NONE
Fund Equity - fund balances - unreserved - undesignated	<u>\$130,200</u>	<u>\$1,362</u>	<u>\$54,296</u>	<u>\$496,065</u>	<u>\$681,923</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$130,200</u>	<u>\$1,362</u>	<u>\$54,296</u>	<u>\$496,065</u>	<u>\$681,923</u>

CITY OF TALLULAH  
Tallulah, Louisiana  
DEBT SERVICE FUNDS

Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1999

	1998 GENERAL OBLIGATION BOND	1988 CERTIFICATES OF INDEBTEDNESS	1981 GENERAL OBLIGATION BOND	1998 PUBLIC IMPROVEMENT BOND	TOTAL
<b>REVENUES</b>					
Taxes - ad valorem	\$115,595		\$7,108		\$122,703
Use of money and property	2,207	\$54	1,005	\$20,096	23,362
Total revenues	<u>117,802</u>	<u>54</u>	<u>8,113</u>	<u>20,096</u>	<u>146,065</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	55,000		4,827		59,827
Interest and bank charges	31,932		10,589	94,260	136,781
Total expenditures	<u>86,932</u>	NONE	<u>15,416</u>	<u>94,260</u>	<u>196,608</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	30,870	54	(7,303)	(74,164)	(50,543)
<b>OTHER FINANCING SOURCES</b>					
Operating transfers in				284,428	284,428
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	30,870	54	(7,303)	210,264	233,885
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>99,330</u>	<u>1,308</u>	<u>61,599</u>	<u>285,801</u>	<u>448,038</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$130,200</u></u>	<u><u>\$1,362</u></u>	<u><u>\$54,296</u></u>	<u><u>\$496,065</u></u>	<u><u>\$681,923</u></u>

**CITY OF TALLULAH**  
**Tallulah, Louisiana**  
**SUPPLEMENTAL INFORMATION SCHEDULES**  
**As of and for the Year Ended June 30, 1999**

**PROPRIETARY FUND TYPE - ENTERPRISE FUNDS**

**WATER FUND**

The Water Enterprise Fund accounts for the operations of the city's water department. Financing is provided primarily by fees from water sales. Major expenses of the fund are personal services and depreciation.

**SEWER FUND**

The Sewer Enterprise Fund accounts for the operations of the city's sewer system. Financing is provided primarily by user fees. Major expenses of the fund are personal services and depreciation.

CITY OF TALLULAH  
Tallulah, Louisiana  
ENTERPRISE FUNDS

Combining Balance Sheet, June 30, 1999

	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$189,563	\$626,176	\$815,739
Receivables	112,298	171,585	283,883
Due from other funds		133,853	133,853
Total current assets	301,861	931,614	1,233,475
Restricted assets:			
Cash	3,526	24,706	28,232
Investments	606,617		606,617
Total restricted assets	610,143	24,706	634,849
Property, plant and equipment (net of accumulated depreciation)	5,234,497	7,595,060	12,829,557
Deferred bond issuance cost (net of amortization)	338,096		338,096
<b>TOTAL ASSETS</b>	<b>\$6,484,597</b>	<b>\$8,551,380</b>	<b>\$15,035,977</b>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Current liabilities (payable from current assets):			
Accounts payable	\$20,505	\$76,851	\$97,356
Due to other funds		83,025	83,025
Total current liabilities (payable from current assets)	20,505	159,876	180,381
Current liabilities (payable from restricted assets):			
Customer deposits		93,670	93,670
Current portion of long-term debt	140,000		140,000
Total current liabilities (payable from restricted assets)	140,000	93,670	233,670
Long-term debt - revenue bonds payable	6,360,000		6,360,000
Total Liabilities	6,520,505	253,546	6,774,051
Fund equity:			
Contributed capital		6,981,557	6,981,557
Retained earnings:			
Unreserved - undesignated	(35,908)	1,316,277	1,280,369
Total Retained Earnings	(35,908)	1,316,277	1,280,369
Total Fund Equity	(35,908)	8,297,834	8,261,926
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$6,484,597</b>	<b>\$8,551,380</b>	<b>\$15,035,977</b>



CITY OF TALLULAH  
Tallulah, Louisiana  
ENTERPRISE FUNDS

Combining Schedule of Revenues, Expenses,  
and Changes in Retained Earnings  
For the Year Ended June 30, 1999

	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$1,244,452	\$563,256	\$1,807,708
Other operating revenues	22,786	83,875	106,661
Total operating revenues	<u>1,267,238</u>	<u>647,131</u>	<u>1,914,369</u>
<b>OPERATING EXPENSES</b>			
Personal services	312,031	225,934	537,965
Supplies	75,967	8,784	84,751
Maintenance	50,094	231,714	281,808
Utilities	49,118	77,540	126,658
Consultant	47,628		47,628
Miscellaneous	9,697	39,633	49,330
Uniforms	5,318	2,236	7,554
Insurance		3,314	3,314
Accounting fees		14,000	14,000
Collection fees		1,900	1,900
Bad debt expense	7,592		7,592
Depreciation	303,959	144,498	448,457
Total operating expenses	<u>861,404</u>	<u>749,553</u>	<u>1,610,957</u>
<b>OPERATING INCOME (Loss)</b>	<u>405,834</u>	<u>(102,422)</u>	<u>303,412</u>
<b>NON-OPERATING REVENUES (Expenses)</b>			
Interest income	48,598	31,788	80,386
Insurance proceeds		22,725	22,725
Interest expense	(174,879)		(174,879)
Operating transfer out	(300,000)		(300,000)
Amortization of bond issue costs	(10,932)		(10,932)
Total non-operating revenues (expenses)	<u>(437,213)</u>	<u>54,513</u>	<u>(382,700)</u>
<b>NET INCOME (Loss)</b>	(31,379)	(47,909)	(79,288)
Add depreciation on fixed assets acquired with contributed capital	NONE	136,555	136,555
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>(4,529)</u>	<u>1,227,631</u>	<u>1,223,102</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>(\$35,908)</u>	<u>\$1,316,277</u>	<u>\$1,280,369</u>

CITY OF TALLULAH  
Tallulah, Louisiana  
ENTERPRISE FUNDS

Combining Schedule of Cash Flows  
For the Year Ended June 30, 1999

	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$405,834	(\$102,422)	\$303,412
Adjustments to Reconcile operating Income (Loss) to Net cash Provided (Used) by operating activities:			
Depreciation and amortization	303,959	144,498	448,457
Decrease (increase) in accounts receivable	(60,043)	(107,759)	(167,802)
Increase (decrease) in accounts payable	(36,279)	62,063	25,784
Increase (decrease) in interfund payables		7,049	7,049
Increase in customer deposits		6,574	6,574
Total adjustments	207,637	112,425	320,062
Net cash provided by operating activities	613,471	10,003	623,474
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Non-operating transfer out	(300,000)		(300,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Bond proceeds	6,500,000		6,500,000
Acquisition and construction of capital assets	(5,538,456)	(780)	(5,539,236)
Bond issue costs	(338,096)		(338,096)
Amortization of bond issue costs	(10,932)		(10,932)
Interest paid on bonds	(174,879)		(174,879)
Net cash used by capital and related financing activities	437,637	(780)	436,857
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	48,598	31,788	80,386
Insurance proceeds		22,725	22,725
Net cash used by investing activities	48,598	54,513	103,111
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	799,706	63,736	863,442
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	NONE	587,146	587,146
<b>CASH AT END OF YEAR</b>	\$799,706	\$650,882	\$1,450,588

**CITY OF TALLULAH**  
**Tallulah, Louisiana**  
**SUPPLEMENTAL INFORMATION SCHEDULE**  
**As of and For the Year Ended June 30, 1999**

**COMPENSATION PAID COUNCIL MEMBERS**

The schedule of per diem paid council members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of council members is included in legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:405, council members receive \$500 per month. The mayor pro tem receives \$525 per month.

CITY OF TALLULAH  
Tallulah, Louisiana

Schedule of Compensation Paid Council Members  
For the Year Ended June 30, 1999

Eddie Elledge	\$5,000
Charles Finlayson	6,300
Doris Greene	5,500
Billy James	5,500
Tommy Watson	<u>6,000</u>
Total	<u>\$28,300</u>

**CITY OF TALLULAH**  
**Tallulah, Louisiana**  
**SUPPLEMENTAL INFORMATION SCHEDULE**  
**As of and For the Year Ended June 30, 1999**

**YEAR 2000 ISSUE (Unaudited)**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The City of Tallulah has completed an inventory of computer systems that may be affected by the year 2000 issue and that are critical to conducting operations of the city hall. The city has identified the financial reporting system as requiring year 2000 remediation. All testing and validation of this system has been performed.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the city is or will be Year 2000 ready, that the city's remediation efforts will be successful in whole or part, or that parties with whom the city does business will be year 2000 ready.

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

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



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

MAYOR AND CITY  
COUNCIL MEMBERS  
CITY OF TALLULAH  
Tallulah, Louisiana

I have audited the general purpose financial statements of the City of Tallulah as of and for the year ended June 30, 1999, and have issued my report thereon dated November 11, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City of Tallulah's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Tallulah's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC  
ACCOUNTANTS

PRACTICE LIMITED TO  
GOVERNMENTAL  
ACCOUNTING, AUDITING  
AND FINANCIAL REPORTING

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MAYOR AND CITY  
COUNCIL MEMBERS  
CITY OF TALLULAH  
Tallulah, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
June 30, 1999

This report is intended solely for the information and use of the mayor and council members of the City of Tallulah, management of the city, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'W. Monroe', written in a cursive style.

West Monroe, Louisiana  
November 11, 1999



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

MAYOR AND CITY  
COUNCIL MEMBERS  
CITY OF TALLULAH  
Tallulah, Louisiana

**Compliance**

I have audited the compliance of the City of Tallulah with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The City of Tallulah's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program are the responsibility of the City of Tallulah's management. My responsibility is to express an opinion on the City of Tallulah's compliance based on my audit.

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

In my opinion, the City of Tallulah complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999. The results of my auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
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**MAYOR AND CITY  
COUNCIL MEMBERS  
CITY OF TALLULAH**

Tallulah, Louisiana

**Independent Auditor's Report on Compliance  
With Requirements Applicable to Each Major  
Program and Internal Control Over Compliance, etc.  
June 30, 1999**

**Internal Control Over Compliance**

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

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the mayor and council members of the City of Tallulah, management of the city, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



West Monroe, Louisiana  
November 11, 1999

CITY OF TALLULAH  
Tallulah, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1999

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Tallulah.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting.
3. No instances of noncompliance material to the financial statements of the City of Tallulah were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program are reported in the Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award program for the City of Tallulah expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for the City of Tallulah are reported.
7. The United States Department of Housing and Urban Development CDBG Grant - CFDA 14.219 program was tested as a major program.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The City of Tallulah was not determined to be a low-risk auditee.

(Continued)

CITY OF TALLULAH  
Tallulah, Louisiana

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 1999

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

No findings resulted from the financial statements audit.

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

None

(Concluded)

CITY OF TALLULAH  
Tallulah, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES
<b>United States Department of Housing and Urban Development</b>			
Passed through Office of the Governor, Division of Administration - Community Development Block Grant	14.219	107-900349	\$341,953
Direct programs:			
Lower-Income Housing Assistance Program	14.156	LA48E24200	98,026
Section 8 Housing Voucher Program	14.177	LA242V0003	<u>89,210</u>
Total United States Department of Housing and Urban Development			<u>529,189</u>
<b>United States Department of Justice</b>			
Direct program - Local Law Enforcement Block Grant	16.592	N/A	28,389
<b>United States Department of Transportation</b>			
Passed through Louisiana Department of Transportation and Development - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601	9990-19	1,995
<b>United States Department of Health and Human Services</b>			
Passed through Louisiana Department of Social Services - Family Preservation and Support Services	93.556	524551	<u>72,971</u>
Total Federal Financial Assistance			<u><u>\$632,544</u></u>

## FOOTNOTE:

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

CITY OF TALLULAH  
Tallulah, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 1999

**98-1 Need to Comply with Article VII, Section 14  
of the Louisiana Constitution**

**Recommendation:** The auditor recommended that the city discontinue the practice of loaning money to employees in violation of the constitution.

**Status:** This finding has been cleared.

**98-2 Need to Comply With Louisiana  
Code of Ethics**

**Recommendation:** The auditor recommended that the city refrain from entering into any transactions with its employees which would cause the city to be in violation of the code of ethics.

**Status:** This finding has been cleared.

**98-3 Need to Comply With Public Bid Law**

**Recommendation:** The auditor recommended that the city advertise for bids for any equipment, new or used, exceeding \$15,000 as prescribed by state law.

**Status:** This finding has been cleared.

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