

L.E.O.

041

**CITY OF WINNSBORO**  
**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2004**

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 1-26-05

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA**

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Jack Hammons, Mayor  
and Members of the Board of Aldermen  
Winnsboro, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winnsboro, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Winnsboro, Louisiana's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winnsboro, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2004.

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2004, on our consideration of the City of Winnsboro, Louisiana's internal control over financial reporting and on 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.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Winnsboro, Louisiana's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by OMB Circular A-133, are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the City of Winnsboro, Louisiana. The other supplemental information and the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
MARCUS, ROBINSON & HASSELL, CPAs

Winnsboro, Louisiana  
November 3, 2004

**REQUIRED SUPPLEMENTAL INFORMATION**

**PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# City of Winnsboro



★ SEAT OF FRANKLIN PARISH ★  
STARS & STRIPES CAPITOL OF LOUISIANA

JACK HAMMONS  
MAYOR

ROXY FLETCHER  
CITY CLERK

MITCH REYNOLDS  
CHIEF OF POLICE

*"Not Grown, but Growing"*

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## CITY OF WINNSBORO

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2004

As management of the City of Winnsboro, Louisiana (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2004. This discussion and analysis of management is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions or conditions. It is intended to provide readers with a broad overview of the City's finances. It is also intended to provide readers with an analysis of the City's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent year's challenges), identify any material deviations from the financial plan (approved budget), and identify issues or concerns of individual funds.

This is the first year that the City has presented its financial statements under the new reporting model required by Governmental Accounting Standards Board Statement No. 34. Because this new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded, prior year comparative information for this reporting period's discussion and analysis of management has not been included. However, in future years, comparisons will be more meaningful and will provide additional explanations of the City's financial position and results of operations.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the supplementary information that are provided in addition to this discussion and analysis of management.

### Overview of Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements consist of the government-wide financial statements, the fund financial statements and the notes to the financial statements. Supplementary information is included which is in addition to the basic financial statements themselves.

Government-wide financial statements are designed by Governmental Accounting Standards Board Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time with a concise "entry-wide" statement of net assets and statement of activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or weakening.

The statement of activities presents information detailing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in flows in future periods.

### Government-Wide Financial Analysis:

This analysis pertains to the government-wide financial statements, which are issued for the first time for the June 30, 2004, fiscal year. It does not include comparative information for prior years. (Such comparison of current and prior years will, however, be included in future annual reports).

The City's net assets at June 30, 2004, were \$13,838,311 with 86.7226 percent of this total consisting of capital assets, i.e., physical plants, equipment and infrastructure, less related outstanding debt. This leaves 13.2774 percent as unrestricted net assets which are generally available for use at the City's discretion. Year-end assets, liabilities and net assets are summarized below. It should be noted that the investment in capital assets is not available as a financial resource for payment of liabilities. These will require the use of either existing financial resources or future revenues. Also note that capital assets are reported net of accumulated depreciation.

The table below provides a condensed statement of net assets ended June 30, 2004.

	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	1,335,307	660,701	1,996,008
Capital Assets	<u>7,479,649</u>	<u>7,657,218</u>	<u>15,136,867</u>
Total Assets	8,814,956	8,317,919	17,132,875
Long-Term Liabilities	673,629	2,459,834	3,133,463
Current and Other Liabilities	<u>38,597</u>	<u>122,504</u>	<u>161,101</u>
Total Liabilities	<u>712,226</u>	<u>2,582,338</u>	<u>3,294,564</u>
<b>Net Assets:</b>			
Invested in Capital Assets,			
Net of Debt	6,806,020	5,194,920	12,000,940
Restricted for Debt Service	-	49,092	49,092
Unrestricted	<u>1,296,710</u>	<u>491,569</u>	<u>1,788,279</u>
Total Net Assets	8,102,730	5,735,581	13,838,311

Net assets increased by \$1,349,545 or 10.8061 percent for the City as a whole during the 2004 fiscal year. The change in net assets for governmental activities was an increase of \$1,293,558 or an 18.9973 percent increase. This was due mainly from a Louisiana Dept. of Economic Development grant received of \$1,309,478 for tire recycling equipment. There were no significant changes in revenues or expenses of the business-type activities.

The City's total costs of expenses in fiscal year 2004 were \$2,309,921 for governmental activities and \$1,311,131 for business-type activities. For governmental activities, \$126,570 of these costs were covered by charges for services, grants and contributions directly related to the expenditures. The remainder, or \$654,172, was funded by general revenues, mainly sales tax, property tax and franchise tax. For business-type activities, \$1,311,637 of the costs were covered by charges for services leaving an excess of revenues of \$24,206. Of the costs of the business-type activity, \$371,601 of the costs was from depreciation expense charged for the fiscal year.

The Statement of Activities for 2004 categorizes the City's revenues as either program revenues which are service charges or grants and contributions for specific governmental or business-type functions, and general revenues which include most taxes and other revenue sources of a government-wide nature. Major components of program and general revenues, together with total expenses and the resulting change in net assets, are summarized below for the 2004 fiscal year.



With the first year implementation of GASB Statement 34, the City is not presenting comparable columns in the various comparisons and analysis for the prior year.

	CHANGES IN NET ASSETS		
	Governmental Activities	Business-Type Activities	Total
<b>Program Revenues:</b>			
Charges for Services	126,570	1,311,637	1,438,207
<b>General Revenues:</b>			
Property Tax	153,921	-	153,921
Sales Tax	1,151,719	-	1,151,719
Franchise Tax	139,183	-	139,183
Licenses & Permits	265,766	-	265,766
Intergovernmental	1,529,179	23,700	1,552,879
Other General Revenues, Excluding Special Items	<u>237,141</u>	<u>31,781</u>	<u>268,922</u>
<b>Total Revenues</b>	<b>3,603,479</b>	<b>1,367,118</b>	<b>4,970,597</b>
<b>Total Expenses</b>	<b><u>2,309,921</u></b>	<b><u>1,311,131</u></b>	<b><u>3,621,052</u></b>
<b>Increase in Net Assets</b>	<b>1,293,558</b>	<b>55,987</b>	<b>1,349,545</b>

Analysis of Fund Financial Statements:

This discussion pertains to the financial statements for the various funds into which the City's accounts are divided to comply with legal requirements. As previously noted, the City's financial statements reflect the following three fund classifications: governmental, proprietary and fiduciary.

The City's governmental funds had a combined fund balance of \$1,296,710 at June 30, 2004, representing an increase of 2.9685 percent from the 2003 total. This increase is mainly attributable to the capital expenditures for tire recycling equipment.

The City's proprietary funds experienced an increase in net assets of \$55,987. The represents a .9858 percent change in net assets.

General Fund Budgetary Summary:

The general fund's original budget was amended at year-end to reflect an increase in expected revenues and an increase in expected expenditures. Actual revenues were \$62,795 or 7.1973 percent more than the amended budget. Actual expenditures exceeded the amended budget by \$57,820, which is a 2.8942 percent of the budgeted amount.

Capital Assets:

The City's total investment in capital assets at the end of June 30, 2004, was \$27,873,707, with accumulated depreciation of \$12,736,840. This results in capital assets net of accumulated depreciation of \$15,136,867. Major capital acquisition and construction activity during the year included:

- Fire Dept. equipment \$46,244
- Street Dept. improvements \$57,695
- General Government equipment \$1,349,793
- Water System improvements \$1,660,129
- Sewer System improvements \$3,252
- General Government improvements \$148,871

Future Budget and Economic Outlook:

The future budget for the City of Winnsboro shows little increase in revenue and an increase also in expenses. The City does anticipate some economic growth due to grants and loans available to several businesses through the Louisiana Dept. of Economic Development. The City will be completing a water system improvement project within the next 6 months that will greatly improve the water quality for customers. Funding for this project has been obtained with grants and loans from USDA and LCDBG totaling nearly \$6,000,000.

Requests for Information:

This report is intended to provide interested parties with a general overview of the finances of the City of Winnsboro, Louisiana. Questions or requests for further information should be addressed to the City Clerk, City of Winnsboro, and P. O. Box 250, Winnsboro, Louisiana 71295.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Current Cash and Cash Equivalents	1,315,216	309,235	1,624,451
Receivables	11,173	107,468	118,641
Interfund Receivables	8,918	-0-	8,918
Restricted Cash	-0-	243,998	243,998
Capital Assets:			
Land	487,625	16,033	503,658
Other Capital Assets, net of depreciation	<u>6,992,024</u>	<u>7,641,185</u>	<u>14,633,209</u>
<b>TOTAL ASSETS</b>	<b>8,814,956</b>	<b>8,317,919</b>	<b>17,132,875</b>
<u>LIABILITIES</u>			
Accounts Payable	15,799	1,197	16,996
Accrued Expenses	13,880	3,338	17,218
Interfund Payables	8,918	-0-	8,918
Customers' Deposits	-0-	115,505	115,505
Interest Payable	-0-	2,464	2,464
Long-Term Liabilities:			
Due Within One Year	67,620	1,712,324	1,779,944
Due in More Than One Year	<u>606,009</u>	<u>747,510</u>	<u>1,353,519</u>
<b>TOTAL LIABILITIES</b>	<b><u>712,226</u></b>	<b><u>2,582,338</u></b>	<b><u>3,294,564</u></b>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	6,806,020	5,194,920	12,000,940
Restricted for:			
Debt Service	-0-	49,092	49,092
Unrestricted	<u>1,296,710</u>	<u>491,569</u>	<u>1,788,279</u>
<b>TOTAL NET ASSETS</b>	<b><u>8,102,230</u></b>	<b><u>5,735,581</u></b>	<b><u>13,838,311</u></b>

See Notes to Financial Statements

CITY OF WINNSBORO  
 WINNSBORO, LOUISIANA  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2004

	PROGRAM REVENUES			
<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
Functions/Programs:				
Government Activities				
General/Administrative	999,810	59,716	-0-	1,529,179
Fire Protection	285,982	-0-	-0-	-0-
Police Protection	348,212	66,854	-0-	-0-
Street Department	541,357	-0-	-0-	-0-
Recreation	107,993	-0-	-0-	-0-
Sanitation	7,181	-0-	-0-	-0-
Interest on Long-Term Debt	<u>19,386</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Government Activities	2,309,921	126,570	-0-	1,529,179
Business-Type Activities				
Water and Sewer	<u>1,311,131</u>	<u>1,311,637</u>	<u>-0-</u>	<u>23,700</u>
Total Government	<u>3,621,052</u>	<u>1,438,207</u>	<u>-0-</u>	<u>1,552,879</u>

See Notes to Financial Statements

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
	589,085	-0-	589,085
	( 285,982)	-0-	( 285,982)
	( 281,358)	-0-	( 281,358)
	( 541,357)	-0-	( 541,347)
	( 107,993)	-0-	( 107,993)
	( 7,181)	-0-	( 7,181)
	<u>( 19,386)</u>	<u>-0-</u>	<u>( 19,386)</u>
	( 654,172)	-0-	( 654,172)
	<u>-0-</u>	<u>24,206</u>	<u>24,206</u>
	( 654,172)	24,206	( 629,966)
General Revenues:			
Taxes:			
Property Taxes	153,921	-0-	153,921
Alcoholic Beverage Tax	7,382	-0-	7,382
Licenses and Permits	265,766	-0-	265,766
Franchise Taxes	139,183	-0-	139,183
Sales Taxes	1,151,719	-0-	1,151,719
Interest Earned	19,920	6,781	26,701
Miscellaneous Income	77,252	25,000	102,252
Rents	52,925	-0-	52,925
In-Kind Income	<u>79,662</u>	<u>-0-</u>	<u>79,662</u>
<b>TOTAL GENERAL REVENUE</b>	<u>1,947,730</u>	<u>31,781</u>	<u>1,979,511</u>
Change in Net Assets	1,293,558	55,987	1,349,545
Net Assets-Beginning (Originally Stated)	1,259,327	5,679,594	6,938,921
Prior Period Adjustment	<u>5,549,845</u>	<u>-0-</u>	<u>5,549,845</u>
Net Assets-Beginning (Restated)	<u>6,809,172</u>	<u>5,679,594</u>	<u>12,488,766</u>
	<u>8,102,730</u>	<u>5,735,581</u>	<u>13,838,311</u>

**FUND FINANCIAL STATEMENTS (FFS)**



**Governmental Funds**

CITY OF WINNSBORO  
 WINNSBORO, LOUISIANA  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2004

	<u>GENERAL</u>	<u>INDUSTRIAL GRANT</u>	<u>SALES TAX</u>
<u>ASSETS</u>			
Current Cash and Cash Equivalents	51,110	594,565	660,195
Receivables	11,173	-0-	-0-
Interfund Receivables	<u>5,904</u>	<u>3,014</u>	<u>-0-</u>
 TOTAL ASSETS	 68,187	 597,579	 660,195
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	15,799	-0-	-0-
Accrued Expenses	13,880	-0-	-0-
Interfund Payables	<u>3,014</u>	<u>-0-</u>	<u>-0-</u>
 Total Liabilities	 32,693	 -0-	 -0-
Fund Balance:			
Unreserved and Undesignated	35,494	597,579	660,195
Reserved for Capital Improvements	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Total Fund Balance	 <u>35,494</u>	 <u>597,579</u>	 <u>660,195</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>68,187</u></u>	 <u><u>597,579</u></u>	 <u><u>660,195</u></u>

See Notes to Financial Statements

OTHER  
GOVERNMENTAL

TOTAL  
GOVERNMENTAL

9,346	1,315,216
-0-	11,173
<u>-0-</u>	<u>8,918</u>
<u>9,346</u>	<u>1,335,307</u>

-0-	15,799
-0-	13,880
<u>5,904</u>	<u>8,918</u>
5,904	38,597

( 3,654)	1,289,614
<u>7,096</u>	<u>7,096</u>
<u>3,442</u>	<u>1,296,710</u>
<u>9,346</u>	<u>1,335,307</u>

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2004**

Total fund balance-governmental funds balance sheet	1,296,710
Amounts reported for governmental activities in statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,479,649
Bonds and notes payable are not due and payable in the current period and therefore are not reported in the funds.	<u>( 673,629)</u>
Total net assets of governmental activities - government-wide statement of net assets	<u>8,102,730</u>

See Notes to Financial Statements

CITY OF WINNSBORO  
 WINNSBORO, LOUISIANA  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004

<u>REVENUES</u>	<u>GENERAL</u>	<u>INDUSTRIAL GRANT</u>	<u>SALES TAX</u>
Taxes	161,303	-0-	1,151,719
License and Permits	404,949	-0-	-0-
Intergovernmental	190,401	1,312,678	-0-
Fines and Forfeitures	66,854	-0-	-0-
Charges for Services	59,716	-0-	-0-
Miscellaneous	40,819	36,433	-0-
Rents	10,900	42,025	-0-
Interest Earned	333	11,005	8,582
In-Kind Income	<u>-0-</u>	<u>79,662</u>	<u>-0-</u>
 TOTAL REVENUES	 935,275	 1,481,803	 1,160,301
 <u>EXPENDITURES</u>			
Current:			
General Government	802,131	35,727	-0-
Fire Protection	232,090	-0-	-0-
Police Protection	334,420	-0-	-0-
Street Department	354,335	-0-	-0-
Sanitation	-0-	-0-	-0-
Recreation	85,793	-0-	-0-
Capital Outlay	<u>246,873</u>	<u>1,371,365</u>	<u>-0-</u>
 TOTAL EXPENDITURES	 <u>2,055,642</u>	 <u>1,407,092</u>	 <u>-0-</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	  ( 1,120,367)	  74,711	  1,160,301
 <u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	1,125,000	-0-	-0-
Transfers Out	-0-	-0-	( 1,125,000)
Principal Payments	-0-	( 60,276)	-0-
Interest Payments	<u>-0-</u>	<u>( 19,386)</u>	<u>-0-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>1,125,000</u>	 <u>( 79,662)</u>	 <u>( 1,125,000)</u>

See Notes to Financial Statements

OTHER  
GOVERNMENTAL

TOTAL  
GOVERNMENTAL

-0-	1,313,022
-0-	404,949
26,100	1,529,179
-0-	66,854
-0-	59,716
-0-	77,252
-0-	52,925
-0-	19,920
<u>-0-</u>	<u>79,662</u>
26,100	3,603,479
-0-	837,858
-0-	232,090
-0-	334,420
-0-	354,335
-0-	-0-
-0-	85,793
<u>23,700</u>	<u>1,641,938</u>
<u>23,700</u>	<u>3,486,434</u>
2,400	117,045
-0-	1,125,000
-0-	( 1,125,000)
-0-	( 60,276)
<u>-0-</u>	<u>( 19,386)</u>
<u>-0-</u>	<u>( 79,622)</u>

**CITY OF WINNSBORO**  
**WINNSBORO, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>GENERAL</u>	INDUSTRIAL <u>GRANT</u>	<u>SALES TAX</u>
NET CHANGE IN FUND BALANCE	4,633	( 4,951)	35,301
FUND BALANCES-BEGINNING	<u>30,861</u>	<u>602,530</u>	<u>624,894</u>
FUND BALANCES-ENDING	<u>35,494</u>	<u>597,579</u>	<u>660,195</u>

See Notes to Financial Statements

OTHER  
GOVERNMENTAL

2,400

1,042

3,442

TOTAL  
GOVERNMENTAL

37,383

1,259,327

1,296,710



**CITY OF WINNSBORO**  
**WINNSBORO, LOUISIANA**  
**RECONCILIATION OF GOVERNMENTAL FUND STATEMENTS OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

Net change in fund balances - governmental funds		37,383
--	--	--------

Amounts reported for governmental activities in statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for Capital Outlay-Capitalized	1,602,602		
Less: Current Year Depreciation	<u>( 406,703)</u>		1,195,899

Government funds report principal and interest payments on long-term obligations as an expense when actually paid. However, in the statement of activities, interest is expensed as accrued and principal payments are reported as reductions of the related debt. This is the amount related to these reported differences.

		<u>60,276</u>
--	--	---------------

Change in net assets of government activities - government-wide statement of activities		<u>1,293,558</u>
---	--	------------------

See Notes to Financial Statements

**Proprietary Funds**

CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004

	WATER AND SEWER
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	309,235
Receivables	107,468
Noncurrent Assets:	
Restricted Cash	243,998
Capital Assets:	
Land	16,033
Other Capital Assets, net of depreciation	<u>7,641,185</u>
TOTAL ASSETS	<u>8,317,919</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	1,197
Accrued Expenses	3,338
Payable From Restricted Cash:	
Customer's Deposits	115,505
Interest Payable	2,464
Notes Payable - FMHA - Current	11,324
Notes Payable - Progressive Bank - Current	1,701,000
Long-Term Liabilities:	
Notes Payable - FMHA, net of current portion	<u>747,510</u>
TOTAL LIABILITIES	2,582,338
<u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	5,194,920
Restricted for:	
Debt Service	49,092
Unrestricted	<u>491,569</u>
TOTAL NET ASSETS	<u>5,735,581</u>

See Notes to Financial Statements

**CITY OF WINNSBORO**  
**WINNSBORO, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>WATER AND SEWER</u>
<u>OPERATING REVENUES</u>	
Water Sales	742,932
Sewer Fees	565,047
Water Tap Income	1,875
Miscellaneous	<u>1,783</u>
TOTAL OPERATING REVENUES	1,311,637
<u>OPERATING EXPENSES</u>	
Salaries	373,082
Administrative	196,216
Materials and Supplies	189,015
Power	113,569
Depreciation	<u>371,601</u>
TOTAL OPERATING EXPENSES	<u>1,243,483</u>
<u>OPERATING INCOME</u>	68,154
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Earned	6,781
Miscellaneous Income	25,000
Interest Expense	( 54,571)
Amortization	<u>( 13,077)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>( 35,867)</u>
<u>NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</u>	32,287
<u>CAPITAL CONTRIBUTIONS</u>	<u>23,700</u>
<u>CHANGE IN NET ASSETS</u>	55,987
<u>NET ASSETS - BEGINNING</u>	<u>5,679,594</u>
<u>NET ASSETS - ENDING</u>	<u>5,735,581</u>

See Notes to Financial Statements

**CITY OF WINNSBORO**  
**WINNSBORO, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>WATER AND SEWER</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers	1,328,165
Payments to Suppliers	( 501,866)
Payments to Employees	( 369,744)
Other Receipts (Payments)	<u>1,783</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	458,338
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Earned	<u>6,781</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,781
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Payment on Long-Term Debt	( 316,121)
Interest Paid	( 60,219)
Purchase of Assets	( 1,663,381)
Capital Contributions	23,700
Capital Project Reimbursement	25,000
Proceeds from Progressive Bank Loan	<u>1,701,000</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>( 290,021)</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	175,098
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>378,135</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>553,233</u>

See Notes to Financial Statements

CITY OF WINNSBORO  
 WINNSBORO, LOUISIANA  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004

	WATER AND SEWER
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</u>	
Operating Income	68,154
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	371,601
(Increase) Decrease in Accounts Receivable	14,069
Increase (Decrease) in Accounts Payable	( 3,066)
Increase (Decrease) in Accrued Expenses	3,338
Increase (Decrease) in Customer Deposits	4,242
<u>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</u>	<u>458,338</u>

See Notes to Financial Statements

**Notes to the Financial Statements**

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**INTRODUCTION**

The City of Winnsboro, Louisiana, (hereafter referred to as the City), was created under the provisions of the Lawrason Act, Louisiana Revised Statute 33:321, in 1902. Therefore, it operates under a Mayor-Board of Aldermen form of government.

The Mayor is elected for a four year term. The five Alderpersons are elected every four years from a separate district in the City. They are compensated for their services.

The City provides the following services: public safety (police and fire), streets, drainage, sanitation, utilities (water and sewer), recreation, public improvements, planning and zoning, and general and administrative services.

**NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the City of Winnsboro, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units (Revised). The following is a summary of certain significant accounting policies.

Financial Reporting Entity - Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the City includes all funds which are controlled by or dependent on the City which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the City exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the City.

Government-Wide Accounting - In accordance with Government Accounting Standards Board Statement No. 34, the City has presented a Statement of Net Assets and Statement of Activities for the City as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-Wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-Wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity - Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.



CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capitalized Assets - Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net assets.

Program Revenues - The Statement of Activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the City. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for specific use.

Indirect Expenses - Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the City has chosen not to do so.

Operating Revenues - Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the City's operation of providing water and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Assets - Restricted net assets are those for which a constraint has been imposed either externally or by law. The City recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

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

A fund is a separate entity with a self-balancing set of accounts. Funds of the City are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

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

1. *General Fund* - is the general operating fund of the City and accounts for all financial resources, except those required to be accounted for in other funds.
2. *Special Revenue Funds* - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

*Proprietary funds include:*

1. Enterprise Funds - account for operations (a) 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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Net Assets Fund Balances - In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components on net assets is as follows:

Invested in Capital Assets, Net of Related Debt - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets - Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets - This category represents net assets not appropriate for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved - These resources are segregated because their use is earmarked for a specific use.

Unreserved - This category represents that portion of equity not appropriate for expenditures or legally segregated for a specific use.

Interfund Transactions - All interfund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Basis of Account/Measurement Focus - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds, including General, Special Revenue, Debt Service, and Capital Projects Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The government-wide statements of net assets and statements of activities, all proprietary funds, and other funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the balance sheet or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The fund financial statements of the General, Special Revenues, Capital Projects, Debt Service and agency funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within sixty days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

The statement of net assets, statement of activities, financial statements of the Proprietary Funds and Fiduciary Funds (except for agency funds) are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Budgets and Budgetary Accounting - The City adopts an annual budget. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board of Alderpersons. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis.

Cash and Cash Equivalents - Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposit. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments - Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the City are certificates of deposit and the fair value is determined by the face value of the certificate.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets - Certain proceeds of enterprise funds are classified as restricted assets on the balance sheet because their use is limited. Components of these assets are as follows:

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

These assets consist of cash restricted for the Water Meter Deposits.

	<u>CUSTOMERS' DEPOSITS ON METERS</u>	<u>OTHER RESTRICTED</u>	<u>TOTAL</u>
Customers' Deposits on Meters			
Cash	20,076	71,922	91,998
Certificates of Deposit	<u>103,000</u>	<u>49,000</u>	<u>152,000</u>
Total	<u>123,076</u>	<u>120,922</u>	<u>243,998</u>

Inventories - Inventories were written off due to immateriality. Minimum amounts of inventory are not maintained or counted. Most supplies are ordered when needed.

Capital Assets - Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the City, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Equipment and Furniture	3-10 Years	Buildings	39-40 Years
Utility Plant/Sewer Collection System	5-40 Years	Infrastructure	40-60 Years
Vehicles	5-10 Years		

Bad Debts - Uncollectible receivables are recognized as bad debts when information becomes available which would indicate uncollectibility of the particular receivable. Management feels all receivables at year end are collectible and no allowance for bad debts is necessary.

Compensated Absences - Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Up to 480 hours of unpaid sick leave may be carried over each year. Accumulated sick leave is not paid upon termination of employment. At June 30, 2004, the City has no material accumulated leave benefits required to be reported in accordance with GASB Statement No. 16, "Accounting for Compensated Absences."

Long-Term Obligations - In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE #2 - CASH AND INVESTMENTS**

For the purpose of these financial statements, the City considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

At June 30, 2004, the City has cash and cash equivalents (book balances) totaling \$1,868,449 as follows:

Petty Cash	1,000
Restricted Cash	243,998
Interest Bearing Demand Deposits	<u>1,623,451</u>
	<u>1,868,449</u>

Cash is classified into three categories to give an indication of the level of risk assumed at year-end. Category 1 includes investments insured or registered or securities which are held by the City or its agent in the City's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the bank or agent in the City's name. Category 3 includes uninsured or unregistered investments with the securities held by the bank or agent but not in the City's name.

The carrying amount of the City's deposits with the financial institutions was \$2,070,670 and the book balance was \$1,867,449. The bank balance is categorized as follows:

	Category		
	1	2	3
Cash	300,000	0	1,567,449

At June 30, 2004, the City of Winnsboro was adequately collateralized.

**NOTE #3 - PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed during November each year and become delinquent after December 31 of the year.

For the year ended December 31, 2003, taxes of 6.76 mills were levied on property with assessed valuations totaling \$22,851,325 and were dedicated as follows:

General Fund	6.76 Mills
--------------	------------

Total taxes levied in 2003 were \$154,475.

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE #4 - RECEIVABLES**

Receivables at June 30, 2004 consist of the following:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Accounts	<u>11,173</u>	<u>107,468</u>	<u>118,641</u>
Total	<u>11,173</u>	<u>107,468</u>	<u>118,641</u>

**NOTE #5 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2004, for the City of Winnsboro, Louisiana is as follows:

	<u>Balances</u> <u>July 1,</u> <u>2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u> <u>June 30,</u> <u>2004</u>
<b>Governmental Activities</b>				
Land	487,625	-0-	-0-	487,625
Land improvements	588,171	-0-	-0-	588,171
Buildings and improvements	3,168,488	15,718	-0-	3,184,206
Equipment	698,890	1,396,037	-0-	2,094,927
Other structures and improvements	<u>6,929,991</u>	<u>190,847</u>	<u>-0-</u>	<u>7,120,838</u>
<u>Totals at historical cost</u>	11,873,165	1,602,602	-0-	13,475,767
<b>Less accumulated depreciation</b>				
Land improvements	321,068	23,437	-0-	344,505
Buildings and improvements	1,129,995	89,613	-0-	1,219,608
Equipment	435,913	61,521	-0-	497,434
Other structures and improvements	<u>3,702,439</u>	<u>232,132</u>	<u>-0-</u>	<u>3,934,571</u>
<u>Total accumulated depreciation</u>	<u>5,589,415</u>	<u>406,703</u>	<u>-0-</u>	<u>5,996,118</u>
<b>Governmental Activities</b>				
Capital assets, net	<u>6,283,750</u>	<u>1,195,899</u>	<u>-0-</u>	<u>7,479,649</u>
<b>Business-type Activities</b>				
Water plant and equipment	3,639,256	1,660,131	-0-	5,299,387
Land	16,033	-0-	-0-	16,033
Sewer plant and equipment	<u>9,079,269</u>	<u>3,252</u>	<u>-0-</u>	<u>9,082,521</u>
<u>Totals at historical cost</u>	12,734,558	1,663,383	-0-	14,397,941
<b>Less accumulated depreciation</b>				
Water plant and equipment	2,309,709	117,722	-0-	2,427,431
Sewer plant and equipment	<u>4,059,413</u>	<u>253,879</u>	<u>-0-</u>	<u>4,313,292</u>
<u>Total accumulated depreciation</u>	<u>6,369,122</u>	<u>371,601</u>	<u>-0-</u>	<u>6,740,723</u>
<b>Business type capital</b>				
Assets, net	<u>6,365,436</u>	<u>1,291,782</u>	<u>-0-</u>	<u>7,657,218</u>

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE #5 - CAPITAL ASSETS, CONTINUED**

Depreciation expense was charged to governmental activities as follows:

General and administrative	132,398
Fire protection	52,112
Police protection	13,792
Street department	179,020
Culture and recreation	22,200
Sanitation	<u>7,181</u>
Total	<u>406,703</u>

The capital asset balance at June 30, 2003, has been restated to include accumulated depreciation in accordance with GASB Statement No. 34.

**NOTE #6 - ACCOUNTS AND OTHER PAYABLES**

The accounts and accrued expenses consisted of the following at June 30, 2004:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	15,799	1,197	16,996
Accrued expenses	<u>13,880</u>	<u>3,338</u>	<u>17,218</u>
Totals	<u>29,679</u>	<u>4,535</u>	<u>34,214</u>

**NOTE #7 - RETIREMENT SYSTEMS**

City employees currently participate in one of four retirement systems, which are described in the following paragraphs.

**Municipal Employees' Retirement System of Louisiana (System)**

Eligible employees of the City participate in the Municipal Employees' Retirement System, State of Louisiana ("System"), a multiple-employer, public employee retirement system (PERS).

Plan Description: Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hour per week, and not participating in another publicly funded retirement system and under age 60 at the date of employment. Employees with at least 25 years of Plan A creditable services regardless of age or with at least 10 years Plan A creditable service and at least 60 years of age are entitled to a retirement benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A shall consist of an amount equal to 3.0% of the member's final compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

The System also provides for death and disability benefits. Benefits and employer/employee obligations to contribute are established by State statute.

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

NOTE #7 - RETIREMENT SYSTEMS, CONTINUED

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

Funding Policy: Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 11%. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 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's contributions to the System under Plan A for the years ended June 30, 2004, 2003 and 2002 were \$85,918, \$45,252, and \$54,355, respectively, equal to the required contributions each year.

Municipal Police Employees' Retirement System of Louisiana (System)

Eligible employees of the City have the option to participate in the Municipal Police Employees' Retirement System, State of Louisiana ("System"), a multiple-employer public employee retirement system (PERS).

Plan description: All full-time police department employees engaged in law enforcement have the option 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% 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 and employer/employee obligations to contribute are established 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, Room 270 Baton Rouge, Louisiana 70809.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.25% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 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's contributions to the System for the years ending June 30, 2004, 2003 and 2002 were \$16,478, \$10,764 and \$4,457, respectively, equal to the required contributions for each year.

Firefighters' Retirement System of Louisiana (Plan)

Eligible employees of the City have the option to participate in the Firefighters' Retirement System, State of Louisiana ("System"), a multiple-employer public employee retirement system (PERS).



**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE #7 - RETIREMENT SYSTEMS, CONTINUED**

Plan Description: All full-time firemen have the option 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% 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 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 and employer/employee obligations to contribute are established 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, P.O. Box 94095, Baton Rouge, Louisiana 70804.

Funding Policy - Plan members are required by state statute to contribute 8% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 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's contributions to the System for the years ending June 30, 2004, 2003 and 2002 were \$6,627, \$9,014 and \$5,791, respectively, equal to the required contributions for each year.

**Louisiana State Employees' Retirement System (System)**

The city judge of the City of Winnsboro, Louisiana participates in the Louisiana State Employees' Retirement System, a multiple-employer public employee retirement system (PERS).

Plan Description: The city judge of the City of Winnsboro, Louisiana has the option to participate in the System. Employees who retire with 30 or more years of creditable service at any age, or employees who have 25 years of creditable service who have attained age 55, or employees who have 10 years of creditable service who have attained age 60 are entitled to a retirement benefit, payable monthly for life, equal to 2.5% 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 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 and employer/employee obligations to contribute are established 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, P. O. Box 44213, Baton Rouge, Louisiana 70804.

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE #7 - RETIREMENT SYSTEMS, CONTINUED**

Funding Policy - Plan members are required by state statute to contribute 11.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.8% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 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's contributions to the System for the years ending June 30, 2004, 2003 and 2002 were \$758, \$677 and \$624, respectively, equal to the required contributions for each year.

**NOTE #8 - LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2004:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Long-term debt payable at July 1, 2003	733,905	1,074,955	1,808,860
Long-term debt issued	-0-	1,701,000	1,701,000
Long-term debt retired	( 60,276)	( 316,121)	( 376,397)
 Long-term debt payable at June 30, 2004	 <u>673,629</u>	 <u>2,459,834</u>	 <u>3,133,463</u>

Long-term debt payable at June 30, 2004 is comprised of the following individual issues:

Note Payable - Farmers Home Administration	758,834
Original Note: \$840,000	
Date: May 6, 1996	
Interest Rate: 5%	
Monthly Payment: \$4,086.14	
 Note Payable - State of Louisiana	 673,629
Original Note: \$750,000	
Date: April 11, 2003	
Interest Rate: 3%	
Monthly Payment: \$7,242.00	
 Note Payable - Progressive Bank	 1,701,000
Original Note: \$1,701,000	
Date: March 11, 2004	
Interest Rate: 3.68%	
Monthly Payment: Principal and interest due at maturity March 11, 2005	
	 <u>3,133,463</u>

CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE #8 - LONG-TERM DEBT, CONTINUED

The notes payable are due as follows:

Year Ending <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2005	67,620	19,284	1,712,324	78,901
2006	69,677	17,227	11,903	37,131
2007	71,796	15,108	12,512	36,522
2008	73,980	12,924	13,152	35,882
2009	76,230	10,674	13,825	35,209
2010 and thereafter	<u>314,326</u>	<u>19,393</u>	<u>696,118</u>	<u>521,052</u>
	<u>673,629</u>	<u>94,610</u>	<u>2,459,834</u>	<u>744,697</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Interest expense for the year ended June 30, 2004	<u>19,386</u>	<u>54,571</u>	<u>73,957</u>

Under the terms of the loan from FHA, the City of Winnsboro is required to set aside the following funds:

- A. \$4,091 a month is to be placed in the bond sinking fund account to pay the monthly payment.
- B. The City of Winnsboro is required to have on reserve \$49,092 or one year of payments for the loan from FHA.

The City of Winnsboro is in compliance with all significant restrictions in the loan from FHA at June 30, 2004.

CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

NOTE #9 - SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The City of Winnsboro maintains one enterprise fund with two departments which provide water and sewerage services. Segment information for the year ended June 30, 2004 was as follows:

	<u>Water</u> <u>Department</u>	<u>Sewer</u> <u>Department</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
Operating Revenues	746,590	565,047	1,311,637
Operating Expenses:			
Salaries	245,607	127,475	373,082
Administrative	98,108	98,108	196,216
Materials and Supplies	106,738	82,277	189,015
Power	51,895	61,674	113,569
Depreciation	<u>117,722</u>	<u>253,879</u>	<u>371,601</u>
Total Operating Expenses	<u>620,070</u>	<u>623,413</u>	<u>1,243,483</u>
Operating Income	<u>126,520</u>	<u>( 58,366)</u>	<u>68,154</u>

NOTE #10 - INTERFUND TRANSACTIONS

A. Receivables and Payables

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General Fund	5,904	3,014
Mainstreet Fund	-0-	3,654
LCDBG Water Well Project	-0-	2,250
Industrial Grant Fund	<u>3,014</u>	<u>-0-</u>
	<u>8,918</u>	<u>8,918</u>

B. Operating Transfers

	<u>Operating</u> <u>Transfers In</u>	<u>Operating</u> <u>Transfers Out</u>
General Fund	1,125,000	-0-
Sales Tax Fund	<u>-0-</u>	<u>1,125,000</u>
	<u>1,125,000</u>	<u>1,125,000</u>

NOTE #11 - RELATED PARTY TRANSACTIONS

There were no related party transactions that came to our attention.

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

NOTE #12 - RISK MANAGEMENT

The City is exposed to risks of loss in areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

NOTE #13 - LITIGATION AND CLAIMS

At June 30, 2004, the City is involved in several lawsuits claiming damages. In the opinion of the City's legal counsel, the only exposure to the City would be any costs in defense of the lawsuits with no liability to the City in excess of insurance coverage.

NOTE #14 - SALES AND USE TAX

A 1% sales tax was instituted September 10, 1968. Any monies remaining in the Sales Tax Fund in excess of \$1,000 to be retained for operating capital can be used for any purpose as designated by the City of Winnsboro.

NOTE #15 - RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets consisted of the following at June 30, 2004:

USDA Waterwell Project	64,571
Customer Meter Deposits	123,076
Bond Sinking Fund	6,351
Bond Reserve Fund	<u>50,000</u>
	<u>243,998</u>

NOTE #16 - EQUITY

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

NOTE #17 - STATEMENT OF CASH FLOWS FOR PROPRIETARY FUNDS

For the purpose of this Statement of Cash Flows, for proprietary fund types, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents. The cash and cash equivalents as stated on the Statement of Cash Flows is as follows:

	<u>WATER &amp; SEWER</u>
Unrestricted	309,235
Restricted	<u>243,998</u>
	<u>553,233</u>

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE #18 - GOVERNMENTAL GRANTS**

The City of Winnsboro received the following grants for the year ended June 30, 2004:

**STATE**

Louisiana Department of Economic Development	1,309,478	
Rural Development Grant	2,250	
Rural Development Grant	50,000	
Rural Development Grant	5,000	
Louisiana Department of Transportation & Development	3,200	
Louisiana Department of Transportation & Development	<u>11,982</u>	1,381,910

**FEDERAL**

Community Development Block Grant	26,100	
Airport Improvement Program	<u>121,169</u>	<u>147,269</u>
		<u>1,529,179</u>

**NOTE #19 - IN-KIND INCOME**

The State of Louisiana has assigned job credits to Vineyard Furniture, Inc. for the creation and retention of new jobs as part of the loan package with the City. The maximum amount of these credits is a total of \$315,000. Vineyard Furniture, Inc. in turn assigns these credits on a monthly basis at a rate of \$7,242 per month to the City for rent. The City in turn uses these job credits as monthly payments on the loan to the State. The amount of In-Kind Income for the year was \$79,662.

**NOTE #20 - POST EMPLOYMENT BENEFITS**

All full-time employees of the City of Winnsboro may at their option participate in the state's group health insurance program. Upon retirement the employee may continue his coverage with the same benefits payable to active employees. The City of Winnsboro's portion of the post-retirement benefit for health insurance is funded on a pay-as-you-go basis.

During the year ended June 30, 2004, the City of Winnsboro recognized estimated expenditures for post-retirement health benefits as follows:

	<u>Average Number of Estimated Participants</u>	<u>Amount</u>
Health Insurance	13	30,742

**NOTE #21 - BUDGETS**

The budget for the year ended June 30, 2004 was adopted on June 16, 2003, and amended on July 19, 2004. The budgets were prepared based on generally accepted accounting principles (GAAP), except depreciation was not budgeted. Budgets were prepared for the General Fund, Industrial Grant Fund and the Sales Tax Fund.

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004**

**NOTE #22 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

For the fiscal year ended June 30, 2004, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

At June 30, 2004, there was no effect on fund balances as a result of implementing GASB Statements 37 and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and governmental fund financial statements prepared on the modified accrual basis of accounting, which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to GASB Statement No. 34.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

	Governmental Funds
Fund balances, June 30, 2003 as originally presented	1,259,327
GASB Statement No. 34 Adjustment:	
Capital asset, net	6,283,750
Long-term liabilities	<u>( 733,905)</u>
Governmental activities net assets, June 30, 2003	<u>6,809,172</u>

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**



CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	150,000	161,380	161,303	( 77)
Licenses & Permits	361,500	400,000	404,949	4,949
Intergovernmental	-0-	-0-	190,401	190,401
Fines & Forfeitures	80,000	65,910	66,854	944
Charges for Services	62,000	59,987	59,716	( 271)
Miscellaneous	34,500	184,870	40,819	( 144,051)
Rents	7,000	-0-	10,900	10,900
Interest Earned	<u>500</u>	<u>333</u>	<u>333</u>	<u>-0-</u>
TOTAL REVENUES	695,500	872,480	935,275	62,795
<u>EXPENDITURES</u>				
Current:				
General Government	878,000	801,741	802,131	( 390)
Fire Protection	221,000	232,290	232,090	200
Police Protection	338,225	337,066	334,420	2,646
Street Department	373,000	356,183	354,335	1,848
Recreation	120,000	81,786	85,793	( 4,007)
Capital Outlay	<u>30,000</u>	<u>188,756</u>	<u>246,873</u>	<u>( 58,117)</u>
TOTAL EXPENDITURES	<u>1,960,225</u>	<u>1,997,822</u>	<u>2,055,642</u>	<u>( 57,820)</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER EXPENDITURES</u>	(1,264,725)	( 1,125,342)	(1,120,367)	4,975
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>1,250,000</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>-0-</u>
<u>NET CHANGE IN FUND BALANCE</u>	( 14,725)	( 342)	4,633	4,975
<u>FUND BALANCE - BEGINNING</u>	<u>27,543</u>	<u>30,861</u>	<u>30,861</u>	<u>-0-</u>
<u>FUND BALANCE - ENDING</u>	<u>12,818</u>	<u>30,519</u>	<u>35,494</u>	<u>4,975</u>

See Notes to Financial Statements

CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
INDUSTRIAL GRANT FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Intergovernmental	-0-	1,312,678	1,312,678	-0-
Miscellaneous	-0-	110,341	36,433	( 73,908)
Rents	30,000	42,025	42,025	-0-
Interest Earned	16,000	11,006	11,005	( 1)
In-Kind Income	<u>-0-</u>	<u>-0-</u>	<u>79,662</u>	<u>79,662</u>
 TOTAL REVENUES	 46,000	 1,476,050	 1,481,803	 5,753
<u>EXPENDITURES</u>				
Current:				
General and Administrative	33,000	45,727	35,727	10,000
Capital Outlay	<u>-0-</u>	<u>1,435,273</u>	<u>1,371,365</u>	<u>63,908</u>
 TOTAL EXPENDITURES	 <u>33,000</u>	 <u>1,481,000</u>	 <u>1,407,092</u>	 <u>73,908</u>
 <u>EXCESS (DEFICIENCY) OF</u> <u>REVENUES OVER EXPENDITURES</u>	 13,000	 ( 4,950)	 74,711	 79,661
<u>OTHER FINANCING SOURCES (USES)</u>				
Principle Payments	-0-	-0-	( 60,276)	( 60,276)
Interest Payments	<u>-0-</u>	<u>-0-</u>	<u>( 19,386)</u>	<u>( 19,386)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-0-</u>	 <u>-0-</u>	 <u>( 79,662)</u>	 <u>( 79,662)</u>
 <u>NET CHANGE IN FUND BALANCE</u>	 13,000	 ( 4,950)	 ( 4,951)	 ( 1)
 <u>FUND BALANCE - BEGINNING</u>	 588,405	 602,530	 602,530	 -0-
 <u>FUND BALANCE - ENDING</u>	 <u>601,405</u>	 <u>597,580</u>	 <u>597,579</u>	 <u>( 1)</u>

See Notes to Financial Statements

CITY OF WINNSBORO  
 WINNSBORO, LOUISIANA  
 SALES TAX FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	1,050,000	1,151,719	1,151,719	-0-
Interest Earned	<u>12,000</u>	<u>8,582</u>	<u>8,582</u>	<u>-0-</u>
TOTAL REVENUES	1,062,000	1,160,301	1,160,301	-0-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>1,250,000</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>-0-</u>
<u>NET CHANGE IN FUND BALANCE</u>	( 188,000)	35,301	35,301	-0-
<u>FUND BALANCE - BEGINNING</u>	<u>640,680</u>	<u>624,894</u>	<u>624,894</u>	<u>-0-</u>
<u>FUND BALANCE - ENDING</u>	<u>452,680</u>	<u>660,195</u>	<u>660,195</u>	<u>-0-</u>

See Notes to Financial Statements

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2004**

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the City Council. Amendments can be made on the approval of the City Council. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America. There were no major special revenue funds.

**OTHER SUPPLEMENTAL INFORMATION (PART III)**

CITY OF WINNSBORO  
 WINNSBORO, LOUISIANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2004

	<u>MAINSTREET</u>	<u>USDA FIRE PROTECTION GRANT</u>	<u>LCDBG WATER WELL PROJECT</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Current Cash & Cash Equivalents	-0-	<u>4,696</u>	<u>4,650</u>	<u>9,346</u>
TOTAL ASSETS	<u>-0-</u>	<u>4,696</u>	<u>4,650</u>	<u>9,346</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Interfund Payables	<u>3,654</u>	<u>-0-</u>	<u>2,250</u>	<u>5,904</u>
Total Liabilities	3,654	-0-	2,250	5,904
Fund Balance:				
Unreserved and Undesignated	( 3,654)	-0-	-0-	( 3,654)
Reserved for Capital Improvements	<u>-0-</u>	<u>4,696</u>	<u>2,400</u>	<u>7,096</u>
Total Fund Balance	<u>( 3,654)</u>	<u>4,696</u>	<u>2,400</u>	<u>3,442</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>-0-</u>	<u>4,696</u>	<u>4,650</u>	<u>9,346</u>

See Notes to Financial Statements

**CITY OF WINNSBORO**  
**WINNSBORO, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>MAINSTREET</u>	<u>USDA FIRE PROTECTION GRANT</u>	<u>LCDBG WATER WELL PROJECT</u>	<u>TOTAL</u>
<u>REVENUES</u>				
Intergovernmental	-0-	-0-	<u>26,100</u>	<u>26,100</u>
TOTAL REVENUES	-0-	-0-	26,100	26,100
<u>EXPENDITURES</u>				
Capital Outlay	-0-	-0-	<u>23,700</u>	<u>23,700</u>
TOTAL EXPENDITURES	-0-	-0-	<u>23,700</u>	<u>23,700</u>
<u>NET CHANGE IN FUND BALANCE</u>	-0-	-0-	2,400	2,400
<u>FUND BALANCES - BEGINNING</u>	<u>( 3,654)</u>	4,696	<u>-0-</u>	<u>1,042</u>
<u>FUND BALANCES - ENDING</u>	<u>( 3,654)</u>	<u>4,696</u>	<u>2,400</u>	<u>3,442</u>

See Notes to Financial Statements

CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2004

<u>BOARD MEMBERS</u>	<u>AMOUNT</u>
Richard Mahoney	2,000
John Dumas	2,000
Betty Johnson	1,950
John Tucker	1,950
Woodrow Bell	<u>2,000</u>
	<u>9,900</u>

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Board members is included in the general government expenditures of the general fund. In accordance with Louisiana Revised Statute 17:56, the Board members have elected the monthly payment method of compensation. Under this method, each member of the Board receives \$150 per month, and \$50 per special meeting.

See Notes to Financial Statements



**MARCUS, ROBINSON and HASSELL**

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Jack Hammons, Mayor  
and Members of the Board of Aldermen  
City of Winnsboro, Louisiana

We have audited the financial statements of the City of Winnsboro, Louisiana as of and for the year ended June 30, 2004, and have issued our report thereon dated November 3, 2004. 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 Winnsboro, Louisiana's 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

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

This report is intended solely for the information and use of the Board of Aldermen, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

*Marcus, Robinson & Hassell*

MARCUS, ROBINSON & HASSELL

November 3, 2004

**CITY OF WINNSBORO**  
**WINNSBORO, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>AWARD PERIOD</u>	<u>EXPENDITURES</u>
<u>NONMAJOR PROGRAMS</u>			
Community Development Block Grant	14.228	7/1/03- 6/30/04	23,700
Airport Improvement Program	20.106	7/1/03- 6/30/04	121,169
			<u>144,869</u>

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

**PART I - SUMMARY OF THE AUDITOR'S RESULTS**

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section 510 (a).
- vi. There were no major federal programs for the year ended June 30, 2004.
- vii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section 520 (b) was \$300,000.

**PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:**

NONE

See Notes to Financial Statements

**CITY OF WINNSBORO  
WINNSBORO, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

There were no prior year audit findings.