

CITY OF SPRINGFIELD, LOUISIANA

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FINANCIAL STATEMENTS

June 30, 1988

These financial statements are prepared in accordance with the provisions of Article IV, Section 10B, which is a public document. A report of the auditor has been submitted to the council, or authorized, duly constituted representative public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Prepared Date: **1988 3 1988**

Don H. Johnson, Jr. & Company, L.L.P.
Certified Public Accountants
Springfield, Louisiana 70583

CITY OF SPRINGHILL, LOUISIANA

June 30, 2022
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CITY OF SPRINGHILL, LOUISIANA

June 30, 1998
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Independent Auditor's Report

The Honorable Johnny Livingston, Mayor
and Board of Aldermen
City of Springfield
Springfield, Louisiana


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

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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material aspects, the financial position of the City of Springfield, Louisiana, as of June 30, 1998, and the results of its operations and the 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 our report dated November 15, 1998, on our consideration of the City of Springfield, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph taken as a whole. 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, *Amendment 1*, *Amendment 2*, *Amendment 3*, *Amendment 4*, and *Amendment 5*, and the accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Springfield, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, and individual fund and account group financial statements and, in our opinion, is fairly presented in all material aspects in relation to the financial statements and the respective individual funds and account groups taken as a whole.


Certified Public Accountants

November 15, 1998

CITY OF SPRINGHILLS, LOUISIANA

Combined Balance Sheet - All Fund Typeland Account Group

June 30, 1978

	Governmental Fund Types		Capital Projects	Proprietary Fund Types		Accounts Receivable		Inventories	Prepaid Expenses		Miscellaneous Debt
	Debt	Assets		Debt	Assets	Debt	Assets		Debt	Assets	
ASSETS											
Cash and cash equivalents	582,377	948,779	20,112	179,558					1,811,92	21,77,207	
Investments at cost	173,050			111,000					344,500	548,000	
Receivables:											
Taxes	49	974							1,629	17,543	
Other governments										4,121	
Trade accounts				90,000					90,000	81,000	
Interest	857			1,000					4,000	2,404	
Other	150			80,814					10,754	30	
Due from other funds	31,275								19,720	30,343	
Prepayments, at cost	3,441			6,271					7,478	9,000	
Prepaid expenses:											
Cash		2,241,822		667,703					2,892,525	3,473,151	
Investments at cost		1,000,000		20,000					1,000,000	30,000	
Accrued interest received		41,752		124					42,074	156	
Land								122,864	122,864	17,687	
Buildings								1,679,712	1,679,712	1,679,712	
Improvements other than buildings				87,342				6,828,609	6,915,951	6,488,411	
Equipment				6,948				1,194,407	1,201,447	1,099,431	
Utility poles and equipment											
Accumulated depreciation:											
Investments at cost				87,944,562					87,944,562	8,386,058	
Services fund				(2,036,074)					(2,036,074)	(1,851,478)	
Amount available to DMS											
Amount to be reported from All other funds									165,756	365,756	
Total assets	887,829	4,117,297	20,126	3,870,288					1,884,211	2,775,244	
									(2,036,074)	(1,851,478)	
									1,848,137	923,766	

(Continued)

	Governmental Fund Types			Proprietary Special Districts	Assessed Districts		Totals	
	General	Special Accounts	Debt Reserve		Capital Projects	Assessed Accounts	Assessed Long-Term Debt	Subtotal
LIABILITIES AND NETWORTH								
Liabilities:								
Accounts payable	42,741			271,075			313,816	705,473
Assessed liabilities	27,871			844			28,715	18,769
Prepaid assessments				135			135	49
Due to other funds			659	30,150			30,809	30,845
Due to other governments	24,217						24,217	24,769
Payable from national securities								
Assessed interest payable				41,650			41,650	69,308
Minor deposits				24,670			24,670	78,978
Bonds payable				6,627,285			6,627,285	8,284,680
Total liabilities	68,819		659	4,381,345			4,450,823	6,728,930
Fund equity:								
Conditioned capital				201,408			201,408	528,286
Investment in general fund securities						8,759,638	8,759,638	9,287,924
Retained earnings								
Unassigned				2,468,372			2,468,372	2,578,136
Reserve for perpetual care				3,84			3,84	1,038
Total fund equity	68,819			2,670,624			2,739,443	3,317,214
Reserve for debt service		2,650,288	260,616				2,910,904	2,910,904
Reserve for police, fire, and retirement		977,218					977,218	977,218
Unassigned - unexpended	607,559	1,870,623					2,478,182	2,618,521
Fund retained earnings and fund balances	638,550	64,113,962	260,616	2,468,372			2,501,540	7,145,829
Fund fund equity	688,550	64,178,180	260,616	2,468,372			2,717,518	8,605,649
Total liabilities and fund equity	687,832	64,113,962	261,120	7,850,320			8,002,914	22,350,459

CITY OF SPRINGHILL, LOUISIANA

Condensed Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types Year Ended June 30, 1998

	Governmental Fund Types				Total (Governmental Only)	
	General	Special Revenue	Enterprise Services	Capital Projects	1998	1997
Revenues:						
Taxes	377,000	1,843,907	1,897,971		3,980,898	3,541,758
Fees and permits	802,878				802,878	170,801
Fees and field fees	49,801				49,801	46,789
Intergovernmental	16,600	207,181			223,781	1,893,078
Organically acquired	29,041				29,041	71,108
Volunteer services	17,147				17,147	11,129
Interest	11,141	114,149			125,290	
Miscellaneous revenues	87,793		3,400	3,400	91,193	144,888
Total revenues	<u>1,068,601</u>	<u>2,165,237</u>	<u>1,901,371</u>	<u>6,800</u>	<u>3,980,778</u>	<u>4,718,652</u>
Expenditures:						
Current:						
General government	809,794	1,186,451	141		1,996,386	2,014,691
Public safety	149,134				149,134	898,286
Recreation	194,204				194,204	92,790
Street and airport	288,027				288,027	310,901
Wastewater	14,393				14,393	64,211
Transportation	16,017				16,017	19,411
Miscellaneous	69,344				69,344	76,481
Capital outlays						
Construction	712,023			299,194	1,011,217	1,247,150
Auto service						
Physical equipment			76,000		76,000	76,000
Interest and bond charges			110,000		110,000	1,290,151
Total capital outlays	<u>1,424,046</u>	<u>76,000</u>	<u>186,000</u>	<u>299,194</u>	<u>1,785,240</u>	<u>2,682,352</u>
Debt retirement (including interest on all expenditures on all expenditures)	<u>1,118,620</u>	<u>1,517,141</u>	<u>34,000</u>	<u>(299,194)</u>	<u>2,452,567</u>	<u>871,787</u>
Other financing sources (uses)						
Operating transfers in	1,001,493				1,001,493	1,138,880
Operating transfers out		1,138,620			(1,138,620)	(1,138,620)
Total other financing sources (uses)	<u>1,001,493</u>	<u>(1,138,620)</u>			<u>(137,127)</u>	<u>(137,127)</u>
Proceeds from sale of investments and other assets less expenses incurred on other sale	212,490	7,579	34,000	(299,194)	21,875	444,140
Fund balances, beginning	<u>711,200</u>	<u>1,401,089</u>	<u>80,121</u>	<u>286,756</u>	<u>2,469,166</u>	<u>2,611,493</u>
Fund balances, ending	<u>1,001,493</u>	<u>2,272,717</u>	<u>204,121</u>	<u>(212,388)</u>	<u>2,265,943</u>	<u>2,714,743</u>

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

CITY OF SPRINGHILL, LOUISIANA

Condensed Statement of Revenues, Expenses and Changes in Fund Balances -
 Budget 2010/11 Budget and Actual - Governmental Fund Types
 Year Ended June 30, 2010

	General Fund		Special Revenue Funds	
	Budget	Actual	Budget	Actual
Revenues				
Taxes	315,500	323,000	9,700	1,803,500
License and permits	500,000	500,000	17,000	500,000
Fees and information	30,000	43,000	8,100	30,000
Intergovernmental	1,100,000	90,000	256,710	257,000
Commodities services	200,000	23,000	1,78,970	
Oil and gas royalties	10,000	23,000	13,400	
Interest income	7,000	12,000	3,470	114,400
Miscellaneous revenue	110,000	87,200	80,000	
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,000,000</u>	<u>3,100,300</u>
Expenditures:				
Current:				
General government	714,000	700,000	64,000	710,000
Public safety	110,000	545,126	25,000	
Maintenance	30,000	50,000	10,000	
Utilities and support	345,000	264,000	8,000	
Travel cost	60,000	64,000	1,000	
Transportation	31,000	20,000	600	
Maintenance groups	11,000	10,000	10,000	
Capital outlays	22,000	52,000	100,000	
Total expenditures	<u>1,603,000</u>	<u>1,605,000</u>	<u>301,000</u>	<u>710,000</u>
Excess (deficiency) of revenues over expenditures	<u>1,397,000</u>	<u>1,395,000</u>	<u>699,000</u>	<u>1,390,300</u>
Other financing sources (uses):				
Bond proceeds	800,000	1,000,000	200,000	
Operating transfers in				
Operating transfers out				
Total other financing sources (uses)	<u>800,000</u>	<u>1,000,000</u>	<u>200,000</u>	<u>1,000,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>1,440,000</u>	<u>1,440,000</u>	<u>900,000</u>	<u>1,440,300</u>
Fund balances, beginning	710,000	710,000	1,000,000	1,000,000
Fund balances, ending	<u>850,000</u>	<u>850,000</u>	<u>900,000</u>	<u>1,440,300</u>

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

CITY OF SPRINGHILL, LOUISIANA

Continued Statement of Revenues, Expenditures and Changes in Fund Balances - Budget Basis - Regular and Special - Supplemental Fund Type
Year Ended June 30, 2008

	Debit Revenue Fund		Voluntary Payments Contributions	Capital Budget Fund		Voluntary Payments Available
	Budget	Actual		Budget	Actual	
Revenues						
Taxes	248,000	248,164	791			
Fines and permits						
Fees and donations						
Intergovernmental						
Charges for services	3,390	3,390	21	3,426	3,426	
Gift and per contributions						
Interest income						
Administrative revenue						
Total revenues	<u>251,390</u>	<u>251,554</u>	<u>812</u>	<u>3,426</u>	<u>3,426</u>	
Expenditures						
General	1,300	987	803			
General personnel						
Public safety						
Revenue						
Street and highway						
Water main						
Transportation						
Maintenance group						
2000 service						
Bonds paid	75,000	75,000				
Interest and bond charges	173,271	173,229	48			
Capital outlay						
Total expenditures	<u>189,571</u>	<u>189,229</u>	<u>538</u>	<u>288,228</u>	<u>288,228</u>	
Excess (deficiency) of revenues over expenditures	<u>61,819</u>	<u>62,325</u>	<u>274</u>	<u>(284,802)</u>	<u>(284,802)</u>	
Other financing sources (uses)						
Bonds proceeds						
Operating transfers in						
Operating transfers out						
Total other financing sources (uses)						
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>61,819</u>	<u>62,325</u>	<u>274</u>	<u>(284,802)</u>	<u>(284,802)</u>	
Fund balances, beginning	<u>188,228</u>	<u>188,228</u>	<u>1,300</u>	<u>386,228</u>	<u>386,228</u>	
Fund balances, ending	<u>250,037</u>	<u>250,553</u>	<u>1,574</u>	<u>101,426</u>	<u>101,426</u>	

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

CITY OF SPRINGHILL, LOUISIANA

Condensed Statement of Revenues, Expenses, and Changes in
 Funded Debt - All Proprietary Fund Types
 Year Ended June 30, 2022

	<u>Encycrpic Fund</u>
Operating revenues	
Charges for services	485,674
Sales - commodity sale	6,150
Assessments	15,874
Miscellaneous	6,790
Repayment of bond debt	____ 143
Total operating revenues	514,628
Cost of sale sold	____ 1,492
Gross profit	____ 513,136
Operating expenses	
General and administrative expenses	47,250
Water department expenses	368,044
Storm department expenses	183,149
Depreciation and amortization	____ 184,096
Total operating expenses	____ 782,539
Income (loss) from operations	____ (269,403)
Non-operating revenues:	
Interest income	21,125
Miscellaneous	13
Interest and fiscal charge - bonds	____ 1124,038
Total non-operating revenues	____ 1,145,176
Income (loss) before operating transfers	____ 875,773
Operating transfers:	
Operating transfers in	____ 300,000
Total operating transfers	____ 300,000
Net income (loss)	(189,000)
Retained earnings, beginning	____ 2,178,154
Retained earnings, ending	____ 1,989,154

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

CITY OF SPRINGHILL, LOUISIANA

Condensed Statement of Cash Flows - All Proprietary Fund Types
Year Ended June 30, 2024

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Net (loss) from operations	(205,041)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	184,700
(Increase) decrease in:	
Accounts receivable	(87,283)
Inventory	1,057
Prepaid interest receivable	(78)
Prepaid expenses	38
Increase (decrease) in:	
Accounts payable	96,457
Sales tax payable	(188)
Due to other funds	215
Money deposits	3,581
Total adjustments	<u>308,832</u>
Net cash provided by operating activities	<u>103,791</u>
Cash flows from non-capital financing activities:	
Miscellaneous income	32
Transfer from Sales Tax Fund	200,000
Net cash provided by non-capital financing activities	<u>200,032</u>
Cash flows from capital and related financing activities:	
Purchase of fixed assets	(871,064)
Bond interest payable	(1,355)
Fund proceeds	370,000
Payment for bond issuance costs	(14,542)
Contributed capital - prepaids sale	3,150
Bonds redeemed	(794,000)
Interest paid	(128,817)
Net cash used by capital and related financing activities	<u>(1,015,628)</u>
Cash flows from investing activities:	
Interest received	21,128
Net cash provided by investing activities	<u>21,128</u>
Net increase in cash	<u>(780,709)</u>
Cash and cash equivalents at the beginning of the year (including \$517,864 in restricted accounts)	<u>1,278,132</u>
Cash and cash equivalents at the end of the year (including \$681,270 in restricted accounts)	<u>497,423</u>

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

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 2008

I. Summary of Significant Accounting Policies:

The City of Springhill, Louisiana was incorporated under the provisions of the Louisiana Act. The City operates under a Mayor-Council of Aldermen form of government.

The accounting and reporting practices of the City of Springhill, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes (RS) 17 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and in the industry audit guide, *Standards of Care and Fund Governmental Units*, published by the American Institute of Certified Public Accountants.

The following is a summary of significant accounting policies and practices:

- A. **Financial reporting entity.** This report includes all funds and account groups, which are controlled by or dependent on the City's executive and legislative branches (the Mayor and Council of Aldermen). Control by or dependence on the City was determined on the basis of budget adoption, hiring authority, authority to issue debt, authority or appointment of governing body, and other general oversight responsibility.

Funds are the ongoing activities, certain governmental organizations are not part of the City and are thus excluded from the accompanying financial statements. These organizations are the City Court and the West Marshall, which are staffed by independently elected officials. Although the City does provide facilities and some of their financing, no control is exercised over their operations.

- B. **Fund accounting.** The accounts of the City of Springhill, Louisiana are reported on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and means by which spending activities are controlled. The following funds and account groups are used by the City:

Governmental Fund Types:

General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial accounts except those required to be accounted for in another fund.

Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds. 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.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1998

B. Summary of Significant Accounting Policies (Continued)

Proprietary Fund Types

Enterprise Funds Enterprise funds are used to account for operations in which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other programs.

General Fund Assets and General Long-Term Debt Account Groups

General Fund Assets The General Fund Assets Account Group is used to account the fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fund assets.

General Long-Term Debt The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

- C. **Basis of Accounting** The accounting and financial 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 revenues of these funds consist of taxes, licenses and other financing received and decreases in net assets consist of expenditures and other financing used in net current assets.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into cost-based capital and retained earnings components. Proprietary fund-type operating revenues consist of taxes, licenses and decreases in net total assets.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Enterprise-related goods received and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Grants, interest transfers, property taxes, and garbage collection fees are deemed to be measurable when due.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1998

1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting. The City follows these procedures in establishing the budgetary data in their financial statements:

1. The City Clerk prepares a proposed budget, which is submitted to the Mayor and Board of Aldermen at least 60 days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least 30 days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary in findings and approval of 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.
5. Budgetary amendments involving the transfer of funds from one department, program, or function or transfer of existing revenues to expenditures resulting from revenue exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or amended three times or less by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

E. Bad Debt. Uncollectible accounts due for the customer's utility and all utilities taxes receivable are recognized as bad debts through the use of the direct write-off method at the time collection becomes unfeasible which would indicate the noncollectibility of the particular receivable.

F. Depreciation, Plant, and Equipment. Fixed assets used in governmental fund-type operations (general fund assets) accounted for in the General Fund Assets Account Group are recorded as expenditures in the governmental fund types when purchased. The City has elected to capitalize public domain ("public utility") fixed assets consisting of certain improvements. No depreciation has been provided on general fund assets.

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

Property, plant and equipment, which constitute assets of the Enterprise Funds, are recorded at cost, and depreciation is computed thereon under the straight-line method of depreciation based on the estimated useful lives of the individual assets.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1998

I. Summary of Significant Accounting Policies (Continued)

Use-estimated useful lives are as follows:

Utility Fund	
Furniture and fixtures	5-8 years
Equipment	5 years
Automotive equipment	3-5 years
Utility plant	80-80 years
Sanitary Fund	
Equipment	3-5 years
Improvements	80-80 years

G. **Interiors:** Inventory of sanitary lots in the Proprietary Fund and gasoline interiors in the general fund are valued at cost (first-in, first-out).

H. **Investments:** Legal investments by municipalities are restricted according to Louisiana Revised Statute 39:1171. All of the City's investments are in interest-bearing time deposits.

I. **Compensated Absence:** The City requires employees to use their vacation time within one year of their anniversary date or it is forfeited. Vacation time is accrued and is payable for employees upon termination. Sick pay is lost upon termination and, therefore, is not subject to accrual.

As of June 30, 1998, the liability for accrued vacation time is \$11,664, which is recorded \$8,820 in the General Fund, and \$2,844 in the Utility Fund.

J. **Comparative Data:** Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of the City's financial position and operations. However, presentation of prior year accounts by fund type have not been presented in each of the statements since their inclusion would make the statements overly complex and difficult to read.

K. **Note Columns on Combined Statements:** Total columns on the combined statements - overviews are prepared herein under the City to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inherent eliminations have not been made in the aggregation of this data.

L. **Statement of Cash Flows:** For the purposes of the Statement of Cash Flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of six months or less to be cash equivalents.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements

June 30, 1998

1. Cash

Deposits. At June 30, 1998, the carrying amount of the City's deposits was \$5,891,767 and the book balance was \$6,021,123. Of the total book balance \$300,000 was covered by federal depository insurance and \$5,811,123 was covered by collateral held by the City's two participating bank agents, in the City's name.

The City's deposits are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes deposits that are insured or guaranteed or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unguaranteed deposits for which the securities are held by the counter party's trust department or agent in the City's name. Category 3 includes uninsured and unguaranteed deposits for which the securities are held by the counter party or by its trust department or agent but not in the City's name.

Collateral Description	1	2	3	Carrying Amount	Market Value
FEDC Insurance	280,000			280,000	300,000
Obligations of U.S. Treasury or Agencies			3,679,712	3,679,712	4,364,881
Obligations of State of Louisiana			321,411	321,411	356,923
Totals	280,000		3,821,123	6,021,123	6,919,984

2. Ad Valorem Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. Revenue from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Webster Parish.

For the year ended June 30, 1998, taxes of \$341,721 were levied on property with assessed valuations totaling \$16,892,549 and were delinquent as follows:

General corporate purposes	3.11 mills
Maintenance of local infrastructure	23.00 mills
	26.11 mills

There was \$49 in taxes received in June 30, 1998, which were considered collectible.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1998

4. Restricted Assets/Proprietary Fund Type:

Restricted assets were applicable to the following at June 30:

	1998	1997
Cash	667,793	891,064
Investments	20,000	20,000
Accrual interest receivable	122	116
Total	687,915	931,180

5. Changes in General Fund Assets:

A summary of changes in general fund assets is as follows:

	Balance July 3, 1997	Additions	Deletions	Balance June 30, 1998
Land & Equipment	877,671	51,671		929,342
Buildings	1,873,712			1,873,712
Improvements other than buildings	5,438,889	380,180		5,819,069
Equipment	1,871,684	351,892		2,223,576
Total general fund assets	10,062,956	883,743		10,946,700

Fund asset values have not been estimated, however, the source of funds for acquisition of fund assets prior to 1997 cannot reasonably be determined.

A summary of proprietary fund-type property, plant and equipment at June 30, 1998, follows:

Water and Sewer Fund:

Total assets	21,990
Furniture and fixtures	45,719
Equipment	128,969
Automotive equipment	58,324
Utility plant	8,686,298
Total	8,774,300
Less - accumulated depreciation	(8,596,000)
Total Water and Sewer Fund	178,299

Cemetery Fund:

Improvements other than buildings	37,141
Equipment	6,548
Total	43,689
Less - accumulated depreciation	(41,680)
Total Cemetery Fund	2,009
Net Assets - Enterprise Funds	180,308

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1998

6. Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the City of Springhill, Louisiana, for the year ended June 30, 1998:

	Municipal <u>(Face)</u>	General Long-Term Debt <u>Account Group</u>		<u>Total</u>
Bonds payable at June 30, 1997	4,041,150	1,000,000		5,041,150
New bond issues	309,000			309,000
Bonds retired	(230,000)	(15,000)		(245,000)
Bonds payable at June 30, 1998	<u>4,120,150</u>	<u>985,000</u>		<u>5,105,150</u>

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

General Obligations:

\$2,200,000 general obligation bonds dated August 1, 1992, due in annual installments through March 1, 2012, interest at 6% to 7 7/8%, secured by levy and collection of all ad valorem taxes. 1,800,000

Sales Tax Bonds:

\$4,500,000 sales tax bond dated June 30, 1996, due in annual installments beginning March 1, 1997 through March 1, 2010, interest at 2.49% plus a .5% service fee, secured by a 1% sales tax passed in 1991. (Amount against this bond are being used to fund construction of sewer improvements. 4,500,000

\$1,400,000 sales tax bond dated June 4, 1997, due in annual installments beginning March 1, 1998 through March 1, 2010, interest at 2.49% plus a .5% service fee, secured by a 1% sales tax passed in 1993. (Amount against this bond are being used to fund construction of sewer improvements. 24,800

6,564,800

Less unamortized bond costs (10,651)

Total 6,554,149

The annual requirements to amortize all debt outstanding at June 30, 1998, including interest payments of \$874,555, \$1,423,808 and \$405,518 are as follows for 1992 general obligation, 1996 sales tax and 1997 sales tax bond respectively:

	Year Ended June 30	1992 General Obligations	1996 Sales Tax	1997 Sales Tax	<u>Total</u>
	1999	187,088	328,650	99,678	615,416
	2000	187,927	327,880	97,907	613,697
	2001	188,766	326,982	96,188	611,936
	2002	189,605	326,084	94,467	610,157
	2003	190,444	325,186	92,748	608,378
	2004-2008	990,870	1,673,253	487,459	2,151,582
	2009-2013	820,180	1,647,250	482,140	2,949,570
	2014-2016		985,658	281,372	1,277,030
	Total	<u>3,764,000</u>	<u>5,985,150</u>	<u>1,754,513</u>	<u>11,503,663</u>

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1998

7. Evaluation of Proceeds and Plans of Funds - 1/2 0.25% Sales and Use Tax

Evaluation of Sales Tax Proceeds: Proceeds of the 1/2 sales and use tax are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating, and maintaining streets and sewerage disposal works, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and recreational facilities, streets, alleys, sidewalks and bridges, purchasing and acquiring the necessary land, equipment and furnishings for the abovesaid public works, building improvements and facilities, and for the payment of salaries of non-elected municipal employees, or for any one or more of said purposes, and made not to be subject to funding into bonds by the City in the manner authorized by Sub-Part II, Part 1, Chapter 6, Title 35 of the Louisiana Revised Statutes of 1980 (R.S. 2711, et seq.)

On November 21, 1987, the voters of the City of Springhill, Louisiana approved the collection of an additional 1/2 percent sales tax.

The proceeds of the 1/2% sales tax are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating, and maintaining streets and sewerage disposal works, waterworks, gas logs collection and waste disposal facilities, fire department stations and related facilities, public parks and recreational facilities, streets, alleys, sidewalks and bridges, purchasing and acquiring the necessary land, equipment and furnishings for the abovesaid public works, building improvements and facilities, and for the payment of salaries of non-elected municipal employees of the above departments, or for any one or more of the above said purposes.

In November 1994, the voters of the City of Springhill, Louisiana approved the collection of an additional 1/4 sales tax.

The proceeds of the 1/4 sales tax are dedicated to the following purposes:

To the maintenance of public improvement bonds the proceeds of which are to be used in constructing, acquiring, extending, improving, and maintaining streets and sewerage disposal works.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements
June 30, 1998

B. Pension Plans

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

Municipal Employees Retirement System of Louisiana (System)

A. Plan Description

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

All permanent employees working at least 28 hours per week who are not covered by another pension plan are not paid initially as a part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire prior to their age 58 with at least 10 years of creditable service, at or after age 55 with at least 15 years of creditable service, or at any age with at least 20 years of creditable service are entitled to credit-based benefits, payable monthly for life, equal to 3 percent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 30 consecutive or joint months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7017 Office Park Boulevard, Metairie, Louisiana 70008, or by calling (504) 833-6110.

B. Funding Policy

Under Plan A, members are required by state statute to contribute 5.25 percent of their annual covered salary and the City of Springhill, Louisiana is required to contribute an actuarially determined rate. The current rate is 6.25 percent of annual covered payroll. The contribution requirements of plan members and the City of Springhill, Louisiana are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuations and are subject to change each year based on the results of the valuations for the prior fiscal year. The City of Springhill, Louisiana contributions to the System under Plan A for the year ending June 30, 1998, was \$27,256, equal to the required contribution for the year.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements

June 30, 1998

8. Pension Plans (Continued)

Municipal Police Employees Retirement System of Louisiana (System)

A. Plan Description

All full-time police department employees engaged in law enforcement may participate in the System. Employees who retire at or after age 60 with at least 20 years of creditable service or at or after age 65 with at least 17 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 joint 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 70805-2158, or by calling (504) 625-7411.

B. Funding Policy

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Springhill, Louisiana is required to contribute an actuarially determined rate. The current rate is 8.8 percent of annual covered payroll. The contribution requirements of plan members and the City of Springhill, Louisiana are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:181, the employee 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 Springhill, Louisiana contributions to the System for the year ending June 30, 1998, was \$22,182, equal to the required contributions for the year.

9. Contingencies and Commitments

Various claims and lawsuits are pending against the City. In the opinion of management, the potential loss on all claims and lawsuits will not be significant to the City's financial statements.

CITY OF SPRINGHILL, LOUISIANA

Various Financial Statements
June 30, 1998

10. Interfund Assets/Liabilities

Due From/To Other Funds/Inflows at June 30, 1998, were as follows:

	Due From Other Funds	Due to Other Funds
General Fund	35,725	
INDA Service Funds		505
Enterprise Funds	_____	75,128
	35,725	75,725

11. Interfund Operating Transfers

Individual fund operating transfers for fiscal year 1998, were as follows:

	Transfers In	Transfers Out
General Fund	1,001,642	
Special Revenue Fund		1,501,642
Enterprise Fund	_____	_____
	1,001,642	1,501,642

12. Proprietary Funds

Segment Information:

	Water and Sewer Fund	Sanitary Fund	Total
Operating revenues	491,491	21,179	512,670
Depreciation	194,648	148	194,796
Operating income/(loss)	(205,240)	(294)	(205,534)
Net income/(cost)	(149,102)	124	(148,978)
Property, plant and equipment - net	6,788,778	1,156	6,789,934
Net working capital	621,624	88,987	710,611
Total equity	1,081,415	90,145	1,171,560

Footnote (cont.) (cont.) - **Water and Sewer Fund** - The water sanitary was purchased at a cost of \$8,000 in October 1957. Based on the assumption that 1,340 lots could be obtained from this area, \$2.25 was allocated as cost per lot sold. During 1978, the cost of remaining usable lots was reallocated at a cost of \$1.87 per lot. Since total costs was added in the sanitary in 1970 at a cost of \$12,500. Based on the assumption that 148 lots could be obtained from this area since \$11.49 is allocated as cost per lot sold. During 1974, the company was reorganized, creating an additional 84 usable lots. The cost of all remaining lots was allocated at \$6.98 per lot.

CITY OF SPRINGHILL, LOUISIANA

Notes to Financial Statements

June 30, 1998

13. Proprietary Fund (Continued):

During 1998, new real estate was added to the cemetery at a cost of \$1,500, and additional costs for surveying and staking in the amount of \$480 were incurred in 1998. Based on the assumption that 270 lots could be obtained from this area, \$14.76 was allocated as cost per lot sold. During 1993, new real estate was added to the cemetery at a cost, including staking and survey costs, of \$6,348. Based on the assumption that 300 lots could be obtained from this area, \$21.14 was allocated as cost per lot sold.

14. Subsequent Event, Contingency, Year 2000 Computer Glitch

Management is aware of the year 2000 computer problems (Y2K) and is taking the following steps:

- A. Assessment of the problem indicates a potential for shut down in the following areas:
 - (1) General ledger accounting system
 - (2) Utility accounting system
 - (3) Airport operations
 - (4) Water plant operations
 - (5) Sewer disposal plant operations
- B. Management has budgeted \$23,000 for computer upgrade for the year ending June 30, 1999. Subsequent to year-end, computer hardware, which is Y2K compliant has been installed. The City is evaluating available software and will be installing new programming in the near future.
- C. Management will be consulting with experts regarding potential problems with other systems and searching for any other areas which may be a problem.

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

GENERAL FUND
To account for revenues traditionally associated with governments, which are not required to be allocated for to any one fund.

CITY OF SPRINGHILL, LOUISIANA

General Fund - Comparative Balance Sheet
June 30, 1998 and 1997

ASSETS

	1998	1997
Cash:		
General Fund	488,079	428,998
Payroll	1,000	1,000
Oil and gas production	50,300	180,317
Total cash	539,379	610,315
Investments, at cost	115,000	115,000
Receivables:		
Accrued interest	837	766
Due from other funds	39,729	39,343
All other receivables	49	49
Government		24,900
Other	128	128
Total receivables	40,743	64,186
Gas cost of inventory	3,661	4,629
Total assets	698,783	794,659

LIABILITIES AND FUND BALANCE

Current liabilities:		
Accounts payable - general condition	41,791	41,831
Due to other governments	24,287	24,761
Accrued expenses	21,821	21,780
Total liabilities	87,900	88,372
Fund balance:		
Reserved for inventory	561	
Unreserved	692,769	711,800
Total Fund balance	693,330	711,800
Total liabilities and fund balance	693,330	794,659

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

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP BASIS) and Actual
Year Ended June 30, 1998
With Comparative Actual Amounts For Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes	120,000	120,380	380	118,280
Airport gasoline revenues	18,000	15,123	(2,877)	15,275
Road tax	14,000	14,042	42	14,499
Road license	1,000	1,155	155	1,633
Civic Center rental	8,000	13,015	5,015	10,500
Fees and ballistics	50,000	40,804	(9,196)	46,233
Franchise fee	150,000	100,900	(49,100)	101,800
Garbage collection - net	190,000	12,000	(178,000)	15,635
Governmental revenues:				
Federal awards	5,000	20,380	15,380	1,098,890
State awards	70,000	8,369	(61,631)	450,790
Other governmental awards	50,175	24,684	(25,491)	36,298
Interest income	5,000	12,443	7,443	18,430
Miscellaneous income	20,400	19,344	(1,056)	10,680
Motor vehicle fee	12,000	10,779	(1,221)	13,944
Police - department funds		18,311	18,311	15,905
Development income	100,000	100,980	(920)	100,280
Oil and gas royalties	10,000	23,380	13,380	31,779
Other grants and contributions		13,879	13,879	5,755
Permits and inspections	5,000	4,120	(880)	6,080
Recreation department revenues	7,000	26,289	19,289	13,000
Sewer revenues - miscellaneous	1,700	2,091	391	1,625
Tax penalties and interest	700	841	141	800
Tobacco tax	20,000	28,790	8,790	28,794
Video poker revenues	70,000	76,365	6,365	80,895
Total revenues	<u>1,076,675</u>	<u>698,650</u>	<u>(378,025)</u>	<u>2,152,140</u>
Expenditures				
General government	574,000	800,014	226,014	304,440
Public safety	508,700	545,126	36,426	498,790
Recreation	181,200	104,284	(76,916)	92,750
Streets and airports	500,000	284,027	(215,973)	190,800
Street care	66,280	64,293	(1,987)	64,250
Transportation	21,000	30,277	9,277	30,100
Miscellaneous group	171,800	801,264	629,464	78,450
Capital outlay	121,000	312,522	191,522	1,900,200
Total expenditures	<u>1,861,120</u>	<u>1,841,647</u>	<u>(19,473)</u>	<u>3,250,850</u>

(Continued)

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (City of Springhill) and Actual
Year Ended June 30, 1998

With Comparative Actual amounts for Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Excess (deficiency) of revenues over (under) expenditures	\$615,031	\$1,108,842	\$493,811	\$1,087,690
Other financing sources (uses):				
Operating transfers in:				
Transfers from Sales Tax Fund	\$281,000	\$1,081,642	\$800,642	\$1,110,886
Total operating transfers in	\$281,000	\$1,081,642	\$800,642	\$1,110,886
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$896,031	\$1,890,484	\$994,453	\$217,228
Fund balance, beginning	\$11,800	\$11,108		\$38,831
Fund balance, ending	\$897,831	\$1,901,592	\$1,013,743	\$256,059

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

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Expenditures Compared to Budget (SFAP Basis)
 Year Ended June 30, 1998
 With Comparative Actual Accounts For
 Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Administrative				
Attorney and engineering fees	1,000	493	505	
Audit	30,000	15,900	14,100	15,580
Drug testing	2,500	1,319	1,181	3,400
Bad debt expense		81	(81)	185
Fees and subscriptions	11,000	12,071	(1,071)	7,279
Insurance expense	5,000		5,000	31
Equipment rental and repair	10,000	5,650	4,350	4,680
Health, welfare and pension department	2,700	3,951	(1,251)	2,339
Insurance	34,000	30,077	(3,923)	28,844
Janitor and public building expense	5,000	4,655	345	4,490
Laundry and dry cleaning	5,000	94	4,906	5,000
Mailing and convention expense	10,000	5,671	4,329	10,220
Miscellaneous	5,300	10,096	(4,796)	6,618
Municipal building expense	10,000	4,181	5,819	4,550
Payroll taxes	10,000	5,739	4,261	8,540
Printing and publications	3,000	2,894	106	2,078
Professional administrative fees	20,000	27,651	(7,651)	28,250
Salaries	151,500	138,760	12,740	139,400
Stationery and supplies	10,000	5,770	4,230	5,734
Tax revenue	4,000	4,000		4,000
Utilities	30,000	25,555	4,445	24,835
Total administrative	371,000	389,016	(18,016)	319,417
Tax and police				
Audit	20,000	21,854	(1,854)	18,600
Civil defense	2,500	1,791	709	1,000
Drug-testing supplies	2,000	1,841	159	2,210
Fees and subscriptions	200	133	67	150
Insurance	80,000	85,787	(5,787)	81,185
Materials and supplies	11,000	10,234	766	1,000
Miscellaneous	15,000	9,402	5,598	8,000
Payroll taxes	20,000	26,119	(6,119)	15,800
Police investigations and DEA expense	5,000	5,244	(244)	4,800
Police station and equipment repair	10,000	8,425	1,575	3,000
Professional administrative fees	20,000	23,240	(3,240)	20,800
Salaries	200,000	206,414	(6,414)	201,710
Training expense	2,500	4,058	(1,558)	4,000
Uniforms	2,500	6,790	(4,290)	8,700
Utilities	10,000	14,588	(4,588)	13,140
Total tax and police	508,200	540,250	(32,050)	498,280

(Continued)

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Department Compared to Budget (GAAP Basis)
 Year Ended June 30, 1998
 With Comparative Actual Amounts For
 Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Revenues				
Rate, trash and water				
Interest	300	308	(8)	307
Interest	10,000	5,711	4,289	5,000
Materials and supplies	1,000	5,000	(1,000)	3,500
Miscellaneous	1,000	1,112	(112)	300
Payroll taxes	2,500	2,500	(0)	2,500
Repairs, building and grounds	18,000	22,340	(1,500)	18,000
Salaries	30,000	34,115	(4,115)	30,000
Utilities	34,000	33,080	920	28,750
Total revenues	<u>69,200</u>	<u>69,364</u>	<u>(1,644)</u>	<u>62,750</u>
Street and airport				
Airport expense, including fuel cost	30,000	35,076	(1,276)	28,000
Rate, trash and water	31,000	17,352	13,648	24,117
Interest	47,000	34,418	8,582	58,837
Materials and supplies	30,000	28,814	1,186	30,717
Miscellaneous	1,000	1,107	4,000	2,000
Payroll taxes	7,000	6,214	1,786	6,750
Salaries	50,000	50,000	8,417	88,000
Street and traffic lights	67,000	68,765	27,217	60,750
Utilities, airport	12,000	14,400	(1,400)	8,700
Total street and airport	<u>315,200</u>	<u>288,337</u>	<u>40,863</u>	<u>382,801</u>
Ward courts				
Fees and other expenses	2,000	2,128	78	2,113
Insurance	12,000	11,568	888	11,566
Judge retirement	5,000	5,248	32	5,248
Arrests officer				
Payroll taxes	3,500	3,826	478	3,800
Salaries	40,000	42,760	239	42,648
Utilities	1,200	1,649	51	1,641
Total ward court	<u>66,200</u>	<u>66,372</u>	<u>1,807</u>	<u>66,216</u>
Transportation				
Insurance	4,000	4,416	(6)	4,000
Miscellaneous		6	(6)	88
Payroll taxes	1,200	1,022	78	911
Salaries	14,000	13,415	315	12,772
Van expense	1,800	1,408	32	1,340
Total transportation	<u>22,000</u>	<u>20,267</u>	<u>669</u>	<u>18,111</u>

(Continued)

CITY OF SPRINGHILL, LOUISIANA

General Fund - Statement of Expenditures Compared to Budget (GAAP Basis)
 Year Ended June 30, 1998
 With Comparative Actual Amounts for
 Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Maintenance garage:				
Insurance	15,400	17,369	2,401	16,988
Materials and supplies	11,600	9,869	(861)	11,263
Miscellaneous	2,600	3,798	(1,198)	3,626
Payroll taxes	5,100	4,083	1,057	3,884
Salaries	65,000	90,043	8,998	41,270
Travel expense	3,500	2,147	1,353	1,784
Utilities	8,200	84,28	63	6,734
Total maintenance garage	<u>111,800</u>	<u>181,567</u>	<u>15,405</u>	<u>78,051</u>
Capital outlays:				
General government		47,261	(47,261)	
Parks and recreation	112,000	49,287	74,691	70,000
Police		21,400	(21,400)	22,387
Streets and drainage		304,761	(304,761)	654,117
Airport		60,260	(60,260)	1,188,833
Total capital outlays	<u>112,000</u>	<u>212,912</u>	<u>(109,612)</u>	<u>1,908,237</u>
Total expenditures	<u>1,650,150</u>	<u>1,992,619</u>	<u>(342,469)</u>	<u>1,258,658</u>

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

SPECIAL REVENUE FUND

Sales Tax Fund - To account for the receipt and use of the proceeds of the City's 1% sales and use tax. These taxes are dedicated to constructing, acquiring, extending, improving, operating, and maintaining streets and sewerage disposal works, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and recreational facilities and streets, alleys, sidewalks and bridges; purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works building improvements and facilities, title to which improvements shall be in the public; and for the payment of salaries of non-elected municipal employees, or for any one or more of said purposes, and such tax to be subject to funding into bonds by the City in the manner authorized by Sub-Plan D, Part 3, Chapter 6, Title 11 of the Louisiana Revised Statutes of 1950 (R.S. 2711, et. seq.)

To account for the receipt and use of the proceeds of the City's 1/2 percent sales and use tax. The proceeds of the 1/2 percent sales tax are dedicated to constructing, acquiring, extending, improving, operating, and maintaining fire department stations and related facilities, police department stations and related facilities and public parks and recreational facilities, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid buildings, improvements and facilities; and for the payment of salaries of non-elected municipal employees of the above departments, or for any one or more of the above said purposes.

To account for the receipt and use of the proceeds of the City's 1% sales and use tax. These taxes are dedicated to constructing, acquiring, extending, improving, operating and maintaining streets and sewer disposal works, water works, and waste disposal facilities. Such tax to be subject to funding into bonds by the City in the manner authorized by the Louisiana revised statutes of 1950.

Louisiana Community Development Block Grant(LCDBG) - To account for the receipt and use of a Grant in the total amount of \$907,370.00 per contract dated September 29, 1994. These funds are to be expended over a three year period to rehabilitate qualifying low income houses in the City.

CITY OF SPRINGHILL, LOUISIANA

Special Revenue Fund - Combining Balance Sheet
 June 30, 1998 and 1997

	ASSETS			
	Sales Tax Fund	1998	1998	1997
Current assets - unrestricted				
Cash	948,198		948,198	921,284
Accounts receivable - government				18,150
Accounts receivable - sales tax	918		918	12,482
Total current assets - unrestricted	949,116		949,116	951,916
Current assets - restricted:				
Cash	2,119,821		2,119,821	2,148,687
Investments, at cost	1,000,000		1,000,000	
Accrued interest receivable	45,793		45,793	
Total current assets - restricted	3,265,614		3,265,614	2,345,887
Total assets	4,214,730		4,214,730	3,397,803
Liabilities and Fund Equity				
Accounts payable				38,781
Fund balances:				
Unassigned	1,076,273		1,076,273	1,081,291
Reserved for debt service	3,038,298		3,038,298	
Reserved for police, fire, and recreation	57,159		57,159	690,508
Total liabilities and fund equity	4,171,730		4,171,730	3,397,803

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

CITY OF SPRINGHILL, LOUISIANA

Special Revenue Funds - Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Year Ended June 30, 1999

With Comparative Actual amounts for Year Ended June 30, 1997

	1997		1998		Variance Favorable Disadvantage
	June 30, 1997		June 30, 1998		
	Budget	Actual	Budget	Actual	
Revenues					
Sales Tax	1,700,000	1,841,707	143,707		
Government Grant - LC22863				281,000	10,297
Interest Income	30,000	174,419	41,619		
Total revenues	1,730,000	1,916,127	185,327	281,000	10,297
Expenditures					
Capital Outlay	25,000	28,826	4,126	187,128	(11,907)
General Operations	24,000	28,835	4,125	187,128	(11,907)
Total expenditures	49,000	57,661	8,251	374,256	
Excess revenues over expenditures	1,681,000	1,858,467	177,076		
Other financing uses					
Operating Transfers-out	800,000	1,001,642	(201,642)		
General Fund	400,000	500,000	100,000		
Utility Fund	1,200,000	1,201,642	(1,642)		
Total other financing uses	1,400,000	1,703,284	1,642		
Excess of revenues and other financing over expenditures and other uses	281,000	155,183	125,817		
Fund balances, beginning	4,022,288	4,212,281	(189,993)		
Fund balances, ending					

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

DEBT SERVICE FUNDS

General Obligation Bonds-1992 - To accumulate monies for the payment of \$2,300,000 of general obligation bonds, which are serial bonds due in annual installments, plus interest, through maturity in 2032. Debt service is financed by the levy of a special ad valorem tax.

CITY OF SPRINGHILL, LOUISIANA

Debt Service Fund - Combining Balance Sheet
June 30, 1998

With Comparative Totals for June 30, 1997

ASSETS	1998	Totals	
	Element Obligations Funds	1998	1997
Cash	201,290	201,290	365,893
Total assets	<u>201,290</u>	<u>201,290</u>	<u>365,893</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Due in gross of fund	581	581	508
Total liabilities	<u>581</u>	<u>581</u>	<u>508</u>
Fund balances:			
Unreserved			
Unreserved for debt service	200,709	200,709	365,385
Total fund balances	<u>200,709</u>	<u>200,709</u>	<u>365,385</u>
Total liabilities and fund balance	<u>201,290</u>	<u>201,290</u>	<u>365,893</u>

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

CITY OF SPRINGHILL, LOUISIANA

Debt Service Funds - Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types
 Year Ended June 30, 1998
 With Comparative Totals for Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues				
Ad valorem taxes	219,800	219,791	91	217,919
Interest income	3,360	3,390	30	3,617
Total revenues	<u>223,160</u>	<u>223,181</u>	<u>201</u>	<u>221,536</u>
Expenditures				
Checks paid	76,000	76,000		76,000
Interest paid	112,000	112,000	46	119,815
Paying agent's fee	1,751	1,751		1,746
Due debts	1,089	167	922	338
Total expenditures	<u>190,840</u>	<u>190,918</u>	<u>778</u>	<u>198,909</u>
Excess (Deficiency) of revenues over expenditures	32,320	32,263	1,790	22,627
Fund balances, beginning	<u>168,231</u>	<u>168,721</u>	<u>4,900</u>	<u>156,626</u>
Fund balances, ending	<u>200,551</u>	<u>200,984</u>	<u>1,531</u>	<u>179,253</u>

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

ENTERPRISE FUNDS

Utility Fund - To account for the provision of water and sewer services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Cemetery Fund - To account for the provision of a perpetual care publicly owned cemetery. All activities necessary to provide service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF SPRINGHILL, LOUISIANA

Comparing Balance Sheet - All Proprietary Fund Types

June 30, 1998

With Comparative Totals for June 30, 1997

ASSETS	Utility	Consewy	Totals	
	Fund	Fund	1998	1997
Current assets - unrestricted:				
Cash	41,581	55,685	100,272	114,891
Money market account	19,084		19,084	18,080
Investments, at cost	124,000	11,800	215,080	215,080
Receivables:				
Accounts receivable (bank)	89,128	830	90,008	91,589
Accounts receivable - other prepaid	83,414		83,414	
Accrued interest	1,605	35	1,641	1,588
Inventories, at cost	_____	____4,217	____4,217	____5,924
Current assets - unrestricted	____380,608	____71,835	____412,590	____409,864
Current assets - restricted:				
Cash	643,599	23,884	667,793	691,664
Investments	26,000		26,000	26,000
Accrued interest receivable	____120	_____	____120	____116
Total Current assets - restricted	____670,719	____23,884	____694,623	____717,780
Total current assets	____1,051,327	____95,719	____1,247,051	____1,127,644
Property, plant and equipment:				
Improvements other than buildings		71,142	71,142	71,142
Equipment		6,948	6,948	6,948
Utility, plant and equipment	8,744,962		8,744,962	8,286,998
Accumulated depreciation and amortization	____(1,866,821)	____(80,882)	____(1,947,703)	____(1,834,878)
Total property, plant and equipment	____6,878,141	____87,208	____6,965,349	____6,530,218
Total assets	____1,929,468	____182,927	____2,112,395	____1,957,862

	Unity	Country	Totals	
	Fund	Fund	2008	2007
LIABILITIES AND FUND EQUITY				
Current liabilities - payable from unrestricted assets				
Accounts payable	269,881	1,600	271,481	180,873
Payroll accruals		325	329	87
Sales tax payable	804		804	1,084
Due to General Fund	31,228		31,228	31,884
Total current liabilities - payable from unrestricted assets	301,913	1,925	303,238	243,828
Current liabilities - payable from restricted assets				
Account interest payable	40,519		41,810	43,305
Water deposits	74,059		74,059	79,568
Total current liabilities - payable from restricted assets	114,578		115,869	122,873
Total current liabilities	416,491	1,925	419,107	366,701
Long-term debt:				
Bonds payable	4,472,980		4,472,980	4,379,658
Total long-term debt	4,472,980		4,472,980	4,379,658
Total liabilities	4,889,471	1,925	4,892,245	4,746,359
Fund equity:				
Contributed capital	602,078	62,479	539,599	538,288
Retained earnings (deficit):				
Unreserved	2,435,640	50,110	1,968,570	2,276,126
Reserved for projected costs		3,353	1,504	1,808
Total retained earnings	2,435,640	53,463	1,970,074	2,277,934
Total fund equity	2,999,418	115,942	2,881,264	2,817,222
Total liabilities and fund equity	7,888,889	117,867	7,773,509	7,563,581

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

CITY OF SPRINGHILL, LOUISIANA

Comparing Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types

June 30, 1999

With Comparative Totals for June 30, 1997

	Utility	Citywide	Totals	
	Fund	Fund	1998	1997
Operating revenues:				
Charges for service	486,615		486,615	454,080
Sales -- country lots		6,280	6,280	6,900
Assessments		15,874	15,874	15,150
Miscellaneous	6,796		6,796	6,617
Recovery of bad debts		349	349	85
Total operating revenues	493,411	22,771	516,186	487,811
Cost of lots sold			(1,487)	(1,724)
Gross profit	493,411	19,876	513,307	485,312
Operating expenses:				
Personnel and administrative expenses	49,834	29,433	79,267	86,456
Water department expense	350,846		350,846	350,314
Sewer department expense	100,149		100,149	100,140
Depreciation	199,648	349	200,000	158,338
Total operating expenses	699,477	29,771	729,248	695,248
Income (loss) from operations	(206,066)	(995)	(207,061)	(209,936)
Non-operating revenues (expenses):				
Interest income	26,018	1,107	27,125	26,124
Miscellaneous		12	12	
Amortization of bond issue costs	(3,197)		(3,197)	
Interest and fiscal charges -- bonds	(200,821)		(200,821)	(81,279)
Total non-operating revenues	(177,980)	1,119	(176,861)	(55,155)
Operating transfers:				
Operating transfer in	288,008		288,008	283,311
Total operating transfers	288,008		288,008	283,311
Net income (loss)	(109,655)	224	(109,434)	(14,807)
Revised earnings (deficit), beginning	1,544,080	34,463	1,578,543	1,581,563
Prior period adjustment				
Revised earnings, ending	1,434,425	34,687	1,469,112	1,566,756

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

CITY OF SPRINGFIELD, LOUISIANA

Combining Statement of Cash Flows - All Proprietary Fund Types

June 30, 1998

With Comparative Totals for June 30, 1997

	Utility	Cemetery	Totals	
	Fund	Fund	1998	1997
Cash flows from operating activities:				
Net income (loss) from operations	(205,280)	(850)	(206,131)	(1,51,987)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	194,648	548	194,996	152,338
Decrease (increase) in:				
Accounts receivable - trade - net	968	562	1,531	(4,180)
Accounts receivable - other governments	(85,814)		(85,814)	288,810
Inventories		1,087	1,087	1,274
Accrued interest receivable	(73)	181	(79)	(37)
Prepaid expenses		38	38	
Increase (decrease) in:				
Accounts payable	91,398	(284)	91,114	(275,362)
Notes less payable	(180)		(180)	31
Due brother funds	315		315	(200,826)
Money deposits	3,302		3,302	4,780
Total adjustments	207,083	1,761	208,845	(21,280)
Net cash provided by operating activities	1,817	911	2,052	(294,347)
Cash flows from non-capital financing activities:				
Interfund income		12	12	
Transfer from Sales Tax Fund	203,880		203,880	203,111
Net cash provided by non-capital financing activities	203,880	12	203,812	203,111
Cash flows from capital and related financing activities:				
Purchase of fixed assets	(871,864)		(871,864)	(1,028,838)
Fund Transfers	319,680		319,680	1,251,520
Payment of bond insurance costs	(14,540)		(14,540)	(11,608)
Fund interest payable	(1,185)		(1,185)	21,598
Contributed capital - proprietary unit		3,150	3,150	1,888
Funds Redemptions	(230,008)		(230,008)	(198,800)
Interest paid	(1,26,823)		(1,26,823)	(88,234)
Net cash used by capital and related financing activities	(981,098)	3,150	(981,878)	(28,352)
Cash flows from investing activities:				
Interest earned	28,618	1,402	21,128	26,024
Net cash provided by investing activities	28,618	1,402	21,128	26,024
Net increase (decrease) in cash	(281,183)	9,114	(288,878)	(14,762)
Cash and cash equivalents at beginning of the year (including \$91,284 in restricted accounts)	1,132,762	81,373	1,238,131	1,233,899
Cash and cash equivalents at end of the year (including \$87,783 in restricted accounts)	851,579	90,487	890,299	1,219,137

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

GENERAL FIXED ASSETS

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

CITY OF SPRINGHILL, LOUISIANA

Statement of General Fund Assets June 30, 1999 and 1997

	1999	1997
General Fund assets:		
Land & Improvements	125,284	117,431
Buildings	1,473,753	1,475,711
Depreciation on other than buildings	5,409,649	5,438,589
Equipment	1,136,433	1,253,694
Total general fund assets	8,799,699	8,791,625
Investments in general fund assets:		
Property acquired in excess of funds allocated ^a	796,568	796,568
Fund loans of 1948	176,050	176,050
Fund loans of 1952	70,526	70,526
Fund loans of 1964	528,000	528,000
Fund loans of 1992	1,558,418	1,558,418
General Fund revenues	3,689,472	3,282,358
Federal Revenue (Sharing Fund)	647,362	647,362
Rates Tax Fund	129,866	129,866
Utility Fund	3,133	3,133
Federal Grants	882,839	882,839
State Grants	1,125,164	1,125,164
Contributions H. Whitaker Ind. Park	78,673	78,673
Contributions Anthony Wayne Inv.	3,800	3,800
Total investments in general fund assets	8,729,838	8,312,241

^a The source of funds for property acquired prior to 1999 cannot be determined.

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

CITY OF SPRINGHILL, LOUISIANA

Statement of Changes in General Fund Assets
 Years Ended June 30, 1999 and 1997

	1999	1998	1997
General fund assets, beginning of year	1,134,817	1,433,313	5,623,595
Additions:			
State grants	5,167	5,638,528	1,052,884
Federal grants		365,140	101,895
State grants			773,396
Contributions M. Shreve Industrial Park			743,125
Salaries/gratuities			30,000
Total additions			2,880,396
Reductions:			
General fund revenue			
Total reductions			
General fund assets, end of year	1,140,000	1,803,133	8,503,991

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

GENERAL LONG-TERM DEBT

To account for unamortized principal amounts of general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service fund.

CITY OF SPRINGHILL, LOUISIANA

Statement of General Long-Term Debt
June 30, 1999

	1999 General Obligation Debt
Amount available in Debt Service Funds for debt retirement	365,766
Amount to be provided from ad valorem taxes	1,634,234
Total available and to be provided	1,999,999
General long-term obligations payable	
Funds payable	1,999,999
Total general long-term debt payable	1,999,999

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

SUPPLEMENTARY INFORMATION

CITY OF SPRINGHILL, LOUISIANA

Continued Schedule of Investments - All Funds
All Funds as June 30, 1998

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Book Value</u>
General Fund:			
Certificate of deposit - SMART - Oil & Gas Prod.	4.50%	07/01/98	30,000
Certificate of deposit - SMART - Oil & Gas Prod.	4.50%	07/01/98	30,000
Certificate of deposit - SMART - Oil & Gas Prod.	4.50%	07/01/98	30,000
Certificate of deposit - SMART - Video Poker	4.50%	12/01/98	20,000
Certificate of deposit - SMART - Video Poker	4.50%	12/01/98	20,000
Certificate of deposit - SMART - Incentives	5.00%	07/11/98	25,000
Total General Fund			<u>185,000</u>
Utility Fund			
Unrestricted:			
Certificate of deposit - Springhill Bank & Trust	4.50%	09/01/98	20,000
Certificate of deposit - Springhill Bank & Trust	4.50%	09/01/98	20,000
Certificate of deposit - Citizens Bank and Trust	4.50%	09/01/98	20,000
Certificate of deposit - Citizens Bank and Trust	4.50%	09/01/98	52,000
Total unrestricted			<u>112,000</u>
Restricted:			
Certificate of deposit - Springhill Bank and Trust	4.50%	11/11/98	50,000
Total Utility Fund			<u>162,000</u>
Cemetery Fund			
Certificate of deposit - Springhill Bank and Trust	4.70%	09/11/98	1,000
Certificate of deposit - Springhill Bank and Trust	4.70%	12/01/98	10,000
Total Cemetery Fund			<u>11,000</u>
Sales Tax Fund			
Certificate of deposit - Springhill Bank and Trust	4.80%	09/01/98	500,000
Certificate of deposit - Springhill Bank and Trust	4.80%	09/01/98	500,000
Total Sales Tax Fund			<u>1,000,000</u>
Total Investments - All Funds			<u>1,758,000</u>

CITY OF SPRINGHILL, LOUISIANA

Combined Schedule of Bonds Payable - All Funds
June 30, 1998

	Interest			Bonds			
	Rate	Payment Dates	Term (Yrs)	Face Amount (\$)	Actual Bond Proceeds	Unamortized Bond Cost	Outstanding
1992 General Obligation Bonds	6% to 11%	3/1/97	66-07-97	6100,000	Various	Various	1,000,000
1993 Main Ten Bonds	7.45%	3/1/97	66-07-99	6,000,000	Various	Various	4,810,000
1997 State Tax Bonds	7.45%	3/1/97	66-07-97	6,000,000	Various	Various	4,810,000
Total Unamortized Bond Cost							
				18,100,000	18,100,000	(3,290,000)	14,810,000
				18,100,000	18,100,000	(3,290,000)	14,810,000

CITY OF SPRINGHILL, LOUISIANA

Utility Fund - Statement of Operating Expenses for the
Years Ended June 30, 2016 and 2017

	Public Department		Sewer Department		General and Administrative	
	2016	2017	2016	2017	2016	2017
Auto and truck expense						
Electricity	24,938	19,987				
Gas	55,277	15,068				
Louisiana water fees	2,735	5,274				
Miscellaneous	1,883	873	3,685	3,685	7,354	6,057
Payroll costs	15,734	15,493				
Traveling						
Public expense	121				1,499	1,499
Repairs and maintenance - buildings and equipment			390			
Salaries	948,095	984,278				
Service fee expense			2,934	11,784	8,188	9,042
Stationery and supplies	35,000	45,000	7,215	27,875		
Supplies and materials	17,276	34,877	88,312	64,285		
Utilities			16,455	2,840		
Louisiana treatment plant expense			6,715	8,011		
Water and power - contracted engineering fees						
Water and sewage	4,899	9,022				
Water line and valve, repairs and materials			3,625	8,220		
Totals	1,053,545	1,113,522	173,652	129,532	6,033	6,011

CITY OF SPRINGHILL, LOUISIANA

Schedule of Mayor's and Aldermen's
Compensation and Reimbursement Expenses
For the Year Ended June 30, 1998

	____ Compensation ____	____ Expenses ____	____ Total ____
Mayor Harrington	31,708	5,500	37,208
Alderman Parker	4,800		4,800
Alderman Paddock	4,800	400	5,200
Alderman Poyser	4,800		4,800
Alderman Williams	4,800	798	5,598
Alderman McMillan	4,800	750	5,550
Total	<u>57,708</u>	<u>6,748</u>	<u>64,456</u>

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

OTHER REPORTS

1. *Journal of Applied Psychology*, 1967, 52, 1, 1-10.

Jim H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants

209 E. Church Street
Springhill, Louisiana 71078

Jim H. Stevens, Jr., CPA

Bill W. Smith, CPA

Bright L. Pugh, CPA

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

The Honorable Johnny H. Livingston, Mayor

and Honorable Address

City of Springhill

Springhill, Louisiana

We have audited the general purpose financial statements and the accompanying, individual fund, and account group financial statements of the City of Springhill, Louisiana and for the year ended June 30, 1998, and have issued our report thereon dated November 23, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Springhill, Louisiana's financial statements are free of material misstatement, we performed testing of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which, could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Springhill, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions are those matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Springhill, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-1.

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 accounts 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

This report is intended for the information of the legislative bodies, management and related auditing agencies and users through entities. However, this report is a matter of public record and its distribution is not limited.

Jim H. Adams, CPA
Certified Public Accountant

November 25, 1998

Jim H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants

209 E. Church Street
Springhill, Louisiana 71078

Jim H. Stevens, Jr., CPA

Bill W. Smith, CPA

Dwight J. Pugh, CPA

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

The Honorable Johnny Hightower, Mayor
and Board of Aldermen
City of Springhill
Springhill, Louisiana

Compliance

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

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

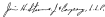
In our opinion, the City of Springhill, Louisiana complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

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

The 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 or 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 the legislative action, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Jim H. Hoffmann, J. & Company, L.L.P.
Certified Public Accountant

November 15, 1998

CITY OF SPRINGHILL, LOUISIANA

Notes to Schedule of Federal Financial Assistance
June 30, 1998

- A. The accompanying Schedule of Federal Financial Assistance presents the activity of all the City of Springhill, Louisiana's federal awards program. The City's reporting entity is defined in Note 1 to the financial statements.
- B. The Community Development Block Grant revenue is recorded in a Special Revenue Fund as intergovernmental revenue with the expenditures recorded in the appropriate department.

The Environmental Protection Agency program monies are recorded as bonds payable in the Water and Sewer Utility Enterprise Fund. As disbursements are made the fund assets are capitalized.

CITY OF SPRINGHILL, LOUISIANA

Schedule of Findings and Questioned Costs June 30, 1998

Section I – Summary of Auditor’s Results

Financial Statements

Type of report issued: Unqualified

Internal control over financial reporting:
Material weaknesses identified? No

Reportable conditions identified and considered to be material weaknesses? No

98-1: The City is in violation of LSA-R.S. 39:1302 on its General Fund. The budget was not amended for operating transfers in and capital outlays in excess of original projections.

Major Programs

Internal control over major programs:
Material weaknesses identified? No

Reportable conditions identified and considered to be material weaknesses? None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 5.01(a)? No

Identification of major programs:

CFDA Number: None of Federal Program

64-219: Community Development Block Grant

66-418: Environmental Protection Agency

Dollar threshold used to distinguish between Type A and Type B programs: \$25,000

Auditor qualify as a low-risk auditor: Yes

Section II – Financial Statement Findings

98-1:

Condition: The City did not amend its budget for additional expenditures of the General Fund for capital outlay and corresponding operating transfers from the Sales Tax Fund.

Recommendation: We recommend a closer monitoring of actual compared to budget expenditures and appropriate budget amendments throughout the year.

Management’s response: We cannot and will waive this finding in the future.

Section III – Federal Award Findings and Questioned Costs

No findings were reported.