

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

TOWN OF CULLEN, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1999

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

Release Date 1-26-00

TOWN OF CULLEN, LOUISIANA
TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	5
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	8
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	10
Combined statement of revenue, expenditures, and changes in fund balances - budget (Cash basis) and actual - general and special revenue fund types	11
Combined balance sheet - proprietary fund types	13
Combined statement of revenue, expenditures, and changes in retained earnings - all proprietary fund types	15
Combined statements of cash flows - enterprise funds	16
Notes to financial statements	17

	<u>Page</u>
FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS	
General Fund:	
Comparative balance sheet	36
Statement of revenues, expenditures, and and changes in fund balance - budget (Cash basis) and actual	37
Statement of expenditures compared to budget (Cash basis)	39
Special Revenue Funds:	
Combining balance sheet	42
Combining statement of revenues, expenditures, and changes in fund balances	43
Two percent sales tax fund:	
Statement of revenues, expenditures, and changes in fund balance - budget (Cash basis) and actual	44
One-half percent sales tax fund:	
Statement of revenues, expenditures, and changes in fund balance - budget (Cash basis) and actual	45
General Fixed Assets Account Group:	
Comparative statement of general fixed assets	47
Statement of changes in general fixed assets	48
Other Supplementary Information:	
Schedule of Findings and Questioned Costs	50
Corrective Action Plan	51
Summary Schedule of Prior Audit Findings	52
Schedule of Expenditures of Federal Awards	53

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897

MINDEN, LOUISIANA 71058-0897

(318) 377-3171

FAX (318) 377-3177

E-MAIL JWM@CWIDE.NET

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
DAVID W. TINSLEY, C.P.A.

KRISTINE J. HARPER, C.P.A.
M. KENT CRAFT, C.P.A.

Wm. Pearce Jamieson, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Bobby R. Washington, Mayor,
and the Members of the Board of Aldermen
Town of Cullen, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Cullen, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Cullen's management. 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 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 disclosure of certain matters regarding the Year 2000 issue. The Town of Cullen, Louisiana, has included such disclosures in Note 16. 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. Accordingly, insufficient audit evidence exists to support the Town of Cullen, Louisiana's disclosures with respect to the Year 2000 issue made in Note 16. Further, we do not provide assurance that the Town of Cullen, Louisiana is or will be Year 2000 ready, that the Town's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Cullen, Louisiana does business will be Year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the Year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Cullen, Louisiana, as of June 30, 1999, and the results of its operations and its cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 1999 on our consideration of the Town of Cullen's internal control over financial reporting and our tests of 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 of Town of Cullen, Louisiana, taken as a whole. The combining and 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 Town of Cullen, 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 not a required part of the general purpose financial statements. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

Jamison Wise & Math

Minden, Louisiana
December 7, 1999

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171
FAX (318) 377-3177
E-MAIL JWM@CWIDE.NET

MICHAEL W. WISE, C.F.A.
CARLOS E. MARTIN, C.F.A.
DAVID W. TINSLEY, C.F.A.

KRISTINE J. HARPER, C.F.A.
M. KENT CRAFT, C.F.A.

W.M. PEARCE JAMIESON, C.P.A. (1991)
MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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 Honorable Bobby R. Washington, Mayor,
and the Members of the Board of Aldermen
Town of Cullen, Louisiana

We have audited the general purpose financial statements of the Town of Cullen, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 7, 1999, which was qualified because insufficient audit evidence exists to support the Town of Cullen, Louisiana's disclosures with respect to the Year 2000 issue. Except as discussed in the preceding sentence, 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 Town of Cullen, Louisiana'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Cullen, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Jamison Wix & Mats

Minden, Louisiana
December 7, 1999

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897
MINDEN, LOUISIANA 71059-0897
(318) 377-3171

FAX (318) 377-3177
E-MAIL JWM@COWIDE.NET

WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL W. WISE, C.F.A.
CARLOS E. MARTIN, C.F.A.
DAVID W. TINSLEY, C.F.A.

KRISTINE J. HARPER, C.F.A.
M. KENT CRAFT, C.F.A.

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

The Honorable Bobby R. Washington, Mayor,
and the Members of the Board of Aldermen
Town of Cullen, Louisiana

Compliance

We have audited the compliance of Town of Cullen, 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, 1999. Town of Cullen's major federal programs are identified in the summary of auditors' 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 Town of Cullen's management. Our responsibility is to express an opinion on Town of Cullen'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 Town of Cullen'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 Town of Cullen's compliance with those requirements.

In our opinion, Town of Cullen, Louisiana 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, 1999.

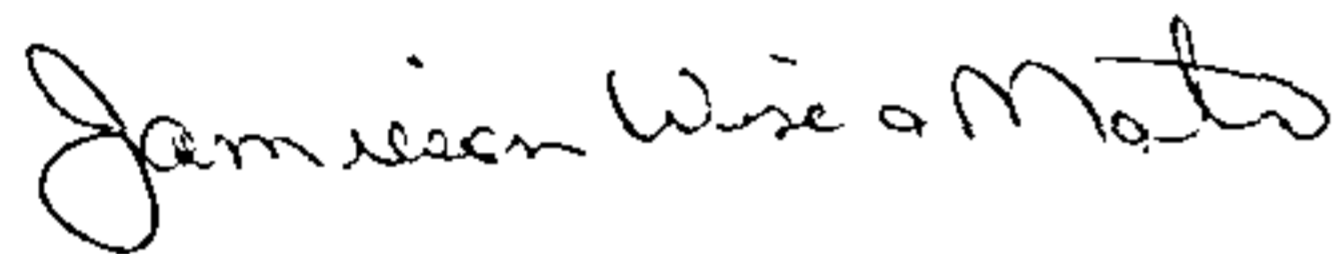
Internal Control Over Compliance

The management of Town of Cullen 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 Town of Cullen'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, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Jamison Wise".

Minden, Louisiana
December 7, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN OF CULLEN, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

	Governmental Fund Types			Capital Projects	Proprietary Fund Types	Account Groups			Totals	
	General	Special Revenue			Enterprise	General Fixed Assets	General Long-term Debt	1999		(Memorandum Only) 1998
		10	10					1999	1998	
ASSETS										
Cash	\$ 49,220	20,217	10		25,497	-	-	94,944	62,504	
Cash - CDs	52,113	39,657	-		215,959	-	-	307,729	277,896	
Investments	67,047	141,056	-		801,311	-	-	1,009,414	926,063	
Receivables:										
Taxes and fees	10,335	-	-		-	-	-	10,335	14,958	
Water and sewer customers	-	-	-		38,324	-	-	38,324	41,063	
Other	8,706	41,225	-		-	-	-	49,931	120,962	
Due from other funds	20	7,598	-		-	-	-	7,618	32,459	
Supplies inventory, at cost	-	-	-		2,700	-	-	2,700	2,950	
Prepaid expenses	500	-	-		-	-	-	500	500	
Deposits	10	-	-		-	-	-	10	10	
Restricted assets:										
Cash	-	-	-		3,121	-	-	3,121	2,568	
Cash - CDs	-	-	-		26,396	-	-	26,396	23,228	
Water and Sewer System Fund:										
Plant and equipment - net	-	-	-		1,901,843	-	-	1,901,843	2,042,257	
Land	-	-	-		-	69,693	-	69,693	69,693	
Buildings	-	-	-		-	404,100	-	404,100	128,737	
Improvements other than buildings	-	-	-		-	791,257	-	791,257	791,257	
Equipment	-	-	-		-	483,924	-	483,924	142,855	
Construction in progress	-	-	-		-	-	-	-	220,462	
Unamortized bond issuance expense	-	-	-		6,899	-	-	6,899	7,109	
Total assets	\$ 187,951	249,753	10		3,022,050	1,748,974	-	5,208,738	4,907,531	

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

	Governmental Fund Types			Proprietary Fund Types	Account Groups			Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects		General Fixed Assets	General Long-Term Debt	1999		1998
LIABILITIES, FUND EQUITY AND OTHER CREDITS									
Liabilities:									
Accounts payable	\$ 19,847	29	-	9,417	-	-	29,293	45,627	
Due to other funds	-	7,608	10	-	-	-	7,618	32,459	
Payable from restricted assets	-	-	-	21,285	-	-	21,285	20,720	
Revenue bonds payable	-	-	-	356,272	-	-	356,272	387,020	
Total liabilities	19,847	7,637	10	386,974	-	-	414,468	485,826	
Fund equity and other credits:									
Contributed capital	-	-	-	2,543,743	-	-	2,543,743	2,583,865	
Investment in general fixed assets	-	-	-	-	1,748,974	-	1,748,974	1,353,004	
Retained earnings -									
Unreserved	-	-	-	91,333	-	-	91,333	125,426	
Fund balances:									
Reserved for drug policing activities	981	-	-	-	-	-	981	1,282	
Unreserved:									
Undesignated	167,123	242,116	-	-	-	-	409,239	358,128	
Total fund equity and other credits	168,104	242,116	-	2,635,076	1,748,974	-	4,794,270	4,421,705	
Total liabilities, fund equity and other credits	\$ 187,951	249,753	10	3,022,050	1,748,974	-	5,208,738	4,907,531	

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 Year Ended June 30, 1999

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)	
				1999	1998
Revenues:					
Taxes	\$ 11,330	109,504	-	120,834	124,479
Licenses and permits	57,605	-	-	57,605	56,523
Intergovernmental	115,623	-	326,785	442,408	339,542
Charges for services	48,910	-	-	48,910	50,079
Fines and forfeits	23,172	-	-	23,172	31,402
Interest	4,148	8,045	-	12,193	12,189
Miscellaneous	16,271	-	11,809	28,080	6,542
Total revenues	<u>277,059</u>	<u>117,549</u>	<u>338,594</u>	<u>733,202</u>	<u>620,756</u>
Expenditures:					
Current -					
General government	125,475	2,788	-	128,263	146,535
Public safety - Police	150,659	-	-	150,659	190,237
Highways and streets	17,703	-	-	17,703	21,349
Sanitation	38,731	-	-	38,731	37,607
Culture and recreation	-	2,493	-	2,493	460
Capital expenditure	-	-	344,744	344,744	140,452
Total expenditures	<u>332,568</u>	<u>5,281</u>	<u>344,744</u>	<u>682,593</u>	<u>536,640</u>
Excess (deficiency) of revenues over expenditures	<u>(55,509)</u>	<u>112,268</u>	<u>(6,150)</u>	<u>50,609</u>	<u>84,116</u>
Other financing sources (uses):					
Sale of capital assets	201	-	-	201	-
Operating transfers in	83,598	-	6,150	89,748	116,759
Operating transfers out	<u>(6,150)</u>	<u>(83,598)</u>	-	<u>(89,748)</u>	<u>(116,759)</u>
Total other financing sources (uses)	<u>77,649</u>	<u>(83,598)</u>	<u>6,150</u>	<u>201</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	22,140	28,670	-	50,810	84,116
Fund balances at beginning of year	<u>145,964</u>	<u>213,446</u>	<u>-</u>	<u>359,410</u>	<u>275,294</u>
Fund balances at end of year	<u>\$ 168,104</u>	<u>242,116</u>	<u>-</u>	<u>410,220</u>	<u>359,410</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (CASH BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
 YEAR ENDED JUNE 30, 1999

	General Fund		
	Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 11,330	11,183	(147)
Licenses and permits	46,145	63,573	17,428
Intergovernmental	117,315	171,874	54,559
Charges for services	48,500	49,083	583
Fines and forfeits	23,344	23,340	(4)
Interest	4,085	4,148	63
Miscellaneous	13,735	16,271	2,536
Total revenues	<u>264,454</u>	<u>339,472</u>	<u>75,018</u>
Expenditures:			
General government	136,119	129,603	6,516
Public safety -			
Police	183,696	156,330	27,366
Highways and streets	22,650	18,048	4,602
Sanitation	41,820	38,170	3,650
Culture and recreation	-	-	-
Total expenditures	<u>384,285</u>	<u>342,151</u>	<u>42,134</u>
Excess (deficiency) of revenues over expenditures	<u>(119,831)</u>	<u>(2,679)</u>	<u>117,152</u>
Other financing sources (uses):			
Sale of capital assets	200	201	1
Operating transfers in	120,000	83,598	(36,402)
Operating transfers out	(6,150)	(6,150)	-
Total other financing sources (uses)	<u>114,050</u>	<u>77,649</u>	<u>(36,401)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(5,781)</u>	<u>74,970</u>	<u>80,751</u>
Fund balances at beginning of year	<u>119,496</u>	<u>84,669</u>	<u>(34,827)</u>
Fund balances at end of year	<u>\$ 113,715</u>	<u>159,639</u>	<u>45,924</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
108,125	109,504	1,379
-	-	-
-	-	-
-	-	-
5,875	6,445	570
-	-	-
<u>114,000</u>	<u>115,949</u>	<u>1,949</u>
2,200	2,788	(588)
-	-	-
-	-	-
-	-	-
4,000	2,542	1,458
<u>6,200</u>	<u>5,330</u>	<u>870</u>
<u>107,800</u>	<u>110,619</u>	<u>2,819</u>
-	-	-
-	-	-
<u>(120,000)</u>	<u>(83,598)</u>	<u>36,402</u>
<u>(120,000)</u>	<u>(83,598)</u>	<u>36,402</u>
(12,200)	27,021	39,221
<u>168,428</u>	<u>168,428</u>	<u>-</u>
<u>156,228</u>	<u>195,449</u>	<u>39,221</u>

TOWN OF CULLEN, LOUISIANA
ENTERPRISE FUNDS

COMBINED BALANCE SHEET
June 30, 1999

	Water Fund	Sewer Fund	Totals (Memorandum Only)	
			1999	1998
ASSETS				
Current assets:				
Cash	\$ 9,805	15,692	25,497	9,365
Certificates of deposit	50,396	165,563	215,959	231,901
Investments	215,567	585,744	801,311	762,661
Accounts receivable - customers	11,823	26,501	38,324	41,063
Due from other funds	-	-	-	3,634
Supplies inventory - at cost (FIFO)	2,700	-	2,700	2,950
Total current assets	290,291	793,500	1,083,791	1,051,574
Restricted assets:				
Cash - Customers' meter deposits	3,121	-	3,121	2,568
Certificates of deposit -				
Customers' meter deposits	-	-	-	-
Bond sinking fund	-	2,581	2,581	2,581
Bond reserve fund	-	11,621	11,621	10,061
Bond contingency fund	-	12,194	12,194	10,586
Total restricted assets	3,121	26,396	29,517	25,796
Plant and equipment - at cost	1,124,274	2,581,815	3,706,089	3,689,819
Less accumulated depreciation	(511,440)	(1,292,806)	(1,804,246)	(1,647,562)
	612,834	1,289,009	1,901,843	2,042,257
Other assets:				
Unamortized bond issuance expense (net)	-	6,899	6,899	7,109
Total other assets	-	6,899	6,899	7,109
Total assets	\$ 906,246	2,115,804	3,022,050	3,126,736

The accompanying notes are an integral part of these financial statements.

	Water Fund	Sewer Fund	Totals (Memorandum Only)	
			1999	1998
Liabilities and Fund Equity				
Current liabilities:				
Payable from current assets -				
Accounts payable	\$ 3,936	4,701	8,637	8,596
Interest payable	-	780	780	371
Current portion bonds payable	-	13,466	13,466	11,892
Due to other funds	-	-	-	738
Payable from restricted assets -				
Customers' meter deposits	21,285	-	21,285	20,720
Total current liabilities	<u>25,221</u>	<u>18,947</u>	<u>44,168</u>	<u>42,317</u>
Long-term liabilities:				
Bonds payable	-	342,806	342,806	375,128
Total long-term liabilities	-	<u>342,806</u>	<u>342,806</u>	<u>375,128</u>
Total liabilities	<u>25,221</u>	<u>361,753</u>	<u>386,974</u>	<u>417,445</u>
Fund equity:				
Contributed capital -				
Municipality	127,398	165,369	292,767	292,767
Federal revenue sharing	60,202	-	60,202	60,202
In aid of construction	84,308	-	84,308	84,308
Federal grants and state grants	583,174	1,523,292	2,106,466	2,146,588
Retained earnings	<u>25,943</u>	<u>65,390</u>	<u>91,333</u>	<u>125,426</u>
Total fund equity	<u>881,025</u>	<u>1,754,051</u>	<u>2,635,076</u>	<u>2,709,291</u>
Total liabilities and fund equity	<u>\$ 906,246</u>	<u>2,115,804</u>	<u>3,022,050</u>	<u>3,126,736</u>

TOWN OF CULLEN, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 Year Ended June 30, 1999

	Water Fund	Sewer Fund	(Memorandum Only)	
			1999	1998
Operating revenues:				
Charges for services -				
Water sales	\$ 74,835	-	74,835	77,914
Sewer service charges	-	151,559	151,559	148,168
Reconnect charges	3,387	-	3,387	2,915
Tie-in charges	-	150	150	140
Delinquent charges and penalties	-	8,632	8,632	11,807
Miscellaneous revenue	197	8	205	290
Total operating revenues	<u>78,419</u>	<u>160,349</u>	<u>238,768</u>	<u>241,234</u>
Operating expenses:				
Salaries	32,597	41,377	73,974	64,080
Payroll taxes	2,612	3,203	5,815	5,024
Contract labor	-	-	-	-
Insurance	5,714	6,669	12,383	15,622
Repairs and maintenance	9,908	22,983	32,891	27,276
Supplies	9,040	1,832	10,872	11,722
Utilities	12,308	18,219	30,527	30,352
Amortization	-	209	209	209
Depreciation	36,915	119,769	156,684	159,505
Office supplies	1,317	1,241	2,558	3,214
Accounting and legal	2,800	2,800	5,600	5,670
Schools and training	-	-	-	-
Testing and permits	-	6,561	6,561	7,726
Miscellaneous	1,236	1,227	2,463	637
Total operating expenses	<u>114,447</u>	<u>226,090</u>	<u>340,537</u>	<u>331,037</u>
Operating income (loss)	(36,028)	(65,741)	(101,769)	(89,803)
Non-operating revenues (expenses)				
Interest expense	-	(18,635)	(18,635)	(16,066)
Interest revenue	12,057	34,132	46,189	39,604
Loss on disposal of asset	-	-	-	(71)
Total non-operating revenues (expenses)	<u>12,057</u>	<u>15,497</u>	<u>27,554</u>	<u>23,467</u>
Income (loss) before operating transfers	(23,971)	(50,244)	(74,215)	(66,336)
Operating transfers in:				
Sales tax fund	-	-	-	-
Total operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	(23,971)	(50,244)	(74,215)	(66,336)
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital				
	20,667	19,455	40,122	40,118
Retained earnings - beginning of year	<u>29,247</u>	<u>96,179</u>	<u>125,426</u>	<u>151,644</u>
Retained earnings - end of year	<u>\$ 25,943</u>	<u>65,390</u>	<u>91,333</u>	<u>125,426</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
ENTERPRISE FUNDS

COMBINED STATEMENT OF CASH FLOWS
Year Ended June 30, 1999

	Water Fund	Sewer Fund	Totals (Memorandum Only)	
			1999	1998
Cash flows from operating activities:				
Cash received from customers	\$ 81,887	163,614	245,501	220,906
Cash payments for supplies and services	(45,666)	(64,451)	(110,117)	(107,200)
Cash payment for salaries	(32,597)	(41,377)	(73,974)	(64,080)
Other operating revenues	197	8	205	15,152
Net cash provided by operating activities	<u>3,821</u>	<u>57,794</u>	<u>61,615</u>	<u>64,778</u>
Cash flows from capital and related financing activities:				
Transfer from other fund - street improvements	-	-	-	-
Proceeds from grants	-	-	-	-
Purchase of assets	(4,829)	(11,440)	(16,269)	-
Principal payments on long-term debt	-	(30,748)	(30,748)	(31,729)
Interest payments on long-term debt	-	(18,226)	(18,226)	(17,244)
Net cash used by capital and related financing activities	<u>(4,829)</u>	<u>(60,414)</u>	<u>(65,243)</u>	<u>(48,973)</u>
Cash flows from investing activities:				
Deposits with investment pools	(10,398)	(28,252)	(38,650)	(522,819)
Interest earned on cash & cash investments	12,057	34,132	46,189	39,604
Net cash provided (used) by investing activities	<u>1,659</u>	<u>5,880</u>	<u>7,539</u>	<u>(483,215)</u>
Net increase (decrease) in cash and cash equivalents	651	3,260	3,911	(467,410)
Cash and cash equivalents at beginning of year	<u>62,671</u>	<u>204,391</u>	<u>267,062</u>	<u>734,472</u>
Cash and cash equivalents at end of year	<u>\$ 63,322</u>	<u>207,651</u>	<u>270,973</u>	<u>267,062</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating loss	\$ (36,028)	(65,741)	(101,769)	(74,802)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	36,915	119,978	156,893	159,933
(Increase) decrease in accounts receivable	1,542	1,197	2,739	6,345
(Increase) decrease in due from other funds	1,558	2,076	3,634	10,585
(Increase) decrease in inventory	250	-	250	(2,238)
Increase (decrease) in accounts payable	(418)	459	41	1,266
Increase (decrease) in due to other funds	(563)	(175)	(738)	(12,555)
Increase (decrease) in deposits	565	-	565	(1,194)
Net cash provided by operating activities	<u>\$ 3,821</u>	<u>57,794</u>	<u>61,615</u>	<u>87,340</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

1. Summary of significant accounting policies

The Town of Cullen was incorporated June 16, 1955, under the provisions of the Lawrason Act and is located in northern Webster Parish. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, and planning and zoning. The Board of Aldermen is made up of five members who are elected by the citizens of Cullen to serve four year terms. They are compensated for their services.

The accounting and reporting policies of the Town of Cullen conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

- A. Basis of presentation The accompanying financial statements of the Town of Cullen conform with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.
- B. Reporting entity GASB Statement No. 14 established criteria for determining the governmental reporting entity. For financial reporting purposes, in conformance with GASB 14, the Town of Cullen includes all funds, account groups, et cetera, that are within the financial accountability of the Town. Certain units of local government over which the Town exercises no financial accountability are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Town of Cullen.
- C. Fund accounting The Town of Cullen 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a set of self-balancing accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable resources.

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

Funds of the Town of Cullen are classified into two categories: governmental and proprietary. Each category, in turn, is divided in separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds -

Governmental funds account for all or most of the Town of Cullen's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

General Fund - the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - 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.

Capital Projects Funds - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported on other governmental funds.

Proprietary Funds -

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful 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. Proprietary funds include:

Enterprise Funds - 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 fees; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

- D. Basis of accounting The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues - generally recognized when they become measurable and available as net current assets.

Expenditures - generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt is recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred.

- E. Budgets and budgetary accounting The Town follows the following budget practices:

- a) The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) 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 ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

TOWN OF CULLEN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue Funds were adopted on a cash basis for the year ended June 30, 1999. Budgeted amounts, as originally adopted, are amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations. Budgets comparisons are not presented for the following grants due to the restriction of these funds for the purposes authorized by the underlying grants:

Capital Project Funds-
 1996 Louisiana Community Development Block Grant(LCDBG)
 Special Revenue Funds-
 Rural Development Revolving Loan Program Grant

- h) The revenues and expenditures presented on Page 10 using the GAAP basis are reconciled with the Actual on Budgetary Basis presented on Pages 11 and 12 as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Total revenues (GAAP Basis)	277,059	117,549
Adjustments:		
Revenue accruals	62,413	-
Revolving Loan Program	<u>-</u>	<u>(1,600)</u>
Total revenues- Budgetary Basis	<u>339,472</u>	<u>115,949</u>
 Total expenditures - GAAP Basis	 332,568	 5,281
Adjustments:		
Expenditure accruals	<u>9,583</u>	<u>49</u>
Total expenditures- Budgetary Basis	<u>342,151</u>	<u>5,330</u>

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

- F. Encumbrances The Town of Cullen does not employ the use of encumbrance accounting in its governmental funds.
- G. Cash and cash equivalents Cash includes amounts in demand deposits and certificates of deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.
- H. Investments - Investments are limited by R.S. 33:2955 and the Town of Cullen's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

The Town of Cullen participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

The investment objective of the LAMP is the preservation of capital and the maintenance of liquidity and, to the extent consistent with such objective, current yield.

The LAMP was established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Board of Directors of LAMP provides certain management and administrative services to LAMP and, through a competitive bidding process, selects a custodial bank and an investment advisor. The custodial bank holds the assets of LAMP and the investment decisions are made by the investment advisor. Both the custodial bank and the investment advisor are subject to the review and oversight of LAMP.

An annual audit of LAMP is conducted annually by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of the LAMP.

The LAMP may invest in U.S. Government Securities. The LAMP is designed to comply with restriction on investment by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statute 33:2955.

The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective. To facilitate this goal, the LAMP's portfolio securities are valued by the amortized cost method as permitted by Rule

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

2a-7 of the Investment Company Act of 1940, as amended, which governs money market mutual funds (although the LAMP is not a money market fund and has no obligation to conform to this rule). In addition, the LAMP will generally comply with other aspects of that rule, including the requirements that all portfolio securities acquired by the LAMP must have, at the time of purchase, a maximum remaining maturity of 397 days and meet certain additional quality standards and that the LAMP maintain a dollar-weighted average portfolio maturity of not more than 90 days.

The fair value of the position in the pool is the same as the value of the pool shares.

- I. Short-term interfund receivables and payables During the course of operations, numerous transactions occur between funds for goods or services rendered. These receivables and payables are classified as due from funds or due to funds on the balance sheet. Short-term interfund loans are classified as interfund receivables and payables.
- J. Bad debts All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.
- K. Inventories Inventories of supplies in the proprietary funds are valued at cost (first-in, first-out).
- L. Fixed assets Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the GFAAG. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations.

Depreciation is computed using the straight-line method with the following useful lives:

Water Utility -	
Wells	33 years
Storage tanks	33 years
Lines	33 years
Equipment	5-10 years

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

Sewerage Utility -	
Pump stations	33 years
Lines	33 years
Equipment	5-10 years

All fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated.

- M. Restricted assets - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

There shall be set aside into a "Bond Reserve Fund" an amount equal to 5% of the payments into the Sinking Fund until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirements for any year on bonds payable from the Sinking Fund (\$30,973.20). Moneys in the Reserve Fund will be used solely for the purpose of paying principal of and interest on such bonds as to which there would otherwise be a default.

There shall be set aside a sum of \$134 per month into a "Depreciation and Contingency Fund" for the purpose of caring for depreciation, extensions, additions, improvements and *replacements necessary to operate properly the System. Money in this fund may be used for the purpose of payment of bonds for which there is not sufficient money in the Sinking Fund or Reserve Fund.*

For the year ended June 30,1999, the Town of Cullen received confiscated drug revenues which are restricted for expenditure on drug policing activities. The Town accounts for these revenues in the general fund as allowed by GASB Cod. Sec 1300.107 which notes that if the purpose is normally financed through the general fund, that fund (instead of a special revenue fund) may be used to account for restricted resources and expenditures as long as applicable legal requirements can be satisfied.

TOWN OF CULLEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

- N. Compensated absences: Employees are allowed to accrue ten days of sick leave each year. *Employees can be paid sick leave only when sick. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.*

Employees are granted annual leave as follows:

> 3 years of service	5 days (40 hours)
3-8 years of service	10 days (80 hours)
> 8 years of service	15 days (120 hours)

Annual leave is granted to each employee on their anniversary date of employment based on years of service. No carryover is allowed for annual leave. Upon termination of employment, an employee will be paid for unused vacation as of the termination date. Accumulated unpaid annual leave is accrued when incurred in the proprietary funds (using the accrual basis of accounting.) Such amounts are not accrued in governmental funds (using the modified accrual basis of accounting), however these amounts are recorded in the General Long Term Debt Account Group. At June 30, 1999, accumulated unpaid vacation pay was immaterial and an accrual in the General Long Term Debt Account Group was considered unnecessary.

- O. Long-term obligations Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

P. Fund equity

Contributed Capital -

Contributed capital is recorded in the enterprise funds for capital grants restricted for the acquisition or construction of capital assets. For the year ended June 30, 1999, the Town closed depreciation expense directly related to the contributed capital account for those assets which were constructed with resources externally restricted for capital acquisitions in accordance with GASB Codification Section G60.116.

Reserves -

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances -

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

TOWN OF CULLEN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

- Q. Interfund transactions Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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.

- R. Sales taxes The voters of the Town of Cullen approved a 1% sales and use tax on January 20, 1970. The proposition approved by the voters specifies that the revenue may be used for any lawful corporate purpose. On November 21, 1987, the voters approved a 1/2% sales and use tax which specifies that the revenue may be used for the purpose of constructing, operating and maintaining the sewer system, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and related facilities, and streets, alleys, sidewalks and bridges and for payment of salaries of non-elected municipal employees.

On April 29, 1995, the voters approved an additional 1% sales and use tax which specifies that revenue may be used for any lawful purpose for the town and authority to fund the tax proceeds into bonds to pay the costs of any lawful capital improvements for the town.

- S. Total columns on combined statements Total columns on the combined 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 are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Ad valorem taxes

For the year ended June 30, 1999, taxes of 7.18 mills were levied on property with assessed valuations totaling \$1,580,160 and were dedicated as follows:

General corporate purposes	7.18 mills
Total taxes levied were \$11,330.	

Ad valorem taxes attach as an enforceable lien on the valuation of property as of January 1, of each year. The Town of Cullen bills and collects its property taxes using the assessed values determined by the tax assessor of Webster Parish.

TOWN OF CULLEN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

3. Cash and cash equivalents

At June 30, 1999, the Town of Cullen had cash and cash equivalents totaling \$ 432,190 as follows:

Petty cash	\$ 773
Demand deposits	97,292
Certificates of deposit	<u>334,125</u>
Total	<u>\$432,190</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1999, the Town of Cullen had \$446,699 in bank deposits. These deposits are secured from risk by \$200,000 of federal deposit insurance and \$500,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, 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 Town that the fiscal agent has failed to pay deposited funds upon demand.

4. Restricted assets - proprietary fund type

Restricted assets were applicable to the following at June 30, 1999:

Customers' meter deposits	\$ 3,121
Sewer revenue bond sinking fund	2,581
Sewer revenue bond reserve fund	11,621
Sewer revenue bond contingency fund	<u>12,194</u>
Total	<u>\$ 29,517</u>

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

5. Changes in general fixed assets

A summary of changes in general fixed assets is presented below:

	Balance <u>June 30, 1998</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 1999</u>
Land	\$ 69,693	25,000	(25,000)	69,693
Buildings	128,737	275,363	-	404,100
Improvements other than buildings	791,257	-	-	791,257
Equipment	142,855	342,393	(1,324)	483,924
Construction in progress	<u>220,462</u>	<u>54,901</u>	<u>(275,363)</u>	<u>-</u>
 Total general fixed assets	 \$ <u>1,353,004</u>	 <u>697,657</u>	 <u>(301,687)</u>	 <u>1,748,974</u>

6. Proprietary fund type property, plant and equipment

A summary of changes in the Water and Sewer System Funds property, plant and equipment is presented below:

Description	Balance <u>June 30, 1998</u>	<u>Additions</u>	<u>Retirement</u>	Balance <u>June 30, 1999</u>
Land & easements	\$ 7,925	-	-	7,925
Water tank	33,319	-	-	33,319
Water wells/system	163,446	-	-	163,446
Water lines	901,245	-	-	901,245
Sewer system	1,955,912	10,700	-	1,966,612
Oxidation pond	32,958	-	-	32,958
Equipment	591,269	5,570	-	596,839
Buildings	<u>3,745</u>	<u>-</u>	<u>-</u>	<u>3,745</u>
 Totals	 \$ <u>3,689,819</u>	 <u>16,270</u>	 <u>-</u>	 <u>3,706,089</u>

TOWN OF CULLEN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

7. Changes in long-term debt

The following is a summary of changes in long-term debt for the year ended June 30, 1999:

	<u>Revenue</u>
Bonds payable, July 1, 1998	\$ 387,020
Bonds issued	-
Bonds retired	<u>(30,748)</u>
Bonds payable, June 30, 1999	<u>\$ 356,272</u>

Bonds at June 30, 1999, are comprised of the following individual issues:

Revenue bonds:

\$530,000 sewer revenue refunding bonds of 1992 dated January 15, 1992; due in monthly installments of \$2,581 through January 15, 2032; interest at 5%.

\$ 356,272

The annual requirements to amortize general long-term debt outstanding as of June 30, 1999, including interest payments of \$175,065 are presented below:

Year Ending	
<u>June 30,</u>	<u>Revenue</u>
2000	\$ 30,973
2001	30,973
2002	30,973
2003	30,973
2004	30,973
Thereafter	<u>376,472</u>
	 <u>\$ 531,337</u>

Management has been and plans in the future to pay an additional \$1,500 per month on the outstanding debt. If these payments are made then the total requirements to amortize the debt will be \$443,776.

The following is a computation of legal debt margin at June 30, 1999:

Net assessed value	\$1,580,160
Debt limit - 10 percent of total assessed value	\$ 158,016

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

8. Sales and use tax

Effective July 1, 1995, an additional 1% sales and use tax was levied by the Town of Cullen to be used for any lawful purpose for the Town. Sales taxes collected on the 2% sales and use tax totaled \$87,603 for the year ended June 30, 1999.

Sales taxes collected on the 1/2% sales and use tax totaled \$21,901 for the year ended June 30, 1999.

9. Flow of funds; restrictions on use - sewer system revenues

Under the terms of the bond indenture for the outstanding Refunding Revenue Bonds of 1992, all income and revenues earned or derived from the operation of the sewer system are pledged and dedicated to the retirement of said bonds and are to be maintained and administered in the following order of priority and express purposes:

- (a) The payment of all reasonable and necessary expenses of administering, operating, and maintaining the system.
- (b) The payment of said Revenue Refunding Bonds, including interest.
- (c) Monthly payments of \$130 are to be made to the bond reserve account until \$30,973 has been accumulated therein. Funds available in the bond reserve account may be used only for the payment of bond installments and interest when sufficient funds are not on deposit in the operating account.
- (d) Monthly payments of \$134 are to be made to the bond contingency account. Funds in this account may be used for extensions, additions, improvements, and replacements necessary to properly operate the system.

10. Contingent liabilities

At June 30, 1999, there was no litigation pending against the Town of Cullen.

TOWN OF CULLEN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

11. Interfund receivables and 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.

At June 30, 1999, such interfund receivables and payables were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 20	-
Enterprise Funds	-	-
Capital Projects Fund	-	10
Special Revenue Funds:		
½% Sales Tax Fund	-	7,598
Revolving Loan Program	-	10
1% Sales Tax Fund	<u>7,598</u>	<u>-</u>
	<u>\$ 7,618</u>	<u>7,618</u>

12. Retirement System

Prior to the current fiscal year, the employees of the Town elected to terminate their participation in the Municipal Employee's Retirement System. The plan was terminated effective July 1, 1992, following the conclusion of the plan's prescribed waiting period. All funds on deposit with the system were subsequently distributed to the employees according to plan terms and conditions. Subsequent to July 1, 1992 employees are covered by the Federal Social Security System.

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 above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits.

TOWN OF CULLEN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

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 (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Cullen 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 Town of Cullen 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 Town of Cullen contributions to the System for the year ending June 30, 1999 was \$5,475, equal to the required contributions for each year.

13. Net working capital

At June 30, 1999, net working capital for the enterprise fund of the Town of Cullen was as follows:

Current assets	\$ 1,083,791
Current liabilities	<u>44,168</u>
Net working capital	\$ <u>1,039,623</u>

14. Governing board compensation

The Mayor and Board of Aldermen for the Town of Cullen were compensated for the year ended June 30, 1999 as follows:

	<u>Mayor</u>	<u>Alderman</u>
Bobby Washington	\$ 10,200	-
Ione Dubberly	-	1,500
Maude Underwood	-	1,500
Floydean White	-	1,500
Myrtle Veal	-	-
Lewis "Don" Parkerson	<u>-</u>	<u>1,500</u>
Compensation paid	\$ <u>10,200</u>	<u>6,000</u>

TOWN OF CULLEN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999

15. Operating Leases

The Town of Cullen is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the Town's account groups. Operating lease payments for the years ended June 30, 1999 and June 30, 1998 amounted to \$ 1,763 and \$ 2,087, respectively.

Following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 1999:

<u>Year ending June 30</u>	<u>Amount</u>
2000	1,923
2001	1,923
2002	<u>641</u>
Total minimum payments required	<u>4,487</u>

16. Year 2000 Issue

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the Year 2000 is expected to extend beyond systems and any equipment that is dependent on microchip technology.

The Town of Cullen provides public services, public safety and various other public works to its citizens. The execution of these services generally does not rely upon microchip technology since these services are not automated in nature. Certain billing and accounting applications utilize computer systems. These computer systems are in the process of being updated. The effect of the year 2000 issue upon the Town's vendors, revenue sources, grantors, and other entities with which it conducts business has not been determined. As a result, the effect of any of these entities' non-compliance with the year 2000 issue upon the Town has also not been determined.

TOWN OF CULLEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

For the year ended June 30, 1999, the Town of Cullen incurred no material remediation costs concerning the year 2000 issue. No significant loss due to impairment of equipment that is not year 2000 compliant was recognized for the year ended June 30, 1999.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF CULLEN, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 49,220	29,442
Cash - CDs	52,113	25,275
Investments	67,047	63,813
Taxes and fees receivable	10,335	14,958
Prepaid expenses	500	500
Due from other funds -		
Water and sewer system fund	-	175
Sales tax	-	1,779
Revolving loan program	10	10
Capital projects fund	10	10
Other receivables	8,706	66,495
Deposits	<u>10</u>	<u>10</u>
Total assets	<u>\$ 187,951</u>	<u>202,467</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 19,847	26,582
Due to other funds -		
Sales tax	-	26,850
Water and sewer system fund	<u>-</u>	<u>3,071</u>
Total liabilities	<u>19,847</u>	<u>56,503</u>
 Fund balance:		
Reserved for drug policing activities	981	1,282
Unreserved -		
Undesignated	<u>167,123</u>	<u>144,682</u>
Total fund balance	<u>168,104</u>	<u>145,964</u>
Total liabilities and fund balance	<u>\$ 187,951</u>	<u>202,467</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (CASH BASIS) AND ACTUAL

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	1999				1998 Actual on Budgetary Basis
	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	
Revenues:					
Taxes - ad valorem	\$ 11,330	11,330	(147)	11,183	11,075
License and permits -					
Utility franchise fees	21,220	25,648	(1,546)	24,102	23,354
Licenses and permits	24,925	31,957	7,514	39,471	26,806
Intergovernmental -					
Tobacco taxes	8,540	8,542	-	8,542	8,542
Beer taxes	6,000	5,657	-	5,657	5,856
Video poker	10,500	15,809	(405)	15,404	10,408
Federal grants	79,430	72,770	56,656	129,426	30,000
Other state, parish and municipal grants	12,845	12,845	-	12,845	9,770
Garbage revenue	48,500	48,910	173	49,083	50,230
Bonds, fines, and court costs	23,344	23,172	168	23,340	32,629
Interest	4,085	4,148	-	4,148	4,065
Other	13,735	16,271	-	16,271	6,542
Total revenues	264,454	277,059	62,413	339,472	219,277
Expenditures:					
Current -					
General government	136,119	125,475	4,128	129,603	78,017
Public safety -					
Police	183,696	150,659	5,671	156,330	182,937
Highways and streets	22,650	17,703	345	18,048	19,178
Sanitation	41,820	38,731	(561)	38,170	37,409
Total expenditures	384,285	332,568	9,583	342,151	317,541
Excess (deficiency) of revenues over expenditures	(119,831)	(55,509)	52,830	(2,679)	(98,264)

TOWN OF CULLEN, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (CASH BASIS) AND ACTUAL
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999				1998 Actual on Budgetary Basis
	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	
Other financing sources (uses):					
Sale of capital assets	200	201	-	201	-
Operating transfers in -					
Two percent sales tax fund	100,000	74,476	-	74,476	101,000
One-half percent sales tax fund	20,000	9,122	-	9,122	15,759
Sewer fund	-	-	-	-	-
Operating transfers out -					
Capital projects fund	(6,150)	(6,150)	-	(6,150)	-
Total other financing sources (uses)	<u>114,050</u>	<u>77,649</u>	<u>-</u>	<u>77,649</u>	<u>116,759</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,781)	22,140	52,830	74,970	18,495
Fund balance, beginning of year	<u>119,496</u>	<u>145,964</u>	<u>(61,295)</u>	<u>84,669</u>	<u>66,174</u>
Fund balance, end of year	<u>\$ 113,715</u>	<u>168,104</u>	<u>(8,465)</u>	<u>159,639</u>	<u>84,669</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (CASII BASIS)

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	1999				1998 Actual on Budgetary Basis
	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	
General Government:					
Salaries	26,820	25,926	(476)	25,450	28,280
Payroll taxes	2,094	1,970	-	1,970	2,518
Insurance	6,060	2,554	249	2,803	4,731
Advertising - Legal and other	1,200	984	(440)	544	1,992
Accounting and legal	6,000	5,496	178	5,674	5,296
Utilities and telephone	9,800	9,807	(685)	9,122	8,380
Office supplies and tax roll	5,425	5,583	(127)	5,456	6,898
Meetings and conventions	6,500	6,495	-	6,495	6,118
Coroner's and ambulance fees	5,000	3,215	(1,008)	2,207	3,195
Dues and subscriptions	3,000	2,929	-	2,929	2,854
Maintenance of municipal building	1,300	1,225	(85)	1,140	2,065
Other	9,310	5,681	(250)	5,431	5,690
Capital outlay	53,610	53,610	6,772	60,382	-
Total general government	\$ 136,119	125,475	4,128	129,603	78,017
Public safety:					
Police -					
Salaries	91,145	90,190	176	90,366	75,631
Payroll taxes	12,660	12,513	-	12,513	10,200
Insurance	22,000	15,402	2,043	17,445	19,414
Supplies	4,000	2,242	500	2,742	2,245
Maintenance	2,000	1,218	-	1,218	55
Office supplies	500	209	(50)	159	362
School and training	2,750	1,622	-	1,622	2,092
Police auto expense	12,500	7,920	97	8,017	9,526
Uniforms	1,500	1,125	-	1,125	1,006
Telephone and utilities	3,500	3,881	(490)	3,391	3,085
Jail expense	5,500	4,545	90	4,635	1,275
Other	22,141	9,214	(15)	9,199	13,827
Capital outlay	3,500	578	3,320	3,898	44,219
Total police	\$ 183,696	150,659	5,671	156,330	182,937

TOWN OF CULLEN, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (CASH BASIS)

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	1999				1998 Actual on Budgetary Basis
	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	
(Continued)					
Highways and streets:					
Salaries	-	-	-	-	-
Payroll taxes	-	-	-	-	-
Insurance	2,500	1,840	327	2,167	2,869
Expendable tools and supplies	400	224	183	407	192
Maintenance and upkeep of streets	4,750	4,622	(1,757)	2,865	3,017
Maintenance and upkeep of equipment	5,000	4,136	392	4,528	3,960
Street electricity	8,000	6,331	1,200	7,531	6,265
Other	2,000	550	-	550	2,875
Capital outlay	-	-	-	-	-
Total highways and streets	\$ 22,650	\$ 17,703	345	\$ 18,048	\$ 19,178
					Variance - Favorable (Unfavorable)
					4,602
Sanitation:					
Salaries	14,780	14,188	(17)	14,171	12,998
Payroll taxes	1,170	1,107	-	1,107	1,034
Insurance	5,430	4,086	494	4,580	5,155
Tipping fee	8,500	8,127	(90)	8,037	7,517
Maintenance and upkeep of trucks	10,000	10,754	(948)	9,806	10,167
Contracting services	1,600	300	-	300	-
Safety supplies	130	74	-	74	143
Other	210	95	-	95	395
Total sanitation	\$ 41,820	\$ 38,731	(561)	\$ 38,170	\$ 37,409
Total expenditures	\$ 384,285	\$ 332,568	9,583	\$ 342,151	\$ 317,541
					42,134

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS

Two Percent Sales Tax Fund - To account for the receipt and use of proceeds of the Town's 2% sales and use tax. The revenue from the tax may be used for any lawful corporate purpose.

One-half Percent Sales Tax Fund - To account for the receipt and use of proceeds of the Town's 1/2% sales and use tax. The revenues from the tax may be used for any lawful corporate purpose other than expenditures for police supplies and equipment.

Revolving Loan Program Fund - To account for the resources and expenditures of a Rural Business Enterprise Grant from the Rural Business-Cooperative Service of the U.S. Department of Agriculture. Grant funds are used to establish a revolving loan program to assist area small business development and expansion needs.

TOWN OF CULLEN, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
June 30, 1999

With Comparative Totals for June 30, 1998

	Two Percent Sales Tax Fund	One-half Percent Sales Tax Fund	Revolving Loan Program Fund	Totals June 30, 1999	June 30, 1998
<u>ASSETS</u>					
Cash	\$ 11,874	2,863	5,480	20,217	23,687
Cash - CDs	14,668	24,989	-	39,657	20,720
Investments	55,322	85,734	-	141,056	99,589
Loan receivable	-	-	41,225	41,225	44,467
Due from other funds	7,598	-	-	7,598	26,851
Total assets	\$ 89,462	113,586	46,705	249,753	215,314

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	\$ -	29	-	29	78
Due to other funds	-	7,598	10	7,608	1,790
Total liabilities	-	7,627	10	7,637	1,868
Fund Balance:					
Unreserved -					
Undesignated	89,462	105,959	46,695	242,116	213,446
Total liabilities and fund balances	\$ 89,462	113,586	46,705	249,753	215,314

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

Year Ended June 30, 1999

With Comparative Totals for Year Ended June 30, 1998

	Two Percent Sales Tax Fund	One-half Percent Sales Tax Fund	Revolving Loan Program Fund	Totals June 30, 1999	June 30, 1998
Revenues:					
Taxes	\$ 87,603	21,901	-	109,504	113,386
Intergovernmental revenues-					
Rural Development grant	-	-	-	-	45,000
Interest income	2,667	3,778	1,600	8,045	8,124
Total revenues	<u>90,270</u>	<u>25,679</u>	<u>1,600</u>	<u>117,549</u>	<u>166,510</u>
Expenditures:					
General government	2,185	603	-	2,788	1,188
Culture and recreation	-	2,493	-	2,493	460
Total expenditures	<u>2,185</u>	<u>3,096</u>	<u>-</u>	<u>5,281</u>	<u>1,648</u>
Excess of revenues over expenditures	88,085	22,583	1,600	112,268	164,862
Other financing uses -					
Operating transfers out	<u>(74,476)</u>	<u>(9,122)</u>	<u>-</u>	<u>(83,598)</u>	<u>(116,759)</u>
Excess of revenues over expenditures and other uses	13,609	13,461	1,600	28,670	48,103
Fund balances, beginning of year	<u>75,853</u>	<u>92,498</u>	<u>45,095</u>	<u>213,446</u>	<u>165,343</u>
Fund balances, end of year	<u>\$ 89,462</u>	<u>105,959</u>	<u>46,695</u>	<u>242,116</u>	<u>213,446</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
SPECIAL REVENUE FUNDS
TWO PERCENT SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (CASH BASIS) AND ACTUAL
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999				1998 Actual on Budgetary Basis	
	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis		Variance Favorable (Unfavorable)
Revenues:						
Sales tax collected	\$ 86,500	87,603	-	87,603	1,103	90,709
Interest income	2,350	2,667	-	2,667	317	3,713
Total revenues	<u>88,850</u>	<u>90,270</u>	<u>-</u>	<u>90,270</u>	<u>1,420</u>	<u>94,422</u>
Expenditures:						
General government						
Collection expense	1,750	1,461	-	1,461	289	908
Miscellaneous	-	724	-	724	(724)	-
Total expenditures	<u>1,750</u>	<u>2,185</u>	<u>-</u>	<u>2,185</u>	<u>(435)</u>	<u>908</u>
Excess of revenues over expenditures	87,100	88,085	-	88,085	985	93,514
Other financing uses:						
Operating transfers out -						
General fund	(100,000)	(74,476)	-	(74,476)	25,524	(101,000)
Sewer user fund	-	-	-	-	-	-
Total other financing uses	<u>(100,000)</u>	<u>(74,476)</u>	<u>-</u>	<u>(74,476)</u>	<u>25,524</u>	<u>(101,000)</u>
Excess of revenues over expenditures and other financing uses	(12,900)	13,609	-	13,609	26,509	(7,486)
Fund balance, beginning of year	<u>75,853</u>	<u>75,853</u>	<u>-</u>	<u>75,853</u>	<u>-</u>	<u>83,339</u>
Fund balance, end of year	<u>\$ 62,953</u>	<u>89,462</u>	<u>-</u>	<u>89,462</u>	<u>26,509</u>	<u>75,853</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
SPECIAL REVENUE FUNDS
ONE-HALF PERCENT SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (CASH BASIS) AND ACTUAL
Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

			1999			1998 Actual on Budgetary Basis
	Budget	Actual	Adjustment to Budgetary Basis (Note 1)	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)	
Revenues:						
Sales tax collected	\$ 21,625	21,901	-	21,901	276	22,677
Interest income	3,525	3,778	-	3,778	253	4,263
Total revenues	<u>25,150</u>	<u>25,679</u>	<u>-</u>	<u>25,679</u>	<u>529</u>	<u>26,940</u>
Expenditures:						
General government						
Collection expense	450	365	-	365	85	227
Miscellaneous	-	238	-	238	(238)	-
Culture and recreation	4,000	2,493	49	2,542	1,458	383
Total expenditures	<u>4,450</u>	<u>3,096</u>	<u>49</u>	<u>3,145</u>	<u>1,305</u>	<u>610</u>
Excess of revenues over expenditures	20,700	22,583	(49)	22,534	1,834	26,330
Other financing uses:						
Operating transfers out - General fund	<u>(20,000)</u>	<u>(9,122)</u>	<u>-</u>	<u>(9,122)</u>	<u>10,878</u>	<u>(15,759)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	700	13,461	(49)	13,412	12,712	10,571
Fund balance, beginning of year	<u>92,575</u>	<u>92,498</u>	<u>77</u>	<u>92,575</u>	<u>-</u>	<u>82,004</u>
Fund balance, end of year	<u>\$ 93,275</u>	<u>105,959</u>	<u>28</u>	<u>105,987</u>	<u>12,712</u>	<u>92,575</u>

The accompanying notes constitute an integral part of these financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF CULLEN, LOUISIANA

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General fixed assets, at cost:		
Land	\$ 69,693	69,693
Buildings	404,100	128,737
Improvements other than buildings	791,257	791,257
Equipment	483,924	142,855
Construction in progress	<u>-</u>	<u>220,462</u>
Total general fixed assets	<u>\$ 1,748,974</u>	<u>1,353,004</u>
Investment in general fixed assets:		
Donation	\$ 74,059	59,250
General fund revenues	329,331	324,000
Sales tax fund revenues	21,851	21,851
Federal revenue sharing funds	95,494	95,494
Federal and state grants	<u>1,228,239</u>	<u>852,409</u>
Total investment in general fixed assets	<u>\$ 1,748,974</u>	<u>1,353,004</u>

The accompanying notes are an integral part of this statement.

TOWN OF CULLEN, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended June 30, 1999

	Land	Buildings	Improvements Other than Buildings	Equipment	Construction in progress	Total
General fixed assets at beginning of year	\$ 69,693	128,737	791,257	142,855	220,462	1,353,004
Additions	<u>25,000</u>	<u>275,363</u>	-	<u>342,393</u>	<u>54,901</u>	<u>697,657</u>
Total beginning balances and additions	94,693	404,100	791,257	485,248	275,363	2,050,661
Deletions	<u>(25,000)</u>	-	-	<u>(1,324)</u>	<u>(275,363)</u>	<u>(301,687)</u>
General fixed assets at end of year	\$ <u>69,693</u>	<u>404,100</u>	<u>791,257</u>	<u>483,924</u>	<u>-</u>	<u>1,748,974</u>

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF CULLEN, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of the Town of Cullen, Louisiana as of and for the year ended June 30, 1999. A qualified opinion was issued on the general purpose financial statements because insufficient audit evidence existed to support the Town of Cullen, Louisiana's disclosures with respect to the Year 2000 issue.
2. No reportable conditions relating to the audit of the general purpose financial statements were disclosed during the audit.
3. No instances of noncompliance material to the general purpose financial statements of the Town of Cullen, Louisiana were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for the Town of Cullen, Louisiana expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the Town of Cullen, Louisiana were reported.
7. The Town of Cullen, Louisiana had one major program consisting of the LA Community Development Block Grant-FY 1996 from the U.S. Department of Housing and Urban Development passed through the State of LA-Division of Administration, CFDA No. 14.228.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Cullen, Louisiana was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

None

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

None

TOWN OF CULLEN

CORRECTIVE ACTION PLAN

June 30, 1999

FINDINGS-FINANCIAL STATEMENTS AUDIT

As stated in the Schedule of Findings and Questioned Costs, in connection with the audit of the general purpose financial statements as of and for the year ended June 30, 1999, of the Town of Cullen, Louisiana, there were no items noted that are required to be reported in accordance with GAGAS.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

As stated in the Schedule of Findings and Questioned Costs, in connection with audit of the general purpose financial statements as of and for the year ended June 30, 1999, of the Town of Cullen, Louisiana, there were no items noted that are required to be reported in accordance with OMB Circular A-133.

TOWN OF CULLEN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 1999

Prior Audit Findings Related to Federal Awards

There were no audit findings relative to federal awards reported in the audit of the general purpose financial statements of the Town of Cullen, Louisiana as of and for the year ended June 30, 1998.

Prior Audit Findings Related to Financial Statements

There were no audit findings relative to the financial statements in the audit of the general purpose financial statements of the Town of Cullen, Louisiana as of and for the year ended June 30, 1998.

TOWN OF CULLEN, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 1999

<u>Federal Grantor/Pass Through Grantors/Program Title</u>	<u>Federal CFDA #</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Rural Development-			
Sewer Revenue Bonds of the Town of Cullen, State of Louisiana, original \$530,000 purchased by the Farmers Home Administration	10.418	\$ 530,000	\$ 387,020
 <u>U.S. Department of Transportation</u>			
Passed through the State of Louisiana - Department of Transportation and Development:			
Federal Aid Project-Cullen Railroad Depot State Project No. 700-60-0107 & 744-60-0001 Federal Project No. ENH-MISC(146 & 147)	20.205	122,937	53,610
 Passed through LA Dept. of Public Safety & Corrections- LA Highway Safety Commission:			
Buckle Up LA Law Enforcement Mobilization- 9991-15	20.600	840	840
 <u>U.S. Department of Housing and Urban Development</u>			
Passed through the State of Louisiana- Division of Administration:			
LA Community Development Block Grant-FY 1996	14.228	467,510	326,785
 <u>U.S. Department of Justice</u>			
Office of Community Oriented Policing Services-			
COPS FAST Grant- LA 025zz 95 CFWX3987	16.710	46,864	17,645
 Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice:			
Local Law Enforcement Block Grant- Law Enforcement Equipment- 97-21-2.1C-0679	16.592	675	<u>675</u>
 Total Federal Expenditures			 <u>\$ 786,575</u>