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CITY OF DERIDDER
ANNUAL FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT
SEPTEMBER 30, 1998

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Release Date 4-14-99

CITY OF DERIDDER
SEPTEMBER 30, 1998

MAYOR

The Honorable Gerald Johnson

CITY COUNCIL

Mr. Vincent Labue (President)
Mrs. Estella Scott (Vice President)
Mr. Hayward Steele
Mrs. Jonnie Mango
Mr. Kerry Anderson
Mr. Gordon Jenkins
Mr. Wayne Thomas

DIRECTOR OF FINANCE

Mr. Wilbert Curtis

LEGAL COUNSEL

Mr. David R. Lestage - City Attorney

CITY CLERK

Ms. Penny Simmons

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John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Gerald Johnson, Mayor
and Members of the City Council
City of DeRidder, Louisiana

I have audited the accompanying general purpose financial statements of the City of DeRidder, Louisiana, as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of DeRidder, Louisiana's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of DeRidder, Louisiana, as of September 30, 1998, and the results of its operations and cash flows of its proprietary fund types for the year ended in conformity with generally accepted accounting principles.

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued a report dated March 17, 1999 on my consideration of the City of DeRidder, Louisiana's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The 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 DeRidder, Louisiana.

The Honorable Gerald Johnson, Mayor
and Members of the City Council
City of DeRidder, Louisiana
Page 2

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS, and is also not a required part of the general purpose financial statements of the City of DeRidder, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

John A. Windham, CPA
DeRidder, Louisiana
March 17, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

CITY OF DERIDDER

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 1998

<u>ASSETS</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash	\$ 669,284	\$ 983,758	\$ 564,783	\$ 458,833
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts	102,097	152,539	24,038	---
Grants	---	---	---	2,586
Accrued interest	---	---	22,882	---
Prepaid insurance	21,484	10,028	---	---
Due from other funds	8,400	---	27,301	161
Restricted assets:				
Cash	---	---	---	---
Land	---	---	---	---
Buildings and improvements	---	---	---	---
Equipment	---	---	---	---
Utility plant and equipment	---	---	---	---
Accumulated depreciation	---	---	---	---
Amount available in debt service funds	---	---	---	---
Amount to be provided for retirement of general long-term debt	---	---	---	---
Amount to be provided for retirement of compensated absences	---	---	---	---
Total assets	\$ 801,265	\$1,146,325	\$ 639,004	\$ 461,580

Statement A

Proprietary Fund Types		Account Groups		Totals (Memorandum Only) Primary Government
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$ 419,452	\$189,414	\$ ---	\$ ---	\$ 3,285,524
146,202	---	---	---	424,876
---	---	---	---	2,586
609	---	---	---	23,491
18,300	---	---	---	49,812
69,659	---	---	---	105,521
1,523,103	---	---	---	1,523,103
53,921	---	363,585	---	417,506
---	---	1,563,896	---	1,563,896
---	---	1,614,577	---	1,614,577
28,333,722	---	---	---	28,333,722
(8,981,580)	---	---	---	(8,981,580)
---	---	---	611,703	611,703
---	---	---	2,973,297	2,973,297
---	---	---	326,931	326,931
<u>\$21,583,388</u>	<u>\$189,414</u>	<u>\$3,542,058</u>	<u>\$ 3,911,931</u>	<u>\$ 32,274,965</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 1998

<u>LIABILITIES</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Accounts payable	\$ 27,629	\$ 61,372	\$ ---	\$ 5,143
Contracts payable	---	---	---	51,291
Payroll taxes payable	37,385	14,855	---	---
Payable from restricted assets:				
Customer deposits	---	---	---	---
Contracts payable	---	---	---	---
Due to other funds	67,940	1,761	27,301	6,885
Compensated absences payable	---	---	---	---
Revenue bonds payable	---	---	---	---
Certificates of Indebtedness	---	---	---	---
Total liabilities	<u>\$ 132,954</u>	<u>\$ 77,988</u>	<u>\$ 27,301</u>	<u>\$ 63,319</u>

Statement A

Proprietary Fund Types		Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$ 36,676	\$ ----	\$ ----	\$ ----	\$ 130,820
----	----	----	----	51,291
19,500	----	----	----	71,740
126,043	----	----	----	126,043
16,100	----	----	----	16,100
1,634	----	----	----	105,521
153,142	----	----	326,931	480,073
----	----	----	2,365,000	2,365,000
----	----	----	1,220,000	\$ 1,220,000
<u>\$ 353,095</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 3,911,931</u>	<u>\$ 4,566,588</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 1998

<u>FUND EQUITY</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Contributed capital	\$ ---	\$ ---	\$ ---	\$ ---
Investments in general fixed assets	---	---	---	---
Retained earnings:				
Reserved	---	---	---	---
Unreserved	---	---	---	---
Fund balances:				
Reserved for perpetual care -				
Cemeteries	171,634	---	---	---
Industrial Park	29,947	---	---	---
Mausoleum	12,552	---	---	---
Museum	3,384	---	---	---
Community facilities building	965	---	---	---
Police and fire department capital improvements	66,378	---	---	---
Drug task force	15,279	---	---	---
Reserved for debt service	---	---	611,703	---
Unreserved -				
Designated for subsequent year's expenditures	---	200,000	---	50,782
Undesignated	<u>368,172</u>	<u>868,337</u>	<u>---</u>	<u>347,479</u>
Total fund equity	<u>\$ 668,311</u>	<u>\$1,068,337</u>	<u>\$ 611,703</u>	<u>\$ 398,261</u>
Total liabilities and fund equity	<u>\$ 801,265</u>	<u>\$1,146,325</u>	<u>\$ 639,004</u>	<u>\$ 461,580</u>

Statement A

Proprietary Fund Types		Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$23,117,433	\$131,563	\$ ---	\$ ---	\$ 23,248,996
---	---	3,542,058	---	3,542,058
1,382,556 (3,269,696)	---	---	---	1,382,556 (3,211,845)
---	---	---	---	171,634
---	---	---	---	29,947
---	---	---	---	12,552
---	---	---	---	3,384
---	---	---	---	965
---	---	---	---	66,378
---	---	---	---	15,279
---	---	---	---	611,703
---	---	---	---	250,782
---	---	---	---	1,583,988
<u>\$21,230,293</u>	<u>\$189,414</u>	<u>\$3,542,058</u>	<u>\$ ---</u>	<u>\$ 27,708,377</u>
<u>\$21,583,388</u>	<u>\$189,144</u>	<u>\$3,542,058</u>	<u>\$ 3,911,931</u>	<u>\$ 32,274,965</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 For the Fiscal Year Ended September 30, 1998

	<u>Governmental</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 759,642	\$ 3,661,218
Licenses and permits	358,808	---
Intergovernmental	122,674	124,596
Fees, charges and commissions for services	42,637	---
Use of money and property	57,721	39,631
Miscellaneous	8,810	215
Total revenues	<u>\$ 1,350,292</u>	<u>\$ 3,825,660</u>
Expenditures:		
General government	\$ 403,145	\$ 294,086
Public safety	1,495,773	---
Public works	---	1,143,062
Culture and recreation	99,613	---
Debt service	---	---
Capital outlay	---	---
Total expenditures	<u>\$ 1,998,531</u>	<u>\$ 1,437,148</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (648,239)</u>	<u>\$ 2,388,512</u>
Other financing sources (uses):		
Transfers in	\$ 996,318	\$ 20,933
Transfers out	(305,900)	(2,311,140)
Gain on sale of assets	4,400	---
Proceeds of long-term debt	---	---
Total other financing sources (uses)	<u>\$ 694,818</u>	<u>\$ (2,290,207)</u>
Excess (deficiency) of revenues and other sources over expenditures and other sources (uses)	<u>\$ 46,579</u>	<u>\$ 98,305</u>
Fund balances at beginning of year	<u>621,732</u>	<u>970,032</u>
Fund balances at end of year	<u>\$ 668,311</u>	<u>\$ 1,068,337</u>

Statement B

Fund Types		Totals
Debt Service	Capital Projects	(Memorandum Only)
\$ ----	\$ ----	\$ 4,420,860
----	----	358,808
----	19,480	266,750
----	----	42,637
50,762	63,604	211,718
236	----	9,261
<u>\$ 50,998</u>	<u>\$ 83,084</u>	<u>\$ 5,310,034</u>
\$ ----	\$ 22,727	\$ 719,958
----	----	1,495,773
----	374,206	1,517,268
----	----	99,613
4,316,748	----	4,316,748
----	1,083,729	1,083,729
<u>\$ 4,316,748</u>	<u>\$ 1,480,662</u>	<u>\$ 9,233,089</u>
<u>\$(4,265,750)</u>	<u>\$(1,397,578)</u>	<u>\$ (3,923,055)</u>
\$ 1,829,348	\$ 736,970	\$ 3,583,569
(220,883)	(752,155)	(3,590,078)
----	----	4,400
<u>1,570,000</u>	<u>----</u>	<u>1,570,000</u>
<u>\$ 3,178,465</u>	<u>\$ (15,185)</u>	<u>\$ 1,567,891</u>
<u>\$(1,087,285)</u>	<u>\$(1,412,763)</u>	<u>\$ (2,355,164)</u>
<u>1,698,988</u>	<u>1,811,024</u>	<u>5,101,776</u>
<u>\$ 611,703</u>	<u>\$ 398,261</u>	<u>\$ 2,746,612</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL AND SPECIAL REVENUE - GOVERNMENTAL FUND TYPES
 For the Fiscal Year Ended September 30, 1998

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 750,158	\$ 759,642	\$ 9,484
Licenses and permits	368,300	358,808	(9,492)
Intergovernmental	120,824	122,674	1,850
Fees, charges and commissions for services	33,600	42,637	9,037
Use of money and property	58,640	57,721	(919)
Miscellaneous	16,200	8,810	(7,390)
Total revenues	<u>\$ 1,347,722</u>	<u>\$ 1,350,292</u>	<u>\$ 2,570</u>
Expenditures:			
General government	\$ 423,572	\$ 403,145	\$ 20,427
Public safety	1,522,150	1,495,773	26,377
Public works	---	---	---
Culture and recreation	100,800	99,613	1,187
Total expenditures	<u>\$ 2,046,522</u>	<u>\$ 1,998,531</u>	<u>\$ 47,991</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (698,800)</u>	<u>\$ (648,239)</u>	<u>\$ 50,561</u>
Other financing sources (uses):			
Transfers in	\$ 999,000	\$ 996,318	\$ (2,682)
Transfers out	(296,100)	(305,900)	(9,800)
Accrued interest received	2,400	4,400	2,000
Total other financing sources (uses)	<u>\$ 705,300</u>	<u>\$ 694,818</u>	<u>\$ (10,482)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 6,500</u>	<u>\$ 46,579</u>	<u>\$ 40,079</u>
Fund balances at beginning of year	<u>621,732</u>	<u>621,732</u>	<u>---</u>
Fund balances at end of year	<u>\$ 628,232</u>	<u>\$ 668,311</u>	<u>\$ 40,079</u>

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 3,660,000	\$ 3,661,218	\$ 1,218
---	---	---
123,253	124,596	1,343
---	---	---
36,400	39,631	3,231
---	215	215
<u>\$ 3,819,653</u>	<u>\$ 3,825,660</u>	<u>\$ 6,007</u>
\$ 314,445	\$ 294,086	\$ 20,359
---	---	---
1,161,850	1,143,062	18,788
---	---	---
<u>\$ 1,476,295</u>	<u>\$ 1,437,148</u>	<u>\$ 39,147</u>
<u>\$ 2,343,358</u>	<u>\$ 2,388,512</u>	<u>\$ 45,154</u>
\$ 20,000	\$ 20,933	\$ 933
(2,314,812)	(2,311,140)	3,672
---	---	---
<u>\$(2,294,812)</u>	<u>\$(2,290,207)</u>	<u>\$ 4,605</u>
\$ 48,546	\$ 98,305	\$ 49,759
---	---	---
<u>970,032</u>	<u>970,032</u>	<u>---</u>
<u>\$ 1,018,578</u>	<u>\$ 1,068,337</u>	<u>\$ 49,759</u>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 For the Fiscal Year Ended September 30, 1998

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Charges for services:			
Water sales and service fees	\$ 881,856	\$ ---	\$ 881,856
Sewer service charge	785,377	---	785,377
Delinquent charges	31,184	---	31,184
Self insurance charges	---	47,201	47,021
Sales tax fees	<u>23,929</u>	<u>---</u>	<u>23,929</u>
Total operating revenues	<u>\$1,722,346</u>	<u>\$ 47,021</u>	<u>\$ 1,769,367</u>
Operating expenses:			
Claims and cost	\$ ---	\$ 58,249	\$ 58,249
Water department expenses	599,605	---	599,605
Sewer department expenses	693,695	---	693,695
Sewer plant expenses	484,083	---	484,083
General and administrative expenses	<u>256,478</u>	<u>---</u>	<u>256,478</u>
Total operating expenses	<u>\$2,033,861</u>	<u>\$ 58,249</u>	<u>\$ 2,092,110</u>
Operating income (loss)	\$ (311,515)	\$ (11,228)	\$ (322,743)
Nonoperating revenues (expenses):			
Interest income	\$ 66,036	\$ 52,825	\$ 118,861
Transfers in	670,219	---	670,219
Transfers out	(663,711)	---	(663,711)
Interest expense	(5,405)	---	(5,405)
Amortization	(1,218)	---	(1,218)
Sale of assets	<u>1,500</u>	<u>---</u>	<u>1,500</u>
Total nonoperating revenues (expenses)	<u>\$ 67,421</u>	<u>\$ 52,825</u>	<u>\$ 120,246</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

Statement D

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 For the Fiscal Year Ended September 30, 1998

	Proprietary Fund Types		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Net income (loss)	\$ (244,094)	\$ 41,597	\$ (202,497)
Retained earnings/fund balance at beginning of year	<u>(1,643,046)</u>	<u>16,254</u>	<u>(1,626,792)</u>
Retained earnings/fund balance at end of year	<u>\$(1,887,140)</u>	<u>\$57,851</u>	<u>\$(1,829,289)</u>
			(Concluded)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

Statement E

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Fiscal Year Ended September 30, 1998

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash flows from operating activities:			
Cash received from customers	\$1,712,017	\$ 47,021	\$ 1,759,038
Cash payments to suppliers for goods and services	(612,340)	(58,249)	(670,589)
Cash payments for employee services and employee related fringe benefits	<u>(722,875)</u>	<u>---</u>	<u>(722,875)</u>
Net cash provided by operating activities	<u>\$ 376,802</u>	<u>\$(11,228)</u>	<u>\$ 365,574</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	\$ 670,219	\$ ---	\$ 670,219
Transfers to other funds	<u>(663,711)</u>	<u>---</u>	<u>(663,711)</u>
Net cash provided for noncapital financing activities	<u>\$ 6,508</u>	<u>\$ ---</u>	<u>\$ 6,508</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	\$ (807,481)	\$ ---	\$ (807,481)
Principal paid on bond maturities	(110,000)	---	(110,000)
Interest paid on bond maturities	(6,490)	---	(6,490)
Contributed capital received	400,000	---	400,000
Sale of assets	<u>1,500</u>	<u>---</u>	<u>1,500</u>
Net cash used for capital and related financing activities	<u>\$ (522,471)</u>	<u>\$ ---</u>	<u>\$ (522,471)</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

Statement E

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
for the Fiscal Year Ended September 30, 1998

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash flows from investing activities:			
Interest on cash management activities	\$ 66,036	\$ 52,825	\$ 118,861
Net increase in cash and cash equivalents	\$ (73,125)	\$ 41,597	\$ (31,528)
Cash and cash equivalents, beginning of year	<u>2,015,680</u>	<u>147,817</u>	<u>2,163,497</u>
Cash and cash equivalents, end of year	<u>\$1,942,555</u>	<u>\$189,414</u>	<u>\$ 2,131,969</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ (311,515)</u>	<u>\$ (11,228)</u>	<u>\$ (322,743)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	\$ 718,263	\$ ---	\$ 718,263
Increase in accounts receivable	(13,486)	---	(13,486)
Decrease in accounts payable	(35,162)	---	(35,162)
Increase in payroll taxes payable	717	---	717
Increase in contracts payable	1,200	---	1,200
Increase in customer deposits	3,157	---	3,157
Increase in compensated absences	11,983	---	11,983
Decrease in prepaid insurance	<u>1,645</u>	<u>---</u>	<u>1,645</u>
Total adjustments	<u>\$ 688,317</u>	<u>\$ ---</u>	<u>\$ 688,317</u>
Net cash provided by operating activities	<u>\$ 376,802</u>	<u>\$ (11,228)</u>	<u>\$ 365,574</u> (Concluded)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS September 30, 1998

INTRODUCTION

The City of DeRidder was originally incorporated under the provisions of the Lawrason Act. The City operates under a Mayor-Council form of government under a Home Rule Charter. The governing body is comprised of an elected mayor and seven elected council members. The council members are paid \$450.00 each per month for their service.

The accounting and reporting policies of the City of DeRidder 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 the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The City is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 9,700 residents. The City employs approximately 96 people which provide various services to the residents. The City maintains approximately 74 miles of roadways within the city limits.

The City maintains various funds which provide services and benefits to the residents. The general fund provides police and fire protection, and culture and recreational activities. The sales tax fund provides public works of highway and street maintenance and solid waste collection and disposal. The utility fund provides water and sewer services to approximately 4,100 residents. Other funds are established as needed for specific projects undertaken by the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the City of DeRidder have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the City of DeRidder is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government City of DeRidder, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

As required by generally accepted accounting principles, these financial statements present the City of DeRidder and its component units. The component unit included in the accompanying financial statements is blended with the municipality's funds.

Blended Component Units

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality. The following component unit is reported as part of the municipality and blended with the appropriate municipality funds:

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Section 8 Existing Housing

Included in the special revenue funds are the financial statements of Section-8 Existing Housing which has a fiscal year ending June 30, 1998. Section-8 Existing Housing is a component unit of the City government, and a separate audit of its operations is performed. Although the City does provide facilities and some of the financing, no control is exercised over the operations. In addition to the above organization, the Mayor, with the approval of the Council, appoints board members to the DeRidder Housing Authority Board. The financial statements of Section 8 Existing Housing may be obtained from the City of DeRidder, 200 S. Jefferson St., DeRidder, LA. 70634.

Discretely Presented Component Units

Component units that are legally separate from the municipality, but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented.

The City of DeRidder had no discretely presented component units as of September 30, 1998.

C. FUND ACCOUNTING

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

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

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

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
GOVERNMENTAL FUNDS

Governmental funds are used to account for all or most of the municipality'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 debt. Governmental funds include:

1. General fund - the general operating fund of the municipality, accounts for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In addition, the General Fund of each blended component unit is reported as a special revenue fund.
3. Debt service funds - accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. Capital projects funds - accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

PROPRIETARY FUNDS

Proprietary funds are used to 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 - accounts 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.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Internal service funds - accounts for the financing of goods or services provided by one department to other departments or governments on a cost-reimbursement basis.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust 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 accrual basis of accounting is used by all governmental funds, expendable trust funds, and agency funds. The governmental funds and expendable trust funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenues at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures

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

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

All proprietary funds and non-expendable trust 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 and non-expendable trust funds use the accrual basis of accounting. Revenues are recognized when earned, and

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expenses are recognized at the time liabilities are incurred.

E. BUDGETS

The City of DeRidder uses the following budget practices:

1. The Director of Finance submits to the Mayor and City Council a proposed operating budget no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. For the fiscal year beginning October 1, 1997 and ending September 30, 1998 the budget was submitted to the City Council on September 8, 1997 and the public hearing was called for. After the public hearing was held, the budget was adopted by ordinance of the City Council.
2. Budgetary appropriations lapse at the end of each fiscal year.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance. The original budget is amended as necessary and all amendments are reflected in the budget comparisons in the financial statements.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ENCUMBRANCES

The City uses encumbrance accounting primarily as a budgetary control device.

G. CASH AND CASH EQUIVALENTS
AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. 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.

I. PREPAID ITEMS

Prepaid items consist of insurance policy premiums paid in advance.

J. RESTRICTED ASSETS

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

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the terms of the water and sewer revenue bond indentures, all income and revenue to be earned from the operation of the said system shall be deposited daily, as the same may be collected in a separate bank account (hereinafter sometimes called the Revenue Fund).

The said fund shall be established, maintained and administered in the following order of priority, and for the following express purposes:

- A. The payment of all reasonable and necessary costs of operations, repairs, maintenance, and insurance of the system shall be as the same becomes due and payable.
- B. The establishment and maintenance of a Sales Tax Sinking Fund sufficient in amount to pay promptly and fully the principal of the interest on the bond herein authorized as they severally become due and payable. By transferring from said Sales Tax Fund and depositing in a sinking fund monthly each year thereafter, a sum equal to 1/6 of the amount of interest falling due on the next succeeding interest payment date and 1/12 of the amount of principal falling due on the next succeeding date on which principal is payable.

K. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds along with accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight line method and the following useful lives.

Water utility assets	5-40 years
Sewer utility assets	5-50 years
Administrative assets	5-10 years
Sewer plant	5-40 years

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. COMPENSATED ABSENCES

The City of DeRidder recognition and measurement criteria for compensated absences follows:

On July 1, 1996, the City enacted new legislation concerning sick leave pay and unpaid vacation. Full time employees earn vacation leave at varying rates depending upon length of service, which also may be accumulated up to a maximum of 160 days. Upon death, retirement or separation of service from the City, an employee may receive their entire accumulated sick leave pay if he chooses to draw it out over regular pay periods. If the employee chooses to receive the pay in a lump-sum he will receive 50% of the accumulated pay. In addition, upon retirement, unused sick leave is used in the retirement benefit computation as earned service.

On March 28, 1994 the old sick leave policy was amended to reflect that each employee of the City would receive 4 hours of sick leave per pay period (13 days per year). As an exception, firemen working 53 hours per week will receive 10 hours of sick leave per month. Upon termination voluntary or involuntary an employee will receive full pay for accumulated sick leave not to exceed a 60 day limit (480 hours) with payment made by an installment plan based on the hourly rate at retirement.

No sick leave credit hours accumulated under the old sick leave policy will be lost. Upon retirement or termination, renumeration will be made to those employees who have accrued sick leave under the old policy. This payment will be made in installments and capped at the hourly rate as of December 31, 1993.

M. LONG-TERM OBLIGATIONS

For the primary government, long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

CITY OF DERIDDER
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are 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.

Reserves

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

Designated Fund Balances

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

O. INTERFUND TRANSACTIONS

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the City of DeRidder are reported as operating transfers.

P. SALES TAX

The 1% sales and use tax is dedicated to constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and improving drains and subsurface drainage; and for the purpose of defraying the maintenance expenses thereof;

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

constructing, acquiring and improving public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds. This tax is for an indefinite period. An additional 1% sales tax, for a five year period, is dedicated and used for the following purposes:

41% for constructing, improving, repairing, operating and maintaining public buildings, public streets and sidewalks; drains and drainage facilities; garbage and solid waste collection and disposal facilities; paying the cost of other public services, including grass cutting; and paying the cost of improving or extending city utilities to encourage and induce the location of or additions to industrial enterprises having economic impact upon the city;

25% to pay the cost of providing public safety and fire and police protection services, including the acquisition of furnishings and equipment thereof;

30% to pay the cost of improving, repairing, operating and maintaining sewers and sewerage collection and disposal works, including the acquisition of equipment thereof;

4% to pay the cost of constructing, improving, repairing, operating and maintaining public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds. This tax is for an indefinite period.

Q. TOTAL COLUMNS ON COMBINED STATEMENTS

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

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. BAD DEBTS

Uncollectible amounts due for 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 receivable.

2. FUND DEFICITS

The following individual fund has a deficit in unreserved retained earnings at September 30, 1998:

<u>Fund</u>	<u>Deficit Amount</u>
Enterprise fund	\$ <u>3,269,696</u>

Enterprise Fund

The retained deficit of the enterprise fund arises because of the application of generally accepted accounting principles of financial reporting for such funds. Depreciation, a non-cash expense, contributes to the deficit. Even though the retained deficit exists, the enterprise fund had an overall fund equity of \$21,230,293 at September 30, 1998. The City Council will monitor the retained deficit and raise utility fees when necessary.

3. LEVIED TAXES

Taxes are levied on January 1, billed between November 1 and November 15, and payable by December 31. The lien date for unpaid taxes is August 15 of the following year. The tax collector bills and collects the City's property taxes. City property tax revenues are recognized when billed to the extent that they result in current receivables.

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

<u>Citywide taxes:</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General fund	7.15	7.15	---
Police\fire capital improvements	2.60	2.60	9-30-2001

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

3. LEVIED TAXES (CONTINUED)

The following are the principal taxpayers for the municipality:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Wal-Mart Stores Inc.	Retail Store	\$ 2,111,390	5.46%
Ampacet Corporation	Manufacturer	1,997,440	5.16%
Westvaco Corporation	Manufacturer	3,305,970	8.55%
First National Bank	Banking	2,238,270	5.79%
Bell South Telecommunications	Communications	1,216,230	3.14%
Cleco	Utility Co.	<u>1,207,200</u>	<u>3.12%</u>
Total		<u>\$12,076,500</u>	<u>31.22%</u>

4. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at September 30, 1998:

	<u>Primary Government</u>
Demand deposits	\$ 128,580
Interest-bearing demand deposits	1,941,176
Louisiana Asset Management Pool (Lamp)	2,071,696
Time deposits	667,000
Petty cash	175
Total	<u>\$ 4,808,627</u>

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

At September 30, 1998, the City of DeRidder has \$3,183,023 in deposits (collected bank balances) and \$2,071,696 invested in the Louisiana Asset Management Pool (LAMP). These deposits are secured from risk by \$528,576 of federal deposit insurance, \$2,654,447 of pledged securities held by the custodial bank in the name of the

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

4. CASH AND CASH EQUIVALENTS (CONTINUED)

fiscal agent bank and \$2,071,696 invested in government securities in the LAMP program (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

5. RECEIVABLES

The following is a summary of receivables for September 30, 1998:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Taxes:					
Other	\$102,097	\$ ---	\$ ---	\$ ---	\$ ---
Intergovernmental -grants:					
State	---	---	---	2,586	---
Special assessments:					
Current	---	---	---	---	---
Delinquent	---	---	24,038	---	---
Accounts:					
Accounts receivable	---	152,539	---	---	146,202
Accrued interest	---	---	22,882	---	---
Total	<u>\$102,097</u>	<u>\$152,539</u>	<u>\$ 46,920</u>	<u>\$ 2,586</u>	<u>\$ 146,202</u>

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

6. FIXED ASSETS

The changes in general fixed assets follow:

	Balance September 30, <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>1998</u>
Land	\$ 363,585	\$ ---	\$ ---	\$ 363,585
Buildings and improvements	1,525,262	38,634	---	1,563,896
Equipment and furniture	<u>1,503,579</u>	<u>149,863</u>	<u>38,865</u>	<u>1,614,577</u>
Total	<u>\$ 3,392,426</u>	<u>\$ 188,497</u>	<u>\$ 38,865</u>	<u>\$ 3,542,058</u>

A summary of proprietary property, plant, and equipment follows:

	<u>Enterprise Fund</u>
Land	\$ 53,921
Furniture and equipment	<u>28,333,722</u>
Subtotal	<u>\$ 28,387,643</u>
Less accumulated depreciation	<u>\$ (8,981,580)</u>
Total	<u>\$ 19,406,063</u>

7. PENSION PLAN

Substantially all employees of the City of DeRidder are members of the following statewide retirement systems: Municipal Police Employees Retirement System of Louisiana, Municipal Employees Retirement System of Louisiana, and Firefighters' Retirement System of Louisiana. 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 B.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

7. PENSION PLAN (CONTINUED)

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 B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basis benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of 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 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.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 3.25% of annual covered payroll. Contributions to the System also include one-fourth of 1% (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

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

9. PENSION PLAN (CONTINUED)

members of each plan. The contribution requirements of plan members and the City of DeRidder 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 of DeRidder contributions to the System under Plan B for the year ending September 30, 1998 and 1997, were \$30,609 and \$29,068, respectively, equal to the required contributions for the 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 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 Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, LA. 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 DeRidder 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 DeRidder 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 DeRidder's contributions to the System for the years ending September 30, 1998, 1997, and 1996, were \$52,477, \$47,477, and \$41,569 respectively, equal to the required contributions for each year.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

9. PENSION PLAN (CONTINUED)

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, P. O. Box 94095, Baton Rouge, LA. 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 of DeRidder 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 DeRidder 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 DeRidder's contributions to the System for the years ending September 30, 1998, 1997, and 1996, were \$24,133, \$23,653, and \$22,559 respectively, equal to the required contributions for each year.

CITY OF DERIDDER
NOTES TO FINANCIAL STATEMENTS

8. ACCOUNTS, SALARIES, AND
OTHER PAYABLES

The following is a summary of payables at September 30, 1998:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Withholdings	\$ 37,385	\$ 14,855	---	\$ 19,500
Accounts	<u>27,629</u>	<u>61,372</u>	<u>5,143</u>	<u>36,676</u>
Total	<u>\$ 65,014</u>	<u>\$ 76,227</u>	<u>\$ 5,143</u>	<u>\$ 56,176</u>

9. COMPENSATED ABSENCES

At September 30, 1998, employees of the City of DeRidder have accumulated and vested \$480,073 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$326,931 is recorded within the general long-term obligations account group. The leave liability for employees of the Enterprise fund, for \$153,142, is accounted for within the fund.

10. CHANGES IN GENERAL LONG-TERM
OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 1998:

	<u>Bonded Debt</u>	<u>Certificates of Indebtedness</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term obligations payable at September 30, 1997	\$3,865,000	\$ 1,992,000	\$ 290,217	\$6,147,217
Additions	1,570,000	---	36,714	1,606,714
Deductions	<u>(3,070,000)</u>	<u>(772,000)</u>	<u>---</u>	<u>(3,842,000)</u>
Long-term obligations payable at September 30, 1998	<u>\$2,365,000</u>	<u>\$ 1,220,000</u>	<u>\$ 326,931</u>	<u>\$3,911,931</u>

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

10. CHANGES IN GENERAL LONG-TERM OBLIGATIONS (CONTINUED)

Revenues bonds, and Certificates of Indebtedness are comprised of the following individual issues at September 30, 1998:

Revenue Bonds - Sales Tax:

\$1,570,000 Series ST-1998 Public Improvement Sales Tax Refunding Bonds due in annual installments of \$155,000 to \$415,000 through May, 2003; interest at the rate of 4.60%	\$ 1,570,000
\$2,020,000 Series 1992 Sales Tax Bonds due in annual installments of \$155,000 to \$280,000 through February 1, 2001; interest from 5.60% to 5.85%	\$ 1,030,000

Certificates of Indebtedness:

\$1,320,000 Series 1997 Certificates of Indebtedness due in annual installments of \$165,000 to \$165,00 through August, 2007; interest at the rate of 5.5%	\$ 1,220,000
---	--------------

At September 30, 1998, the City of DeRidder accumulated \$611,703, in the debt service fund for future debt requirements. The annual requirements to amortize all bonds and/or certificates outstanding at September 30, 1998, including interest of \$621,692 for the City of DeRidder is as follows:

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Certificates of Indebtedness</u>	<u>Total</u>
1999	\$ 597,650	\$ 177,100	\$ 774,750
2000	709,422	176,050	885,472
2001	717,120	174,725	891,845
2002	441,220	173,125	614,345
2003	162,130	176,250	338,380
2004-2007	---	701,900	701,900
Total	<u>\$ 2,627,542</u>	<u>\$ 1,579,150</u>	<u>\$ 4,206,692</u>

The primary government is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75 percent of the avails of the tax. The municipality was within this 75 percent limitation when the sales tax bonds were issued.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

10. CHANGES IN GENERAL LONG-TERM OBLIGATIONS (CONTINUED)

On August 1, 1998, the City issued \$1,570,000 in Public Improvements Sales Tax Refunding Bonds with an interest rate of 4.60 percent to advance refund \$1,595,000 of outstanding 1988 Series J Public Improvements Bonds with an average interest rate of 7.20 percent. The net proceeds of \$1,570,000 plus an additional \$86,281 of 1998 Series J Sinking fund monies were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 Series J bonds. As a result, the 1988 Series J bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The City advance refunded the 1988 Series J bonds to reduce its total debt service payments over the next 5 years by \$17,291 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$9,629.

Assumptions

On August 3, 1998, the City refunded and defeased in substance its outstanding 1988 Series J bonds of \$1,595,000, carrying an average interest rate of 7.20 percent, with new debt of \$1,570,000, issued at a rate of 4.60 percent. The new debt is dated August 1, 1998. A portion (\$86,281) of the payment to the escrow agent was provided from monies in the City's 1988 Series J sinking fund. No issuance costs of the transaction were paid from bond proceeds.

Sources

New bond proceeds, Series ST 1998	\$ 1,570,000
Existing sinking fund monies	<u>86,281</u>
Total sources	<u>\$ 1,656,281</u>

Uses

Accrued interest to delivery date bonds/date of refinancing	\$ 29,381
Principal to be redeemed	1,595,000
Call premium on redeemed bonds	<u>31,900</u>
Total uses	<u>\$ 1,656,281</u>

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

10. CHANGES IN GENERAL LONG-TERM OBLIGATIONS (CONTINUED)

Debt Service Requirements of the New Debt and Calculation of the Effective Interest Rate

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value
Nov. 1, 1999	\$ ---	4.60%	\$ 18,055	\$ 18,055	\$ 17,649
May 1, 1999	255,000	4.6%	36,110	291,110	278,167
Nov. 1, 1999	---	4.6%	30,245	30,245	28,251
May 1, 2000	360,000	4.6%	30,245	390,245	356,316
Nov. 1, 2000	---	4.6%	21,965	21,965	19,604
May 1, 2001	385,000	4.6%	21,965	406,965	355,061
Nov. 1, 2001	---	4.6%	13,110	13,110	11,181
May 1, 2002	415,000	4.6%	13,110	428,110	356,903
Nov. 1, 2002	---	4.6%	3,565	3,565	2,905
May 1, 2003	155,000	4.6%	3,565	158,565	126,314
Totals	\$ 1,570,000		\$191,935	\$1,761,935	\$1,552,351

Effective interest rate: 4.60%

Debt Service Requirements of the Old Debt

Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Present Value
May 1, 1999	\$ 310,000	7.150%	\$ 57,021	\$ 367,021	\$ 350,703
Nov. 1, 1999	---	7.200%	46,260	46,260	43,206
May 1, 2000	340,000	7.200%	46,260	386,260	353,677
Nov. 1, 2000	---	7.200%	34,020	34,020	30,364
May 1, 2001	375,000	7.200%	34,020	409,020	356,854
Nov. 1, 2001	---	7.250%	20,663	20,663	17,622
May 1, 2001	410,000	7.250%	20,663	430,663	359,031
Nov. 1, 2002	---	7.250%	5,800	5,800	4,727
May 1, 2003	160,000	7.250%	5,800	165,800	132,077
Totals	\$ 1,595,000		\$270,507	\$1,865,507	\$1,648,261

Calculation of Difference in Cash Flow Requirements and Economic Gain

Cash Flow Difference

Old debt service cash flows		\$1,865,507
New debt service cash flows	\$1,761,935	
Plus city contributions from other resources	86,281	
		<u>1,848,216</u>
		<u>\$ 17,291</u>

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

10. CHANGES IN GENERAL LONG-TERM OBLIGATIONS (CONTINUED)

Calculation of Difference in Cash Flow Requirements and Economic Gain

Economic Gain

Present value of old debt service cash flows		\$1,648,261
Present value of new debt service cash flows	\$1,552,351	
Plus city contributions from other resources	<u>86,281</u>	<u>1,638,632</u>
		<u>\$ 9,629</u>

11. INTERFUND ASSETS/LIABILITIES

Due from/to other funds:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 8,400	\$ 67,940
Special Revenue Funds	---	1,761
Debt Service Funds	27,301	27,301
Capital Project Funds	161	6,885
Enterprise Fund	<u>69,659</u>	<u>1,634</u>
Total	<u>\$ 105,521</u>	<u>\$ 105,521</u>

12. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES

The general fund has fund balances reserved for perpetual care of properties owned and maintained by the City. The special revenue fund has designated fund balances to be used for subsequent years expenditures for street and road maintenance. Debt service funds have reserved fund balances for payment of principal and interest on long-term debt. Capital projects funds have designated fund balances to be used for individual projects undertaken by the City. The enterprise fund has reserved retained earnings for payment of principal and interest on long-term debt and repayment of customer deposits.

CITY OF DERIDDER
NOTES TO FINANCIAL STATEMENTS

13. CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital:

	Enterprise Fund	Internal Service Fund
Balance at September 30, 1997	\$ 22,717,433	\$ 131,563
Additions:		
Louisiana Community Development Block Grant	400,000	---
Balance at September 30, 1998	\$ 23,117,433	\$ 131,563

14. YEAR 2000 ISSUE - (Y2K)

The City of DeRidder has its water billing system and general ledger computerized. The City has hired an independent contractor that is currently in the process of updating the software to handle the year 2000 issue. The systems are being tested for the changes that have been made and the City anticipates that its software will be Y2K compliant before year end.

SUPPLEMENTAL INFORMATION SCHEDULES

GENERAL FUND

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

CITY OF DERIDDER

Schedule 1

GENERAL FUND

BALANCE SHEET
September 30, 1998ASSETS

Cash	\$	669,284
Accounts receivable		102,097
Prepaid insurance		21,484
Due from other funds		<u>8,400</u>
Total assets	\$	<u>801,265</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$	27,629
Payroll taxes payable		37,385
Due to other funds		<u>67,940</u>
Total liabilities	\$	<u>132,954</u>
Fund balance:		
Reserved for perpetual care -		
Cemeteries	\$	171,634
Industrial park		29,947
Mausoleum		12,552
Museum		3,384
Community facilities building		965
Police and fire departments capital improvements		66,378
Drug task force		15,279
Unreserved-Undesignated		<u>368,172</u>
Total fund balance	\$	<u>668,311</u>
Total liabilities and fund balance	\$	<u>801,265</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 1998

Revenues:	
Taxes	\$ 759,642
Licenses and permits	358,808
Intergovernmental	122,674
Fees, charges and commissions for services	42,637
Use of money and property	57,721
Miscellaneous	8,810
Total revenues	<u>\$ 1,350,292</u>
Expenditures:	
General government	\$ 403,145
Public safety	1,495,773
Culture and recreation	99,613
Total expenditures	<u>\$ 1,998,531</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (648,239)</u>
Other financing sources (uses):	
Transfers in	\$ 996,318
Transfers out	(305,900)
Gain on sale of assets	4,400
Total other financing sources (uses)	<u>\$ 694,818</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 46,579
Fund balances at beginning of year	<u>621,732</u>
Fund balances at end of year	<u>\$ 668,311</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 382,000	\$ 381,870	(130)
Franchise taxes	357,158	367,390	10,232
Chain store taxes	<u>11,000</u>	<u>10,382</u>	<u>(618)</u>
Total taxes	<u>\$ 750,158</u>	<u>\$ 759,642</u>	<u>\$ 9,484</u>
Licenses and permits:			
Building permits	\$ 13,000	\$ 11,823	\$ (1,177)
Plumbing permits	6,600	5,790	(810)
Electrical permits	7,500	6,598	(902)
AC/Heat fees	6,200	6,016	(184)
Occupational licenses	<u>335,000</u>	<u>328,581</u>	<u>(6,419)</u>
Total licenses and permits	<u>\$ 368,300</u>	<u>\$ 358,808</u>	<u>\$ (9,492)</u>
Intergovernmental:			
Federal funds	\$ 3,200	\$ 3,578	\$ 378
State funds	5,500	5,098	(402)
Local funds	45,000	46,680	1,680
Fire insurance rebate	17,000	17,225	225
Tobacco taxes	<u>50,124</u>	<u>50,093</u>	<u>(31)</u>
Total inter- governmental	<u>\$ 120,824</u>	<u>\$ 122,674</u>	<u>\$ 1,850</u>
Fees, charges and commissions for services:			
Accident report fees	\$ 2,000	\$ 1,440	\$ (560)
Dog pound charges	500	611	111
Swimming pool charges	11,600	11,576	(24)
Lot clearing charges	3,000	2,530	(470)
Cemetery and mausoleum charges	11,000	10,809	(191)
Museum revenues	3,500	2,914	(586)
Drug seizures commissions	<u>2,000</u>	<u>12,757</u>	<u>10,757</u>
Total charges for services	<u>\$ 33,600</u>	<u>\$ 42,637</u>	<u>\$ 9,037</u>

(Continued)

CITY OF DERIDDER

Schedule 3

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Use of money and property:			
Office rent	\$ 18,000	\$ 18,000	\$ ---
Other rent	16,640	16,140	(500)
Interest income	<u>24,000</u>	<u>23,581</u>	<u>(419)</u>
Total use of money and property	<u>\$ 58,640</u>	<u>\$ 57,721</u>	<u>\$ (919)</u>
Miscellaneous	<u>\$ 16,200</u>	<u>\$ 8,810</u>	<u>\$ (7,390)</u>
Total revenues	<u>\$1,347,722</u>	<u>\$1,350,292</u>	<u>\$ 2,570</u>
<u>Expenditures:</u>			
General government:			
Salaries and related benefits	\$ 202,156	\$ 196,899	\$ 5,257
Office supplies	2,500	1,265	1,235
Operating supplies	14,000	16,680	(2,680)
Building maintenance	10,600	12,750	(2,150)
Equipment maintenance	6,000	4,722	1,278
Veteran contribution	216	162	54
Insurance	15,200	14,422	778
Museum purchases	1,000	1,116	(116)
Community facilities building maintenance	17,700	17,711	(11)
Museum maintenance	1,800	1,366	434
Cemetary maintenance	11,100	949	10,151
Freight and postage	2,300	2,274	26
Legal and professional	13,300	13,910	(610)
Training	3,000	1,955	1,045

(Continued)

CITY OF DERIDDER

Schedule 3

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Auto expense	\$ 1,000	\$ 940	\$ 60
Advertising	9,000	9,537	(537)
Election expense	10,000	8,830	1,170
Uniforms	800	921	(121)
Telephone	11,000	11,498	(498)
Travel	26,000	21,542	4,458
Dues and subscriptions	5,000	5,072	(72)
Collection fees	14,000	13,415	585
Utilities	24,000	24,891	(891)
Miscellaneous	6,000	8,635	(2,635)
Data processing	5,000	775	4,225
Capital outlay	<u>10,900</u>	<u>10,908</u>	<u>(8)</u>
 Total general government	 <u>\$ 423,572</u>	 <u>\$ 403,145</u>	 <u>\$ 20,427</u>
 Public safety:			
Police:			
Salaries and related benefits	\$ 769,200	\$ 767,724	\$ 1,476
Office supplies	2,200	1,688	512
Auto maintenance	28,500	28,973	(473)
Operating supplies	29,000	32,843	(3,843)
Equipment maintenance	5,000	4,734	266
Custody of prisoners	2,500	2,418	82
Training	7,000	8,586	(1,586)

(Continued)

CITY OF DERIDDER

Schedule 3

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Travel	\$ 2,500	\$ 4,276	\$ (1,776)
Insurance	30,300	28,703	1,597
Freight and postage	350	312	38
Telephone	4,000	3,722	278
Uniforms and accessories	19,400	20,010	(610)
Dues and subscriptions	800	770	30
Drug task force	39,000	33,674	5,326
Miscellaneous	500	203	297
Capital outlay	<u>94,000</u>	<u>90,936</u>	<u>3,064</u>
Total police	<u>\$1,034,250</u>	<u>\$1,029,572</u>	<u>\$ 4,678</u>
Fire:			
Salaries and related benefits	\$ 407,100	\$ 399,991	\$ 7,109
Auto maintenance	14,600	8,612	5,988
Operating supplies	12,000	10,526	1,474
Building maintenance	4,000	3,435	565
Equipment maintenance	5,000	6,072	(1,072)
Insurance	12,000	11,460	540
Freight and postage	100	94	6
Telephone	2,300	2,759	(459)
Uniforms and accessories	6,200	1,099	5,101
Utilities	6,600	5,847	753
Volunteer firemen	4,000	3,575	425
Training	4,000	3,127	873
Capital outlay	<u>10,000</u>	<u>9,604</u>	<u>396</u>
Total fire	<u>\$ 487,900</u>	<u>\$ 466,201</u>	<u>\$ 21,699</u>
Total public safety	<u>\$1,522,150</u>	<u>\$1,495,773</u>	<u>\$ 26,377</u>

(Continued)

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE --
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Culture and recreation:			
Salaries and related benefits	\$ 43,250	\$ 42,396	\$ 854
Operating supplies	20,000	20,349	(349)
Equipment maintenance	500	415	85
Telephone	550	572	(22)
Utilities	7,500	7,577	(77)
Capital outlay	<u>29,000</u>	<u>28,304</u>	<u>696</u>
Total culture and recreation	<u>\$ 100,800</u>	<u>\$ 99,613</u>	<u>\$ 1,187</u>
 Total expenditures	 <u>\$2,046,522</u>	 <u>\$1,998,531</u>	 <u>\$ 47,991</u>
 Excess (deficiency) of revenues over expenditures	 <u>\$ (698,800)</u>	 <u>\$ (648,239)</u>	 <u>\$ 50,461</u>

(Continued)

CITY OF DERIDDER

Schedule 3

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Other financing sources (uses):			
Transfer in from sales tax fund	\$ 715,000	\$ 996,318	\$ 281,318
Transfer in from debt service	284,000	---	(284,000)
Transfer out to historical enhancement fund	(15,100)	(15,100)	---
Transfer out to sales tax fund	---	(10,000)	(10,000)
Transfer out to debt dervice fund	(281,000)	(280,800)	200
Gain on sale of assets	<u>2,400</u>	<u>4,400</u>	<u>2,000</u>
Total other financing sources (uses)	<u>\$ 705,300</u>	<u>\$ 694,818</u>	<u>\$ (10,482)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 6,500	\$ 46,579	\$ 40,079
Fund balances at beginning of year	<u>621,732</u>	<u>621,732</u>	<u>---</u>
Fund balance at end of year	<u>\$ 628,232</u>	<u>\$ 668,311</u>	<u>\$ 40,079</u>

(Concluded)

SPECIAL REVENUE FUNDS

Sales Tax Fund - to account for the collection of the 2% sales and use tax which is to be used for retirement of special bonded debt and for other dedicated purposes.

Economic Development - to account for the revenues and expenditures of the economic development program as required by federal regulations.

Section 8 Existing Housing - to account for the revenue and expenditures of the federal Section-8 Existing Housing program as required by federal regulations.

CITY OF DERIDDER
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
September 30, 1998

<u>ASSETS</u>	<u>Sales Tax</u>	<u>Economic Development</u>
Cash	\$ 932,239	\$ ---
Accounts receivable	---	---
Prepaid insurance	10,028	---
Due from economic development project	<u>---</u>	<u>151,286</u>
Total assets	<u>\$ 942,267</u>	<u>\$ 151,286</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 61,372	\$ ---
Payroll taxes payable	14,855	---
Due to general fund	<u>---</u>	<u>1,761</u>
Total liabilities	<u>\$ 76,227</u>	<u>\$ 1,761</u>
Fund balance:		
Unreserved-undesignated	\$ 666,040	\$ 149,525
Designated for subsequent year expenditures	<u>200,000</u>	<u>---</u>
Total fund balance	<u>\$ 866,040</u>	<u>\$ 149,525</u>
Total liabilities and fund balance	<u>\$ 942,267</u>	<u>\$ 151,286</u>

<u>Section-8 Existing Housing</u>	<u>Totals</u>
\$ 51,519	\$ 983,758
1,253	1,253
---	10,028
---	151,286
<u>\$ 52,772</u>	<u>\$ 1,146,325</u>
\$ ---	\$ 61,372
---	14,855
---	1,761
<u>\$</u>	<u>\$ 77,988</u>
\$ 52,772	\$ 868,337
---	200,000
<u>\$ 52,772</u>	<u>\$ 1,068,337</u>
<u>\$ 52,772</u>	<u>\$ 1,146,325</u>

CITY OF DERIDDER

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

For the Fiscal Year Ended September 30, 1998

	<u>Sales Tax</u>	<u>Economic Development</u>
Revenues:		
Taxes	\$ 3,661,218	\$ ----
Intergovernmental	12,408	----
Interest	39,631	----
Miscellaneous	215	----
Total revenues	<u>\$ 3,713,472</u>	<u>\$ ----</u>
Expenditures:		
General Government	\$ 188,860	\$ ----
Public Works	<u>1,143,062</u>	<u>----</u>
Total expenditures	<u>\$ 1,331,922</u>	<u>\$ ----</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,381,550</u>	<u>\$ ----</u>
Other financing sources (uses):		
Transfers in	\$ 20,933	\$ ----
Transfers out	<u>(2,311,140)</u>	<u>----</u>
Total other financing sources (uses)	<u>\$(2,290,207)</u>	<u>\$ ----</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 91,343	\$ ----
Fund balances at beginning of year	<u>774,697</u>	<u>149,525</u>
Fund balances at end of year	<u>\$ 866,040</u>	<u>\$ 149,525</u>

<u>Section-8 Existing Housing</u>	<u>Totals</u>
\$ ----	\$ 3,661,218
112,188	124,596
----	39,631
----	215
<u>\$ 112,188</u>	<u>\$ 3,825,660</u>
\$ 105,226	\$ 294,086
----	1,143,062
<u>\$ 105,226</u>	<u>\$ 1,437,148</u>
<u>\$ 6,962</u>	<u>\$ 2,388,512</u>
\$ ----	\$ 20,933
----	(2,311,140)
<u>\$ ----</u>	<u>\$ (2,290,207)</u>
\$ 6,962	\$ 98,305
<u>45,810</u>	<u>970,032</u>
<u>\$ 52,772</u>	<u>\$ 1,068,337</u>

CITY OF DERIDDER

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES -
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Sales Tax</u>		
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes:			
Current	\$ 3,660,000	\$ 3,661,218	\$ 1,218
Intergovernmental	12,408	12,408	---
Interest	36,400	39,631	3,231
Miscellaneous	---	215	215
Total revenues	<u>\$ 3,708,808</u>	<u>\$ 3,713,472</u>	<u>\$ 4,664</u>
Expenditures:			
General government:			
Salaries and related benefits	\$ 91,400	\$ 90,802	\$ 598
Supplies	1,700	1,352	348
Other services and charges	98,500	91,121	7,379
Capital outlay	12,000	5,585	6,415
Total general government	<u>\$ 203,600</u>	<u>\$ 188,860</u>	<u>\$ 14,740</u>
Public works:			
Highways and streets:			
Salaries and related benefits	\$ 454,600	\$ 444,293	\$ 10,307
Supplies	48,000	51,760	(3,760)
Other services and charges	253,250	249,066	4,184
Capital outlay	50,000	42,969	7,031
Total highways and streets	<u>\$ 805,850</u>	<u>\$ 788,088</u>	<u>\$ 17,762</u>
Sanitation	<u>\$ 356,000</u>	<u>\$ 354,974</u>	<u>\$ 1,026</u>
Total public works	<u>\$ 1,161,850</u>	<u>\$ 1,143,062</u>	<u>\$ 18,788</u>
Total expenditures	<u>\$ 1,365,450</u>	<u>\$ 1,331,922</u>	<u>\$ 33,528</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,343,358</u>	<u>\$ 2,381,550</u>	<u>\$ 38,192</u>

<u>Economic Development</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ ----	\$ ----	\$ ----
----	----	----
----	----	----
----	----	----
<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>
\$ ----	\$ ----	\$ ----
----	----	----
----	----	----
----	----	----
<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>
\$ ----	\$ ----	\$ ----
----	----	----
----	----	----
----	----	----
<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>
<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>
\$ ----	\$ ----	\$ ----
----	----	----
----	----	----
----	----	----
<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>
\$ ----	\$ ----	\$ ----
----	----	----
----	----	----
----	----	----
<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>

(Continued)

CITY OF DERIDDER
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
For the Fiscal Year Ended September 30, 1998

	Section 8 Existing Housing		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes:			
Current	\$ ---	\$ ---	\$ ---
Intergovernmental	110,845	112,188	1,343
Interest	---	---	---
Miscellaneous	---	---	---
	\$ 110,845	\$ 112,188	\$ 1,343
Total revenues			
Expenditures:			
General government:			
Salaries and related benefits	\$ 3,875	\$ 3,875	\$ ---
Supplies	---	---	---
Other services and charges	106,970	101,351	5,619
Capital outlay	---	---	---
Total general government	\$ 110,845	\$ 105,226	\$ 5,619
Public works:			
Highways and streets:			
Salaries and related benefits	\$ ---	\$ ---	\$ ---
Supplies	---	---	---
Other services and charges	---	---	---
Capital outlay	---	---	---
Total highways and streets	\$ ---	\$ ---	\$ ---
Sanitation	\$ ---	\$ ---	\$ ---
Total public works	\$ ---	\$ ---	\$ ---
Total expenditures	\$ 110,845	\$ 105,226	\$ 5,619
Excess (deficiency) of revenues over expenditures	\$ ---	\$ 6,962	\$ 6,962

<u>Totals</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 3,660,000	\$ 3,661,218	\$ 1,218
123,253	124,596	1,343
36,400	39,631	3,231
---	215	215
<u>\$ 3,819,653</u>	<u>\$ 3,825,660</u>	<u>\$ 6,007</u>
\$ 95,275	\$ 94,677	\$ 598
1,700	1,352	348
205,470	192,472	12,998
<u>12,000</u>	<u>5,585</u>	<u>6,415</u>
<u>\$ 314,445</u>	<u>\$ 294,086</u>	<u>\$ 20,359</u>
\$ 454,600	\$ 444,293	\$ 10,307
48,000	51,760	(3,760)
253,250	249,066	4,184
<u>50,000</u>	<u>42,969</u>	<u>7,031</u>
<u>\$ 805,850</u>	<u>\$ 788,088</u>	<u>\$ 17,762</u>
<u>\$ 356,000</u>	<u>\$ 354,974</u>	<u>\$ 1,026</u>
<u>\$ 1,161,850</u>	<u>\$ 1,143,062</u>	<u>\$ 18,788</u>
<u>\$ 1,476,295</u>	<u>\$ 1,437,148</u>	<u>\$ 39,147</u>
<u>\$ 2,343,358</u>	<u>\$ 2,388,512</u>	<u>\$ 45,154</u>
		(Continued)

CITY OF DERIDDER

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES -
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Sales Tax</u>		Variance - Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Other financing sources (uses):			
Transfers in			
General fund	\$ 10,000	\$ 10,000	\$ ---
Capital projects fund	---	1,051	1,051
Debt service fund	10,000	9,882	(118)
Transfers out			
Debt service fund	(1,315,000)	(1,029,000)	286,000
General fund	(714,000)	(996,318)	(282,318)
Capital projects funds	(140,812)	(140,812)	---
Utility fund	(145,000)	(145,010)	(10)
Total other financing sources (uses)	<u>\$(2,294,812)</u>	<u>\$(2,290,207)</u>	<u>\$ 4,605</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 48,546	\$ 91,343	\$ 42,797
Fund balance at beginning of year	<u>774,697</u>	<u>774,697</u>	<u>---</u>
Fund balance at end of year	<u>\$ 823,243</u>	<u>\$ 866,040</u>	<u>\$ 42,797</u>

<u>Economic Development</u>			
<u>Budget</u>	<u>Actual</u>		<u>Variance - Favorable (Unfavorable)</u>
\$ ---	\$ ---	\$	---
---	---		---
---	---		---
---	---		---
---	---		---
---	---		---
---	---		---
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$</u>	<u>---</u>
\$ ---	\$ ---	\$	---
<u>149,525</u>	<u>149,525</u>		<u>---</u>
<u>\$ 149,525</u>	<u>\$ 149,525</u>	<u>\$</u>	<u>---</u>

(Continued)

CITY OF DERIDDER

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES -
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 1998

	<u>Section-8 Existing Housing</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Other financing sources (uses):			
Transfers in			
General fund	\$ ---	\$ ----	\$ ---
Capital project fund	-----	-----	-----
Debt service fund	-----	-----	-----
Transfers out			
Debt service fund	-----	-----	-----
General fund	-----	-----	-----
Capital projects funds	-----	-----	-----
Utility fund	-----	-----	-----
Total other financing sources (uses)	<u>\$ ---</u>	<u>\$ ----</u>	<u>\$ ---</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ ----	\$ 6,962	\$ 6,962
Fund balance at beginning of year	<u>45,810</u>	<u>45,810</u>	<u>---</u>
Fund balance at end of year	<u>\$ 45,810</u>	<u>\$ 52,772</u>	<u>\$ 6,962</u>

<u>Totals</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 10,000	\$ 10,000	\$ ---
---	1,051	1,051
10,000	9,882	(118)
(1,315,000)	(1,029,000)	286,000
(714,000)	(996,318)	(282,318)
(140,812)	(140,812)	---
<u>(145,000)</u>	<u>(145,010)</u>	<u>(10)</u>
<u>\$ (2,294,812)</u>	<u>\$ (2,290,207)</u>	<u>\$ 4,605</u>
\$ 48,546	\$ 98,305	\$ 49,759
<u>970,032</u>	<u>970,032</u>	<u>---</u>
<u>\$ 1,018,578</u>	<u>\$ 1,068,337</u>	<u>\$ 49,759</u>

(Concluded)

DEBT SERVICE FUNDS

1973 Sewer Improvement Bonds - to accumulate monies for payment of the 1973 \$1,400,000, utility revenue bonds at interest rates ranging from 5.25% to 6%.

Public Improvement Bonds (Consolidated Sinking Fund; Certificates of Indebtedness Series 1991 and 1992) - to accumulate monies for payment of the various series of sales tax bond issues used for street and sewer improvements. The interest rates vary by year and issue.

Debt Service Reserve Fund - to accumulate monies to provide for contingencies in repayment of public indebtedness.

Street Improvement Assessment Funds (Phase 5 Street Improvements; Phase 6 & 7 Street Improvements; Contingency Fund for Street Improvements) - to account for the costs of paving streets in certain areas (districts) within the City.

Certificates of Indebtedness, Series 1996 - to accumulate monies for payment of the 1996 \$720,000 certificates of indebtedness at an interest rate of 8.50%.

Certificates of Indebtedness, Series 1997 - to accumulate monies for payment of the 1997 \$1,320,000 certificates of indebtedness at an interest rate of 5.50%.

Public Improvement Refunding Bonds, Series ST-1998 - to accumulate monies for the payment of principal and interest falling due on the ST 1998 \$1,570,000 bond issue with interest cost of 4.60%.

CITY OF DERIDDER
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 1998

<u>ASSETS</u>	<u>Phase 5 Street Improvement</u>	<u>Phase 6 & 7 Street Improvement</u>	<u>Contingency Fund</u>
Cash	\$ 1,743	\$ 1,861	\$ 196
Special assessment receivable -			
Current	---	---	---
Delinquent	14,656	9,382	---
Accrued interest	11,373	11,509	---
Due from other funds	---	---	27,301
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 27,772	\$ 22,752	\$ 27,497
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ 5,438	\$ 21,863	\$ ---
Fund balances:			
Reserved for debt service	\$ 22,334	\$ 889	\$ 27,497
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 27,772	\$ 22,752	\$ 27,497

Certificate of <u>Indebtedness</u> Series 1992	Consolidated Sinking Fund	Sewer Improvement Bonds District #1 1973	Reserve Fund
\$ 410,427	\$ 104,999	\$ 13,713	\$ ---
---	---	---	---
---	---	---	---
---	---	---	---
<u>\$ 410,427</u>	<u>\$ 104,999</u>	<u>\$ 13,713</u>	<u>\$ ---</u>
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
<u>\$ 410,427</u>	<u>\$ 104,999</u>	<u>\$ 13,713</u>	<u>\$ ---</u>
<u>\$ 410,427</u>	<u>\$ 104,999</u>	<u>\$ 13,713</u>	<u>\$ ---</u>

(Continued)

CITY OF DERIDDER

Schedule 7

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET
September 30, 1998

<u>ASSETS</u>	<u>Certificates of Indebtedness Series 1996</u>	<u>Certificates of Indebtedness Series 1997</u>	<u>Totals</u>
Cash	\$ 947	\$ 30,897	\$ 564,783
Special assessment receivable -			
Current	---	---	---
Delinquent	---	---	24,038
Accrued interest	---	---	22,882
Due from other funds	---	---	<u>27,301</u>
 Total assets	 <u>\$ 947</u>	 <u>\$ 30,897</u>	 <u>\$ 639,004</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 27,301</u>
Fund balances:			
Reserved for debt service	<u>\$ 947</u>	<u>\$ 30,897</u>	<u>\$ 611,703</u>
 Total liabilities and fund balances	 <u>\$ 947</u>	 <u>\$ 30,897</u>	 <u>\$ 639,004</u>

(Concluded)

CITY OF DERIDDER

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 1998

	<u>Phase 5 Street Improvement</u>	<u>Phase 6 & 7 Street Improvement</u>	<u>Contingency Fund</u>
Revenues:			
Special assessments	\$ ---	\$ 48	\$ ---
Interest	5	3	---
Miscellaneous	---	188	---
Total revenues	<u>\$ 5</u>	<u>\$ 239</u>	<u>\$ ---</u>
Expenditures:			
Principal retirement	\$ ---	\$ ---	\$ ---
Payment to refunded bond escrow agent	---	---	---
Interest and fiscal charges	---	---	---
Legal fees	---	---	---
Bond call premium	---	---	---
Miscellaneous	---	386	---
Total expenditures	<u>\$ ---</u>	<u>\$ 386</u>	<u>\$ ---</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 5</u>	<u>\$ (147)</u>	<u>\$ ---</u>
Other financing sources (uses):			
Transfers in	\$ ---	\$ ---	\$ ---
Transfers out	---	---	---
Proceeds from refunding bonds	---	---	---
Total other financing sources (uses)	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 5</u>	<u>\$ (147)</u>	<u>\$ ---</u>
Fund balances at beginning of year	<u>22,329</u>	<u>1,036</u>	<u>27,497</u>
Fund balances at end of year	<u>\$ 22,334</u>	<u>\$ 889</u>	<u>\$ 27,497</u>

Schedule 8

Certificate of Indebtedness Series 1992	Consolidated Sinking Fund	Sewer Improvement Bonds District #1 1973	Reserve Fund
\$ --- 9,456 ---	\$ --- 10,671 ---	\$ --- --- ---	\$ --- 27,613 ---
<u>\$ 9,456</u>	<u>\$ 10,671</u>	<u>\$ ---</u>	<u>\$ 27,613</u>
\$ 235,000 --- 52,875 --- --- ---	\$ 560,770 1,570,000 261,890 15,700 31,900 ---	\$ --- --- 850 --- --- ---	\$ 704,230 --- --- --- --- ---
<u>\$ 287,875</u>	<u>\$ 2,440,260</u>	<u>\$ 850</u>	<u>\$ 704,230</u>
<u>\$ (278,419)</u>	<u>\$ (2,429,589)</u>	<u>\$ (850)</u>	<u>\$ (676,617)</u>
\$ 286,800 --- ---	\$ 661,200 (220,883) 1,570,000	\$ --- --- ---	\$ --- --- ---
<u>\$ 286,800</u>	<u>\$ 2,010,317</u>	<u>\$ ---</u>	<u>\$ ---</u>
\$ 8,381 402,046	\$ (419,272) 524,271	\$ (850) 14,563	\$ (676,617) 676,617
<u>\$ 410,427</u>	<u>\$ 104,999</u>	<u>\$ 13,713</u>	<u>\$ ---</u> (Continued)

CITY OF DERIDDER

Schedule 8

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 1998

	Certificate of <u>Indebtedness</u> Series <u>1996</u>	Certificate of <u>Indebtedness</u> Series <u>1997</u>	<u>Totals</u>
Revenues:			
Special assessments	\$ ---	\$ ---	\$ 48
Interest	1,129	1,885	50,762
Miscellaneous	---	---	188
Total revenues	<u>\$ 1,129</u>	<u>\$ 1,885</u>	<u>\$ 50,998</u>
Expenditures:			
Principal retirement	\$ 672,000	\$ 100,000	\$ 2,272,000
Payment to refunded bond escrow agent	---	---	1,570,000
Interest and fiscal charges	38,547	72,600	426,762
Legal fees	---	---	15,700
Bond call premium	---	---	31,900
Miscellaneous	---	---	386
Total expenditures	<u>\$ 710,547</u>	<u>\$ 172,600</u>	<u>\$ 4,316,748</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (709,418)</u>	<u>\$ (170,715)</u>	<u>\$(4,265,750)</u>
Other financing sources (uses):			
Transfers in	\$ 708,548	\$ 172,800	\$ 1,829,348
Transfers out	---	---	(220,883)
Proceeds from refunding bonds	---	---	1,570,000
Total other financing sources (uses)	<u>\$ 708,548</u>	<u>\$ 172,800</u>	<u>\$ 3,178,465</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (870)	\$ 2,085	\$(1,087,285)
Fund balances at beginning of year	<u>1,817</u>	<u>28,812</u>	<u>1,698,988</u>
Fund balances at end of year	<u>\$ 947</u>	<u>\$ 30,897</u>	<u>\$ 611,703</u> (Concluded)

CAPITAL PROJECTS FUNDS

Sludge Management Project - to account for the financing, construction, and the further expansions and improvements of water and wastewater systems.

Street Construction - to account for the financing, construction, and further improvements of certain streets within the city limits for general public use.

Drainage Construction Project - to account for the construction of and improvements to drainage ditches in the Twin Lakes/Park Avenue area of the city.

Main Street Program - to account for the repair, restoration, and renovation of historic buildings in the downtown DeRidder area.

LCDBG Sewer Project - to account for Louisiana Community Development Block Grant funds used for extension and improvement to existing sewer lines.

City Hall Building Fund - to account for funds used in the expansion and renovations to the City Hall Building.

Historical Enhancement Fund - to account for funds used in the development and maintenance of the historic district in downtown DeRidder.

CITY OF DERIDDER
 CAPITAL PROJECTS FUND
 COMBINING BALANCE SHEET
 September 30, 1998

<u>ASSETS</u>	<u>Sludge Management Project</u>	<u>Street Construction</u>
Cash	\$ 38,757	\$ 166,084
Grants receivable	---	---
Due from other funds	---	---
Total assets	<u>\$ 38,757</u>	<u>\$ 166,084</u>
 <u>LIABILITIES AND FUND BALANCES</u> 		
Liabilities:		
Accounts payable	\$ ---	\$ ---
Contracts payable	---	31,810
Due to other funds	<u>1,875</u>	<u>---</u>
Total liabilities	<u>\$ 1,875</u>	<u>\$ 31,810</u>
Fund balances:		
Unreserved/undesignated	\$ 36,882	\$ ---
Designated for subsequent years expenditures	<u>---</u>	<u>134,274</u>
Total fund balance	<u>\$ 36,882</u>	<u>\$ 134,274</u>
Total liabilities and fund balances	<u>\$ 38,757</u>	<u>\$ 166,084</u>

Schedule 9

<u>Historical Enhancement Fund</u>	<u>Drainage Construction Project</u>	<u>Main Street Program</u>	<u>FY96 LCDBG Sewer Project</u>	<u>City Hall Building Fund</u>	<u>Totals</u>
\$ 13,900	\$ ---	\$ 9,471	\$ 5	\$ 230,616	\$ 458,833
---	---	2,586	---	---	2,586
---	---	161	---	---	161
<u>\$ 13,900</u>	<u>\$ ---</u>	<u>\$12,218</u>	<u>\$ 5</u>	<u>\$ 230,616</u>	<u>\$ 461,580</u>
\$ ---	\$ ---	\$ 5,143	\$ ---	\$ ---	\$ 5,143
---	---	---	8,245	11,236	51,291
---	---	5,005	5	---	6,885
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$10,148</u>	<u>\$ 8,250</u>	<u>\$ 11,236</u>	<u>\$ 63,319</u>
\$ 13,900	\$ ---	\$ ---	\$ ---	\$ ---	\$ 50,782
---	---	2,070	(8,245)	219,380	347,479
<u>\$ 13,900</u>	<u>\$ ---</u>	<u>\$ 2,070</u>	<u>\$ (8,245)</u>	<u>\$ 219,380</u>	<u>\$ 398,261</u>
<u>\$ 13,900</u>	<u>\$ ---</u>	<u>\$12,218</u>	<u>\$ 5</u>	<u>\$ 230,616</u>	<u>\$ 461,580</u>

CITY OF DERIDDER

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

For the Fiscal Year Ended September 30, 1998

	<u>Sludge Management Project</u>	<u>Street Construction</u>
Revenues:		
Intergovernmental	\$ ---	\$ ---
Interest	861	18,666
Total revenues	<u>\$ 861</u>	<u>\$ 18,666</u>
Expenditures:		
Salaries	\$ ---	\$ ---
Supplies	---	---
Other cost and charges	---	---
Travel and conferences	---	---
Engineering and other	---	30,460
Construction contracts	---	343,746
Capital outlay	---	---
Total expenditures	<u>\$ ---</u>	<u>\$ 374,206</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 861</u>	<u>\$ (355,540)</u>
Other financing sources (uses):		
Transfers in	\$ ---	190,895
Transfers out	---	(65,895)
Total other financing sources (uses)	<u>\$ ---</u>	<u>\$ 125,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 861</u>	<u>\$ (230,540)</u>
Fund balances at beginning of year	<u> 36,021</u>	<u> 364,814</u>
Fund balances at end of year	<u>\$ 36,882</u>	<u>\$ 134,274</u>

Schedule 10

<u>Historical Enhancement Fund</u>	<u>Drainage Construction Project</u>	<u>Main Street Program</u>	<u>FY 96 LCDBG Sewer Project</u>	<u>City Hall Building Fund</u>	<u>Totals</u>
\$ ---	\$ ---	\$ 19,480	\$ ---	\$ ---	\$ 19,480
---	25	---	---	44,052	63,604
<u>\$ ---</u>	<u>\$ 25</u>	<u>\$ 19,480</u>	<u>\$ ---</u>	<u>\$ 44,052</u>	<u>\$ 83,084</u>
\$ ---	\$ ---	\$ 18,000	\$ ---	\$ ---	\$ 18,000
---	---	2,023	---	---	2,023
---	---	1,538	---	---	1,538
---	---	1,166	---	---	1,166
1,200	---	---	---	33,396	65,056
---	---	10,086	---	912,238	1,266,070
---	---	---	---	126,809	126,809
<u>\$ 1,200</u>	<u>\$ ---</u>	<u>\$ 32,813</u>	<u>\$ ---</u>	<u>\$ 1,072,443</u>	<u>\$ 1,480,662</u>
<u>\$ (1,200)</u>	<u>\$ 25</u>	<u>\$ (13,333)</u>	<u>\$ ---</u>	<u>\$ (1,028,391)</u>	<u>\$ (1,397,578)</u>
\$ 15,100	\$ ---	\$ 15,812	\$ 515,163	\$ ---	\$ 736,970
---	(1,051)	---	(525,209)	(160,000)	(752,155)
<u>\$ 15,100</u>	<u>\$ (1,051)</u>	<u>\$ 15,812</u>	<u>\$ (10,046)</u>	<u>\$ (160,000)</u>	<u>\$ (15,185)</u>
\$ 13,900	\$ (1,026)	\$ 2,479	\$ (10,046)	\$ (1,188,391)	\$ (1,412,763)
---	1,026	(409)	1,801	1,407,771	1,811,024
<u>\$ 13,900</u>	<u>\$ ---</u>	<u>\$ 2,070</u>	<u>\$ (8,245)</u>	<u>\$ 219,380</u>	<u>\$ 398,261</u>

11,004 03,004

PROPRIETARY FUNDS

ENTERPRISE FUND

Water and Sewer Fund - to account for the provisions of 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.

INTERNAL SERVICE FUND

Self Insurance Fund - to account for money charged to and collected from other funds for the cost of insurance premiums, deductibles and claims not covered by the City's insurance carrier.

CITY OF DERIDDER
WATER AND SEWER ENTERPRISE FUND

BALANCE SHEET
September 30, 1998

ASSETS

Current assets:

Cash	\$ 419,452
Accounts receivable, net of allowance for uncollectible accounts (\$1,397)	146,202
Accrued interest receivable	609
Prepaid insurance	18,300
Due from general fund	67,779
Due from capital projects	1,880
Total current assets	<u>\$ 654,222</u>

Restricted assets, cash:

Customer deposits	\$ 131,244
Capital additions and contingency account	241,542
Depreciation and contingency account	752,606
State reimbursement contract	18,377
Sewer contingency account	379,334
Total restricted assets	<u>\$ 1,523,103</u>

Property, plant, and equipment:

Land	\$ 53,921
Plant and equipment, at cost, net of accumulated depreciation (\$8,951,580)	<u>19,352,142</u>
Total property, plant and equipment	<u>\$ 19,406,063</u>

Total assets \$ 21,583,388

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities (payable from
current assets):

Accounts payable	\$ 36,676
Payroll taxes payable	19,500
Due to general fund	<u>1,634</u>
Total current liabilities (payable from current assets)	<u>\$ 57,810</u>

Current liabilities (payable from
restricted assets):

Customer deposits	\$ 126,043
Contracts payable	<u>16,100</u>
Total current liabilities (payable from restricted assets)	<u>\$ 142,143</u>

Long-term liabilities:

Compensated absences payable	<u>\$ 153,142</u>
Total liabilities	<u>\$ 353,095</u>

Fund equity:

Contributed capital	<u>\$ 23,117,433</u>
Retained earnings:	
Reserved	\$ 1,382,556
Unreserved	<u>(3,269,696)</u>
Total retained earnings	<u>\$ (1,887,140)</u>
Total fund equity	<u>\$ 21,230,293</u>
Total liabilities and fund equity	<u>\$ 21,583,388</u>

WATER AND SEWER ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS

For the Fiscal Year September 30, 1998

Operating revenues:	
Charges for services:	
Water sales and service fees	\$ 881,856
Sewer service charges	785,377
Delinquent charges	31,184
Sales tax fees	<u>23,929</u>
Total operating revenues	<u>\$ 1,722,346</u>
Operating expenses:	
Water department expenses	\$ 599,605
Sewer department expenses	693,695
Sewer plant expenses	484,083
General and administrative expenses	<u>256,478</u>
Total operating expenses	<u>\$ 2,033,861</u>
Operating income (loss)	<u>\$ (311,515)</u>
Nonoperating revenues (expenses):	
Interest income	\$ 66,036
Transfers from sales tax fund	145,010
Transfers from capital projects funds	525,209
Transfers to capital projects	(515,163)
Transfer to debt service	(148,548)
Interest expense	(5,405)
Amortization of bond issue costs	(1,218)
Sale of assets	<u>1,500</u>
Total nonoperating revenues (expenses)	<u>\$ 67,421</u>
Net income (loss)	\$ (244,094)
Retained earnings at beginning of year	<u>\$ (1,643,046)</u>
Retained earnings at end of year	<u>\$ (1,887,140)</u>

WATER AND SEWER ENTERPRISE FUND

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 1998

	<u>Enterprise</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,712,017
Cash payments to suppliers for goods and services	(612,340)
Cash payments for employee services and employee related fringe benefits	<u>(722,875)</u>
Net cash provided by operating activities	<u>\$ 376,802</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 670,219
Transfers to other funds	<u>(663,711)</u>
Net cash provided for noncapital financing activities	<u>\$ 6,508</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (807,481)
Principal paid on bond maturities	(110,000)
Interest paid on bond maturities	(6,490)
Sale of assets	1,500
Contributed capital received	<u>400,000</u>
Net cash used for capital and related financing activities	<u>\$ (522,471)</u>
Cash flows from investing activities:	
Interest on cash management activities	<u>\$ 66,036</u>
Net increase in cash and cash equivalents	\$ (73,125)
Cash and cash equivalents, beginning of year	<u>2,015,680</u>
Cash and cash equivalents, end of year	<u>\$ 1,942,555</u>

(Continued)

WATER AND SEWER ENTERPRISE FUND

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 1998

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>Enterprise</u>
Operating loss	<u>\$ (311,515)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	\$ 718,263
Increase in accounts receivable	(13,486)
Decrease in accounts payable	(35,162)
Increase in payroll taxes payable	717
Increase in contracts payable	1,200
Increase in customer deposits	3,157
Increase in compensated absences	11,983
Decrease in prepaid insurance	<u>1,645</u>
Total adjustments	<u>\$ 688,317</u>
Net cash provided by operating activities	<u>\$ 376,802</u>
	(Concluded)

CITY OF DERIDDER

Schedule 14

WATER AND SEWER ENTERPRISE FUND

STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
For Fiscal Year Ended September 30, 1998

Water:

Salaries and related benefits	\$ 255,619
Auto and truck maintenance	13,501
Operating supplies	70,410
Equipment maintenance	9,105
Dues	150
Insurance	17,843
Water treatment	54,139
Utilities	50,193
Telephone	159
Depreciation	122,938
Training	285
Travel	107
Uniforms	3,890
Safety wear	1,266
	<u>\$ 599,605</u>

Sewer Maintenance:

Salaries and related benefits	\$ 179,414
Auto and truck maintenance	5,629
Operating supplies	18,872
Equipment maintenance	7,211
Dues	50
Miscellaneous	13,481
Testing fees	2,039
Insurance	11,460
Utilities	48,238
Uniforms	1,166
Safety wear	679
Depreciation	402,158
Training	40
Travel	8
Equipment rental	3,250
	<u>\$ 693,695</u>

(Continued)

WATER AND SEWER ENTERPRISE FUND

Schedule 14

STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
For Fiscal Year Ended September 30, 1998

Sewer Plant:

Salaries and related benefits	\$	121,761
Auto and truck maintenance		3,577
Operating supplies		32,299
Equipment maintenance		32,223
Testing fees		14,134
Insurance		10,254
Utilities		62,619
Telephone		1,733
Uniforms		2,122
Maintenance analysis		919
Fees\permits		4,867
Safety wear		464
Lab expense		5,324
Depreciation		190,615
Travel		622
Training		550
	\$	<u>484,083</u>

General and Administrative:

Salaries and related benefits	\$	178,781
Office supplies		552
Operating supplies		5,943
Telephone		121
Computer service		1,938
Insurance		7,919
Legal and professional		10,000
Postage		11,748
Office rent		12,000
Depreciation		2,552
State sales tax		23,364
Agent fees		200
State reimbursement contract		1,200
Training		160
	\$	<u>256,478</u>

Total operating expenses

\$ 2,033,861

(Concluded)

INTERNAL SERVICE FUND - SELF INSURANCE FUND

BALANCE SHEET
September 30, 1998

	<u>Self Insurance Fund</u>
<u>ASSETS</u>	
Cash	\$ <u>189,414</u>
<u>FUND EQUITY</u>	
Fund Equity:	
Contributed capital	\$ 131,563
Unreserved retained earnings	<u>57,851</u>
Total fund equity	\$ <u>189,414</u>

INTERNAL SERVICE FUND - SELF INSURANCE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 1998

	<u>Self Insurance Fund</u>
Operating revenues	\$ <u>47,021</u>
Operating expenses:	
Claims and cost	\$ <u>58,249</u>
Operating income (loss)	\$ <u>(11,228)</u>
Non-operating revenues (expenses):	
Interest income	\$ <u>52,825</u>
Net income (loss)	\$ 41,597
Retained earnings at beginning of year	<u>16,254</u>
Retained earnings at end of year	\$ <u>57,851</u>

INTERNAL SERVICE FUND

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
For the Fiscal Year Ended September 30, 1998

	<u>Self Insurance Fund</u>
Cash flows from operating activities:	
Changes for services	\$ 47,021
Claims and cost	<u>(58,249)</u>
Net cash provided by operating activities:	<u>\$ (11,228)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 52,825</u>
Net (increase) in cash & cash equivalents	\$ 41,597
Cash and cash equivalents, beginning of year	<u>\$ 147,817</u>
Cash and cash equivalents, end of year	<u>\$ 189,414</u>

CITY OF DERIDDER

WATER AND SEWER ENTERPRISE FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS-RESTRICTED ACCOUNTS
 REQUIRED BY REVENUE BOND ORDINANCE
 For the Fiscal Year Ended September 30, 1998

	<u>\$635,000 Waterworks Utility Revenue Bond</u>		<u>Sewer Contingency Fund</u>
	<u>Construction Contingency</u>	<u>Reimbursement Contract</u>	
Cash and investments at beginning of year	\$ 162,215	\$ 16,876	\$ 417,417
Cash receipts:			
Transfers in	\$ 152,000	\$ 1,200	\$ 145,010
Interest received	5,977	301	15,882
State grant received	---	---	---
Deposits collected	---	---	---
Total cash receipts	<u>\$ 157,977</u>	<u>\$ 1,501</u>	<u>\$ 160,892</u>
Total cash and investments available	<u>\$ 320,192</u>	<u>\$ 18,377</u>	<u>\$ 578,309</u>
Cash disbursements:			
Supplies	\$ ---	\$ ---	\$ ---
Repairs	6,846	---	32,385
Capital expenditures	71,804	---	42,818
Interest/paying agent fees	---	---	---
Principal payments	---	---	---
Deposits refunded	---	---	---
Transfers out	---	---	123,772
Total cash disbursements	<u>\$ 78,650</u>	<u>\$ ---</u>	<u>\$ 198,975</u>
Cash and investments at end of year	<u>\$ 241,542</u>	<u>\$ 18,377</u>	<u>\$ 379,334</u>

<u>\$1,400,000 Utility Revenue Bonds</u>				
<u>Sinking Fund</u>	<u>Bond Reserve</u>	<u>Depreciation and Contingency</u>	<u>Customer Deposits</u>	<u>Total</u>
\$ 8,060	\$ 257,040	\$ 621,803	\$ 162,063	\$1,645,474
\$ ---	\$ 4,853	\$ 230,000	\$ ---	\$ 533,063
138	5,010	21,608	3,551	52,467
---	---	---	---	---
---	---	---	32,946	32,946
<u>\$ 138</u>	<u>\$ 9,863</u>	<u>\$ 251,608</u>	<u>\$ 36,497</u>	<u>\$ 618,476</u>
\$ 8,198	\$ 266,903	\$ 873,411	\$ 198,560	\$2,263,950
\$ ---	\$ ---	\$ ---	\$ 44	\$ 44
---	---	---	---	39,231
---	---	120,805	---	235,427
3,345	3,345	---	---	6,690
---	110,000	---	---	110,000
---	---	---	33,272	33,272
4,853	153,558	---	34,000	316,183
<u>\$ 8,198</u>	<u>\$ 266,903</u>	<u>\$ 120,805</u>	<u>\$ 67,316</u>	<u>\$ 740,847</u>
\$ ---	\$ ---	\$ 752,606	\$ 131,244	\$1,523,103

CITY OF DERIDDER

Schedule 19

Schedule of Compensation of Board Members
For the Fiscal Year ended September 30, 1998

Vincent Labue (President)	\$ 3,600
Estella Scott (Vice President)	3,600
Hayward Steele	3,600
Johnnie Mango	3,600
Kerry Anderson	3,600
Wayne Thomas	3,600
Gordon Jenkins	<u>3,600</u>
	<u>\$ 25,200</u>

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year ended September 30, 1998

Prior Audit Findings

Audit Finding No. 1

Initial occurrence - September 30, 1997

Policy and Procedures Manual

Finding:

The policy and procedures manual is not updated currently for policies and procedures passed by council action. Policies were on hand but had not been incorporated into the manual. Actions taken by the Civil Service Board had not been followed up on by similar policy changes which should be made by the council.

Corrective action taken - Yes

Audit Finding No. 2

Initial occurrence - September 30, 1997

Special Revenue Fund - Economic Development

Finding:

The Jo Mar economic development fund has had no activity in years. The fund has a receivable from the prior owners of \$151,286. The owners cannot be found and the fund continues to be on the books of the City, year after year, with no activity.

Corrective Action taken - Yes

Audit Finding No. 3

Initial occurrence - September 30, 1997

Purchasing

Finding:

Not all quotes received by phone for purchases were documented. A written list of employees authorized for purchasing is not on hand for the purchasing agent. The purchasing ordinance and policy was passed by the council prior to the implementation of a new purchasing system installed this year and needs to be updated.

Corrective action taken - Yes

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 1998

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>FEDERAL DISBURSEMENTS/ EXPENDITURES</u>
<u>United States Department of Housing and Urban Development</u>		
Passed through State Division of Administration		
Community Development Block Grants/ State's Program (State Administered Small Cities Program)	14.228	\$ 400,000
Lower Income Housing Assistance Program	14.156	105,226
<u>United States Department of Justice</u>		
Passed through Louisiana Commission on Law Enforcement		
Law Enforcement Equipment	16.592	<u>3,578</u>
Total		<u>\$ 508,804</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A-SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

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

The Honorable Gerald Johnson, Mayor
and the Members of The City Council
City of DeRidder, Louisiana

I have audited the general purpose financial statements of the City of DeRidder, Louisiana, as of and for the year ended September 30, 1998, and have issued my report thereon dated March 17, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Compliance

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


Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of DeRidder, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over

The Honorable Gerald Johnson, Mayor
and the Members of The City Council
City of DeRidder, Louisiana
Page 2

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management, the City Council and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


DeRidder, Louisiana
March 17, 1999

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

The Honorable Gerald Johnson, Mayor
and the Members of The City Council
City of DeRidder, Louisiana

Compliance

I have audited the compliance of the City of DeRidder, Louisiana, with the types of compliance requirements described in the U.S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENTAL that are applicable to each of its major federal programs for the year ended September 30, 1998. The City of DeRidder, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of DeRidder, Louisiana's management. My responsibility is to express an opinion on the City of DeRidder, Louisiana's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of DeRidder, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the City of DeRidder, Louisiana's compliance with those requirements.

In my opinion, the City of DeRidder, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1998.


The Honorable Gerald Johnson, Mayor
and the Members of The City Council
City of DeRidder, Louisiana
Page 2

Internal Control Over Compliance

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

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

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


DeRidder, Louisiana
March 17, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of DeRidder, Louisiana.
2. No reportable conditions relating to the audit of general purpose financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of the City of DeRidder, Louisiana were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of DeRidder, Louisiana expresses an unqualified opinion.
6. The programs tested as major programs include:
 - Departments of Housing and Urban Development
Community Development Block Grant/State's Program
(State-Administered Small Cities Program)
CFDA No. 14.228

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended September 30, 1998

7. The threshold for distinguishing Types A and B programs was as follows:

DETERMINING TYPE A PROGRAMS

<u>If Total Federal Awards Expended Are:</u>	<u>A "Type A" Program Is Any Program with Federal Awards Expended of:</u>
\$300,000 to \$100 million	The larger of \$300,000 or 3% (.03) of total federal awards expended
\$100,000,001 to \$10 billion	The larger of \$3 million or .3% (.003) of total federal awards expended
Above \$10 billion	The larger of \$30 million or .15% (.0015) of total federal awards expended

DETERMINING "TYPE B" SMALL PROGRAM FLOOR

<u>If Total Federal Awards Expended Are:</u>	<u>A "Type B" Small Program Floor Applies to Any Program with Federal Awards Expended That Exceed:</u>
\$100 Million or less	The larger of \$100,000 or 3% (.03) of total federal awards expended
Above \$100 Million	The larger of \$300,000 or .03% (.003) of total federal awards expended

8. The City of DeRidder, Louisiana was not determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL PROGRAMS AUDIT

None