

CITY OF DERIDDER
ANNUAL FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT
SEPTEMBER 30, 2003

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

Release Date 4.28.04

CITY OF DERIDDER
SEPTEMBER 30, 2003

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. Collowyn Hodnett

DIRECTOR OF FINANCE

Mrs. Ginny Brand

PUBLIC WORKS DIRECTOR

Mr. Herschell R. Nutt

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, State of 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, 2003, 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 auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that 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 general purpose 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, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated February 5, 2004, 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. That report is an integral part of an audit performed in accordance with GOVERNMENTAL AUDITING STANDARDS and should be read in conjunction with this report in considering the results of my audit.

The Honorable Gerald Johnson, Mayor
Members of the City Council
City of DeRidder, Louisiana
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My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of DeRidder, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is 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 presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

John A. Windham, CPA

DeRidder, Louisiana
February 5, 2004

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

CITY OF DERIDDER

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
For the Fiscal Year Ended September 30, 2003

ASSETS	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Cash	\$ 590,854	\$ 1,643,572	\$ 217,926	\$ 405,934
Receivables:				
Accounts	99,139	11,477	-	-
Special assessments	-	-	21,689	-
Accrued interest	-	-	20,739	-
Prepaid insurance	50,396	43,329	-	-
Due from other funds	1,634	2,325	27,301	-
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	\$ 742,023	\$ 1,700,703	\$ 287,655	\$ 405,934

PROPRIETARY FUND TYPES		ACCOUNT GROUPS		Totals (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$ 320,070	\$ 158,396	\$ -	\$ -	\$ 3,336,752
146,169	-	-	-	256,785
54,056	-	-	-	75,745
1,860	-	-	-	22,599
93,625	-	-	-	187,350
70,593	-	-	-	101,853
1,796,829	-	-	-	1,796,829
57,221	-	391,985	-	449,206
-	-	3,457,637	-	3,457,637
-	-	2,272,311	-	2,272,311
30,317,010	-	-	-	30,317,010
(11,954,088)	-	-	-	(11,954,088)
-	-	-	260,354	260,354
-	-	-	509,646	509,646
-	-	-	438,504	438,504
<u>\$ 20,903,345</u>	<u>\$ 158,396</u>	<u>\$ 6,121,933</u>	<u>\$ 1,208,504</u>	<u>\$ 31,528,493</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
For the Fiscal Year Ended September 30, 2003

<u>LIABILITIES</u>	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Accounts payable	\$ 28,471	\$ 67,073	\$ -	\$ -
Contracts payable	-	-	-	23,066
Employee benefits payable	68,491	25,807	-	-
Current portion of sewerage certificates payable	-	-	-	-
Accrued interest payable	-	-	-	-
Payable from restricted assets:				
Customer deposits	-	-	-	-
Contracts payable	-	-	-	-
Due to other funds	70,584	-	27,301	9
Compensated absences payable	-	-	-	-
Deferred revenues	-	-	-	-
Sewerage certificates payable	-	-	-	-
Certificates of Indebtedness	-	-	-	-
Total liabilities	\$ 167,546	\$ 92,880	\$ 27,301	\$ 23,075

PROPRIETARY FUND TYPES		ACCOUNT GROUPS		Totals (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$ 27,901	\$ 21,775	\$ -	\$ -	\$ 145,220
-	-	-	-	23,066
38,608	-	-	-	132,906
18,236	-	-	-	18,236
5,288	-	-	-	5,288
134,886	-	-	-	134,886
22,100	-	-	-	22,100
3,959	-	-	-	101,853
201,403	-	-	438,504	639,907
53,069	-	-	-	53,069
109,418	-	-	-	109,418
-	-	-	770,000	770,000
<u>\$ 614,868</u>	<u>\$ 21,775</u>	<u>\$ -</u>	<u>\$ 1,208,504</u>	<u>\$ 2,155,949</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

For the Fiscal Year Ended September 30, 2003

<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	166,213	-	-	-
Industrial Park	51,416	-	-	-
City hall building fund	19,735	-	-	-
Mausoleum	15,677	-	-	-
Museum	14,683	-	-	-
Community facilities building	648	-	-	-
Police and fire department				
capital improvements	61,360	-	-	-
Drug task force	3,978	-	-	-
Contingency Fund	37,121	-	-	-
Reserved for debt service	-	-	260,354	-
Unreserved -				
Designated for subsequent				
year's expenditures	-	200,000	-	-
Undesignated	203,646	1,407,823	-	382,859
Total fund equity	\$ 574,477	\$ 1,607,823	\$ 260,354	\$ 382,859
Total liabilities and fund equity	\$ 742,023	\$ 1,700,703	\$ 287,655	\$ 405,934

PROPRIETARY FUND TYPES		ACCOUNT GROUPS		Totals (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$ 23,684,577	\$ 131,563	\$ -	\$ -	\$ 23,816,140
-	-	6,121,933	-	6,121,933
1,566,925	-	-	-	1,566,925
(4,963,025)	5,058	-	-	(4,957,967)
-	-	-	-	166,213
-	-	-	-	51,416
-	-	-	-	19,735
-	-	-	-	15,677
-	-	-	-	14,683
-	-	-	-	648
-	-	-	-	61,360
-	-	-	-	3,978
-	-	-	-	37,121
-	-	-	-	260,354
-	-	-	-	200,000
-	-	-	-	1,994,328
<u>\$ 20,288,477</u>	<u>\$ 136,621</u>	<u>\$ 6,121,933</u>	<u>\$ -</u>	<u>\$ 29,372,544</u>
<u>\$ 20,903,345</u>	<u>\$ 158,396</u>	<u>\$ 6,121,933</u>	<u>\$ 1,208,504</u>	<u>\$ 31,528,493</u>
				(Concluded)

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, 2003

	GOVERNMENTAL	
	General	Special Revenue
Revenues:		
Taxes	\$ 850,495	\$ 3,871,495
Licenses and permits	403,976	-
Intergovernmental	240,380	149,273
LCDBG grant revenue	-	-
Fees, charges and commissions for services	57,902	-
Use of money and property	43,127	22,301
Miscellaneous	9,849	1,761
Total revenues	<u>\$ 1,605,729</u>	<u>\$ 4,044,830</u>
Expenditures:		
General government	\$ 525,060	\$ 575,460
Public safety	2,038,675	-
Public works	-	1,293,634
Culture and recreation	378,731	-
Debt service:		
Principal retirement	27,344	-
Interest and fiscal charges	1,673	-
Capital outlay	-	-
Total expenditures	<u>\$ 2,971,483</u>	<u>\$ 1,869,094</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,365,754)</u>	<u>\$ 2,175,736</u>
Other financing sources (uses):		
Transfers in	\$ 1,554,190	\$ 10,000
Transfers out	(300,488)	(2,228,973)
Museum donations	4,055	-
Gain on sale of assets	1,564	1,619
Total other financing sources (uses)	<u>\$ 1,259,321</u>	<u>\$ (2,217,354)</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>\$ (106,433)</u>	<u>\$ (41,618)</u>
Fund balances at beginning of year	<u>680,910</u>	<u>1,649,441</u>
Fund balances at end of year	<u>\$ 574,477</u>	<u>\$ 1,607,823</u>

FUND TYPES		
Debt Service	Capital Projects	Totals (Memorandum Only)
\$ -	\$ -	\$ 4,721,990
-	-	403,976
-	91,743	481,396
-	520,144	520,144
-	-	57,902
3,162	14,584	83,174
-	-	11,610
<u>\$ 3,162</u>	<u>\$ 626,471</u>	<u>\$ 6,280,192</u>
\$ -	\$ -	\$ 1,100,520
-	-	2,038,675
-	-	1,293,634
-	-	378,731
340,000	-	367,344
58,484	-	60,157
-	1,579,990	1,579,990
<u>\$ 398,484</u>	<u>\$ 1,579,990</u>	<u>\$ 6,819,051</u>
<u>\$ (395,322)</u>	<u>\$ (953,519)</u>	<u>\$ (538,859)</u>
\$ 397,620	\$ 470,252	\$ 2,432,062
-	-	(2,529,461)
-	-	4,055
-	-	3,183
<u>\$ 397,620</u>	<u>\$ 470,252</u>	<u>\$ (90,161)</u>
\$ 2,298	\$ (483,267)	\$ (629,020)
258,056	866,130	3,454,537
<u>\$ 260,354</u>	<u>\$ 382,863</u>	<u>\$ 2,825,517</u>

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, 2003

	GENERAL FUND		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 838,000	\$ 850,495	\$ 12,495
Licenses and permits	403,000	403,976	976
Intergovernmental	257,000	240,380	(16,620)
Fees, charges and commissions for services	62,500	57,902	(4,598)
Use of money and property	44,000	43,127	(873)
Miscellaneous	12,000	9,849	(2,151)
Total revenues	\$ 1,616,500	\$ 1,605,729	\$ (10,771)
Expenditures:			
General government	\$ 525,000	\$ 525,060	\$ (60)
Public safety	2,070,000	2,038,675	31,325
Public works	-	-	-
Culture and recreation	380,000	378,731	1,269
Debt service:			
Principal payment	-	27,344	(27,344)
Interest payment	-	1,673	(1,673)
Capital outlay	-	-	-
Total expenditures	\$ 2,975,000	\$ 2,971,483	\$ 3,517
Excess (deficiency) of revenues over expenditures	\$ (1,358,500)	\$ (1,365,754)	\$ (7,254)
Other financing sources (uses):			
Transfers in	\$ 1,548,810	\$ 1,554,190	\$ 5,380
Transfers out	(296,000)	(300,488)	(4,488)
Museum donations	1,000	4,055	3,055
Gain on sale of assets	3,000	1,564	(1,436)
Total other financing sources (uses):	\$ 1,256,810	\$ 1,259,321	\$ 2,511
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (101,690)	\$ (106,433)	\$ (4,743)
Fund balances at beginning of year	680,910	680,910	-
Fund balances at end of year	\$ 579,220	\$ 574,477	\$ (4,743)

SPECIAL REVENUE FUNDS

Budget	Actual	Variance - Favorable (Unfavorable)
\$ 3,867,000	\$ 3,871,495	\$ 4,495
-	-	-
151,747	149,273	(2,474)
-	-	-
19,000	22,301	3,301
7,261	1,761	(5,500)
<u>\$ 4,045,008</u>	<u>\$ 4,044,830</u>	<u>\$ (178)</u>
\$ 582,625	\$ 575,460	\$ 7,165
-	-	-
1,299,000	1,293,634	5,366
-	-	-
-	-	-
-	-	-
<u>\$ 1,881,625</u>	<u>\$ 1,869,094</u>	<u>\$ 12,531</u>
<u>\$ 2,163,383</u>	<u>\$ 2,175,736</u>	<u>\$ 12,353</u>
\$ 10,000	\$ 10,000	\$ -
(2,229,000)	(2,228,973)	27
-	-	-
1,500	1,619	119
<u>\$ (2,217,500)</u>	<u>\$ (2,217,354)</u>	<u>\$ 146</u>
\$ (54,117)	\$ (41,618)	\$ 12,499
1,649,441	1,649,441	-
<u>\$ 1,595,324</u>	<u>\$ 1,607,823</u>	<u>\$ 12,499</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, 2003

	PROPRIETARY FUND TYPES		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Charges for services:			
Water sales and service fees	\$ 850,923	\$ -	\$ 850,923
Sewer service charge	764,618	-	764,618
Delinquent charges	29,913	-	29,913
Self insurance charges	-	17,159	17,159
Sales tax fees	18,503	-	18,503
Total operating revenues	<u>\$ 1,663,957</u>	<u>\$ 17,159</u>	<u>\$ 1,681,116</u>
Operating expenses:			
Claims and cost	\$ -	\$ 56,259	\$ 56,259
Water department expenses	660,953	-	660,953
Sewer department expenses	740,515	-	740,515
Sewer plant expenses	565,425	-	565,425
Water plant expenses	206,652	-	206,652
General and administrative expenses	313,665	-	313,665
Total operating expenses	<u>\$ 2,487,210</u>	<u>\$ 56,259</u>	<u>\$ 2,543,469</u>
Operating income (loss)	<u>\$ (823,253)</u>	<u>\$ (39,100)</u>	<u>\$ (862,353)</u>
Non-operating revenues (expenses):			
Sewer assessments	\$ 29,498	\$ -	\$ 29,498
Interest income	19,497	13,726	33,223
Interest expense	(6,905)	-	(6,905)
Transfers in	234,510	-	234,510
Transfers out	-	-	-
Miscellaneous	1,804	-	1,804
Gain on sale of assets	3,578	-	3,578
Total non-operating revenues (expenses):	<u>\$ 281,982</u>	<u>\$ 13,726</u>	<u>\$ 295,708</u>
Net income (loss)	<u>\$ (541,271)</u>	<u>\$ (25,374)</u>	<u>\$ (566,645)</u>
Retained earnings/fund balance at beginning of year	<u>(2,854,829)</u>	<u>30,432</u>	<u>(2,824,397)</u>
Retained earnings/fund balance at end of year	<u>\$ (3,396,100)</u>	<u>\$ 5,058</u>	<u>\$ (3,391,042)</u>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Fiscal Year Ended September 30, 2003

	PROPRIETARY FUND TYPES		Totals (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from customers	\$ 1,661,875	\$ 17,159	\$ 1,679,034
Cash payments to suppliers for goods and services	(813,337)	(37,825)	(851,162)
Cash payments for employee services and employee related fringe benefits	(891,106)	-	(891,106)
Net cash provided (used) by operating activities	<u>\$ (42,568)</u>	<u>\$ (20,666)</u>	<u>\$ (63,234)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	\$ 234,510	\$ -	\$ 234,510
Transfers out to other funds	-	-	-
Miscellaneous	1,804	-	1,804
Due from other funds	-	-	-
Net cash provided for noncapital financing activities	<u>\$ 236,314</u>	<u>\$ -</u>	<u>\$ 236,314</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	\$ (756,302)	\$ -	\$ (756,302)
Sewer assessments	29,498	-	29,498
Interest on sewer assessments	4,317	-	4,317
Interest paid on debt	(7,659)	-	(7,659)
Gain on sale of assets	3,578	-	3,578
Principal paid on certificates	(18,236)	-	(18,236)
Contributed capital received	520,144	-	520,144
Net cash used for capital and related financing activities	<u>\$ (224,660)</u>	<u>\$ -</u>	<u>\$ (224,660)</u>

(Continued)

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Fiscal Year Ended September 30, 2003

	PROPRIETARY FUND TYPES		Totals (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from investing activities:			
Interest on cash management activities:	\$ 14,723	\$ 13,726	\$ 28,449
Net decrease in cash and cash equivalents	\$ (16,191)	\$ (6,940)	\$ (23,131)
Cash and cash equivalents, beginning of year	2,133,090	165,336	2,298,426
Cash and cash equivalents, end of year	\$ 2,116,899	\$ 158,396	\$ 2,275,295
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (823,253)	\$ (39,100)	\$ (862,353)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	\$ 792,478	\$ -	\$ 792,478
Increase in accounts receivable	(6,180)	-	(6,180)
Decrease/Increase in accounts payable	(17,821)	18,434	613
Increase in employee benefits payable	3,236	-	3,236
Increase in contracts payable	1,200	-	1,200
Increase in customer deposits	4,098	-	4,098
Increase in compensated absences	21,676	-	21,676
Increase in prepaid insurance	(18,002)	-	(18,002)
Total adjustments	\$ 780,685	\$ 18,434	\$ 799,119
Net cash provided (used) by operating activities:	\$ (42,568)	\$ (20,666)	\$ (63,234)
			(Concluded)

The accompanying notes are an integral part of this statement.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

September 30, 2003

INTRODUCTION

The City of DeRidder was originally 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 \$ 600.00 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 that provide various services to the residents. The City maintains approximately 74 miles of roadways within the city limits.

The City maintains various funds that 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.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

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 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 Components 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 substantially the same, or the organization must provide services entirely to the municipality and blended with the appropriate municipality funds:

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

Section - 8 Existing Housing

Included in the special revenue funds are the financial statements of Section 8 Existing Housing that has a fiscal year ending June 30, 2003. 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, 2003.

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:

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.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

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 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 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.
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

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

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 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 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, 2002 and ending September 30, 2003 the budget was submitted to the City Council on August 26, 2002 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.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

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 in the Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.

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. PREPAID ASSETS

Certain cash accounts of the enterprise fund are set aside for repairs and maintenance of the system and are classified as restricted assets on the balance sheet because their use is limited. Customer deposits held by the utility fund are also classified as restricted assets.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

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
Water plant	5-40 years

L. COMPENSATED ABSENCES

The City of DeRidder's recognition and measurement criterion 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 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.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

No sick leave credit hours accumulated under the old sick leave policy will be lost. Upon retirement or termination, remuneration 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.

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 expenditures 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.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine 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; 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 twenty 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;

55% to pay the cost of providing public safety and fire and police protection services and improving, repairing, operating and maintaining sewers and sewerage collection and disposal works, including the acquisition of furnishings and equipment for any of said purposes;

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.

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

R. BAD DEBTS

Uncollectible amounts due for customers' utility receivables are recognized as bad debts using the direct write-off method. Due to the immateriality of uncollectible receivables an allowance account has not been established.

S. FASB PRONOUNCEMENTS

The City of DeRidder, Louisiana has applied all applicable GASB (Government Accounting Standards Board) pronouncements as well as FASB (Financial Accounting Standards Board) statements and interpretations, APB (Accounting Principles Board) opinions and (ARB's) Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Also, applied are all FASB statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

2. FUND DEFICITS

The following individual fund has a deficit in unreserved retained earnings at September 30, 2003:

<u>Fund</u>	<u>Deficit Amount</u>
Enterprise Fund	<u>\$ 4,963,025</u>

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 \$ 20,288,477 at September 30, 2003. 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.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

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

Citywide taxes:	Authorized <u>Millage</u>	Levied <u>Millage</u>	Expiration <u>Date</u>
General fund			
Police\fire	7.23	7.23	---
Capital improvements	2.60	2.60	9/30/2006

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	2,010,648	4.25
Ampacet Corporation	Manufacturer	2,189,070	4.62
Meadwestvaco Corporation	Manufacturer	3,526,586	7.45
First National Bank	Banking	2,689,198	5.68
Bell South Communications	Communications	1,143,320	2.42
Cleco	Utility Company	1,278,890	2.70

4. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at September 30, 2003:

Demand deposits	\$ 48,988
Interest-bearing demand deposits	154,547
Money market accounts	3,381,696
Time deposits	1,548,000
Petty cash	350
	<hr/>
Total	<u>\$ 5,133,581</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.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

At September 30, 2003, the City of DeRidder has \$ 5,171,734 in deposits (collected bank balances). These deposits are secured from risk by \$ 451,835 of federal deposit insurance, \$ 4,719,899 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under 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. State statutes relating to cash and cash equivalents are located at Note 1G., "Cash and cash equivalents."

5. RECEIVABLES

The following is a summary of receivables for September 30, 2003:

Class of Receivable	General Fund	Special Revenue Fund	Debt Service Funds	Proprietary Funds
Taxes:				
Franchise	\$ 98,725	\$ -	\$ -	\$ -
Ad valorem	414	-	-	-
Special assessments:				
Current	-	-	-	53,070
Delinquent	-	-	21,689	986
Accrued Interest	-	-	20,739	1,860
Accounts:				
Accounts receivable	-	11,477	-	146,169
Total	\$ 99,139	\$ 11,477	\$ 42,428	\$ 202,085

6. FIXED ASSETS

The changes in general fixed assets follow:

	Balance September 30, 2002	Additions	Deletions	Balance September 30, 2003
Land	\$ 391,985	\$ -	\$ -	\$ 391,985
Buildings and Improvements	3,149,855	307,782	-	3,457,637
Equipment and Furniture	2,164,638	188,439	80,766	2,272,311
Total	\$ 5,706,478	\$ 496,221	\$ 80,766	\$ 6,121,933

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

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

	<u>Enterprise Fund</u>
Land	\$ 57,221
Plant and equipment	30,317,010
Subtotal	<u>\$ 30,374,231</u>
Less accumulated depreciation	(11,954,088)
Total	<u>\$ 18,420,143</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.

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

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 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 7.75% 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 members of each plan. The contribution requirement 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 years ending September 30, 2003, 2002 and 2001, were \$ 78,029, \$ 55,892 and \$ 48,134, 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 (225) 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 15.25 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

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

DeRidder's contributions to the System for the years ending September 30, 2003, 2002, and 2001, were \$ 72,190, \$ 63,169, and \$ 69,953 respectively, equal to the required contributions for each year.

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 (225) 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 21.0 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, 2003, 2002, and 2001, were \$ 68,378, \$ 35,623 and \$ 35,465 respectively, equal to the required contributions for each year.

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

8. ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at September 30, 2003:

Class of Payable:	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds
Employee benefits	\$ 68,491	\$ 25,807	\$ -	\$ 38,608	\$ -
Accounts	28,471	67,073	-	27,901	21,775
Contracts	-	-	23,066	-	-
Total	\$ 96,962	\$ 92,880	\$ 23,066	\$ 66,509	\$ 21,775

9. COMPENSATED ABSENCES

At September 30, 2003, employees of the primary government have accumulated and vested \$ 639,907 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$ 438,504 is recorded within the general long-term obligations account group. The leave liability for employees of the Enterprise Fund, for \$ 201,403 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, 2003:

	Bonded Debt	Certificates of	Compensated Absences	Capital Leases	Total
Long-term obligations payable at September 30, 2002	\$ 155,000	\$ 955,000	\$ 614,665	\$ 27,344	\$ 1,752,009
Additions	-	-	25,242	-	25,242
Deletions	(155,000)	(185,000)	-	(27,344)	(367,344)
Long-term obligations payable at September 30, 2003	\$ -	\$ 770,000	\$ 639,907	\$ -	\$ 1,409,907

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

Certificates of Indebtedness are comprised of the following individual issues at September 30, 2003:

Certificates of Indebtedness:

\$ 1,320,000 Series 1997 Certificates of Indebtedness due in annual installments of \$ 165,000 through August, 2007; interest at the rate of 5.5% \$ 615,000

\$ 250,000 Series 2001 Certificates of Indebtedness due in annual installments of \$ 45,000 to \$ 55,000 through August 1, 2006; interest at the rate of 4.5% \$ 155,000

At September 30, 2003, the City of DeRidder accumulated \$ 260,354 in the debt service fund for future debt requirements. The annual requirements to amortize all bonds, certificates, and capital lease outstanding at September 30, 2003, including interest of \$ 101,075 for the City of DeRidder is as follows:

<u>Fiscal Year</u>	<u>Certificate of Indebtedness</u>
2004	\$ 230,800
2005	230,850
2006	235,350
2007	174,075
Total	<u>\$ 871,075</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.

11. DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at September 30, 2003, are as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General fund	\$ 1,634	\$ 70,583
Special revenue funds	29,626	-
Debt service funds	-	27,301
Capital projects funds	-	9
Enterprise fund	70,593	3,960
Totals	<u>\$ 101,853</u>	<u>\$ 101,853</u>

CITY OF DERIDDER

NOTES TO FINANCIAL STATEMENTS

12. RESTRICTED ASSETS – PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at September 30, 2003:

Replacement, extension and contingency accounts	\$ 1,607,024
Customers' deposits	164,271
State contract funds	25,534
Total	<u>\$ 1,796,829</u>

13. RESERVED RETAINED EARNINGS/FUND BALANCES

Proprietary Funds – The utility fund had reserved retained earnings available as follows:

Restricted assets:	
Replacement, extension and contingency accounts	\$ 1,607,024
Customers' deposits	164,271
State contract funds	25,534
Total	<u>\$ 1,796,829</u>
Less:	
Liabilities payable from restricted assets:	
Customers' deposits	\$ 134,886
State contract payable	22,100
Total	<u>\$ 156,986</u>
Reserved retained earnings	<u>\$ 1,639,843</u>
Reserved for sewer assessment	\$ 72,918
Total	<u>\$ 1,712,761</u>

Debt Service Funds – The debt service funds had reserved fund balances available as follows:

Cash reserved for debt service	\$ 217,926
Assessments receivable	21,689
Accrued interest receivable	20,739
Total	<u>\$ 260,354</u>

CITY OF DERIDDER
NOTES TO FINANCIAL STATEMENTS

General Fund – The general fund had reserved fund balances available as follows:

Reserved for care and upkeep of:		
Cemeteries	\$	166,213
Industrial park		51,416
City hall building fund		19,735
Mausoleum		15,677
Museum		14,683
Community facilities building		648
Police and fire captial improvements		61,360
Contingency fund		37,121
Drug task force		3,978
Total	<u>\$</u>	<u>370,831</u>

14. CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital:

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Balance at		
September 30, 2002	\$ 23,164,433	\$ 131,563
Additions:		
Louisiana Community		
Development Block Grant	<u>520,144</u>	<u>-</u>
Balance at		
September 30, 2003	<u>\$ 23,684,577</u>	<u>\$ 131,563</u>

SUPPLEMENTAL INFORMATION SCHEDULES

GENERAL FUND

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

GENERAL FUND
BALANCE SHEET

For the Fiscal Year Ended September 30, 2003

ASSETS

Cash	\$ 590,854
Accounts receivable	99,139
Prepaid insurance	50,396
Due from other funds	1,634
	<hr/>
Total assets	<u>\$ 742,023</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 28,471
Employee benefits payable	68,491
Due to other funds	70,584
	<hr/>
Total liabilities	<u>\$ 167,546</u>
Fund balance:	
Reserved for perpetual care -	
Cemeteries	\$ 166,213
Industrial park	51,416
City hall building fund	19,735
Mausoleum	15,677
Museum	14,683
Community facilities building	648
Police and fire departments capital improvements	61,360
Drug task force	3,978
Contingency fund	37,121
Unreserved-Undesignated	203,646
	<hr/>
Total fund balance	<u>\$ 574,477</u>
	<hr/>
Total liabilities and fund balance	<u>\$ 742,023</u>

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 For the Fiscal Year Ended September 30, 2003

Revenues:	
Taxes	\$ 850,495
Licenses and permits	403,976
Intergovernmental	240,380
Fees, charges and commissions for services	57,902
Use of money and property	43,127
Miscellaneous	9,849
Total revenues	<u>\$ 1,605,729</u>
Expenditures:	
General government	\$ 525,060
Public safety	2,038,675
Culture and recreation	378,731
Debt service:	
Principal payments	27,344
Interest payments	1,673
Total expenditures	<u>\$ 2,971,483</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,365,754)</u>
Other financing sources (uses):	
Transfers in	\$ 1,554,190
Transfers out	(300,488)
Museum donations	4,055
Gain on sale of assets	1,564
Total other financing sources (uses)	<u>\$ 1,259,321</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (106,433)</u>
Fund balances at beginning of year	680,910
Fund balances at end of year	<u>\$ 574,477</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL
For the Fiscal Year Ended September 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
Ad valorem	\$ 440,000	\$ 440,386	\$ 386
Franchise taxes	387,000	400,559	13,559
Chain store taxes	11,000	9,550	(1,450)
Total taxes	<u>\$ 838,000</u>	<u>\$ 850,495</u>	<u>\$ 12,495</u>
Licenses and permits:			
Building permits	\$ 12,000	\$ 12,780	\$ 780
Plumbing permits	3,000	3,403	403
Electrical permits	5,000	4,590	(410)
AC/Heat fees	3,000	3,308	308
Occupational licenses	380,000	379,895	(105)
Total licenses and permits	<u>\$ 403,000</u>	<u>\$ 403,976</u>	<u>\$ 976</u>
Intergovernmental:			
Federal funds	\$ 55,000	\$ 63,290	\$ 8,290
State funds	109,000	79,814	(29,186)
Local funds	69,000	72,791	3,791
Fire insurance rebate	24,000	24,485	485
Total intergovernmental	<u>\$ 257,000</u>	<u>\$ 240,380</u>	<u>\$ (16,620)</u>
Fees, charges and commissions for services:			
Police fees	\$ 8,000	\$ 8,748	\$ 748
Dog pound charges	8,000	7,075	(925)
Lot clearing charges	1,000	100	(900)
Cemetery and mausoleum charges	15,500	12,520	(2,980)
Museum revenues	1,000	463	(537)
Centennial celebration sales	29,000	28,996	(4)
Total charges for services	<u>\$ 62,500</u>	<u>\$ 57,902</u>	<u>\$ (4,598)</u>

(Continued)

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
Use of money and property:			
Office rent	\$ 20,400	\$ 20,400	\$ -
Other rent	15,600	15,750	150
Interest income	8,000	6,977	(1,023)
Total use of money and property	<u>\$ 44,000</u>	<u>\$ 43,127</u>	<u>\$ (873)</u>
Miscellaneous:			
Miscellaneous	<u>\$ 12,000</u>	<u>\$ 9,849</u>	<u>\$ (2,151)</u>
Total revenues	<u>\$ 1,616,500</u>	<u>\$ 1,605,729</u>	<u>\$ (10,771)</u>
<u>Expenditures:</u>			
General government:			
Salaries and related benefits	\$ 287,784	\$ 289,728	\$ (1,944)
Office supplies	7,000	6,737	263
Operating supplies	19,000	19,580	(580)
Building maintenance	6,100	6,618	(518)
Equipment maintenance	1,000	538	462
Veteran contribution	216	216	-
Insurance	18,500	18,386	114
Bicentennial celebration	-	5,332	(5,332)
Community facilities			
building maintenance	6,000	6,170	(170)
Industrial building maintenance	-	191	(191)
Museum maintenance	8,000	8,764	(764)
Cemetery maintenance	20,500	12,563	7,937
Freight and postage	2,500	2,375	125
Legal and professional	13,400	13,403	(3)
Training	3,000	2,768	232
Bad debt	-	1,761	(1,761)
Police/Fire improvements	2,100	2,171	(71)

(Continued)

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL
For the Fiscal Year Ended September 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
Auto expense	\$ 1,200	\$ 1,267	\$ (67)
Advertising	12,000	9,559	2,441
Coroner	3,000	3,196	(196)
Telephone	16,000	16,542	(542)
Travel	24,000	23,726	274
Dues and subscriptions	5,000	5,179	(179)
Collections fees	17,700	18,419	(719)
Utilities	33,000	31,203	1,797
Miscellaneous	14,000	14,448	(448)
Data processing	4,000	4,220	(220)
Total general government	<u>\$ 525,000</u>	<u>\$ 525,060</u>	<u>\$ (60)</u>
Public safety:			
Police:			
Salaries and related benefits	\$ 996,900	\$ 998,349	\$ (1,449)
Office supplies	5,500	15,687	(10,187)
Auto maintenance	50,500	51,408	(908)
Operating supplies	45,000	43,522	1,478
Equipment maintenance	2,200	2,155	45
Training	6,500	6,596	(96)
Travel	5,500	5,576	(76)
Insurance	35,400	30,958	4,442
Freight and postage	250	342	(92)
Telephone	9,000	9,350	(350)
Uniforms and accessories	17,500	17,216	284
Dues and subscriptions	950	951	(1)
Drug task force	23,200	29,525	(6,325)
Miscellaneous	300	347	(47)
Capital outlay	76,300	36,826	39,474
Total police	<u>\$ 1,275,000</u>	<u>\$ 1,248,808</u>	<u>\$ 26,192</u>

(Continued)

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
Fire:			
Salaries and related benefits	\$ 618,037	\$ 618,637	\$ (600)
Auto maintenance	9,800	10,236	(436)
Operating supplies	22,000	21,565	435
Office supplies	600	21,837	(21,237)
Building maintenance	4,000	3,670	330
Equipment maintenance	7,000	7,202	(202)
Travel	2,500	2,508	(8)
Insurance	14,200	13,722	478
Freight and postage	200	86	114
Telephone	3,300	3,200	100
Uniforms and accessories	14,500	10,757	3,743
Utilities	7,700	8,394	(694)
Volunteer fireman	3,300	3,075	225
Training	3,000	3,455	(455)
Miscellaneous	200	-	200
Capital outlay	84,663	61,523	23,140
Total fire	<u>\$ 795,000</u>	<u>\$ 789,867</u>	<u>\$ 5,133</u>
Total public safety	<u>\$ 2,070,000</u>	<u>\$ 2,038,675</u>	<u>\$ 31,325</u>
Culture and recreation:			
Salaries and related benefits	\$ 23,900	\$ 23,316	\$ 584
Operating supplies	39,000	35,913	3,087
Telephone	600	629	(29)
Utilities	9,500	10,491	(991)
Equipment maintenance	-	600	(600)
Capital outlay	307,000	307,782	(782)
Total culture and recreation	<u>\$ 380,000</u>	<u>\$ 378,731</u>	<u>\$ 1,269</u>

(Continued)

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL
 For the Fiscal Year Ended September 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
Debt service:			
Principal payment	\$ -	\$ 27,344	\$ (27,344)
Interest payment	-	1,673	(1,673)
Total debt service	<u>\$ -</u>	<u>\$ 29,017</u>	<u>\$ (29,017)</u>
Total expenditures	<u>\$ 2,975,000</u>	<u>\$ 2,971,483</u>	<u>\$ 3,517</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,358,500)</u>	<u>\$ (1,365,754)</u>	<u>\$ (7,254)</u>
Other financing sources (uses):			
Transfer in from sales tax fund	\$ 1,548,810	\$ 1,554,190	\$ 5,380
Transfer out to debt service	(236,000)	(235,488)	512
Transfer out to sales tax fund	-	(10,000)	(10,000)
Transfer out to capital project fund	(60,000)	(55,000)	5,000
Gain on sale of assets	3,000	1,564	(1,436)
Museum donations	1,000	4,055	3,055
Total other financing sources (uses)	<u>\$ 1,256,810</u>	<u>\$ 1,259,321</u>	<u>\$ 2,511</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (101,690)</u>	<u>\$ (106,433)</u>	<u>\$ (4,743)</u>
Fund balances at beginning of year	<u>680,910</u>	<u>680,910</u>	<u>-</u>
Fund balances at end of year	<u>\$ 579,220</u>	<u>\$ 574,477</u>	<u>\$ (4,743)</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 the 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 Housing programs as required by federal regulations.

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2003

	<u>Sales Tax</u>	<u>Economic Development</u>	<u>Section - 8 Existing Housing</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash	\$ 1,571,202	\$ -	\$ 72,370	\$ 1,643,572
Accounts receivable	-	-	11,477	11,477
Prepaid insurance	43,329	-	-	43,329
Due from utility fund	2,325	-	-	2,325
Total assets	<u>\$ 1,616,856</u>	<u>\$ -</u>	<u>\$ 83,847</u>	<u>\$ 1,700,703</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 66,058	\$ -	\$ 1,015	\$ 67,073
Employee benefits payable	25,807	-	-	25,807
Total liabilities	<u>\$ 91,865</u>	<u>\$ -</u>	<u>\$ 1,015</u>	<u>\$ 92,880</u>
 Fund balance:				
Unreserved-undesignated	\$ 1,324,991	\$ -	\$ 82,832	\$ 1,407,823
Designated for subsequent year expenditures	200,000	-	-	200,000
Total fund balance	<u>\$ 1,524,991</u>	<u>\$ -</u>	<u>\$ 82,832</u>	<u>\$ 1,607,823</u>
Total liabilities and fund balance	<u>\$ 1,616,856</u>	<u>\$ -</u>	<u>\$ 83,847</u>	<u>\$ 1,700,703</u>

SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 For the Fiscal Year Ended September 30, 2003

	Sales Tax	Economic Development	Section - 8 Existing Housing	Totals
Revenues:				
Taxes	\$ 3,871,495	\$ -	\$ -	\$ 3,871,495
Intergovernmental	12,408	-	136,865	149,273
Interest	21,315	-	986	22,301
Miscellaneous	-	1,761	-	1,761
Total revenues	\$ 3,905,218	\$ 1,761	\$ 137,851	\$ 4,044,830
Expenditures:				
General Government	\$ 291,912	\$ 151,286	\$ 132,262	\$ 575,460
Public Works	1,293,634	-	-	1,293,634
Total expenditures	\$ 1,585,546	\$ 151,286	\$ 132,262	\$ 1,869,094
Excess (deficiency) of revenues over expenditures	\$ 2,319,672	\$ (149,525)	\$ 5,589	\$ 2,175,736
Other financing sources (uses):				
Transfers in	\$ 10,000	\$ -	\$ -	\$ 10,000
Transfers out	(2,228,973)	-	-	(2,228,973)
Gain on sale of asset	1,619	-	-	1,619
Total other financing sources (uses)	\$ (2,217,354)	\$ -	\$ -	\$ (2,217,354)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 102,318	\$ (149,525)	\$ 5,589	\$ (41,618)
Fund balances at beginning of year	1,422,673	149,525	77,243	1,649,441
Fund balances at end of year	\$ 1,524,991	\$ -	\$ 82,832	\$ 1,607,823

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, 2003

	Sales Tax		Variance - Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues:</u>			
Taxes:			
Current	\$ 3,867,000	\$ 3,871,495	\$ 4,495
Intergovernmental	12,408	12,408	-
Interest	19,000	21,315	2,315
Miscellaneous	5,500	-	(5,500)
Total revenues	<u>\$ 3,903,908</u>	<u>\$ 3,905,218</u>	<u>\$ 1,310</u>
<u>Expenditures:</u>			
General government:			
Salaries and related benefits	\$ 116,800	\$ 115,626	\$ 1,174
Supplies	2,100	3,352	(1,252)
Other services and charges	153,400	158,584	(5,184)
Capital outlay	19,700	14,350	5,350
Total general government	<u>\$ 292,000</u>	<u>\$ 291,912</u>	<u>\$ 88</u>
Public works:			
Highways and streets:			
Salaries and related benefits	\$ 467,000	\$ 463,210	\$ 3,790
Supplies	60,000	60,438	(438)
Other services and charges	328,000	325,421	2,579
Capital outlay	28,000	27,302	698
Total highways and streets	<u>\$ 883,000</u>	<u>\$ 876,371</u>	<u>\$ 6,629</u>
Sanitation	<u>\$ 416,000</u>	<u>\$ 417,263</u>	<u>\$ (1,263)</u>
Total public works	<u>\$ 1,299,000</u>	<u>\$ 1,293,634</u>	<u>\$ 5,366</u>
Total expenditures	<u>\$ 1,591,000</u>	<u>\$ 1,585,546</u>	<u>\$ 5,454</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 2,312,908</u>	<u>\$ 2,319,672</u>	<u>\$ 6,764</u>

Economic Development		
Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
1,761	1,761	-
<u>\$ 1,761</u>	<u>\$ 1,761</u>	<u>\$ -</u>
\$ -	\$ -	\$ -
-	-	-
151,286	151,286	-
-	-	-
<u>\$ 151,286</u>	<u>\$ 151,286</u>	<u>\$ -</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 151,286	\$ 151,286	\$ -
<u>\$ (149,525)</u>	<u>\$ (149,525)</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, 2003

	Sales Tax		Variance - Favorable (Unfavorable)
	Budget	Actual	
Other financing sources (uses):			
Transfers in			
General fund	\$ 10,000	\$ 10,000	\$ -
Transfers out			
Debt service fund	(162,130)	(162,132)	(2)
General fund	(1,554,219)	(1,554,190)	29
Capital projects funds	(300,000)	(300,000)	-
Utility fund	(212,651)	(212,651)	-
Gain on sale of assets	1,500	1,619	119
Total other financing sources (uses)	\$ (2,217,500)	\$ (2,217,354)	\$ 146
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 95,408	\$ 102,318	\$ 6,910
Fund balance at beginning of year	1,422,673	1,422,673	-
Fund balance at end of year	\$ 1,518,081	\$ 1,524,991	\$ 6,910

<u>Economic Development</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (149,525)	\$ (149,525)	\$ -
<u>149,525</u>	<u>149,525</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, 2003

	<u>Section - 8 Existing Housing</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes:			
Current	\$ -	\$ -	\$ -
Intergovernmental	139,339	136,865	(2,474)
Interest	-	986	986
Miscellaneous	-	-	-
Total revenues	<u>\$ 139,339</u>	<u>\$ 137,851</u>	<u>\$ (1,488)</u>
<u>Expenditures:</u>			
General government:			
Salaries and related benefits	\$ 6,244	\$ 6,244	\$ -
Supplies	-	-	-
Other services and charges	133,095	126,018	7,077
Capital outlay	-	-	-
Total general government	<u>\$ 139,339</u>	<u>\$ 132,262</u>	<u>\$ 7,077</u>
Public works:			
Highways and streets:			
Salaries and related benefits	\$ -	\$ -	\$ -
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Total highways and streets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Sanitation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total public works	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 139,339</u>	<u>\$ 132,262</u>	<u>\$ 7,077</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 5,589</u>	<u>\$ 5,589</u>

Totals		
Budget	Actual	Variance - Favorable (Unfavorable)
\$ 3,867,000	\$ 3,871,495	\$ 4,495
151,747	149,273	(2,474)
19,000	22,301	3,301
7,261	1,761	(5,500)
<u>\$ 4,045,008</u>	<u>\$ 4,044,830</u>	<u>\$ (178)</u>
\$ 123,044	\$ 121,870	\$ 1,174
2,100	3,352	(1,252)
437,781	435,888	1,893
19,700	14,350	5,350
<u>\$ 582,625</u>	<u>\$ 575,460</u>	<u>\$ 7,165</u>
\$ 467,000	\$ 463,210	\$ 3,790
60,000	60,438	(438)
328,000	325,421	2,579
28,000	27,302	698
<u>\$ 883,000</u>	<u>\$ 876,371</u>	<u>\$ 6,629</u>
\$ 416,000	\$ 417,263	\$ (1,263)
<u>\$ 1,299,000</u>	<u>\$ 1,293,634</u>	<u>\$ 5,366</u>
<u>\$ 1,881,625</u>	<u>\$ 1,869,094</u>	<u>\$ 12,531</u>
<u>\$ 2,163,383</u>	<u>\$ 2,175,736</u>	<u>\$ 12,353</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, 2003

	<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	\$ -	\$ -	\$ -
Transfers out			
Debt service fund	-	-	-
General fund	-	-	-
Capital projects funds	-	-	-
Utility fund	-	-	-
Gain on sale of assets	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ 5,589	\$ 5,589
Fund balance at beginning of year	<u>77,243</u>	<u>77,243</u>	<u>-</u>
Fund balance at end of year	<u>\$ 77,243</u>	<u>\$ 82,832</u>	<u>\$ 5,589</u>

Totals		
Budget	Actual	Variance - Favorable (Unfavorable)
\$ 10,000	\$ 10,000	\$ -
(162,130)	(162,132)	(2)
(1,554,219)	(1,554,190)	29
(300,000)	(300,000)	-
(212,651)	(212,651)	-
1,500	1,619	119
<u>\$ (2,217,500)</u>	<u>\$ (2,217,354)</u>	<u>\$ 146</u>
\$ (54,117)	\$ (41,618)	\$ 12,499
<u>1,649,441</u>	<u>1,649,441</u>	<u>-</u>
<u>\$ 1,595,324</u>	<u>\$ 1,607,823</u>	<u>\$ 12,499</u> (Concluded)

DEBT SERVICE FUNDS

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.

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%.

Certificates of Indebtedness, Series 1997 and 2001 - to accumulate monies for payment of the 1997, \$1,320,000 and the 2001, \$250,000 certificates of indebtedness respectively at an interest rate of 5.50% and 4.50% respectively.

CITY OF DERIDDER

DEBT SERVICE FUNDS
COMBINING BALANCE SHEET

For the Fiscal Year Ended September 30, 2003

<u>ASSETS</u>	Phase 5 Street Improvement	Phase 6 & 7 Street Improvement	Contingency Fund
Cash	\$ 3,017	\$ 5,078	\$ 228
Special assessment receivable - Delinquent	13,954	7,735	-
Accrued interest	11,126	9,613	-
Due from other funds	-	-	27,301
 Total assets	 <u>\$ 28,097</u>	 <u>\$ 22,426</u>	 <u>\$ 27,529</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	<u>\$ 5,438</u>	<u>\$ 21,863</u>	<u>\$ -</u>
Fund balances:			
Reserved for debt service	<u>\$ 22,659</u>	<u>\$ 563</u>	<u>\$ 27,529</u>
 Total liabilities and fund balances	 <u>\$ 28,097</u>	 <u>\$ 22,426</u>	 <u>\$ 27,529</u>

<u>Public Improvement Refunding Bonds</u> Series ST - 1998	<u>Certificates of Indebtedness</u> Series 1997 & 2001	<u>Totals</u>
\$ 165,725	\$ 43,878	\$ 217,926
-	-	21,689
-	-	20,739
-	-	27,301
<u>\$ 165,725</u>	<u>\$ 43,878</u>	<u>\$ 287,655</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,301</u>
<u>\$ 165,725</u>	<u>\$ 43,878</u>	<u>\$ 260,354</u>
<u>\$ 165,725</u>	<u>\$ 43,878</u>	<u>\$ 287,655</u>

CITY OF DERIDDER

DEBT SERVICE FUNDS

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

For the Fiscal Year Ended September 30, 2003

	Phase 5 Street Improvement	Phase 6 & 7 Street Improvement	Contingency Fund
<u>Revenues:</u>			
Interest	\$ -	\$ 75	\$ 4
<u>Expenditures:</u>			
Principal retirement	\$ -	\$ -	\$ -
Interest and fiscal charges	-	-	-
Total expenditures	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	\$ -	\$ 75	\$ 4
<u>Other financing sources:</u>			
Transfers in	\$ -	\$ -	\$ -
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ 75	\$ 4
Fund balances at beginning of year	22,659	488	27,525
Fund balances at end of year	\$ 22,659	\$ 563	\$ 27,529

<u>Public Improvement Refunding Bonds Series ST - 1998</u>	<u>Certificate of Indebtedness Series 1997 & 2001</u>	<u>Totals</u>
<u>\$ 1,924</u>	<u>\$ 1,159</u>	<u>\$ 3,162</u>
\$ 155,000	\$ 185,000	\$ 340,000
8,009	50,475	58,484
<u>\$ 163,009</u>	<u>\$ 235,475</u>	<u>\$ 398,484</u>
<u>\$ (161,085)</u>	<u>\$ (234,316)</u>	<u>\$ (395,322)</u>
<u>\$ 162,132</u>	<u>\$ 235,488</u>	<u>\$ 397,620</u>
<u>\$ 1,047</u>	<u>\$ 1,172</u>	<u>\$ 2,298</u>
<u>164,678</u>	<u>42,706</u>	<u>258,056</u>
<u>\$ 165,725</u>	<u>\$ 43,878</u>	<u>\$ 260,354</u>

CAPITAL PROJECTS FUNDS

Street Construction - to account for the construction and further improvements of certain streets within the City limits for general purpose use.

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

2001 LCDBG Sewer Project - to account for funds provided by LCDBG (Louisiana Community Development Block Grant) for upgrades to the City's sewer system.

2002 LCDBG Water Well Project – to account for funds provided by LCDBG (Louisiana Community Development Block Grant) for the new water well project.

CITY OF DERIDDER

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

For the Fiscal Year Ended September 30, 2003

	<u>Street Construction</u>	<u>Historical Enhancement Fund</u>
<u>ASSETS</u>		
Cash	\$ 391,556	\$ 14,369
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due to other funds	\$ -	\$ -
Contracts payable	23,066	-
Total liabilities	<u>\$ 23,066</u>	<u>\$ -</u>
Fund balances:		
Unreserved/undesignated	<u>\$ 368,490</u>	<u>\$ 14,369</u>
Total liabilities and fund balances	<u>\$ 391,556</u>	<u>\$ 14,369</u>

2001 LCDBG Sewer Project	2002 LCDBG Water Well Project	Totals
\$ 4	\$ 5	\$ 405,934
\$ 4	\$ 5	\$ 9
-	-	23,066
\$ 4	\$ 5	\$ 23,075
\$ -	\$ -	\$ 382,859
\$ 4	\$ 5	\$ 405,934

CITY OF DERIDDER

CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the Fiscal Year Ended September 30, 2003

	<u>Street Construction</u>	<u>Historical Enhancement Fund</u>
<u>Revenues:</u>		
Interest	\$ 14,584	\$ -
Intergovernmental	-	91,743
LCDBG grant revenue	-	-
Total revenues	<u>\$ 14,584</u>	<u>\$ 91,743</u>
<u>Expenditures:</u>		
Engineering and other	\$ 90,018	\$ -
Construction contracts	716,455	139,621
Total expenditures	<u>\$ 806,473</u>	<u>\$ 139,621</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (791,889)</u>	<u>\$ (47,878)</u>
<u>Other financing sources:</u>		
Transfers in	<u>\$ 300,000</u>	<u>\$ 56,500</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ (491,889)	\$ 8,622
Fund balances at beginning of year	<u>860,379</u>	<u>5,747</u>
Fund balances at end of year	<u>\$ 368,490</u>	<u>\$ 14,369</u>

2001 LCDBG Sewer Project	2002 LCDBG Water Well Project	Totals
\$ -	\$ -	\$ 14,584
-	-	91,743
520,144	-	520,144
<u>\$ 520,144</u>	<u>\$ -</u>	<u>\$ 626,471</u>
\$ 68,697	\$ 22,687	\$ 181,402
542,512	-	1,398,588
<u>\$ 611,209</u>	<u>\$ 22,687</u>	<u>\$ 1,579,990</u>
<u>\$ (91,065)</u>	<u>\$ (22,687)</u>	<u>\$ (953,519)</u>
<u>\$ 91,065</u>	<u>\$ 22,687</u>	<u>\$ 470,252</u>
\$ -	\$ -	\$ (483,267)
-	-	866,126
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382,859</u>

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.

WATER AND SEWER - ENTERPRISE FUND
BALANCE SHEET
For the Fiscal Year Ended September 30, 2003

ASSETS

Current assets:

Cash	\$ 320,070
Accounts receivable	146,169
Assessments receivable	54,056
Accrued interest receivable	1,860
Prepaid insurance	93,625
Due from general fund	70,589
Due from capital projects fund	4
Total current assets	<u>\$ 686,373</u>

Restricted assets, cash:

Customer deposits	\$ 164,271
Capital additions and contingency account	388,582
Depreciation and contingency account	679,070
State reimbursement contract	25,534
Sewer contingency account	539,372
Total restricted assets	<u>\$ 1,796,829</u>

Property, plant and equipment

Land	\$ 57,221
Plant and equipment, at cost, net of accumulated depreciation	<u>18,362,922</u>
Total property, plant and equipment	<u>\$ 18,420,143</u>

Total assets

\$ 20,903,345

(Continued)

WATER AND SEWER - ENTERPRISE FUND
BALANCE SHEET
For the Fiscal Year Ended September 30, 2003

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities (payable from current assets):	
Accounts payable	\$ 27,901
Employees benefits payable	38,608
Due to general fund	1,634
Due to sales tax fund	2,325
Current portion of bonds payable	18,236
Accrued interest on bonds payable	5,288
Total current liabilities (payable from current assets)	<u>\$ 93,992</u>

Current liabilities (payable from restricted assets):	
Customer deposits	\$ 134,886
Contracts payable	22,100
Total current liabilities (payable from restricted assets)	<u>\$ 156,986</u>

Long-term liabilities:	
Compensated absences payable	\$ 201,403
Deferred revenues	53,069
Sewerage certificates payable	109,418
Total long-term liabilities	<u>\$ 363,890</u>

Total liabilities	<u>\$ 614,868</u>
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Fund equity:	
Contributed capital	<u>\$ 23,684,577</u>
Retained earnings:	
Reserved	\$ 1,566,925
Unreserved	(4,963,025)
Total retained earnings	<u>\$ (3,396,100)</u>
Total fund equity	<u>\$ 20,288,477</u>

Total liabilities and fund equity	<u>\$ 20,903,345</u> (Concluded)
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WATER AND SEWER - ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 For the Fiscal Year Ended September 30, 2003

Operating revenues:	
Charges for services:	
Water sales and service fees	\$ 850,923
Sewer service charges	764,618
Delinquent charges	29,913
Sales tax fees	18,503
Total operating revenues	<u>\$ 1,663,957</u>
Operating expenses:	
Water department expenses	\$ 660,953
Sewer department expenses	740,515
Sewer plant expenses	565,425
Water plant expenses	206,652
General and administrative expenses	313,665
Total operating expenses	<u>\$ 2,487,210</u>
Operating income (loss)	<u>\$ (823,253)</u>
Non operating revenues (expenses):	
Sewer assessments	\$ 29,498
Interest income	19,497
Transfers from capital projects fund	21,859
Transfers from sales tax fund	212,651
Interest expense	(6,905)
Miscellaneous	1,804
Gain on sale of assets	3,578
Total non-operating revenues (expenses)	<u>\$ 281,982</u>
Net income (loss)	\$ (541,271)
Retained earnings at beginning of year	<u>(2,854,829)</u>
Retained earnings at end of year	<u>\$ (3,396,100)</u>

WATER AND SEWER - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 For the Fiscal Year Ended September 30, 2003

	Enterprise
Cash flows from operating activities:	
Cash received from customers	\$ 1,661,875
Cash payments to suppliers for goods and services	(813,337)
Cash payments for employee services and employee related fringe benefits	(891,106)
Net cash used in operating activities	\$ (42,568)
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 234,510
Miscellaneous	1,804
Net cash provided from noncapital financing activities	\$ 236,314
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (756,302)
Sewer assessments	29,498
Interest on sewer assessments	4,317
Gain on sale of assets	3,578
Principal paid on certificates	(18,236)
Interest paid on debt	(7,659)
Contributed capital received	520,144
Net cash used for capital and related financing activities	\$ (224,660)
Cash flows from investing activities:	
Interest on cash management activities	\$ 14,723
Net decrease in cash and cash equivalents	\$ (16,191)
Cash and cash equivalents, beginning of year	2,133,090
Cash and cash equivalents, end of year	\$ 2,116,899

(Continued)

WATER AND SEWER - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 For the Fiscal Year Ended September 30, 2003

RECONCILIATION OF OPERATING LOSS TO NET
 CASH PROVIDED BY OPERATING ACTIVITIES

	<u>Enterprise</u>
Operating loss	<u>\$ (823,253)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	\$ 792,478
Increase in accounts receivable	(6,180)
Decrease in accounts payable	(17,821)
Increase in employee benefits payable	3,236
Increase in contracts payable	1,200
Increase in customer deposits	4,098
Increase in compensated absences	21,676
Increase in prepaid insurance	<u>(18,002)</u>
Total adjustments	<u>\$ 780,685</u>
Net cash provided by operating activities	<u>\$ (42,568)</u> (Concluded)

WATER AND SEWER - ENTERPRISE FUND
 STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
 For the Fiscal Year Ended September 30, 2003

Water Maintenance:

Salaries and related benefits	\$ 314,833
Auto and truck maintenance	15,481
Operating supplies	150,100
Equipment maintenance	467
Insurance	34,680
Utilities	2,892
Telephone	1,755
Depreciation	133,002
Training	882
Travel	1,553
Uniforms	4,360
Safety wear	948
Total water maintenance	<u>\$ 660,953</u>

Sewer Maintenance:

Salaries and related benefits	\$ 122,346
Auto and truck maintenance	9,952
Operating supplies	61,465
Equipment maintenance	12,606
Equipment rental	3,755
Insurance	23,420
Utilities	59,224
Telephone	1,663
Uniforms	980
Safety wear	70
Depreciation	443,000
Training	840
Travel	1,194
Total sewer maintenance	<u>\$ 740,515</u>

(Continued)

WATER AND SEWER - ENTERPRISE FUND
 STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
 For the Fiscal Year Ended September 30, 2003

Sewer Plant:

Salaries and related benefits	\$ 180,193
Auto and truck maintenance	4,935
Operating supplies	28,007
Equipment maintenance	22,024
Insurance	25,483
Utilities	61,165
Telephone	3,439
Uniforms	3,271
Fees/Permits	32,761
Safety wear	451
Lab expense	3,964
Depreciation	198,943
Travel	414
Training	270
Dues	105
Total sewer plant	<u>\$ 565,425</u>

Water Plant:

Salaries and related benefits	\$ 69,081
Auto and truck maintenance	2,198
Operating supplies	10,941
Equipment maintenance	11,390
Testing fees	12,173
Treatment	20,650
Telephone	146
Utilities	43,774
Travel	569
Safety wear	170
Insurance	21,179
Training	315
Depreciation	14,066
Total water plant	<u>\$ 206,652</u>

(Continued)

WATER AND SEWER - ENTERPRISE FUND
 STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
 For the Fiscal Year Ended September 30, 2003

General and Administrative:	
Salaries and related benefits	\$ 229,565
Office supplies	2,607
Operating supplies	4,660
Telephone	202
Computer service	4,132
Insurance	7,193
Legal and professional	10,000
Postage	13,630
Office rent	14,400
Depreciation	3,467
State sales tax	19,323
State reimbursement contract	1,200
Miscellaneous	3,286
Total general and administrative	<u>\$ 313,665</u>
Total operating expenses	<u>\$ 2,487,210</u>
	(Concluded)

INTERNAL SERVICE FUND - SELF INSURANCE FUND
BALANCE SHEET
For the Fiscal Year Ended September 30, 2003

	Self Insurance Fund
<u>ASSETS</u>	
Cash	\$ 158,396
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Accounts payable	\$ 21,775
Fund Equity:	
Contributed capital	\$ 131,563
Unreserved retained earnings	5,058
Total fund equity	\$ 136,621
Total liabilities and fund equity	\$ 158,396

INTERNAL SERVICE FUND - SELF INSURANCE FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended September 30, 2003

	Self Insurance Fund
Operating revenues	<u>\$ 17,159</u>
Operating expenses:	
Claims and cost	<u>\$ 56,259</u>
Operating income (loss)	\$ (39,100)
Non-operating revenues:	
Interest income	<u>\$ 13,726</u>
Net income (loss)	\$ (25,374)
Retained earnings at beginning of year	<u>30,432</u>
Retained earnings at end of year	<u>\$ 5,058</u>

INTERNAL SERVICE FUND
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 For the Fiscal Year Ended September 30, 2003

	<u>Self Insurance Fund</u>
Cash flows from operating activities:	
Charges for services	\$ 17,159
Claims and cost	<u>(37,825)</u>
Net cash used by operating activities:	<u>\$ (20,666)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 13,726</u>
Net decrease in cash and cash equivalents	\$ (6,940)
Cash and cash equivalents, beginning of year	<u>165,336</u>
Cash and cash equivalents, end of year	<u>\$ 158,396</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	<u>\$ (39,100)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Increase in accounts payable	<u>\$ 18,434</u>
Net cash used by operating activities	<u>\$ (20,666)</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, 2003

	Construction Contingency	Reimbursement Contract	Sewer Contingency Fund
Cash and investments at beginning of year	\$ 286,948	\$ 24,253	\$ 439,186
Cash receipts:			
Transfers in	\$ -	\$ 1,200	\$ 212,651
Interest received	763	81	1,644
State grant received	-	-	-
Deposits collected	-	-	-
Total cash receipts	\$ 763	\$ 1,281	\$ 214,295
Total cash and investments available	\$ 287,711	\$ 25,534	\$ 653,481
Cash disbursements:			
Supplies	\$ -	\$ -	\$ -
Repairs	32,437	-	854
Capital expenditures	44,000	-	22,190
Interest/paying agent fees	-	-	-
Principal payments	-	-	-
Deposits refunded	-	-	-
Transfers out	22,692	-	91,065
Total cash disbursements	\$ 99,129	\$ -	\$ 114,109
Cash and investments at end of year	\$ 188,582	\$ 25,534	\$ 539,372

<u>Depreciation and Contingency</u>	<u>Customer Deposits</u>	<u>Total</u>
<u>\$ 673,158</u>	<u>\$ 157,729</u>	<u>\$ 1,581,274</u>
\$ -	\$ -	\$ 213,851
5,913	1,720	10,121
-	-	-
-	33,920	33,920
<u>\$ 5,913</u>	<u>\$ 35,640</u>	<u>\$ 257,892</u>
<u>\$ 679,071</u>	<u>\$ 193,369</u>	<u>\$ 1,839,166</u>
\$ -	\$ -	\$ -
-	-	33,291
-	-	66,190
-	-	-
-	-	-
-	29,098	29,098
-	-	113,757
<u>\$ -</u>	<u>\$ 29,098</u>	<u>\$ 242,336</u>
<u>\$ 679,071</u>	<u>\$ 164,271</u>	<u>\$ 1,596,830</u>

SCHEDULE OF COMPENSATION OF BOARD MEMBERS
For the Fiscal Year Ended September 30, 2003

Vincent Labue (President)	\$	7,200
Estella Scott (Vice President)		7,200
Hayward Steele		7,200
Johnnie Mango		7,200
Kerry Anderson		7,200
Collowyn Hodnett		7,200
Gordon Jenkins		7,200
		<hr/>
	\$	50,400

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2003

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
United States Department of Housing and Urban Development:			
Direct programs:			
Community Development Block Grant/ State's Program			
Passed through Louisiana			
Division of Administration:	14.228		\$ 520,144
Federal Emergency Management Agency			
Direct programs:			
Assistance to Firefighters Grant Program	83.554		51,750
United States Department of Defense			
Direct programs:			
Overtime Pay for Police Escorted Convoys			3,741
United States Department of Justice			
Direct programs:			
Law Enforcement Equipment Grant			
Passed through Louisiana			
Commission on Law Enforcement:	16.579		2,798
United States Department of Transportation			
Direct programs:			
State and Community Highway Safety			
Passed through Louisiana Highway			
Safety Commission:	20.600		<u>5,000</u>
Total Expenditures of Federal Awards			<u>\$ 583,433</u>

CITY OF DERIDDER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2003

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the municipality and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

CITY OF DERIDDER

**SCHEDULE OF THE CORRECTIVE ACTION PLAN
FOR THE CURRENT YEAR AUDIT FINDINGS
Year Ended September 30, 2003**

Current Year Audit Findings

The follow-up and corrective action taken on all current audit findings is presented in the summary schedule of current audit findings (Schedule 16).



GERALD JOHNSON
MAYOR

OFFICE OF THE MAYOR

200 SOUTH JEFFERSON STREET
DE RIDDER, LOUISIANA 70634
(318) 462-8900
FAX (318) 462-8908

The City of DeRidder's purchasing policy has been addressed and the proper procedures are being taken to correct this problem.

The City's purchasing program of materials and supplies will be limited to designated personnel for purchasing functions only. The City will do what is necessary to correct this situation and prevent future occurrences.

A handwritten signature in cursive script, appearing to read "Gerald Johnson".

DeRidder, Louisiana
March 29, 2004

John A. Windham, CPA

A Professional Corporation

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA

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, State of Louisiana

I have audited the general purpose financial statements of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2003, and have issued my report thereon dated February 5, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of 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 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

The Honorable Gerald Johnson, Mayor
and the Members of the City Council
City of DeRidder, Louisiana
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assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the City of DeRidder, Louisiana in a separate letter dated February 5, 2004.

This report is intended solely for the information and use of management, others within the organization, City Council, Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John A. Windham, CPA

DeRidder, Louisiana
February 5, 2004

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John A. Windham, CPA

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

To the Honorable Gerald Johnson, Mayor
And Members of the City Council
City of DeRidder, State of 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 Supplement* that are applicable to its major federal program for the year ended September 30, 2003. The City of DeRidder, Louisiana's major federal program is 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 its major federal program 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 auditing standards generally accepted in the United States of America; 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 its major federal program for the year ended September 30, 2003.

The Honorable Gerald Johnson, Mayor
and the Members of the City Council
City of DeRidder, State of Louisiana
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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 the 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 solely for the information and use of management, others within the organization, City Council, Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John A. Windham, CPA

DeRidder, Louisiana
February 5, 2004

CITY OF DERIDDER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED September 30, 2003

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 instances of noncompliance material to the general purpose financial statements of the City of DeRidder, Louisiana were disclosed during the audit.
3. The auditor's report on compliance for the major federal award program for the City of DeRidder, Louisiana expresses an unqualified opinion on its major federal program.
4. The program tested as a major program is included: Department of Housing and Urban Development, Community Development Block Grants/State's Program; CFDA No. 14.228.
5. The threshold for distinguishing Types A and B programs was \$ 300,000.

FINDINGS—FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

Purchasing

Finding:

The City has not followed its purchasing policy during the year. Numerous purchase orders were found to be dated after the corresponding invoice date. On one occasion, an invoice that had been paid was put on the city council meeting agenda to be paid again. Invoices that are submitted to the finance department for payment do not always have the corresponding purchase order attached and are sent back to the purchasing department for correction. There is a lack of control over purchase orders, too many city hall employees have access to blank purchase orders. The city has a purchasing program set up on its computer system but it is not always used leading to errors when hand written purchase orders are incorrectly entered into the computer or not entered at all.

CITY OF DERIDDER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED September 30, 2003

Recommendation:

I recommend that all employees involved in the purchasing system study the City's purchasing policy manual and learn the proper procedures that must be followed in purchasing materials and supplies. Purchase orders should be limited to designated personnel only. The City's purchasing program that is set up on their computers should be used for all purchases and access should only be allowed to the designated individuals responsible for purchasing functions.

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

In planning and performing my audit of the financial statements of the City of DeRidder, Louisiana for the year ended September 30, 2003, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control. However, I noted certain matters involving internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect the City of DeRidder, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Other Comments and Recommendations

Purchasing

Finding:

The City has not followed its purchasing policy during the year. Numerous purchase orders were found to be dated after the corresponding invoice date. On one occasion, an invoice that had been paid was put on the city council meeting agenda to be paid again. Invoices that are submitted to the finance department for payment do not always have the corresponding purchase order attached and are sent back to the purchasing department for correction. There is a lack of control over purchase orders, too many city hall employees have access to blank purchase orders. The city has a purchasing program set up on its computer system but it is not always used leading to errors when hand written purchase orders are incorrectly entered into the computer or not entered at all.

Recommendation:

I recommend that all employees involved in the purchasing system study the City's purchasing policy manual and learn the proper procedures that must be followed in purchasing materials and supplies. Purchase orders should be limited to designated personnel only. The City's purchasing program that is set up on their computers should

The Honorable Gerald Johnson, Mayor
The Honorable Members of the Board of Aldermen
City of DeRidder, Louisiana
Page 2

be used for all purchases and access should only be allowed to the designated individuals responsible for purchasing functions.

My consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in my audit of the September 30, 2003 financial statements, and this report does not affect my report on those financial statements dated February 5, 2004. I have not considered the internal control since the date of my report.

This report is intended solely for the information and use of the City Council, management, others within the administration, and the Legislative Auditor; and is not intended to be and should not be used by anyone other than these specified parties.

John D. Windham, CPA

DeRidder, Louisiana
February 5, 2004