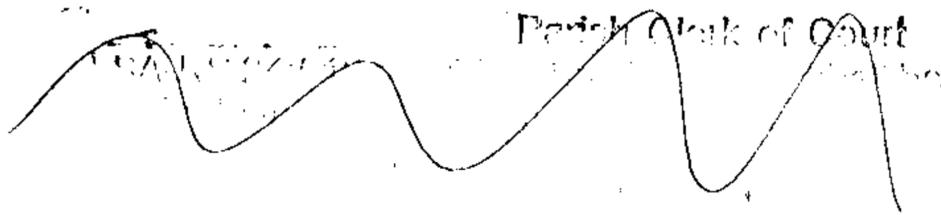


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**CITY OF WINNFIELD, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2001**

 Parish Clerk of Court

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 1-9-02

CITY OF WINNFIELD, LOUISIANA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2001

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CITY OF WINNFIELD, LOUISIANA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2001

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(Concluded)

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LAWRENCE I. WHITE, C.P.A.

STEVEN F. BATES, C.P.A.

INDEPENDENT AUDITOR'S REPORT

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

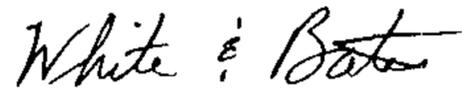
We have audited the accompanying general purpose financial statements of the City of Winnfield, Louisiana, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Winnfield, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Winnfield, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2001 on our consideration of the City of Winnfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Winnfield, Louisiana. 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.



White & Bates, CPA's  
December 3, 2001  
Winnfield, Louisiana

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

CITY OF WINNFIELD, LOUISIANA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

ASSETS	GOVERNMENTAL FUND TYPES	
	GENERAL	SPECIAL REVENUE
Cash & Cash Equivalents	\$ 847,503	\$ 951,360
Time Deposits	308,422	
Receivables		
Utility Billings (Less Allowance of \$98,569)		
Due From Other Governments:		
State of Louisiana	11,609	
Winn Parish Police Jury	1,221	
Winn Parish School Board		72,883
Due From Other Funds	62,302	22,160
Economic Development Notes	12,257	
Other	14,982	
Prepaid Insurance	955	
Inventory, At Cost		
Restricted Assets:		
Cash & Cash Equivalents		
Investments, At Cost		
General Fixed Assets		
Utility Property, Plant & Equipment, At Cost		
Accumulated Depreciation		
Refundable Deposits		
Amount to be Provided for Retirement of General Long-Term Debt		
<b>TOTAL ASSETS</b>	<b><u>\$1,259,251</u></b>	<b><u>\$ 1,046,403</u></b>

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

(Continued)

## EXHIBIT A

PROPRIETARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	LONG -TERM DEBT	
ENTERPRISE			
\$ 889,225			\$ 2,688,088
12,995			321,417
1,113,324			1,113,324
			11,609
			1,221
			72,883
			84,462
			12,257
5,001			19,983
			955
146,747			146,747
98,004			98,004
240,000			240,000
	\$ 4,105,191		4,105,191
166,642,492 ( 7,917,431)			16,642,492 (7,917,431)
4,800			4,800
		\$ 167,820	167,820
<u>\$ 11,235,157</u>	<u>\$ 4,105,191</u>	<u>\$ 167,820</u>	<u>\$ 17,813,822</u>

CITY OF WINNFELD, LOUISIANA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)  
 JUNE 30, 2001

LIABILITIES AND FUND EQUITY	GOVERNMENTAL FUND TYPES	
	GENERAL	SPECIAL REVENUE
Liabilities:		
Accounts Payable	\$ 100,926	\$ 41,384
Accrued Salaries & Related Benefits	75,109	
Due to Other Funds	18,274	4,910
Sales Taxes Payable		
Payable from Restricted Assets - Customer Deposits		
Notes Payable		
Accumulated Compensated Absences		
Total Liabilities	194,309	46,294
Fund Equity:		
Contributed Capital		
Investment in General Fixed Assets		
Retained Earnings:		
Reserved for Emergencies - Cash & Time Deposits		
Unreserved		
Fund Balance:		
Reserved For Capital Improvements:		
Fire Department - Cash Equivalents	320,422	
Police Department - Cash	441,598	
Reserved for Protested Taxes & Licenses - Cash	1,189	
Reserved for Prepaid Insurance	955	
Reserved for Streets, Drainage, & Sidewalks		433,290
Reserved for Sewer Improvements		292,820
Reserved for Water Works		73,281
Reserved for Sanitation & Landfill		158,314
Reserved for Motor Pool		42,404
Unreserved - Undesignated	300,778	
Total Fund Equity	1,064,942	1,000,109
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 1,259,251</b>	<b>\$1,046,403</b>

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

(Concluded)

EXHIBIT A

PROPRIETARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	LONG -TERM DEBT	
ENTERPRISE			
\$ 730,581			\$ 872,891
58,635			133,744
61,278			84,462
21,017			21,017
301,687			301,687
719,340		\$ 27,197	746,537
		140,623	140,623
<u>1,892,538</u>	<u>-</u>	<u>167,820</u>	<u>2,300,961</u>
7,975,633			7,975,633
	\$ 4,105,191		4,105,191
426,558			426,558
940,428			940,428
			320,422
			441,598
			1,189
			955
			433,290
			292,820
			73,281
			158,314
			42,404
			<u>300,778</u>
<u>9,342,619</u>	<u>4,105,191</u>	<u>-</u>	<u>15,512,861</u>
<u>\$ 11,235,157</u>	<u>\$ 4,105,191</u>	<u>\$ 167,820</u>	<u>\$17,813,822</u>

CITY OF WINNFELD, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED JUNE 30, 2001

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
REVENUES:			
Taxes	\$ 176,942	\$ 927,034	\$ 1,103,976
Licenses & Permits	181,731		181,731
Intergovernmental Revenues	141,479		141,479
Charges for Services	464,100		464,100
Fines	7,078		7,078
Interest	48,210	19,986	68,196
Miscellaneous	<u>50,743</u>		<u>50,743</u>
Total Revenues	<u>1,070,283</u>	<u>947,020</u>	<u>2,017,303</u>
EXPENDITURES:			
Current:			
General Government	562,291		562,291
Public Safety:			
Police	800,467		800,467
Fire	249,377		249,377
Animal Shelter	29,027		29,027
Collection & Administration		48,491	48,491
Streets, Drainage & Sidewalks	307,090	183,989	491,079
Motor Pool	26,344		26,344
Sanitation & Sanitary Landfill	497,978		497,978
Recreation	252,493		252,493
Sewer		171,395	171,395
Water		228,974	228,974
Capital Outlay	37,522	57,440	94,962
Debt Service:			
Principal	19,195		19,195
Interest	<u>1,982</u>		<u>1,982</u>
Total Expenditures	<u>2,783,766</u>	<u>690,289</u>	<u>3,474,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,713,483)</u>	<u>256,731</u>	<u>(1,456,752)</u>

(Continued)

CITY OF WINNFELD, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES (CONTINUED)  
 YEAR ENDED JUNE 30, 2001

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTALS MEMORANDUM ONLY</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	1,755,935	66,780	1,822,715
Operating Transfers Out	( 20,000)	-	( 20,000)
Sales of Property	<u>8,139</u>	<u>-</u>	<u>8,139</u>
Total Other Financing Sources (Uses)	<u>1,744,074</u>	<u>66,780</u>	<u>1,810,854</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	30,591	323,511	354,102
FUND BALANCE - Beginning of Year	<u>1,034,351</u>	<u>676,598</u>	<u>1,710,949</u>
FUND BALANCE - End of Year	<u>\$ 1,064,942</u>	<u>\$1,000,109</u>	<u>\$ 2,065,051</u>

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

(Concluded)

CITY OF WINNFELD, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED JUNE 30, 2001

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Taxes	\$ 176,700	\$ 176,942	\$ 242
Licenses and Permits	162,910	181,731	18,821
Intergovernmental Revenues	147,318	141,479	( 5,839)
Charges for Services	466,150	464,100	( 2,050)
Fines	8,000	7,078	( 922)
Interest	42,000	48,210	6,210
Miscellaneous	<u>48,510</u>	<u>50,743</u>	<u>2,233</u>
Total Revenues	<u>1,051,588</u>	<u>1,070,283</u>	<u>18,695</u>
EXPENDITURES:			
Current:			
General Government	579,780	562,291	17,489
Public Safety:			
Police	768,600	800,467	( 31,867)
Fire	254,000	249,377	4,623
Animal Shelter	28,770	29,027	( 257)
Collection and Administration			
Streets and Highways	322,850	307,090	15,760
Motor Pool	26,100	26,344	( 244)
Sanitation	518,000	497,978	20,022
Recreation	256,680	252,493	4,187
Sewer			
Water			
Capital Outlay	42,000	37,522	4,478
Debt Service	<u>21,200</u>	<u>21,177</u>	<u>23</u>
Total Expenditures	<u>2,817,980</u>	<u>2,783,766</u>	<u>34,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,766,392)</u>	<u>(1,713,483)</u>	<u>52,909</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	1,750,000	1,755,935	5,935
Operating Transfers Out	-	( 20,000)	( 20,000)
Loan Proceeds	<u>8,100</u>	<u>8,139</u>	<u>39</u>
Total Other Financing Sources (Uses)	<u>1,758,100</u>	<u>1,744,074</u>	<u>( 14,026)</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	<u>( 8,292)</u>	<u>30,591</u>	<u>38,883</u>
FUND BALANCE - Beginning of Year	<u>1,034,351</u>	<u>1,034,351</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$1,026,059</u>	<u>\$1,064,942</u>	<u>\$ 38,883</u>

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

<u>SPECIAL REVENUE FUND</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>
\$ 924,800	\$ 927,034	\$ 2,234
19,500	19,986	486
<u>944,300</u>	<u>947,020</u>	<u>2,720</u>
48,425	48,491	( 66)
180,000	183,989	( 3,989)
177,000	171,395	5,605
220,000	228,974	( 8,974)
42,850	57,440	( 14,590)
<u>668,275</u>	<u>690,289</u>	<u>( 22,014)</u>
<u>276,025</u>	<u>256,731</u>	<u>( 19,294)</u>
-	66,780	66,780
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>66,780</u>	<u>66,780</u>
276,025	323,511	47,486
<u>676,598</u>	<u>676,598</u>	<u>-</u>
<u>\$ 952,623</u>	<u>\$1,000,109</u>	<u>\$ 47,486</u>

CITY OF WINNFIELD, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
YEAR ENDED JUNE 30, 2001

OPERATING REVENUES:	
Charges for Services	<u>\$7,414,880</u>
OPERATING EXPENSES:	
Power Purchased	4,346,276
Salaries and Related Costs	641,325
Depreciation	435,821
Property Repairs and Maintenance	226,435
Materials and Supplies	81,704
Utilities and Telephone	22,624
Insurance	80,406
Other Miscellaneous Expenses	<u>58,604</u>
Total Operating Expenses	<u>5,893,195</u>
Operating Income	<u>1,521,685</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	55,060
Other Nonoperating Income	15,952
Interest Expense	<u>( 43,953)</u>
Total Nonoperating Revenues (Expenses)	<u>27,059</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS:	1,548,744
Operating Transfers Out	<u>(1,802,715)</u>
NET INCOME (LOSS)	( 253,971)
DECREASE (INCREASE) IN RETAINED EARNINGS RESERVED FOR EMERGENCIES	<u>( 18,986)</u>
NET CHANGE IN UNRESERVED RETAINED EARNINGS	( 272,957)
RETAINED EARNINGS - UNRESERVED - Beginning	<u>1,213,385</u>
RETAINED EARNINGS - UNRESERVED - Ending	<u>\$ 940,428</u>

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

CITY OF WINNFIELD, LOUISIANA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
ENTERPRISE FUND  
YEAR ENDED JUNE 30, 2001

## CASH FLOWS FROM OPERATING ACTIVITIES:

Operating Income for Year	\$ 1,521,685
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities-	
Depreciation	435,821
Nonoperating Income	15,952
Changes in Assets & Liabilities-	
(Increase) Decrease in Accounts Receivable	6,410
(Increase) Decrease in Inventory	( 5,770)
(Increase) Decrease in Other Receivables	170
Increase (Decrease) in Accounts Payable	( 44,275)
Increase (Decrease) in Accrued Expenses	11,194
Increase (Decrease) in Customer's Deposits - Net of Refunds	732
Increase (Decrease) in Due to Other Funds	( 908)
Net Cash Provided by Operating Activities	<u>1,941,011</u>

## CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Net Transfers to Other Funds	( 1,802,715)
Net Cash Used by Non-capital Financing Activities	<u>( 1,802,715)</u>

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Interest Paid on Installment Note Payable	( 43,953)
Acquisition & Construction of Capital Assets	( 568,741)
Principal Paid on Installment Note Payable	( 84,368)
Borrowings	700,000
Contributed Capital	46,010
Net Cash Used for Capital and Related Financing Activities	<u>48,948</u>

## CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Income	55,060
Investment Security Maturity	48,000
Purchase of Investment Securities	( 48,000)
Net Cash Used For Investing Activities	<u>55,060</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 242,304

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 744,925

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 987,229

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

**NOTES TO FINANCIAL STATEMENTS**

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001

INTRODUCTION

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

1. Summary of Significant Accounting Policies-

Basis of Presentation -

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

Financial Reporting Entity -

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

Component Units -

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

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

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

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

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

Winnfield City Court -

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

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

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

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

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

Winnfield City Marshall -

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

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

The city marshall is responsible for the day-to-day operation of his office.

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

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

Winnfield Housing Authority -

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

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

The Winnfield Housing Authority is responsible for preparing its own budget, funding deficits and operating deficiencies, disposing surplus funds, controlling the collection and disbursement of funds, and maintaining title to assets.

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

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

Fund Accounting -

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

Governmental Fund Types -

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

General Fund

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

Special Revenue Fund

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

Capital Projects Fund

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

Proprietary Fund Types -

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

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

The fund included in this category is the Enterprise Fund.

Enterprise Fund

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

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

Account Groups -

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

General Fixed Assets Account Group

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

General Long-Term Debt Account Group

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

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

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

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

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CITY OF WINNFIELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

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

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

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

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

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

Basis of Accounting -

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 are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

accrual basis of accounting is used by all governmental funds. Ad valorem taxes are recorded as revenue when levied because they are considered to be both measurable and available even though a portion of the taxes are collected in subsequent years. Sales taxes are considered "measurable" when collected by the intermediary collecting agency and are recognized as revenue at that time.

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

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

All proprietary funds are accounted for 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. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

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

#### *Budgets and Budgetary Accounting -*

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

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

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

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

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

Encumbrances -

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

Cash and Cash Equivalents -

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

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

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

Receivables -

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

Bad Debts -

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

Other Financing Sources (Uses) -

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

Short-term Interfund Receivables/Payables -

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

Interest Receivable -

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

Inventories -

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

Vacation, Sick Leave, and Other Compensated Absences -

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

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

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

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

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

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

Prepaid Items -

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items.

Fund Equity -

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

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

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

Restricted Assets -

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

Interfund Transactions -

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

Sales Taxes -

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

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

Total Columns on Combined Statements - Overview -

Total columns on the Combined Financial Statements are captioned “(Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

Use of Estimates -

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

2. Ad Valorem Taxes

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

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

For the year ended June 30, 2001, taxes of 6.88 mills were levied for general corporate purposes against property with assessed valuations totaling \$15,966,995. Total taxes levied were \$109,853. Subsequent change orders adjusted the original levy to \$109,485.

Total taxes collected during the year ended June 30, 2001 were \$109,453. Delinquent taxes are collected by the sale of the related property; therefore, no allowance for uncollectible taxes is considered necessary.

3. Interfund Receivables and Payables

As of June 30, 2001, interfund receivables and payables that resulted from various transactions between individual funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 62,302	18,274
Sales Tax Fund	22,160	4,910
Enterprise fund	<u>          </u>	<u>\$ 61,278</u>
Totals	<u>\$ 84,462</u>	<u>\$ 84,462</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

4. Restricted Assets - Proprietary Fund Type

Restricted assets of the Enterprise Fund were comprised of the following at June 30, 2001:

Customer's Deposit Account	<u>\$ 338,004</u>
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5. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance 7-1-00	Additions	Deletions	Balance 6-30-01
Land	\$ 689,302			\$ 689,302
Buildings	1,326,733			1,326,733
Equipment	<u>2,033,201</u>	<u>\$139,123</u>	<u>\$ 83,168</u>	<u>2,089,156</u>
Totals	<u>\$4,049,236</u>	<u>\$139,123</u>	<u>\$ 83,168</u>	<u>\$ 4,105,191</u>

6. Enterprise Fund Property, Plant and Equipment

A summary of enterprise fund property, plant and equipment at June 30, 2001 follows:

Land	\$ 5,000
Buildings	86,121
Construction In Progress	636,691
Electrical Substation	1,219,021
Electrical Machinery	2,438,433
Sewer Treatment Plant	2,824,210
Sewer System	2,684,081
Water System	5,808,632
Trucks, Machinery & Equipment	940,303
Less: Accumulated Depreciation	<u>( 7,917,431)</u>
Total	<u>\$ 8,725,061</u>

7. Long-Term Debt

General Long-Term Debt

Installment Note Payable - Proceeds from this loan were used to purchase three police cars. This loan was paid from general fund revenues. This note bears interest at 5.3% and is payable in 36 monthly installments of \$1,765. This loan is scheduled to be paid off during the year ended June 30, 2003.

(Continued)

CITY OF WINNFELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

Compensated Absences - At June 30, 2001, employees of the City of Winnfield, Louisiana have accumulated and vested \$167,678 of employee leave benefits, which were computed in accordance with GASB Codification C60. \$140,623 is recorded within the General Long-Term Debt Account Group and \$27,055 is recorded as a liability within the enterprise fund.

The following is a summary of changes in general long-term debt for the year ended June 30, 2001:

	Balance <u>7-1-00</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6-30-01</u>
Installment Note Payable	\$ 46,391	-	\$ 19,194	\$ 27,197
Compensated Absences	<u>115,791</u>	<u>\$ 24,832</u>	<u>-</u>	<u>140,623</u>
 Total	 <u>\$162,182</u>	 <u>\$ 24,832</u>	 <u>\$ 19,194</u>	 <u>\$167,820</u>

Enterprise Fund Long-Term Debt

Installment Notes Payable - This item is comprised of two loans. Proceeds from the first loan were used to purchase water clarification equipment. This loan is being paid from enterprise fund revenues. This note bears interest at 5.75% and is payable in 120 monthly installments of \$7,663. Proceeds from the second loan were used to purchase a bucket truck. This loan is also being paid from the enterprise fund revenues. This note bears interest at 8% and is payable in 48 monthly installments of \$2,588.

The annual debt service requirements to maturity of all installment notes payable at June 30, 2001, including interest payments of \$191,538 are as follows:

Year Ending <u>June 30</u>	General Long-Term <u>Debt</u>	Enterprise <u>Fund</u>	<u>Total</u>
2002	\$ 21,177	\$123,013	\$144,190
2003	7,059	123,013	130,072
2004	-	107,583	107,583
2005	-	91,959	91,959
2006	-	91,959	91,959
2007 and After	-	<u>372,312</u>	<u>372,312</u>
Totals	<u>\$ 28,236</u>	<u>\$909,839</u>	<u>\$938,075</u>

8. Dedication of Proceeds and Flow of Funds

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

	<u>Percentages</u>	<u>Collections Year Ended June 30, 2001</u>
Streets, Drainage and Sidewalks	33%	\$ 289,634
Sewer Improvements	30%	263,304
Water Works	25%	219,420
Sanitary Landfill and Sanitation	10%	87,768
Motor Pool	<u>2%</u>	<u>17,553</u>
Totals	<u>100%</u>	<u>\$ 877,679</u>

9. Employment Retirement Systems

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

A. Municipal Employees Retirement System of Louisiana (System)

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Winnfield is required to contribute at an actuarially determined rate. The current rate is 6.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Winnfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Winnfield's contributions to the System under Plan A for the years ending June 30, 2001, 2000, and 1999 were \$61,864, \$56,922, and \$53,596, respectively, and were equal to the required contributions for each year.

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

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

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

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Winnfield is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Winnfield are established and may be amended by state statute. As provided by Louisiana Revised Statute II: 103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Winnfield's contributions to the System for the years ending June 30, 2001, 2000 and 1999 were \$34,923, \$37,203, and \$32,933, respectively, and were equal to the required contributions for each year.

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

C. Firefighters Retirement System of Louisiana

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters Retirement System, Post Office Box 95095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Winnfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Winnfield's contributions to the System for the years ending June 30, 2001, 2000, and 1999 were \$10,235, \$10,237, and \$9,209 respectively, and were equal to the required contributions for each year.

D. Louisiana State Employee's Retirement System

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

1. Any age with at least eighteen (18) years of creditable service as a judge or court officer.
2. Age fifty (50) upon attaining a total of twenty (20) years of creditable service, at least twelve (12) years of which were as a judge or court officer.

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

3. Age fifty-five (55) upon attaining a total of at least twelve (12) years of creditable service as a judge of court officer.
4. Age seventy (70) without regard to the number of years of creditable service as a judge or court officer.

Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 2 ½ percent of their final average salary for each year of creditable service plus three hundred dollars. In addition, each judicial officer shall receive an additional benefit equal to one percent times the number of years of service as a judge or court officer times his average compensation. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (800) 256-3000.

*Funding Policy.* Plan members are required by state statute to contribute 11.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 13.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Winnfield are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Winnfield's contributions to the System for the years ending June 30, 2001, 2000, and 1999 were \$312, \$295, and \$298, respectively, and were equal to the required contributions for each year.

#### 10. Cash and Investments

Louisiana Revised Statutes authorize the City to invest in United States bonds, treasury notes, time certificates of deposit, or any other federally insured instrument. Cash and investments are held separately by each of the City's funds. At June 30, 2001, the City's cash and investments totaled \$3,347,509. Bank account balances at June 30, 2001, totaled \$3,201,183. Of the amounts held in commercial banks, \$254,376 was covered by federal depository insurance.

The City's cash and investments are categorized below to give an indication of the level of risk assumed by the City at June 30, 2001. Category 1 includes cash that is held by the City, cash and investments that are insured or registered, or investments held by the City or its brokers in the City's name. Category 2 would include uninsured and unregistered investments for which the securities are held by the broker's dealer's trust department or agent in the City's name. Category 3 would include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name.

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

	Category			Carrying Value	Market Value
	1	2	3		
Cash -					
Petty Cash	\$ 3,106	\$ 0	\$ 0	\$ 3,106	\$ 3,106
Demand Deposits	154,376	1,731,693	0	1,886,069	1,886,069
Certificates of Deposit	100,000	1,118,334	0	1,218,334	1,218,334
Investments-					
U. S. Government Securities	<u>240,000</u>	<u>0</u>	<u>0</u>	<u>240,000</u>	<u>240,000</u>
Total	<u>\$ 497,482</u>	<u>\$ 2,850,027</u>	<u>\$ 0</u>	<u>\$ 3,347,509</u>	<u>\$ 3,347,509</u>

11. Compensation of City Councilmen

A detail of compensation paid to individual councilmen for the year ended June 30, 2001 follows:

Kenneth Caldwell	\$ 6,000
William Holden	6,000
Andre' Howard	6,000
V. Matt Milam, III	6,000
Tony Acosta	<u>6,000</u>
Total	<u>\$30,000</u>

12. Lease Obligations

The City of Winnfield, Louisiana was not obligated under any capital or operating lease commitments at June 30, 2001.

13. Fund Equity

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

General Fund

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

(Continued)

CITY OF WINNFIELD, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001

Reserved for Capital Improvements - Police Department - This reserve was created to restrict funds for use in connection with the City's police station and jail project.

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

Reserved for Prepaid Insurance - This reserve represents insurance expense for the next fiscal year paid in the fiscal year ended June 30, 2001, and recorded as a current asset. This amount is not available for future expenditure.

Special Revenue Fund

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

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

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

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

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

Enterprise Fund

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

Retained Earnings - Reserved for Emergencies - On November 12, 1991, the governing body of the City of Winnfield established an Emergency Reserve Fund in the Utility Fund to be used, solely at the governing body's discretion, to fund extraordinary expenses arising from natural disasters or other major disruptions

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

to the Utility System. Monthly contributions of \$5,000 are made to the Emergency Reserve Fund if the balance in the fund is below \$400,000. If the balance in the fund is in excess of \$400,000 but less than \$500,000, interest earned on the fund is to be deposited back into the fund until the balance reaches \$500,000. When the balance of the fund reaches \$500,000, interest earned on the fund is to be deposited into the general revenues of the Utility Fund. This reserve represents funds restricted for that purpose at June 30, 2001.

14. Economic Development Notes Receivable

At June 30, 2001, the City of Winnfield, Louisiana had an economic development note outstanding of \$ 12,257 which have been funded by the City's revolving loan fund. This note is repayable in installments over ten (10) years, bears interest at 5% and is secured by a mortgage on the subrecipient's assets. An allowance for doubtful accounts has not been provided or deemed necessary for this note.

15. Litigation

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

16. Risk Management

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

17. Contributed Capital

During the year ended June 30, 2001, contributed capital changed in the following amounts:

Utility Fund -	
Contribution by Municipalities - Sales Tax Fund & Economic Development	\$ 46,010
Contributed Capital at June 30, 2000	<u>7,929,623</u>
Contributed Capital at June 30, 2001	<u>\$ 7,975,633</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001

18. Fund Deficits

At June 30, 2001, no individual fund of the City had a fund deficit.

19. Expenditures - Actual and Budget

The following individual fund has actual expenditures over budgeted expenditures for the year ended June 30, 2001:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Sales Tax Fund	<u>\$ 668,275</u>	<u>\$ 690,289</u>	<u>\$ (22,014)</u>

20. Subsequent Events

Water Clarification Project - At the June 1999 regular meeting of the Mayor and City Council, a water surcharge for all water customers was approved to fund a water clarification project. This surcharge went into effect during the first half of fiscal year ended June 30, 2000. In July 2000, the City borrowed \$700,000 from two local financial institutions to fund the construction and installation of the water clarification system. At June 30, 2001 the project was substantially complete and costs incurred through that date totaled \$636,691. The system went online in August 2001 at a total cost of approximately \$739,000.

Police Station and Jail Facility - At the December 1998 regular meeting of the Mayor and City Council a resolution was passed restricting General Fund monies totaling \$540,000 for use as the City's matching funds for the planning, design and construction of a Police Station and Jail Facility. Subsequent to June 30, 2001 bids were received on the construction of the facility. The monies that have been set aside by the City along with certain grants from the State of Louisiana appear to be adequate to fund the construction of the Police Station and Jail Facility.

21. Financial Statement Presentation

GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis, when implemented by the City of Winnfield for the fiscal year ended June 30, 2004, will significantly alter the form and content of the financial statement presentation. Accordingly, the existing financial statements do not represent the new GASB 34 reporting model for governmental bodies, but represent the pre GASB 34 financial reporting model.

(Concluded)

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

## GENERAL FUND

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

CITY OF WINNFIELD, LOUISIANA  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2001

## ASSETS

Cash & Cash Equivalents	\$ 847,503
Time Deposits	308,422
Receivables:	
Due From Other Governments:	
State of Louisiana	11,609
Winn Parish Police Jury	1,221
Due From Other Funds	62,302
Economic Development Notes Receivable	12,257
Other	14,982
Prepaid Insurance Expense	<u>955</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,259,251</u></b>

## LIABILITIES &amp; FUND BALANCES

Liabilities:	
Accounts Payable	\$ 100,926
Payroll & Related Benefits	75,109
Due to Other Funds	<u>18,274</u>
Total Liabilities	<u>194,309</u>
Fund Balances:	
Reserved Fund Balances:	
Reserved For Capital Improvements:	
Fire Department	320,422
Police Department	441,598
Reserved For Protested Taxes & Licenses	1,189
Reserved For Prepaid Insurance	955
Unreserved Fund Balance - Undesignated	<u>300,778</u>
Total Fund Balances	<u>1,064,942</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u>\$1,259,251</u></b>

Supplementary schedule. Presented as additional analytical data.

CITY OF WINNFIELD, LOUISIANA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2001

REVENUES:	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes:			
Ad Valorem	\$ 109,400	\$ 109,453	\$ 53
Franchise	<u>67,300</u>	<u>67,489</u>	<u>189</u>
Total Taxes	<u>176,700</u>	<u>176,942</u>	<u>242</u>
Licenses and Permits:			
Occupational Licenses	153,000	172,413	19,413
Other Licenses & Permits	<u>9,910</u>	<u>9,318</u>	<u>( 592)</u>
Total Licenses & Permits	<u>162,910</u>	<u>181,731</u>	<u>18,821</u>
Intergovernmental Revenues:			
Beer & Tobacco Taxes	4,000	5,165	1,165
2% Fire Insurance Rebate	13,000	13,374	374
Fire Service - Parish	33,800	34,406	606
Winn Parish Police Jury - Streets	20,000	20,000	-
Winn Parish Police Jury - Recreation	8,000	-	( 8,000)
State of Louisiana	<u>68,518</u>	<u>68,534</u>	<u>16</u>
Total Intergovernmental Revenues	<u>147,318</u>	<u>141,479</u>	<u>( 5,839)</u>
Charges for Services:			
Sanitation	443,900	441,516	( 2,384)
Other	<u>22,250</u>	<u>22,584</u>	<u>334</u>
Total Charges for Services	<u>466,150</u>	<u>464,100</u>	<u>( 2,050)</u>
Fines	<u>8,000</u>	<u>7,078</u>	<u>( 922)</u>
Interest	<u>42,000</u>	<u>48,210</u>	<u>6,210</u>
Miscellaneous Revenues:			
Rental Buildings & Equipment	16,600	16,522	( 78)
Other	<u>31,910</u>	<u>34,221</u>	<u>2,311</u>
Total Miscellaneous Revenues	<u>48,510</u>	<u>50,743</u>	<u>2,233</u>
TOTAL REVENUES	<u>1,051,588</u>	<u>1,070,283</u>	<u>18,695</u>

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 2001

EXPENDITURES:	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Current:			
General Government:			
Salaries & Related Costs	252,420	253,847	( 1,427)
Insurance	28,500	31,433	( 2,933)
Utilities & Telephone	56,300	52,396	3,904
Legal, Accounting, & Elections	42,000	41,450	550
Advertising & Dues	16,500	13,228	3,272
Travel and Training	6,200	6,413	( 213)
Property Repairs and Maintenance	54,100	48,256	5,844
Airport	26,500	27,951	( 1,451)
Coroner	22,000	19,560	2,440
Office Supplies	14,550	15,126	( 576)
Main Street Program	11,500	11,195	305
Capital Expenditures	13,300	13,269	31
Other	<u>35,910</u>	<u>28,167</u>	<u>7,743</u>
Total General Government	<u>579,780</u>	<u>562,291</u>	<u>17,489</u>
Public Safety:			
Police:			
Salaries & Related Costs	559,700	590,696	( 30,996)
Insurance	26,700	32,264	( 5,564)
Vehicle Costs	35,000	36,104	( 1,104)
Utilities & Telephone	24,500	22,113	2,387
Prisoner Maintenance	42,000	40,844	1,156
Property Repairs & Maintenance	24,000	22,810	1,190
Capital Expenditures	30,600	32,058	( 1,458)
Other	<u>26,100</u>	<u>23,578</u>	<u>2,522</u>
Total Police	<u>768,600</u>	<u>800,467</u>	<u>( 31,867)</u>
Fire:			
Salaries & Related Costs	179,450	190,296	( 10,846)
Insurance	18,600	14,516	4,084
Utilities & Telephone	14,300	12,229	2,071
Truck Costs	8,500	4,934	3,566
Capital Expenditures	8,800	11,000	( 2,200)
Other	<u>24,350</u>	<u>16,402</u>	<u>7,948</u>
Total Fire	<u>254,000</u>	<u>249,377</u>	<u>4,623</u>

(Continued)

CITY OF WINNFELD, LOUISIANA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2001

EXPENDITURES (Continued):	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
Animal Shelter:			
Salaries & Related Costs	24,420	24,108	312
Other	<u>4,350</u>	<u>4,919</u>	( 569)
Total Animal Shelter	<u>28,770</u>	<u>29,027</u>	( 257)
Streets, Drainage & Sidewalks:			
Salaries & Related Costs	230,550	228,017	2,533
Insurance	-	-	-
Truck Costs	30,500	28,019	2,481
Street Materials & Repairs	3,000	332	2,668
Engineering	-	-	-
Streets, Drainage & Sidewalks	40,200	36,191	4,009
Other	<u>18,600</u>	<u>14,531</u>	4,069
Total Streets, Drainage & Sidewalks	<u>322,850</u>	<u>307,090</u>	15,760
Motor Pool:			
Salaries & Related Costs	21,350	21,392	( 42)
Parts & Supplies	3,700	4,037	( 337)
Other	<u>1,050</u>	<u>915</u>	135
Total Motor Pool	<u>26,100</u>	<u>26,344</u>	( 244)
Sanitation & Sanitary Landfill:			
Compaction Station:			
Salaries & Related Costs	82,850	82,876	( 26)
Tipping Fees	62,000	61,881	119
Utilities & Telephone	2,200	2,023	177
Repairs & Maintenance	6,500	6,561	( 61)
Vehicle Costs	8,700	9,515	( 815)
Capital Expenditure	4,600	4,515	85
Other	<u>21,100</u>	<u>14,437</u>	6,663
Total Compaction Station	<u>187,950</u>	<u>181,808</u>	6,142
Garbage Pickup:			
Salaries & Related Costs	54,150	53,071	1,079
Insurance	3,000	2,030	970
Private Hauler Collection Fees	264,000	249,352	14,648

(Continued)

CITY OF WINNFIELD, LOUISIANA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES (Continued):			
Vehicle Costs	8,700	11,569	( 2,869)
Other	<u>200</u>	<u>148</u>	<u>52</u>
Total Garbage Pickup	<u>330,050</u>	<u>316,170</u>	<u>13,880</u>
Total Sanitation & Sanitary Landfill	<u>518,000</u>	<u>497,978</u>	<u>20,022</u>
 Recreation:			
Salaries & Related Costs	101,700	104,609	( 2,909)
Utilities & Telephone	27,600	27,991	( 391)
Repairs & Maintenance	24,200	19,879	4,321
Supplies	39,530	39,514	16
Capital Expenditures	20,000	29,329	( 9,329)
Civic Center & Museum	38,500	24,764	13,736
Other	<u>5,150</u>	<u>6,407</u>	<u>( 1,257)</u>
Total Recreation	<u>256,680</u>	<u>252,493</u>	<u>4,187</u>
 Capital Outlays	<u>42,000</u>	<u>37,522</u>	<u>4,478</u>
 Debt Service	<u>21,200</u>	<u>21,177</u>	<u>23</u>
 TOTAL EXPENDITURES	<u>2,817,980</u>	<u>2,783,766</u>	<u>34,214</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	( 1,766,392)	( 1,713,483)	52,909
 OTHER FINANCING SOURCES (USES)	<u>1,758,100</u>	<u>1,744,074</u>	<u>( 14,026)</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	( 8,292)	30,591	38,883
 FUND BALANCE - Beginning of Year	<u>1,034,351</u>	<u>1,034,351</u>	<u>-</u>
 FUND BALANCE - End of Year	<u>\$1,026,059</u>	<u>\$1,064,942</u>	<u>\$ 38,883</u>

Supplementary schedule. Presented as additional analytical data.

(Concluded)

## SPECIAL REVENUE FUND

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

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

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

CITY OF WINNFIELD, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND  
BALANCE SHEET  
JUNE 30, 2001

ASSETS	
Cash and Cash Equivalents	\$ 951,360
Receivables:	
Due From Other Governments:	
Winn Parish School Board	72,883
Due From Other Funds	<u>22,160</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,046,403</u></b>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 41,384
Due to Other Funds	<u>4,910</u>
Total Liabilities	<u>46,294</u>
Fund Balance:	
Reserved Fund Balances:	
Reserved for Streets, Drainage and Sidewalks	433,290
Reserved for Sewer Improvements	292,820
Reserved for Water Works	73,281
Reserved for Sanitary Landfill and Sanitation	158,314
Reserved for Motor Pool	<u>42,404</u>
Total Fund Balance - Reserved	<u>1,000,109</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 1,046,403</u></b>

Supplementary schedule. Presented as additional analytical data.

CITY OF WINNFIELD, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2001

REVENUES:	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Taxes - Sales Taxes	\$ 924,800	\$ 927,034	\$ 2,234
Intergovernmental Revenue	-	-	-
Interest Income	<u>19,500</u>	<u>19,986</u>	<u>486</u>
Total Revenues	<u>944,300</u>	<u>947,020</u>	<u>2,720</u>
 EXPENDITURES:			
Current:			
Collection and Administration	48,425	48,491	( 66)
Streets, Drainage & Sidewalks	180,000	183,989	( 3,989)
Motor Pool	-	-	-
Sanitation & Sanitary Landfill	-	-	-
Sewer	177,000	171,395	5,605
Water	220,000	228,974	( 8,974)
Capital Outlay	<u>42,850</u>	<u>57,440</u>	<u>14,590</u>
Total Expenditures	<u>668,275</u>	<u>690,289</u>	<u>( 22,014)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>276,025</u>	<u>256,731</u>	<u>( 19,294)</u>
 OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	66,780	66,780
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>66,780</u>	<u>66,780</u>
EXCESS (DEFICIENCY) OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING (USES)	276,025	323,511	47,486
FUND BALANCE, Beginning of Year	<u>676,598</u>	<u>676,598</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 952,623</u>	<u>\$1,000,109</u>	<u>\$ 47,486</u>

Supplementary schedule. Presented as additional analytical data.

## ENTERPRISE FUND

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

### Utility Fund

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

CITY OF WINNFIELD, LOUISIANA  
 ENTERPRISE FUND  
 UTILITY FUND  
 BALANCE SHEET  
 JUNE 30, 2001

## ASSETS

Current Assets:	
Cash & Cash Equivalents	\$ 889,225
Time Deposits	12,995
Receivables:	
Utility Billings	1,113,324
Other	5,001
Inventory, at cost	<u>146,747</u>
Total Current Assets	<u>2,167,292</u>
Restricted Assets:	
Customer Deposits:	
Cash & Cash Equivalents	98,004
Investments	<u>240,000</u>
Total Restricted Assets	<u>338,004</u>
Property, Plant, and Equipment, at cost, Net of Accumulated Depreciation - \$7,917,431	<u>8,725,061</u>
Other Assets:	
Refundable Deposits	<u>4,800</u>
TOTAL ASSETS	<u><u>\$11,235,157</u></u>

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 ENTERPRISE FUND  
 UTILITY FUND  
 BALANCE SHEET  
 JUNE 30, 2001

LIABILITIES AND FUND EQUITY	
Current Liabilities (Payable from Current Assets):	
Accounts Payable	\$ 730,581
Accrued Salaries Payable	34,697
Payroll Withholdings & Related Benefits	23,938
Due to Other Funds	61,278
Sales Taxes Payable	21,017
Current Portion of Notes Payable	<u>84,315</u>
Total Current Liabilities (Payable from Current Assets)	<u>955,826</u>
Current Liabilities (Payable from Restricted Assets):	
Customer Deposits Payable	<u>301,687</u>
Long Term Liabilities:	
Installment Notes Payable	<u>635,025</u>
Total Liabilities	<u>1,892,538</u>
Fund Equity:	
Contributed Capital:	
Municipality	2,286,513
Waterworks & Sewer District	654,668
Louisiana Department of Public Safety and Corrections	1,201,280
Customers and Federal government	<u>3,833,172</u>
Total Contributed Capital	<u>7,975,633</u>
Retained Earnings:	
Reserved for Emergencies	426,558
Unreserved	<u>940,428</u>
Total Retained Earnings	<u>1,366,986</u>
Total Fund Equity	<u>9,342,619</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 11,235,157</u>

Supplementary schedule. Presented as additional analytical data

(Concluded)

CITY OF WINNFIELD, LOUISIANA  
 ENTERPRISE FUND  
 UTILITY FUND  
 SCHEDULE OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS  
 YEAR ENDED JUNE 30, 2001

## OPERATING REVENUES:

## Charges for Services:

## Electric Department:

Electricity Sales	\$3,403,858
Fuel Adjustment	3,009,854
Penalties	157,020
Service Fees	<u>46,511</u>

Total Electric Department 6,617,243

## Water Department:

Water Sales	579,765
Service Fees	<u>1,270</u>

Total Water Department 581,035

## Sewer Department:

Sewer Service Charges	215,562
Service Fees	<u>1,040</u>

Total Sewer Department 216,602

Total Operating Revenues 7,414,880

## OPERATING EXPENSES:

## Electric Department:

Power Purchased	4,346,276
Salaries & Related Costs	195,724
Depreciation	126,312
Property Repairs & Maintenance	115,315
Insurance	38,636
Materials & Supplies	37,455
Utilities & Telephone	2,143
Other Miscellaneous Expenses	<u>8,329</u>

Total Electric Department 4,870,190

(Continued)

CITY OF WINNFIELD, LOUISIANA  
 ENTERPRISE FUND  
 UTILITY FUND  
 SCHEDULE OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS (CONTINUED)  
 YEAR ENDED JUNE 30, 2001

## OPERATING EXPENSES: (Continued)

Water Department:	
Salaries & Related Costs	133,443
Property Repairs & Maintenance	99,280
Depreciation	137,392
Insurance	31,775
Materials & Supplies	12,867
Utilities & Telephone	4,270
Other Miscellaneous Expenses	<u>10,521</u>
 Total Water Department	 <u>429,548</u>
Sewer Department:	
Salaries & Related Costs	110,531
Property Repairs & Maintenance	3,231
Depreciation	172,117
Utilities & Telephone	( 69)
Materials & Supplies	6,637
Insurance	7,180
Other Miscellaneous Expenses	<u>974</u>
 Total Sewer Department	 <u>300,601</u>
General & Administrative:	
Salaries & Related Costs	201,627
Utilities & Telephone	16,280
Materials & Supplies	24,745
Property Repairs & Maintenance	8,610
Bad Debt	27,568
Insurance	2,816
Professional Fees	9,920
Other Miscellaneous Expenses	<u>1,290</u>
 Total General & Administrative	 <u>292,856</u>
 Total Operating Expenses	 <u>5,893,195</u>
Operating Income	<u>1,521,685</u>

(Continued)

CITY OF WINNFELD, LOUISIANA  
 ENTERPRISE FUND  
 UTILITY FUND  
 SCHEDULE OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS (CONTINUED)  
 YEAR ENDED JUNE 30, 2001

NONOPERATING REVENUES (EXPENSES):	
Interest Income	55,060
Other Nonoperating Income	15,952
Interest Expense	<u>( 43,953)</u>
Total Nonoperating Revenues (Expenses)	<u>27,059</u>
INCOME BEFORE OPERATING TRANSFERS	1,548,744
Operating Transfers Out	<u>(1,802,715)</u>
NET INCOME (LOSS)	( 253,971)
(INCREASE) DECREASE IN RETAINED EARNINGS RESERVED FOR EMERGENCIES	<u>( 18,986)</u>
NET CHANGE IN UNRESERVED RETAINED EARNINGS	( 272,957)
RETAINED EARNINGS - UNRESERVED - Beginning	<u>1,213,385</u>
RETAINED EARNINGS - UNRESERVED - Ending	<u>\$ 940,428</u>

Supplementary schedule. Presented as additional analytical data.

(Concluded)

## GENERAL FIXED ASSETS ACCOUNT GROUP

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

CITY OF WINNFIELD, LOUISIANA  
 DETAILED SCHEDULE OF GENERAL FIXED ASSETS  
 JUNE 30, 2001

GENERAL FIXED ASSETS, at cost:	
Land	\$ 174,822
<i>Cemetery Addition</i>	250
Buildings:	
Equipment Building	26,138
City Hall	88,524
Allen Building	229,310
Winnfield Industrial Facility	505,832
Jail Building	152,861
Muscum	83,484
Dog Pound	17,200
American Tar and Turpentine Plant	194,896
Donald C. Joyce Airport	319,334
Garbage Assets	503,401
Recreation Assets	354,726
Mini-Parks	68,705
Winn Ambulance Assets	57,967
Furniture and Fixtures	31,096
Machinery, Equipment and Trucks	1,048,955
Fire Station	<u>247,690</u>
 TOTAL GENERAL FIXED ASSETS	 <u>\$4,105,191</u>
 INVESTMENT IN GENERAL FIXED ASSETS:	
Ad Valorem Taxes (Fire Bond)	\$ 32,710
Economic Development Funds & Grants	751,841
Community Development Block Grant	840,893
Donations	67,932
Winn Parish Police Jury Funds	18,000
Federal Grants	73,199
General & Sales Tax Fund Revenues	1,486,393
General Obligation Bonds	460,000
Federal Aviation Administration Grant	280,464
Other State Grants	<u>93,759</u>
 TOTAL INVESTMENT IN GENERAL FIXED ASSETS	 <u>\$4,105,191</u>

Supplementary schedule. Presented as additional analytical data.

CITY OF WINNFIELD, LOUISIANA  
 DETAILED SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
 JUNE 30, 2001

GENERAL FIXED ASSETS, at cost:	Balance <u>7/1/00</u>	<u>Additions</u>	<u>Retire- ments</u>	Balance <u>6/30/01</u>
Land	\$ 174,822	\$ -		\$ 174,822
Cemetery Addition	250			250
Buildings:				
Equipment Building	26,138			26,138
City Hall	88,524			88,524
Allen Building	229,310			229,310
Winnfield Industrial Facility	505,832			505,832
Jail Building	125,054	27,807		152,861
Museum	83,484			83,484
Dog Pound	5,770	11,430		17,200
American Tar and Turpentine Plant	194,896			194,896
Donald C. Joyce Airport	319,334			319,334
Garbage Assets	511,006	4,515	12,120	503,401
Recreation Assets	316,928	39,044	1,246	354,726
Mini-Parks	68,705			68,705
Winn Ambulance Assets	57,967			57,967
Furniture and Fixtures	27,627	3,469		31,096
Machinery, Equipment and Trucks	1,076,899	41,858	69,802	1,048,955
Fire Station	<u>236,690</u>	<u>11,000</u>		<u>247,690</u>
<b>TOTAL GENERAL FIXED ASSETS</b>	<u><b>\$4,049,236</b></u>	<u><b>\$139,123</b></u>	<u><b>\$ 83,168</b></u>	<u><b>\$4,105,191</b></u>

Supplementary schedule. Presented as additional analytical data.

GENERAL LONG-TERM DEBT  
ACCOUNT GROUP

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

CITY OF WINNFIELD, LOUISIANA  
SCHEDULE OF GENERAL LONG-TERM DEBT  
JUNE 30, 2001

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

Amount to be Provided from General Fund Revenues	<u>\$167,820</u>
TOTAL AVAILABLE AND TO BE PROVIDED	<u>\$167,820</u>
GENERAL LONG-TERM DEBT PAYABLE	
Notes Payable	\$ 27,197
Accumulated Compensated Absences	<u>140,623</u>
TOTAL GENERAL LONG TERM DEBT PAYABLE	<u>\$167,820</u>

Supplementary schedule. Presented as additional analytical data.

INTERNAL CONTROL AND COMPLIANCE SECTION

WHITE & BATES  
CERTIFIED PUBLIC ACCOUNTANTS  
203 NORTH ABEL STREET  
P. O. BOX 1397  
WINNFIELD, LA 71483  
-----  
(318) 628-3985  
FAX (318) 628-3988

LAWRENCE J. WHITE, C.P.A.

STEVEN F. BATES, C.P.A.

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

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

We have audited the general purpose financial statements of the City of Winnfield, Louisiana, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 3, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Winnfield's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Winnfield in a separate letter dated December 3, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Winnfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 solely for the information and use of management, others within the organization, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

*White & Bates*

White & Bates, CPA's  
December 3, 2001  
Winnfield, Louisiana

CITY OF WINNFIELD, LOUISIANA  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2001

We have audited the financial statements of the City of Winnfield as of and for the year ended June 30, 2001, and have issued our report thereon dated December 3, 2001. 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. Our audit of the financial statements as of June 30, 2001 resulted in an unqualified opinion.

**SECTION I - SUMMARY OF AUDITOR'S REPORTS**

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Compliance

Noncompliance Material to Financial Statements  Yes  No

CITY OF WINNFIELD, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2001

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**MANAGEMENT LETTER**

**2000-1 SALES TAX COLLECTIONS**

**Observation** - The City of Winnfield has a contract with the Winn Parish School Board to collect the sales and use taxes authorized by the City's Sales and Use Tax Ordinance. This contract provides that the Winn Parish School Board shall be paid a 3% fee of gross collections and that any and all expenses incurred by the school board in collecting such taxes be the responsibility of the Winn Parish School Board. In a number of prior periods, the Winn Parish School Board has withheld from remittances to the City of Winnfield certain collection costs in excess of the 3% fee provided in the contract. These withheld collection costs, which were paid to outside vendors, appear to be costs that are to be absorbed by the school board under the contract. It is our understanding that a meeting has been held between the City of Winnfield and representatives from the Winn Parish School Board. This meeting resulted in a decision to request the attorneys for both parties to review the current contract and make a recommendation to resolve this issue. As of the date of this report, no such recommendation has been received.

**Recommendation** - The City of Winnfield should follow up with the City attorney to insure that the contract is being reviewed and that a recommendation to resolve this issue will be forthcoming in a timely fashion.

**Current Status** - A meeting has been held with the Winn Parish Superintendent of Schools, the President of the Winn Parish School Board, and the Mayor of the City of Winnfield. It was determined that the attorneys for both parties would review the existing contract and make a recommendation to resolve this issue. As of the date of this report, no such recommendation has been received.

**2000-2 PART-TIME EMPLOYEES**

**Observation** - The City of Winnfield employs certain part-time employees in various departments. These employees are restricted from working more than 32 hours per week or they will be considered full-time employees in regards to retirement and other personnel related benefits. It is permissible for these employees to work in excess of 32 hours per week if it happens infrequently and is due to unusual circumstances such as an emergency. During our audit, it was determined that certain part-time employees of the police department were consistently working in excess of 32 hours per week. Also, certain part-time employees were working in various departments and accordingly time worked was being allocated among departments based on time cards submitted to the respective department heads. Based on our review of the time cards submitted, there appeared to be isolated instances where the time for one department overlapped with the time from another department.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

**Current Status** - Based on our review of the payroll area for the year ended June 30, 2001, there did not appear to be any part-time employees working in excess of 32 hours per week on a frequent basis. Also, there did not appear to be any duplication of hours worked among departments.

**WHITE & BATES**  
*CERTIFIED PUBLIC ACCOUNTANTS*  
203 NORTH ABEL STREET  
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---  
(318) 628-3985  
FAX (318) 628-3988

LAWRENCE I WHITE, C.P.A.

STEVEN F. BATES, C.P.A.

December 3, 2001

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

Dear Mayor Thornton:

In planning and performing our audit of the general purpose financial statements of the City of Winnfield, Louisiana, as of and for the year ended June 30, 2001, we considered the City's internal control over financial reporting to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. We also performed tests of the City's compliance with certain provisions of law, regulations, contracts, and grants for the purpose of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement and not to provide an opinion on the overall compliance with such provisions.

During the course of our audit we became aware of several matters that we believe are opportunities for strengthening the internal control over financial reporting, improving compliance with certain laws and regulations, and for obtaining increased utilization of resources and operating efficiency. The following sections of this letter summarize our comments and suggestions and this letter does not affect our reports dated December 3, 2001 on the general purpose financial statements or the related reports on internal control over financial reporting and compliance.

#### 1. SALES TAX COLLECTIONS

**Observation** - The City of Winnfield has a contract with the Winn Parish School Board to collect the sales and use taxes authorized by the City's Sales and Use Tax Ordinance. This contract provides that the Winn Parish School Board shall be paid a 3% fee of gross collections and that any and all expenses incurred by the school board in collecting such taxes be the responsibility of the Winn Parish School Board. In a number of prior periods, the Winn Parish School Board has withheld from remittances to the City of Winnfield certain collection costs in excess of the 3% fee provided in the contract. These withheld collection costs, which were paid to outside vendors, appear to be costs that are to be absorbed by the school board under the contract. It is our understanding that a meeting has been held between the City of Winnfield and representatives from the Winn Parish School Board. This meeting resulted in a decision to request the attorneys for both parties to review the current contract and make a recommendation to resolve this issue. As of the date of this report, no such recommendation has been received.

MANAGEMENT LETTER (CONTINUED)

**Recommendation** - The City of Winnfield should follow up with the City attorney to insure that the contract is being reviewed and that a recommendation to resolve this issue will be forthcoming in a timely fashion.

Sincerely,

*White & Bates*

White & Bates

# City of Winnfield

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

winn@iamerica.net



Deano Thornton, Mayor

**Council Members**  
TONY ACOSTA  
KENNY CALDWELL  
WILLIE HOLDEN  
ANDRE' HOWARD  
MATT MILAM

## CORRECTIVE ACTION PLAN

December 20, 2001

The City of Winnfield respectfully submits the following corrective action plan for the year ended June 30, 2001.

Name and address of independent public accounting firm:

White & Bates  
203 North Abel Street  
Winnfield, LA 71483

Audit Period: Year ended June 30, 2001

The comments from the June 30, 2001 management letter are discussed below.

### MANAGEMENT LETTER COMMENTS

#### 1. SALES TAX COLLECTIONS

**Recommendation** - The City of Winnfield should follow up with the City attorney to insure that the contract is being reviewed and that a recommendation to resolve this issue will be forthcoming in a timely fashion.

**Action Taken** - The City of Winnfield will follow up with the City attorney as well as a representative of the Winn Parish School Board as to the status of this issue and will seek a timely resolution.

Sincerely yours,

Deano Thornton, Mayor  
City of Winnfield