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Comprehensive Annual Financial Report

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Prepared by the Department of Finance

City of Slidell

Salvatore A. Caruso, Mayor
For Fiscal Year Ended
June 30
1998

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

Release Date NOV 18 1998

CITY OF SLIDELL, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 1998

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The City of Slidell

2055 Second Street • P.O. Box 828 • Slidell, Louisiana 70459

Telephone: (504) 646-4333

SALVATORE A. "SAM" CARUSO, MSW
Mayor

OFFICE OF THE MAYOR

TO: THE MEMBERS OF THE CITY COUNCIL
CITY OF SLIDELL, LOUISIANA

DATE: October 13, 1998

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Slidell, Louisiana for the fiscal year ended June 30, 1998.

The CAFR has been prepared in conformance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The City's basis of accounting in its various funds is explained in the notes to the accompanying general purpose financial statements.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The accompanying financial statements have been audited by the City's certified public accountants and their opinion resulting from their audit is included in the Comprehensive Annual Financial Report.

Our Comprehensive Annual Financial Report is divided into four sections:

The Introductory Section includes this letter of transmittal, an organizational chart, a list of principal elected officials and a reproduction of the prior year's Certificate of Achievement for Excellence in Financial Reporting.

The Financial Section includes the General Purpose Financial Statements presenting the combined statements as an overview of the City's entire financial operations with accompanying notes. Next, within this section, combined and individual fund financial statements present each of the supporting separate funds and individual account groups of the City. Schedules provide certain other information and details of data summarized in the financial statements. The statements and schedules included in this section pertain to those operations which, when taken together, make up the reporting entity of the City.

The Statistical Section includes tables and schedules containing historical financial data, debt statistics, and miscellaneous economic data of the City that are of interest to potential investors in our bonds and to other readers.

The Single Audit Section contains the auditors' reports in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and U.S. Office of Management & Budget Circular A-133, "Audits of State and Local Governments" regarding federal and state grants along with related schedules of assistance and notes.

REPORTING ENTITY

Slidell, the largest municipality in St. Tammany Parish, was founded in 1888. The City's system of government is established by its Home Rule Charter which was adopted in 1978. The Louisiana Constitution prohibits the state legislature from enacting any law affecting the structure, organization, or distribution of the power and functions of any local subdivision which operates under a Home Rule Charter. The City has a Mayor-Council form of government.

The general purpose financial statements of the City include all government activities, organizations and functions. These services include police protection; sanitation services; the construction and maintenance of highways, streets, airport facilities and infrastructure; recreational activities and cultural events. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and 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. No component units are included in the reporting entity. A more detailed discussion of reporting entity is included in Note 2 to the general purpose financial statements.

ECONOMIC CONDITION AND OUTLOOK

Slidell and the surrounding area is quite heavily dependent upon employment by several of the U.S. Government Contractors and oil companies in East Mississippi and New Orleans. The Slidell area has long been referred to as a "bedroom" community which serves these areas. As a result, the economy can fluctuate widely due to changes in these industries. There is now a major parish-wide movement underway to identify and attract various industries to the surrounding area in an effort to diversify and stabilize the basis of the local economy.

In 1998 the City experienced a 5% increase in sales tax revenue from the previous fiscal year. The increase is primarily attributed to new business development within the City limits and to new residential growth both within and beyond the City limits.

Due to a growing trend for New Orleanians to move north of Lake Pontchartrain, the Parish experienced a 3.3% growth in population during the 1998 year. Since 1990 the Parish has experienced a 25 percent growth rate.

Most of the major commercial developments which serve the Slidell area, as well as the two major hospitals in the eastern part of St. Tammany Parish, are within the corporate limits of Slidell. In addition, three major retailers with a combined square footage of 440,000 to 500,000 square feet are expected to open their doors for business in the Summer of 1999. Slidell should continue to see growth in commercial developments keep pace with residential growth demands.

MAJOR INITIATIVES

During the Year

All phases of the Capital Investment Program approved by voters in the autumn of 1995 are near completion. The program includes \$11 million in drainage improvements providing benefits to all areas of the City, \$14 million for the repair and replacement of concrete and asphalt streets and \$6.9 million in extensive upgrades and repairs to our sewer and water systems.

Rehabilitated the outside of the Slidell Train Station, a major city landmark and secured state funding with a local match to rehabilitate the inside of the building. The train station will be an anchor in the redevelopment of the Front Street corridor through public/private partnership.

Established a new pay plan for all City employees.

Established a Traffic Calming Device Committee to work on traffic improvements throughout the City.

For the Future

Major projects for the upcoming fiscal year include Northshore Boulevard Utility Expansion, Phase III of Olde Towne sidewalk improvements, cleaning and video inspection of sanitary and storm sewer systems and an update of the master drainage plan.

Department Focus

Airport:

Received funding from the Federal Aviation Administration to reconstruct the Parallel Taxiway. This project will include the total reconstruction of the 3,000 foot asphalt taxiway. The estimated cost of the project is \$890,000. The project is being funded by a 90% grant from the FAA and a 10% grant from the Louisiana Department of Transportation, Aviation Division.

Cultural and Public Affairs:

Sponsored six exhibitions attracting 6,830 visitors.

Began research and design for the new City of Slidell website.

Permits:

A total of 3,929 permits were issued. The value of new construction, additions and renovations approved by the Department was \$27,873,000.

Planning:

Provided support and information to the Planning and Zoning Commission and the Board of zoning Adjustment for approximately 17 annexations, representing 160.28 acres of property. These included both residential and commercial development.

Reviewed plans for more than 100 new and expanded commercial projects throughout Slidell.

Police:

Crime is down by 8% for two consecutive years.

Murder, rape, robbery and assault crime reports are down 32%.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Procedures

The City maintains budgetary control at the departmental level by cost classification and allocates appropriations on a monthly basis. These cost classifications are categorized in several groups: salaries and benefits of officials and employees; contractual services; supplies; equipment; debt requirements; capital outlay and others (e.g., community service, claims and legal fees, etc.).

Encumbrances are recorded by the Purchasing Department as requisitions are received from various departments. If sufficient funds are not available to cover the purchase, the requisition is returned to the originating department for appropriation allotment changes, transfer of funds or cancellation. Appropriations are allowed to be amended through councilmanic action during the year, and all unencumbered appropriations lapse at year end. The City's Charter, as well as state law, does not allow deficit spending.

The City monitors revenues and expenditures closely during the year in order to adhere to the annual operating budget approved by the City Council. Per Charter requirements, the Mayor may, if he decides it necessary, open the adopted budget for amendments by councilmanic action during the fiscal year. The Mayor retains the right to approve line-item budgetary adjustments of unencumbered funds within an operating department, office or agency during the course of the fiscal year. Unencumbered balances in the General Fund and Sales Tax Fund on hand at the close of the fiscal year are usually appropriated, in whole or in part, as capital outlay for projects in the succeeding year or designated for general contingencies.

The Mayor recommends to the City Council a capital improvement program for the next five years and a capital budget by project for the first year of the program. The City Council is obligated to approve a capital budget program and adopts the capital budget concurrently with the annual operating budget. The amounts budgeted constitute appropriations from the funds indicated when they become available. Unexpended capital appropriations carry over for a total of three years or until re-appropriated.

General Governmental Functions

The City provides a wide range of general services including public safety, highways and streets, recreational activities, animal control, planning and zoning and general administrative services which are accounted for in the General, Special Revenue and Debt Service Funds.

Revenues

Revenues to support the general government functions of the City are reflected in the General, Special Revenue and Debt Service Funds. General revenues from these funds approximated \$20,508,000 (see Table 2) for the 1998 fiscal year; an increase of approximately \$1,279,000 from 1997. This increase is primarily due to an increase in sales tax revenues and intergovernmental revenues, partially offset by an decrease in interest revenues.

The following table illustrates the revenues by source for 1998 and the increase (decrease) over prior year by general functions:

**General and Special Revenue Funds (budgetary basis)
and Debt Service Fund**

	Amount	% of	Increase	Percent of
	<u>1998</u>	Total	(Decrease)	Increase
			From 1997	(Decrease)
<i>(In thousands of dollars)</i>				
Sales Tax	\$11,497	56%	\$ 527	5 %
Property Tax	3,048	15%	(18)	(1) %
Licenses/Permit	1,404	7%	68	5 %
Franchise Tax	1,057	5%	19	2 %
Intergovernmental	2,085	10%	779	60 %
Interest/Other	794	4%	(102)	(11) %
Payment in Lieu of Tax	424	2%	7	2 %
Fines/Forfeitures	<u>199</u>	<u>1%</u>	<u>(1)</u>	<u>(1) %</u>
	<u>\$20,508</u>	<u>100%</u>	<u>\$1,279</u>	

Expenditures by Function

General Government related expenditures were approximately \$20,582,000 (see Table 1) in 1998 compared to \$19,442,000 in fiscal 1997. The following table presents the various general City expenditures grouped according to function.

This data for the City at the end of the 1998 fiscal year was as follows: (See Table 6)

General Bonded Debt Ratio

Net General Bonded Debt <small>(in thousands of dollars)</small>	Ratio of Net Bonded Debt to Assessed Value of Taxable Property	Bonded Debt Per Capita
\$13,073	11.61%	\$460

Additional data regarding the debt position of the City are presented in the statistical section of this report. Total debt service and sales tax funds available for retirement of general obligation and sales tax debt are \$1,042,000 and \$2,970,000 respectively.

Capital Projects

The proceeds of general obligation bond issues, sales tax bond issues and certificates of indebtedness are accounted for in the Capital Projects Funds until improvement projects are completed. Completed projects are transferred to the General Fixed Assets Account Group or the Enterprise Funds, as applicable.

Capital expenditures of \$12,633,000 were made on utility system improvements and infrastructure (general fixed assets) during the 1998 fiscal year.

Interest of \$361,000 was earned during the year on investments in the Capital Projects Funds.

Proprietary Fund Operations

The City accounts for the operation of its water and sewer system, as well as solid waste disposal in the Utility Fund. The City Airport is also included as a proprietary fund. The Airport and Utility Funds received federal and state assistance totaling \$88,000 in 1998.

Segment information as of and for the years ended June 30, 1998 and 1997, respectively, is presented below:

	1998			1997 (Restated)		
	Utility	Airport	Total	Utility	Airport	Total
Operating Revenues	\$ 6,011,732	\$ 49,084	\$ 6,060,816	\$ 5,779,839	\$ 33,008	\$ 5,812,847
Depreciation Expense	1,231,384	266,642	1,498,026	1,175,291	238,956	1,414,247
Operating Loss	(65,419)	(312,870)	(378,289)	(102,177)	(303,455)	(405,632)
Net Loss	(90,390)	(229,929)	(320,319)	(75,181)	(205,940)	(281,121)
Current Capital						
Contributions	-0-	33,525	33,525	200,410	205,009	405,419
Property, Plant and						
Equipment Additions	4,227,530	51,232	4,278,762	1,532,241	220,750	1,752,990
Net Working Capital	1,265,248	59,925	1,325,173	1,755,592	31,548	1,787,140
Total Assets	38,028,295	1,824,390	39,852,685	35,924,062	2,182,504	38,106,566
Bonds payable from						
Operating Revenues	4,550,503	-0-	4,550,503	2,552,910	-0-	2,552,910
Total Equity	32,337,092	1,817,152	34,154,244	32,427,482	2,013,556	34,441,038

Cash Management

The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure the most efficient and profitable use of the City's cash resources. While efforts are made to maximize the return on the City's investment dollar, our primary goal is to ensure the return of principal.

Cash temporarily idle during the year was invested in demand deposits, time deposits and U.S. government or government agency securities. Interest earned on cash designated for specific purposes is allocated directly to that purpose. Interest income earned on investments by the City for all funds during fiscal year 1998 totaled \$961,000 compared to \$1,559,000 earned during the previous year. The decrease in investment income is related to smaller investment balances.

Risk Management

The City is currently enrolled in partial self-insurance programs for liability, dental and workers' compensation claims. Third party coverage is maintained on all insurances which becomes effective after specific and/or aggregate retentions are met. Resources are being accumulated in the General Fund to meet potential losses.

In fiscal year 1998, funds reserved for insurance totaled \$290,000. This relates directly to investments required by Louisiana Statutes for entities with self-funded workers' compensation plans. Liabilities of approximately \$1,014,000 are recorded for claims against all insurances.

OTHER INFORMATION

Independent Audit

The City Charter requires the Council to provide for an annual independent audit of the accounting and financial transactions of the City. The Council designated the firm of Deloitte & Touche LLP as the independent auditors, and their report is included in this Comprehensive Annual Financial Report. For 1998, the City again used the single audit approach, and the CAFR complies with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996. For purposes of federal financial assistance programs, the City's cognizant audit agency is the Department of Health and Human Services.

Awards

The Government Finance Officers Association awarded a Certificate of Achievement, for Excellence in Financial Reporting to the City of Slidell for its comprehensive annual financial report for the fiscal year ending June 30, 1997. This is the twelfth consecutive year the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

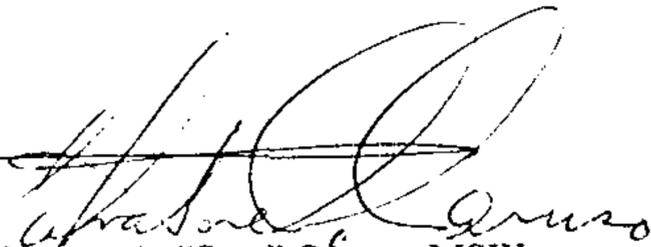
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements.

Acknowledgments

The preparation of this report could not have been accomplished without the patience and dedication of the entire staff of the Finance Department and the staffs of the other departments, boards and agencies of the City.

We would like to express our appreciation to all members of these departments, boards and agencies who assisted and contributed to its preparation. We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Salvatore A. "Sam" Caruso, MSW
Mayor

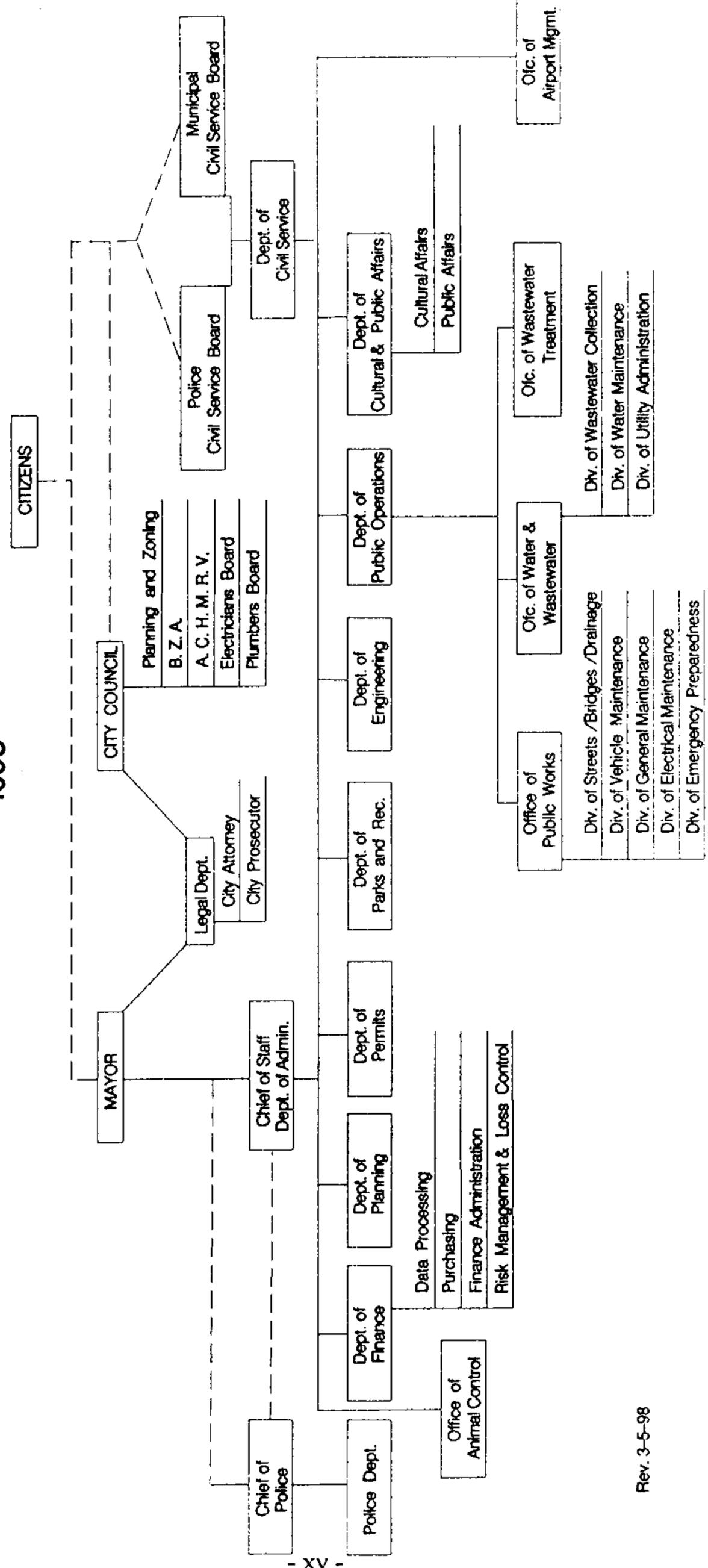


Sharon Howes, CPA
Director of Finance

SAC/SH/fm

ORGANIZATIONAL PLAN for the GOVERNMENT of the CITY of SLIDELL

1998



CITY OF SLIDELL, LOUISIANA

PRINCIPAL ELECTED OFFICIALS JUNE 30, 1998

CITY ADMINISTRATION

Salvatore A. "Sam" Caruso - Mayor

Ben O. Morris - Chief of Police

COUNCIL MEMBERS

Dudley Smith - Councilman-at-Large

Alvin D. Singletary - Councilman-at-Large

Lionel J. Washington - District A, Vice-President

Bob Callahan - District B

Richard B. Van Sandt - District C,

Belinda Levy - District D

Marti Livaudais - District E

Michael J. Molbert - District F

Pearl Williams - District G, President

NEWLY ELECTED COUNCIL MEMBERS

Jerry Binder - District B

Landon Cusimano - District C

Kevin Kingston - District D

Jack Cerny - District F

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Slidell,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda N. Savitsky
President

Jeffrey L. Esler
Executive Director



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council of the
City of Slidell, Louisiana

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

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

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of the City of Slidell, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the general purpose financial statements, the City of Slidell adopted Government Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" for the year ended June 30, 1998.

Our 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 foregoing 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 Slidell, Louisiana. The accompanying supplementary schedule of expenditures of federal awards on page 94 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. These financial statements and schedules are also the responsibility of the management of the City of Slidell, Louisiana. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 1998 on our consideration of the City of Slidell's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The statistical data on pages 69-89 are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Slidell, Louisiana. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, accordingly, we express no opinion on it.

Deloitte + Touche LLP

September 11, 1998

CITY OF SLIDELL, LOUISIANA

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

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and investments (Note 3):				
Cash	\$ 3,620,163	\$ 90,817		\$ 120,792
Investments	1,470,916	890,674	\$ 1,022,228	3,141,105
Receivables (Note 10):				
Taxes	262,128	1,081,652		
Water, sewerage and garbage Unbilled receivable				
Accrued interest	10,386		1,387	12,153
Other	11,565	2,127		
Due from other governmental entities:				
U. S. Government	13,335	275,983		4,690
State of Louisiana	142,244	15,533		100,463
Local entities	67,987	2,800		
Due from other funds (Note 9)	344,204	1,375,946	20,191	15,571
Inventory	75,957	25,995		
Prepaid items	243,954			
Restricted assets:				
Cash and cash equivalents	53,273	717,759		
Investments	289,846	2,500,595		
Fixed assets (Note 11)				
Other assets				
Amount available in debt service and special revenue funds (Note 8)				
Amount to be provided for retirement of general long term debt				
TOTAL ASSETS	\$ 6,605,958	\$ 6,979,881	\$ 1,043,806	\$ 3,394,774

EXHIBIT A-1
Page 1 of 2

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>	
		<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>1998</u>	<u>1997 (Restated - Note 1)</u>
Enterprise	Expendable Trust				
\$ 36,358	\$ 1,481			\$ 3,869,611	\$ 5,228,615
				6,524,923	18,120,296
				1,343,780	1,246,654
533,071				533,071	408,781
207,707				207,707	183,194
				23,926	46,983
5,333				19,025	44,973
14,799				308,807	126,857
1,644				259,884	1,149,994
	600			71,387	52,056
1,525,847	44,787			3,326,546	5,917,125
233,352				335,304	336,490
				243,954	328,050
135,781	9,094			915,907	864,354
1,485,719				4,276,160	5,040,968
35,551,302		\$68,322,784		103,874,086	86,888,947
121,772				121,772	127,560
			\$ 4,012,083	4,012,083	3,946,312
			34,435,206	34,435,206	36,591,095
<u>\$39,852,685</u>	<u>\$ 55,962</u>	<u>\$68,322,784</u>	<u>\$38,447,289</u>	<u>\$164,703,139</u>	<u>\$166,649,304</u>

(Continued)

CITY OF SLIDELL, LOUISIANA

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

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES:				
Accounts payable and accrued expenditures	\$ 978,274	\$ 758,884	\$ 1,410	\$ 456,653
Revenue bonds payable, current				
Due to other funds (Note 9)	2,982,342	100,159		243,526
Payable from restricted assets: Customer deposits				
Bonds and other long term debt payable (Note 8)				
DEQ revolving loan (Note 8)				
Claims and judgments (Notes 8 and 14)	758,986			
Long term accrued compensatory absences (Note 8)				
Total liabilities	<u>4,719,602</u>	<u>859,043</u>	<u>1,410</u>	<u>700,179</u>
EQUITY AND OTHER CREDITS:				
Contributed capital (Note 11)				
Investment in general fixed assets				
Retained deficit:				
Unreserved				
Fund balances:				
Reserved for prepaid items	243,954			
Reserved for inventory	75,957	25,995		
Reserved for insurance (Note 1)	289,846			
Reserved for capital outlay		100,823		
Reserved for spay neuter				
Reserved for debt service (Note 8)			1,042,396	
Reserved for bond reserve fund (Note 8)		2,251,928		
Reserved for bond sinking fund (Note 8)		717,759		
Reserved for trust purposes				
Unreserved:				
Designated for capital outlay		1,395,968		2,694,595
Designated for operating reserves		100,000		
Designated for contingencies	290,000	938,000		
Designated for training academy		48,701		
Unreserved, undesignated	986,599	541,664		
Total equity and other credits	<u>1,886,356</u>	<u>6,120,838</u>	<u>1,042,396</u>	<u>2,694,595</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$6,605,958</u>	<u>\$6,979,881</u>	<u>\$ 1,043,806</u>	<u>\$ 3,394,774</u>

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

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long Term Debt	1998	1997 (Restated - Note 1)
Enterprise	Expendable Trust				
\$ 856,039	\$ 4,620			\$ 3,055,880	\$ 4,349,992
85,000				85,000	85,000
	519			3,326,546	5,917,125
291,899				291,899	288,025
2,330,000			\$ 37,824,590	40,154,590	42,450,333
2,135,503				2,135,503	52,910
			254,736	1,013,722	1,135,652
			367,963	367,963	309,074
<u>5,698,441</u>	<u>5,139</u>		<u>38,447,289</u>	<u>50,431,103</u>	<u>54,588,111</u>
34,380,973				34,380,973	34,897,223
		\$68,322,784		68,322,784	54,124,877
(226,729)				(226,729)	(456,185)
				243,954	328,050
				101,952	102,905
				289,846	275,000
				100,823	31,657
	3,466			3,466	3,466
				1,042,396	996,865
				2,251,928	2,251,928
				717,759	695,629
	47,357			47,357	31,799
				4,090,563	16,482,122
				100,000	-
				1,228,000	1,165,872
				48,701	29,797
<u>34,154,244</u>	<u>50,823</u>	<u>68,322,784</u>		<u>1,528,263</u>	<u>1,100,188</u>
				114,272,036	112,061,193
<u>\$ 39,852,685</u>	<u>\$ 55,962</u>	<u>\$68,322,784</u>	<u>\$ 38,447,289</u>	<u>\$164,703,139</u>	<u>\$166,649,304</u>

(Concluded)

CITY OF SLIDELL, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS YEAR ENDED JUNE 30, 1998

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:				
Taxes and assessments:				
Sales and use taxes (Note 7)		\$11,497,071		
Ad valorem taxes	\$ 1,323,112	284,585	\$ 1,440,009	
Franchise taxes	1,056,668			
Revenues from other governments (Note 6):				
State shared revenues	728,259			
Other Federal/State grants	189,227	639,143		\$ 546,045
HUD grants		428,302		
Other state and local governmental revenues	330,851			199,125
Licenses and permits	1,404,141			
Fines and forfeitures	199,364			
Payment in lieu of taxes	423,538			
Contributions				
Other, primarily interest and tuition	403,772	341,742	48,470	361,438
Total revenues	<u>6,058,932</u>	<u>13,190,843</u>	<u>1,488,479</u>	<u>1,106,608</u>

EXHIBIT A-2
Page 1 of 2

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	Reporting Entity	
	1998	1997 (Restated - Note 1)
	\$11,497,071	\$ 10,970,123
	3,047,706	3,066,116
	1,056,668	1,038,178
	728,259	652,016
	1,374,415	2,151,300
	428,302	280,422
	529,976	446,392
	1,404,141	1,336,212
	199,364	200,315
	423,538	417,442
\$ 78,895	78,895	72,565
	<u>1,155,422</u>	<u>1,747,058</u>
<u>78,895</u>	<u>21,923,757</u>	<u>22,378,139</u>

(Continued)

CITY OF SLIDELL, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS YEAR ENDED JUNE 30, 1998

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
EXPENDITURES:				
Current:				
General government	\$ 2,425,045	\$ 1,388,266		
Public works	447,177	2,971,542		
Public safety	4,420,562			
Parks and recreation		913,464		
Judicial system	275,827			
Capital outlay		3,543,885		\$ 12,633,103
Debt service:				
Principal retirement			\$ 2,210,743	
Interest and paying agents' fee			2,215,211	
Certificates of indebtedness and bond issuance costs				
Total expenditures	<u>7,568,611</u>	<u>8,817,157</u>	<u>4,425,954</u>	<u>12,633,103</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,509,679)</u>	<u>4,373,686</u>	<u>(2,937,475)</u>	<u>(11,526,495)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in (Note 9)	1,856,995	137,957	2,983,006	
Operating transfers out (Note 9)	(25,525)	(5,068,298)		
Proceeds from issuance of debt (Note 8)				
Total other financing sources (uses)	<u>1,831,470</u>	<u>(4,930,341)</u>	<u>2,983,006</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	321,791	(556,655)	45,531	(11,526,495)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>1,564,565</u>	<u>6,677,493</u>	<u>996,865</u>	<u>14,221,090</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,886,356</u>	<u>\$ 6,120,838</u>	<u>\$ 1,042,396</u>	<u>\$ 2,694,595</u>

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

EXHIBIT A-2
Page 2 of 2

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	Reporting Entity	
	1998	1997 (Restated - Note 1)
	\$ 3,813,311	\$ 3,774,910
\$ 63,337	3,482,056	4,176,513
	4,420,562	4,197,450
	913,464	904,230
	275,827	213,849
	16,176,988	10,048,253
	2,210,743	2,015,042
	2,215,211	2,321,337
	-	74,346
<u>63,337</u>	<u>33,508,162</u>	<u>27,725,930</u>
<u>15,558</u>	<u>(11,584,405)</u>	<u>(5,347,791)</u>
	4,977,958	5,537,572
	(5,093,823)	(5,645,015)
	-	9,300,000
	<u>(115,865)</u>	<u>9,192,557</u>
15,558	(11,700,270)	3,844,766
<u>35,265</u>	<u>23,495,278</u>	<u>19,650,512</u>
<u>\$ 50,823</u>	<u>\$ 11,795,008</u>	<u>\$ 23,495,278</u>

(Concluded)

CITY OF SLIDELL, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ACTUAL (Adjusted to Budgetary Basis) AND BUDGET
 GENERAL AND SPECIAL REVENUE FUND TYPES
 YEAR ENDED JUNE 30, 1998

	General Fund		
	Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)
REVENUES:			
Taxes:			
Sales and use			
Ad valorem	\$1,323,112	\$1,300,363	\$ 22,749
Franchise	1,056,668	975,000	81,668
Revenues from other governments:			
State shared revenues	728,259	412,000	316,259
Other Federal/State grants	189,227	163,000	26,227
HUD grants			
Other state and local governmental revenues	100,800	100,800	-
Licenses and permits	1,404,141	1,292,000	112,141
Fines and forfeitures	199,364	180,000	19,364
Payment in lieu of taxes	423,538	423,538	-
Other, primarily interest and tuition	403,772	175,000	228,772
Total revenues	<u>5,828,881</u>	<u>5,021,701</u>	<u>807,180</u>

Special Revenue Funds			Totals (Memorandum Only)		
Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)	Actual (Adjusted to Budgetary Basis)	Budget	Actual Variance Favorable (Unfavorable)
\$11,497,071	\$10,940,000	\$ 557,071	\$11,497,071	\$10,940,000	\$ 557,071
284,585	280,949	3,636	1,607,697	1,581,312	26,385
			1,056,668	975,000	81,668
			728,259	412,000	316,259
639,143	807,161	(168,018)	828,370	970,161	(141,791)
428,302	666,833	(238,531)	428,302	666,833	(238,531)
			100,800	100,800	-
			1,404,141	1,292,000	112,141
			199,364	180,000	19,364
			423,538	423,538	-
341,742	262,150	79,592	745,514	437,150	308,364
<u>13,190,843</u>	<u>12,957,093</u>	<u>233,750</u>	<u>19,019,724</u>	<u>17,978,794</u>	<u>1,040,930</u>

(Continued)

CITY OF SLIDELL, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ACTUAL (Adjusted to Budgetary Basis) AND BUDGET GENERAL AND SPECIAL REVENUE FUND TYPES YEAR ENDED JUNE 30, 1998

	General Fund		
	Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
General government	\$2,425,045	\$2,474,786	\$ 49,741
Public works	447,177	462,814	15,637
Public safety	4,190,511	4,254,846	64,335
Parks and recreation			-
Judicial system	275,827	275,909	82
Capital outlay			-
Total expenditures	<u>7,338,560</u>	<u>7,468,355</u>	<u>129,795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,509,679)	(2,446,654)	936,975
OTHER FINANCING SOURCES (USES):			
Operating transfers in	1,856,995	1,856,995	-
Operating transfers out	<u>(25,525)</u>	<u>(25,525)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,831,470</u>	<u>1,831,470</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	321,791	(615,184)	936,975
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>1,564,565</u>	<u>1,564,565</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$1,886,356</u>	<u>\$ 949,381</u>	<u>\$ 936,975</u>

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

Special Revenue Funds			Totals (Memorandum Only)		
Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)	Actual (Adjusted to Budgetary Basis)	Budget	Actual Variance Favorable (Unfavorable)
\$ 1,388,266	\$ 1,447,072	\$ 58,806	\$ 3,813,311	\$ 3,921,858	\$ 108,547
2,971,542	3,054,060	82,518	3,418,719	3,516,874	98,155
		-	4,190,511	4,254,846	64,335
913,464	913,515	51	913,464	913,515	51
		-	275,827	275,909	82
<u>3,543,885</u>	<u>5,427,069</u>	<u>1,883,184</u>	<u>3,543,885</u>	<u>5,427,069</u>	<u>1,883,184</u>
<u>8,817,157</u>	<u>10,841,716</u>	<u>2,024,559</u>	<u>16,155,717</u>	<u>18,310,071</u>	<u>2,154,354</u>
4,373,686	2,115,377	2,258,309	2,864,007	(331,277)	3,195,284
137,957	137,957	-	1,994,952	1,994,952	-
<u>(5,068,298)</u>	<u>(5,068,297)</u>	<u>(1)</u>	<u>(5,093,823)</u>	<u>(5,093,822)</u>	<u>(1)</u>
<u>(4,930,341)</u>	<u>(4,930,340)</u>	<u>(1)</u>	<u>(3,098,871)</u>	<u>(3,098,870)</u>	<u>(1)</u>
(556,655)	(2,814,963)	2,258,308	(234,864)	(3,430,147)	3,195,283
<u>6,677,493</u>	<u>6,647,696</u>	<u>29,797</u>	<u>8,242,058</u>	<u>8,212,261</u>	<u>29,797</u>
<u>\$ 6,120,838</u>	<u>\$ 3,832,733</u>	<u>\$2,288,105</u>	<u>\$ 8,007,194</u>	<u>\$ 4,782,114</u>	<u>\$3,225,080</u>

(Concluded)

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED DEFICIT
ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

	1998	1997 (Restated - Note 1)
OPERATING REVENUES:		
Water revenues	\$ 1,905,429	\$ 1,816,781
Sewerage revenues	1,956,265	1,860,917
Solid waste disposal revenues	784,252	776,082
Ad valorem taxes assessed for sewerage maintenance	562,504	555,261
Ad valorem taxes assessed for garbage service	562,504	555,261
Connection charges	155,261	130,916
Tie down and rental revenues	49,084	33,008
Penalties	85,517	84,621
Total operating revenues	<u>6,060,816</u>	<u>5,812,847</u>
OPERATING EXPENSES (EXCLUDING DEPRECIATION):		
Salaries, wages and related benefits	1,833,990	1,732,098
Solid waste disposal	1,469,101	1,429,356
Repairs and maintenance	413,357	478,510
Materials and supplies	207,348	184,158
Utilities	352,800	365,583
Gas and oil	34,026	36,314
Insurance	98,850	31,538
Office expense	32,989	29,962
Certification and training	10,878	12,276
Other	43,188	60,366
Payment in lieu of taxes	423,538	417,442
Bad debt expense	21,014	26,629
Total operating expenses before depreciation	<u>4,941,079</u>	<u>4,804,232</u>
OPERATING INCOME BEFORE DEPRECIATION	1,119,737	1,008,615
DEPRECIATION	<u>1,498,026</u>	<u>1,414,247</u>
OPERATING LOSS	<u>(378,289)</u>	<u>(405,632)</u>
NON-OPERATING REVENUES (EXPENSES):		
Other income, primarily interest	104,156	128,813
Grant revenue	54,644	17,243
Interest and fiscal charges	(156,951)	(128,988)
Other expenses	(59,744)	-
Total non-operating revenues (expenses), net	<u>(57,895)</u>	<u>17,068</u>
NET LOSS BEFORE OPERATING TRANSFERS	(436,184)	(388,564)
OPERATING TRANSFERS IN	<u>115,865</u>	<u>107,443</u>
NET LOSS	(320,319)	(281,121)
DEPRECIATION ON ASSETS ACQUIRED WITH EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS WHICH REDUCES CONTRIBUTED CAPITAL	549,775	540,770
RETAINED DEFICIT, BEGINNING OF YEAR, AS RESTATED	<u>(456,185)</u>	<u>(715,834)</u>
RETAINED DEFICIT, END OF YEAR	<u>\$ (226,729)</u>	<u>\$ (456,185)</u>

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

**COMBINED STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS**

YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

	1998	1997 (Restated - Note 1)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from operations	\$ 5,227,298	\$ 3,924,158
Payments for goods and services	(2,156,275)	(2,062,213)
Payments for employee services	(1,833,990)	(1,732,098)
Payments in lieu of taxes	(423,538)	(417,442)
Payments for direct and indirect costs	(505,716)	(469,763)
Other operating income	<u>1,125,008</u>	<u>1,110,522</u>
Net cash provided by operating activities	<u>1,432,787</u>	<u>353,164</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers in	115,865	107,443
Proceeds from federal grant	56,618	17,243
Payments for study	<u>(52,345)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>120,138</u>	<u>124,686</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributed by others	33,525	377,711
Interest paid on debt	(151,163)	(123,200)
Acquisition and construction of capital assets	(4,112,360)	(1,660,303)
Proceeds from issuance of debt	2,082,593	52,910
Principal paid on bond maturities	(85,000)	-
Issuance cost paid	<u>-</u>	<u>(17,594)</u>
Net cash used in capital and related financing activities	<u>(2,232,405)</u>	<u>(1,370,476)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(5,397,769)	(7,893,373)
Proceeds from maturities and sale of investments	6,005,890	8,754,000
Proceeds from interest income	<u>93,448</u>	<u>124,803</u>
Net cash provided by investing activities	<u>701,569</u>	<u>985,430</u>
NET INCREASE IN CASH	22,089	92,804
CASH, BEGINNING OF YEAR	<u>150,050</u>	<u>57,246</u>
CASH, END OF YEAR	<u>\$ 172,139</u>	<u>\$ 150,050</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (378,289)	\$ (405,632)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,498,026	1,414,247
Bad debt expense	21,014	26,629
Change in asset and liabilities:		
Decrease (increase) in accounts receivable	287,616	(787,049)
Decrease in inventory	233	5,032
Increase in accounts payable	<u>4,187</u>	<u>99,937</u>
Net cash provided by operating activities	<u>\$ 1,432,787</u>	<u>\$ 353,164</u>

Depreciation on the sewer system and airport which were acquired by grants externally restricted for the acquisition and construction of the sewer system and airport was used to reduce the contributed capital and thereby increase retained earnings. The effect on retained earnings for the year ended June 30, 1998 was an increase of \$549,775 with a corresponding decrease in contributed capital.

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

CITY OF SLIDELL, LOUISIANA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Funds and Account Groups - The City of Slidell, Louisiana (the City) 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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 are classified into three categories: governmental, fiduciary and proprietary. Each category, in turn, is divided into separate "fund types." The funds, listed by type, and account groups established by the City are described below.

General Fund - The General Fund is a governmental fund used to account for resources traditionally associated with government which are not required legally, or by sound financial management, to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the City (i.e., public safety, sanitation, general government, etc.).

Special Revenue Funds - These governmental funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes (other than special assessments, expendable trusts, major capital projects, water and sewerage user fees and airport user fees). The Sales Tax Fund accounts for the bond proceeds and subsequent debt service; revenues funded by the City's two percent sales and use tax, which are primarily dedicated for public improvements (see Note 7); and certain grants. The Community Development Block Grant Fund accounts for the proceeds of entitlement grants received from the Department of Housing and Urban Development. The Regional Training Facility Fund accounts for fifty percent of the normal recurring activities of the police/fire training facility. The other fifty percent is accounted for under contractual arrangement by the St. Tammany Fire Protection District No. 1.

Debt Service Fund - This governmental fund is used to accumulate monies for the payment of bond and certificate of indebtedness issues. There is no reserve or sinking fund established to cover defaults by property owners.

Capital Projects Funds - These governmental funds account for the purchase, construction and renovation of the City's major capital facilities. Their resources are derived principally from proceeds of general obligation or sales tax bonds, certificates of indebtedness and U.S. Government and other agencies grants. The Sewerage Improvements Fund was established to account for capital improvements to the sanitary sewer collection system and treatment facility. The Water Improvements Fund was established to account for renovation of the City's water system. The City Capital Construction Fund was established to account for monies received from an outside agency and is designated for future capital investments. The Public Works Improvement Fund was established to account for renovations and replacement of City

streets and drainage. The Drainage Improvements Fund was established to account for proceeds of the General Obligation Bonds, Series 1996. The Street Improvements Fund was established to account for proceeds of the Public Improvement Sales Tax Bonds, Series 1966.

Enterprise Funds - These proprietary funds are used to account for operations of the water and sewerage systems and the solid waste disposal system of the City as well as the airport, which are financed and operated in a manner similar to private business enterprises. These funds are designed to be self-supporting in that the cost of providing services to the general public on a continuing basis is to be financed or recovered primarily through user charges.

Expendable Trust Funds - Assets held by the City in a fiduciary capacity for individuals, organizations and others are accounted for in these fiduciary funds, which are primarily financed by private contributions. The 1998 balances include the Animal Assistance League of Slidell Fund for the care and protection of stray animals, the Christmas Under the Stars Fund to promote Christmas programs, the Green Fund for the Slidell Heritage Green and Beautiful Committee, and the Old Towne Development Fund to promote the revitalization of the downtown area of Slidell.

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for the general fixed assets of the City, other than assets of the Enterprise Funds. Capital expenditures in funds other than the Enterprise Funds are recorded as expenditures of those funds at the time of purchase and are subsequently recorded, at cost, for control purposes in the General Fixed Assets Account Group unless the assets are contributed to the Enterprise Funds. Depreciation is not recorded on general fixed assets.

General Long-Term Debt Account Group - The General Long-Term Debt Account Group represents a summary of the general obligation, sales tax and certificates of indebtedness as well as certain other long-term liabilities of the City.

Fund Equity - Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

Basis of Accounting - The financial statements and accounting policies of the City conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

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 generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The Proprietary Fund Type operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Under the provisions of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the City has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

Effective July 1, 1997, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," by retroactively restating beginning fund balances and retained deficit as of June 30, 1996. GASBS No. 31 requires that all investments be reported at fair value with gains and losses included in the statements of revenues and expenses/expenditures.

The following is a reconciliation of fund balances and retained deficit as of June 30, 1996, as previously reported, to fund balances and retained deficit as restated:

Total fund balances as previously reported, June 30, 1996	\$19,810,599
Recognition of fair value of investments	<u>(160,087)</u>
Total fund balances as restated, June 30, 1996	<u>\$19,650,512</u>
Total retained deficit as previously reported, June 30, 1996	\$ (707,968)
Recognition of fair value of investments	<u>(7,866)</u>
Total retained deficit as restated, June 30, 1996	<u>\$ (715,834)</u>

The restatement increased investment income by \$117,091 for the year ended June 30, 1997. The effect for the year ended June 30, 1998 was not material.

Accrual Basis of Accounting - The accrual basis of accounting is utilized by Proprietary Fund Types (the City's Enterprise Funds) whereby revenues are recorded as earned and expenses are recorded when incurred. Monthly billings for services are made based on metered or fixed monthly rates, as applicable. Substantially all accounts of the City are metered. The remaining customers are charged a fixed rate, based on estimated usage and approved by the City Council. Unbilled water and sewer utility service and solid waste disposal service receivables are recorded by the City.

Modified Accrual Basis of Accounting - All Governmental Fund Types and Expendable Trust Funds are accounted for under the modified accrual basis of accounting utilizing the following practices:

Revenues are accrued when the amounts to be received are both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Grants from the U. S. Government and the State are accrued when the City has a right to reimbursement under the related grant, generally corresponding to the incurrence of grant related costs by the City. Ad valorem taxes are recorded in the year the taxes are levied to the extent that they are determined to be currently collectible. The year-end accrual of sales and use tax revenue is based upon sales and use taxes collected during July of the following year. Interest income on investments held at year-end is accrued.

Expenditures, except as indicated otherwise, are recorded at the time the related fund liabilities are incurred. Interest payments on general long-term debt are not accrued but are recorded when paid. Amounts payable under construction contracts, including the applicable retainage, are recorded in the period during which the related work is performed by the contractor. Also, capital outlays are recorded as expenditures at the time of acquisition.

Budget Policies - The Mayor and City Council approve, prior to the beginning of each year, an annual operating budget prepared on the modified accrual basis for general governmental activities except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase and State supplemental pay (\$230,051 in 1998) to police officers are not treated as budgeted revenues and expenditures of the General Fund. At the end of the fiscal year, unexpended and unencumbered appropriations of these funds automatically lapse with the exception of capital outlay appropriations which lapse after three fiscal years.

Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds, the only fund types having legally adopted annual budgets. Expenditures are budgeted at the departmental level, which is the level at which expenditures may not legally exceed appropriations. For all other funds effective budgetary control is alternatively achieved through bond indenture provisions, certificate of indebtedness provisions, and trust agreements. Certain revenues, capital outlay, and claims, judgments and disasters expenditures arise from special grants, contracts, and specific events which specify the use of the funds and, accordingly, no budgetary control is required.

During the year, the Mayor may authorize transfers between line items within a department or project without Council approval. Upon request by the Mayor, the Council may amend departmental or fund level appropriations during the year. The budget data reflected in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Actual (Adjusted to Budgetary Basis) and Budget (Exhibit A-3) includes the effect of such appropriation amendments approved by the City Council during the current year. These amendments may reappropriate undesignated and/or reserved funds rolling forward from the previous year for various capital projects as well as amend the distributions of operating funds already appropriated.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and because the commitments will be honored during the subsequent year. There were no encumbrances outstanding at June 30, 1998.

Transfers - Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases in which repayment is expected, the advances are accounted for through the various due to and due from accounts.

Payment in Lieu of Taxes - Costs associated with general governmental operations of the City are initially recorded in the General Fund. A portion of these costs is applicable to the administration and operation of the Special Revenue and Enterprise Funds.

For the Special Revenue Funds, in lieu of an administrative cost allocation, the City budgets an operating transfer of a portion of the sales tax revenues to the General Fund.

For the Enterprise Funds, the payment in lieu of taxes is made to the General Fund based on rates the General Fund would have charged a third party for the services provided. The rates are determined based on the current franchise and property millage tax rates.

Inventories - Inventories are valued at cost using the first in, first out (FIFO) method. Inventories in the General and Special Revenue Funds consist of materials and supplies held for consumption and are accounted for using the consumption method whereby individual items are recorded as expenditures when they are consumed. Inventories in the General and Special Revenue Funds are equally offset by a

reservation of fund balance, which indicates that although inventories are a component of net current assets, they do not constitute "available spendable resources." Inventories in the Enterprise Funds consist of chemicals, repair materials, and spare parts. These inventories are also accounted for using the consumption method.

Restricted Assets - Restricted assets on the balance sheet of the Special Revenue Funds represent amounts which are required to be maintained pursuant to the ordinances relating to the Recreational Bonds of 1980, the Series 1987, 1988 and 1996 Public Improvement Bonds, and the 1993A and 1993B Refunding Bonds (bond sinking fund and reserve fund, see Note 8). A corresponding amount of fund balance is reserved as these monies are legally segregated for a specific future use.

Restricted investments on the balance sheet of the General Fund represent a certificate of deposit of \$289,846 required to be maintained and held by the Workers Compensation Fund (a State of Louisiana agency) as collateral against the City's self-insured portion of workers' compensation claims. A corresponding amount of fund balance is reserved as these monies are legally segregated for a specific future use. Restricted cash on the balance sheet of the General Fund represents cash of \$53,273 received through a grant in advance of expenditures made required to be maintained in a separate account.

Restricted assets on the balance sheet of the Enterprise Funds represent funds held for customer deposits and amounts which are required to be maintained pursuant to ordinances relating to the Series 1996 Utilities Revenue Bonds.

Fixed Assets and Depreciation - All fixed assets of the City not utilized by the Enterprise Funds are capitalized in the General Fixed Assets Account Group. Assets are recorded at cost or estimated historical cost, if purchased, and at fair market value at date of gift, if donated. In addition to land, buildings, and equipment, the City capitalizes as general fixed assets certain other public domain (infrastructure) improvements including streets, bridges and drainage systems. The City does not depreciate general fixed assets or capitalize interest on construction-in-progress.

Fixed assets in the City's Enterprise Funds are recorded at cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense. Contributions received in aid of construction are credited to the contribution account and do not reduce the cost of the assets acquired with such contributions.

Depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction reduces the appropriate contributed capital account and is recorded as a retirement of contributed capital, thereby increasing retained earnings.

Depreciation is provided on the straight-line method for fixed assets of the Enterprise Funds. The following useful lives are used for depreciation purposes:

Asset Description	Asset Life
<u>Water System</u>	
Wells	20 years
Storage tanks	20 years
Lines	50 years
<u>Sewerage System</u>	
Disposal plant	50 years
Pump stations and lines	50 years
<u>General</u>	
Trucks	4 years
Equipment	10 years
<u>Airport Facility</u>	
Machinery and equipment	10 years
Parking facilities	7 years
Building	20 years

Compensated Absences - Vacation and sick leave benefits are based on the number of years of service and may be carried forward to subsequent years. However, upon retirement or termination, only 45 days earned vacation will be paid to policemen, and 15 days earned vacation will be paid to all other City employees. In addition, 45 days earned sick leave will be paid to policemen, and 15 days earned sick leave will be paid to all other City employees only upon retirement. Compensatory absences earned but not paid are fully accrued in the Enterprise Funds. In the governmental funds, only that portion which will be liquidated within one year with expendable available financial resources is accrued at year-end. The term "expendable available financial resources" as used in this context means unreserved, undesignated fund balance.

Ad Valorem Taxes - Ad valorem taxes are levied based on a calendar year. The property tax assessment for fiscal 1998 was formally levied on December 8, 1996, based on the millage rates determined by the City Council. Property tax bills are mailed out once a year in early December and become an enforceable lien when due. Although the bill states the property taxes are due on December 31, penalties are assessed for any payment not received by February 1. Property tax revenues are recognized when levied to the extent that they are determined to be currently collectible. Any unpaid taxes are collected in connection with a tax sale held in June.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including certificates of deposit) with a maturity of three months or less when purchased to be cash equivalents.

2. THE FINANCIAL REPORTING ENTITY

The City is a municipal corporation governed by an elected nine-member Council. As required by generally accepted accounting principles, these financial statements present the City as the primary government. The City has no component units; therefore, the City also represents the reporting entity.

3. CASH AND INVESTMENTS

As reflected in the Combined Balance Sheet, the City had the following cash and investments as of June 30, 1998:

	Total
Cash and Investments	
Unrestricted	\$ 10,394,534
Restricted	<u>5,192,067</u>
	<u>\$ 15,586,601</u>

Deposits - Under State law the City may deposit funds with a fiscal agent bank located within the municipality and organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the City may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Bank deposits must be secured by federal depository insurance or the pledge of securities owned by the bank. The market value of the pledged securities must at all times equal or exceed 100% of the uninsured amount on deposit with the bank.

At June 30, 1998, the carrying amount of the City's cash and certificates of deposit was \$5,100,364 of which \$314,846 is classified as investments at June 30, 1998, and the bank balance was \$5,311,324. The difference is primarily due to outstanding checks. The entire bank balance was either covered by federal depository insurance or by collateral held by the City's third-party agent in the City's name (Category 1).

Investments - In addition to the bank certificates of deposit described above, under State law the City may also invest in obligations of the U.S. Treasury or any other federally insured investment. Investments are stated at fair value with gains and losses included in the statements of revenues and expenses/ expenditures. The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or agent, but not in the City's name. Balances at June 30, 1998 were as follows:

	<u>Category</u>			Carrying Value
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Government Securities	\$ 6,785,142	\$ -	\$ -	6,785,142
U.S. Government Agency Securities	<u>3,701,095</u>	<u> </u>	<u> </u>	<u>3,701,095</u>
Total	<u>\$ 10,486,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,486,237</u>

4. OVERVIEW TOTAL COLUMNS

Overview total columns are included on the combined statements and are captioned "Memorandum Only" to indicate they are presented for overview information purposes only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

5. RETIREMENT PLANS

The City provides pension benefits for all of its full-time employees through two separate cost-sharing, multiple-employer public employee retirement systems. All full-time City employees, except police, are members in the Municipal Employees' Retirement System of the State of Louisiana (the Municipal System). All full-time police are members of the Municipal and State Police Retirement System of Louisiana (the Police System).

The City's total payroll cost, excluding benefits, was approximately \$8,115,000 for fiscal 1998. Contributions to these retirement systems were based on participating full-time employee earnings which were approximately as follows for fiscal 1998:

Municipal System	\$4,920,000
Police System	<u>2,033,000</u>
Total	<u>\$6,953,000</u>

Municipal employees participating in the Municipal System are entitled to a retirement benefit at or after age 60 with 10 years of creditable service, age 55 with 25 years of creditable service or at any age with 30 years of creditable service. The retirement benefit is generally three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by state legislation. The Municipal System issues a publicly available financial report that includes the financial statements and required supplementary information for the Municipal System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana, 70809.

Police participating in the Police System for at least one year are eligible for normal retirement at or after age 50 with 20 years of creditable service or age 55 with 12 years creditable service. The retirement benefit is generally three and one-third percent of the members average final compensation multiplied by his years of creditable service (not to exceed 100% of average final compensation). The system also provides death and disability benefits as well as a deferred retirement option. Benefits are established by State legislation. The Police System issues a publicly available financial report that includes the financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal and State Police Retirement System of Louisiana, 8401 United Plaza Building, Room 235, Baton Rouge, Louisiana, 70809.

State legislation has established the obligations of the City and its employees for contributions at 5.75% and 9.25% of employee earnings, respectively, for the Municipal System, as well as 9.0% and 7.5% of employee earnings, respectively, for the Police System. The contributions made by the City are greater than its obligations established by the State legislature in order to reduce employee contributions accordingly. The City contributed 15% of participating employee earnings to the Municipal System for

1998. The City's contributions to the Police System were 16.5% of the participating policemen's wages for 1998. The City's contributions to the Municipal System for the years ending June 30, 1998, 1997 and 1996 were approximately \$738,000, \$775,000 and \$770,000, respectively, equal to the required contribution for each year. The City's contributions to the Police System for the years ending June 30, 1998, 1997 and 1996 were approximately \$335,000, \$321,000 and \$288,700, respectively, equal to the required contribution for each year.

6. GRANTS FROM OTHER GOVERNMENTAL ENTITIES

Federal and state governmental entities represent an important source of supplementary funding used to finance the City's construction programs and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in the General, Special Revenue and Capital Projects Funds. As discussed in Note 1, a grant receivable is recorded when the City has a right to reimbursement under the related grant.

The grants received by the City specify the purpose for which the grant monies are to be used, and such grants are subject to audit by the granting agency or its representative.

The following revenues under various grants and entitlements are recorded in the accompanying financial statements:

General Fund	\$ 189,227
Special Revenue Funds	1,067,445
Capital Projects Funds	546,045
Enterprise Funds	<u>54,644</u>
	<u>\$1,857,361</u>

The City also received \$33,525 during fiscal 1998 as the result of federal and state grants which were externally restricted for improvements to the airport. These funds were recorded as contributed capital in the Enterprise Funds.

7. DEDICATED REVENUES

The City collects a two percent sales and use tax pursuant to two separate one percent tax propositions approved by the voters in November 1962 (fiscal 1963) and September 1986 (fiscal 1987). These revenues are dedicated for specific purposes and are accounted for in a separate Special Revenue Fund.

An inter-governmental agreement (known as the Sales Tax Enhancement Plan) was executed between the City and Sales Tax District #3 of St. Tammany Parish. The agreement targets all undeveloped commercial properties (within St. Tammany Parish) annexed into the City after November 4, 1986 and stipulates that the two percent sales and use tax derived from the subsequent development of such properties be split equally (after the City recovered approximately \$1,356,000 of costs relating to the extension of services to two retail developments) between the City and Sales Tax District #3 of St. Tammany Parish. This agreement has a twenty year life, expiring December 1, 2006, after which the City will be entitled to the entire two percent tax.

Dedication of the 1963 tax, as amended, requires one half of all proceeds of the tax to be used first for debt service requirements and the costs for bonds issued for the purpose of constructing, acquiring, or improving lands, buildings or other works of public improvement for the City, including equipment and furnishings thereof, title to which shall be in the public. The remaining dedicated revenue is to be used for constructing, acquiring or improving the aforementioned capital improvements. The proposition also provides for one half of the 1963 sales and use tax revenues to be undedicated. These undedicated revenues are available for general operations.

All of the proceeds of the 1987 tax, after paying the reasonable and necessary expenses of collecting and administering the tax, are dedicated to be used for purchasing, constructing, acquiring, extending, improving, maintaining, and/or operating public facilities, public works or capital improvements and paying the capital costs of police protection and public safety for the City or any sites, equipment and furnishings thereof. According to the voter approved proposition, the City is further authorized to fund the proceeds of the tax into bonds for the above stated capital purposes.

Proceeds of both the 1963 and 1987 sales and use taxes serve as security for outstanding sales tax revenue bonds (see Note 8).

8. LONG-TERM DEBT

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

	Balance June 30, 1997	Issues or Additions	Payments or Expenditures	Balance June 30, 1998
Governmental Fund Types				
General Obligation Bonds	\$14,740,000		\$ 625,000	\$14,115,000
Sales Tax Revenue Bonds	21,344,375		1,009,000	20,335,375
Certificates of Indebtedness	3,950,958		576,743	3,374,215
Compensated Absences (Note 1)	309,074	\$ 58,889		367,963
Claims and Judgements (Note 14)	<u>193,000</u>	<u>61,736</u>		<u>254,736</u>
Total Governmental Fund Types	<u>40,537,407</u>	<u>120,625</u>	<u>2,210,743</u>	<u>38,447,289</u>
Proprietary Fund Types				
Utility Revenue Bonds	2,500,000		85,000	2,415,000
DEQ Revolving Loan	<u>52,910</u>	<u>2,082,593</u>		<u>2,135,503</u>
Total Proprietary Fund Types	<u>2,552,910</u>	<u>2,082,593</u>	<u>85,000</u>	<u>4,550,503</u>
Total All Fund Types	<u>\$43,090,317</u>	<u>\$2,203,218</u>	<u>\$2,295,743</u>	<u>\$42,997,792</u>

Details of the City's long-term debt as of June 30, 1998 are as follows:

General Obligation Bonds secured by ad valorem taxes:

Water, Sewer and Refunding Bonds, Series 1989A, 1989B, and 1989C bearing interest from 7.0% to 12%, payable annually through 2009	\$ 270,000
Refunding Bonds, Series 1994, bearing interest from 3.15% to 5.50%, payable annually through 2009	4,665,000
Drainage Bonds, Series 1996, bearing interest from 4.43% to 10.00%, payable annually through 2016	<u>9,180,000</u>
	<u>\$14,115,000</u>

Sales Tax Bonds and Certificates of Indebtedness secured by sales and use taxes:

Recreation Bonds of 1980, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1963, on a parity with the Series 1986 Public Improvement Bonds, bearing interest at 5%, payable annually through 2005	\$ 595,375
Public Improvement Bonds, Series 1987 and 1988, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1987, bearing interest from 6.7% to 12%, payable annually through 2004	1,855,000
Public Improvement Refunding Bonds, Series 1993B, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1987 bearing interest from 3.10% to 5.50%, payable annually through 2008	5,880,000
Public Improvement Refunding Bonds, Series 1993A, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1963 bearing interest from 3.10% to 5.65%, payable annually through 2011	3,120,000
Public Improvement Bonds, Series ST-1996, secured by a lien and irrevocable pledge of the proceeds of the City's one percent sales and use tax levied in 1987 bearing interest from 5.375% to 10%, payable annually through 2016	<u>8,885,000</u>
	<u>\$20,335,375</u>

Unsecured Certificates of Indebtedness:

Certificates of Indebtedness, bearing interest from 4.3% to 5.3% payable annually through 2005	\$2,810,000
Certificates of Indebtedness, bearing interest at 5.10% payable annually through 1999	<u>564,215</u>
	<u>\$3,374,215</u>
Utility Revenue Bonds, Series 1996, secured by revenues of the Utility Fund, bearing interest from 3.90% to 5.55% payable annually through 2016	\$2,415,000
Current portion	<u>(85,000)</u>
Long-term debt	<u>\$2,330,000</u>

DEQ Revolving Loan

On May 28, 1997, the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) Loan No. CS-221136-01. The purpose of the loan is to pay a portion of the cost of constructing improvements to the wastewater system of the City. Under the terms of the agreement, the DEQ, through its Municipal Facilities Revolving Loan Fund, will loan the City an amount not to exceed \$3,900,000. Upon completion of the project (currently expected to be in December 1998), the actual amount borrowed will be determined and the City will issue Utility Revenue Bonds to evidence the debt as authorized by ordinance No. 2727. The bonds will be payable over a 20 year period and will bear an interest rate of 3.45 percent. As of June 30, 1998, \$2,135,503 has been drawn down on the loan. This amount is recorded as a liability in the financial statements of the Utility Enterprise Fund. Under the terms of the agreement, the City is subject to compliance with certain provisions and covenants. As of June 30, 1998, the City is in compliance with all significant provisions and covenants.

The annual requirements, including interest payments of \$18,006,067, to amortize all debt outstanding as of June 30, 1998 is as follows:

Year ending June 30,	General Obligation	Sales Tax	Certificates of Indebtedness	Utility Revenue	Total
1999	\$ 1,407,191	\$ 2,201,647	\$ 780,831	\$ 210,673	\$ 4,600,342
2000	1,392,941	2,200,744	784,082	212,188	4,589,955
2001	1,373,042	2,190,481	482,464	213,408	4,259,395
2002	1,360,706	2,193,127	488,714	214,322	4,256,869
2003	1,369,098	2,190,092	488,714	214,922	4,262,826
2004-2008	6,943,746	10,730,011	996,638	1,069,524	19,739,919
2009-2013	4,546,974	5,489,954		1,060,543	11,097,471
2014-2018	<u>2,408,000</u>	<u>2,396,500</u>		<u>634,380</u>	<u>5,438,880</u>
	<u>\$20,801,698</u>	<u>\$29,592,556</u>	<u>\$4,021,443</u>	<u>\$3,829,960</u>	<u>\$58,245,657</u>

At June 30, 1998, the following amounts are considered available for the retirement of general long-term debt:

Special Revenue Funds	\$2,969,687
Debt Service Fund	<u>1,042,396</u>
	<u>\$4,012,083</u>

In accordance with the Revised Statutes of the State of Louisiana, aggregate debt payable solely from ad valorem taxes for each specific purpose shall not exceed 35% of total assessed valuation of taxable property. As of June 30, 1998, the City was in compliance with these statutes.

Pursuant to the Revenue Bond Resolution and the Recreation Bonds of 1980, Series 1987, 1988 and 1996 Public Improvement Bond ordinances, and the 1993A and 1993B Refunding Bond ordinances, and Utility Revenue Bonds, Series 1996, certain assets of the Special Revenue and Enterprise Funds are restricted (see Note 1). As of June 30, 1998, the City is in substantial compliance with the restrictive covenants of its debt agreements.

In prior years the City defeased certain general obligation and sales tax bonds and sewerage certificates by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds and certificates. Accordingly, the trust account assets and the liabilities for the defeased bonds and certificates are not included in the City's financial statements. At June 30, 1998, \$4,395,000 of general obligation bonds is considered defeased.

9. INDIVIDUAL FUND DISCLOSURES

A summary of interfund receivable and payable balances at June 30, 1998 follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 344,204	\$2,982,342
Special Revenue:		
Sales Tax	1,330,726	
Community Development Block Grant		100,159
Regional Training Facility	45,220	
Debt Service Fund	20,191	
Capital Projects Funds:		
Public Works	10,647	
Water Improvements	4,066	
Drainage Improvements		950
Sewerage Improvements	858	
Streets Improvements		127,858
City Capital		114,718
Enterprise Funds:		
Utility Fund	1,478,083	
Airport	47,764	
Expendable Trust Funds:		
Christmas Under the Stars	28,053	
Old Towne Development		519
Animal Assistance League of Slidell	16,460	
Green	<u>274</u>	
	<u>\$3,326,546</u>	<u>\$3,326,546</u>

A summary of operating transfers by fund type for the year ended June 30, 1998 is as follows:

	Transfers To or From	Operating Transfers In	Operating Transfers Out
<u>General Fund</u>			
	Special Revenue Funds	\$ 1,856,995	
	Enterprise Funds		\$ 25,525
		<u>1,856,995</u>	<u>25,525</u>
<u>Special Revenue Funds</u>			
	Special Revenue Funds	137,957	137,957
	General Fund		1,856,995
	Debt Service Fund		2,983,006
	Enterprise Funds		90,340
		<u>137,957</u>	<u>5,068,298</u>
<u>Debt Service Fund</u>			
	Special Revenue Funds	2,983,006	
		<u>2,983,006</u>	
<u>Enterprise Funds</u>			
	General Fund	25,525	
	Special Revenue Funds	90,340	
		<u>115,865</u>	
TOTAL OPERATING TRANSFERS		<u>\$ 5,093,823</u>	<u>\$ 5,093,823</u>

As of June 30, 1998, the Utility Fund's retained deficit is \$306,212.

10. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The water, sewerage and garbage receivable balance of \$533,071 is net of an allowance for doubtful accounts of \$44,777.

11. PROPERTY, PLANT AND EQUIPMENT AND CONTRIBUTED CAPITAL

A summary of changes in general fixed assets for the year ended June 30, 1998 is as follows:

	June 30, 1997	Additions	Deletions	Construction- In-Progress	June 30, 1998
Land and buildings	\$12,715,203	\$ 1,397,206		\$ 520,501	\$14,632,910
Recreation facilities	1,028,197	1,010			1,029,207
Streets	9,976,781	7,964,559	\$1,653,473	2,362,795	18,650,662
Drainage	13,556,712	3,082,202		1,643,286	18,282,200
Office equipment	1,632,356	281,589	261,079		1,652,866
Machinery and equipment	1,639,125	29,654	6,421		1,662,358
Vehicles	3,100,963	403,673	194,231		3,310,405
Bridges	619,084				619,084
Construction-in- progress	<u>9,856,456</u>	<u>3,153,218</u>	<u> </u>	<u>(4,526,582)</u>	<u>8,483,092</u>
	<u>\$54,124,877</u>	<u>\$16,313,111</u>	<u>\$2,115,204</u>	<u>\$ -</u>	<u>\$68,322,784</u>

Construction-in-progress primarily consists of street and drainage and building improvements which are financed by general obligation bonds, sales tax revenues and sales tax bonds, CDBG and City capital fund monies.

A summary of property, plant, and equipment of the Enterprise Funds as of June 30, 1998 follows:

Land	\$ 75,658
Land improvements	262,075
Water system	17,136,159
Sewerage system	24,092,482
General equipment	2,084,691
Airport facility	2,470,178
Construction-in-progress	<u>4,855,307</u>
	50,976,550
Less: Accumulated depreciation	<u>(15,425,248)</u>
	<u>\$ 35,551,302</u>

A detail of the changes in contributed capital of the Enterprise Funds for the year ended June 30, 1998 follows:

	June 30, 1997	Additions	Reductions	June 30, 1997
Contributions from:				
Federal grants	\$11,392,415	\$ 492	\$ 521,962	\$10,870,945
Municipalities	12,545,636			12,545,636
Sales and use tax	7,901,248			7,901,248
Special assessments	1,233,582			1,233,582
State government	981,322	33,033	27,813	986,542
Other	843,020			843,020
	<u>\$34,897,223</u>	<u>\$33,525</u>	<u>\$549,775</u>	<u>\$34,380,973</u>

Depreciation of \$549,775 on the sewer system and airport acquired by grants externally restricted for the acquisition and construction of the sewer system and airport was used to reduce the contributed capital account which increased retained earnings by a corresponding amount.

12. COMMITMENTS

The local electric company owns and leases to the City certain street lighting facilities. In 1986 the City renegotiated the lease agreement, which expires in December 2000. Under the terms of this agreement, the City is required to pay \$91,379 plus a fuel adjustment charge per year for this service. The total amount paid by the City in 1998 for street lighting under this agreement was approximately \$267,000.

The City also has contracts with a sanitation disposal company to provide garbage collection and recycling services to City residents. These contracts, which expire April 30, 1999, require the City to pay a monthly fee of \$12.96 per household for service. The City in turn bills a monthly fee of approximately \$7.99 per household and collects a 5 mill property tax for garbage collection in accordance with the voter approved proposition. The City paid approximately \$1,356,000 for sanitation services under this contract in 1998. The disposal company charges a fee of \$54 per hour to perform services above and beyond the normal monthly services, as defined in the contract, which amounted to approximately \$20,000 for 1998.

The City has authorized approximately \$28.4 million of various capital projects as of June 30, 1998 of which approximately \$26.1 million has been expended and approximately \$2.3 million of existing financing has been committed.

13. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The City is a defendant in several lawsuits. In the opinion of the City's legal counsel, resolution of these cases would not have a significant effect on the financial position of the City.

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to thefts of, damage to, and destruction of assets, errors and omissions, negligent acts of law enforcement officials and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims did not exceed insurance coverage in fiscal year 1998.

In 1988, the City initiated a self-insured retention program in order to deal with certain other potential liabilities. In 1990 the City became self-insured for employee medical and dental insurance and in 1997 the City elected full coverage medical insurance. Claims in excess of the self-insured retention amounts are covered through third-party limited-coverage insurance policies. The city is self-insured with excess coverage in these areas: (a) workers' compensation with a \$225,000 retention and statutory limit on coverage, (b) general liability with a \$50,000 retention per occurrence and a \$1,000,000 limit per occurrence and \$2,000,000 aggregate limit on coverage, (c) auto liability with a \$50,000 retention per accident and a \$1,000,000 limit on coverage. The City also has an aggregate stop loss of \$1,200,000 for the three year period ending December 31, 1999 for workers' compensation claims and an annual stop loss of \$250,000 for general liability and auto liability combined.

The City uses the General Fund to account for self-insured risk financing activities. Claims in excess of amounts payable with expendable available resources totaling \$255,000 are reported in the General Long-Term Debt Account Group (see Note 8). The Sales Tax Fund, Regional Training Facility Fund and the Enterprise Funds make contributions to the General Fund for workers' compensation and employee dental insurance claims. Estimated losses from claims are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The expenditure and liability includes an amount for claims that have been incurred but not yet reported. The liability for claims is based on the estimated ultimate cost of settling the claims using past experience adjusted for current trends. Changes in the claims liability amounts are as follows:

	Automobile General Liability	Worker's Compensation	Employee Medical	Total
Balance, June 30, 1996	\$ 296,100	\$ 262,449	\$ 246,466	\$ 805,015
Claims and changes in estimates	501,511	357,521	117,478	976,510
Claims payments	<u>(158,345)</u>	<u>(180,953)</u>	<u>(306,575)</u>	<u>(645,873)</u>
Balance, June 30, 1997	639,266	439,017	57,369	1,135,652
Claims and changes in estimates	311,736	254,545	136,613	702,894
Claims payments	<u>(414,169)</u>	<u>(253,535)</u>	<u>(157,120)</u>	<u>(824,824)</u>
Balance, June 30, 1998	<u>\$ 536,833</u>	<u>\$ 440,027</u>	<u>\$ 36,862</u>	<u>\$ 1,013,722</u>

15. OTHER POSTEMPLOYMENT BENEFITS

In addition to the retirement benefits described in Note 5, City policy allows the City to make available health care benefits to all employees who retire from the City and are receiving benefits from a City sponsored retirement program. Currently, thirty-three retirees of the City meet these requirements and are participating. The City paid premiums totaling \$135,000 on behalf of retirees in 1998.

16. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintains two enterprise funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended June 30, 1998 is presented below:

	Utility	Airport	Total
Operating revenues	\$ 6,011,732	\$ 49,084	\$ 6,060,816
Operating expenses (excluding depreciation)	4,845,767	95,312	4,941,079
Depreciation expense	1,231,384	266,642	1,498,026
Operating loss	(65,419)	(312,870)	(378,289)
Non-operating revenues (expenses)	(50,496)	(7,399)	(57,895)
Operating transfers in	25,525	90,340	115,865
Net loss	(90,390)	(229,929)	(320,319)
Capital contributions		33,525	33,525
Property, plant and equipment additions	4,227,530	51,232	4,278,762
Net working capital	1,265,248	59,925	1,325,173
Total assets	38,028,295	1,824,390	39,852,685
Bonds payable from operating revenues	4,550,503		4,550,503
Total equity	32,337,092	1,817,152	34,154,244

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CITY OF SLIDELL, LOUISIANA

EXHIBIT B-1

GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1998 AND 1997

ASSETS	1998	1997 (Restated)
Cash and investments:		
Cash	\$3,620,163	\$4,264,168
Investments	1,470,916	2,284,964
Receivables:		
Taxes	262,128	229,327
Accrued interest	10,386	25,572
Other	11,565	34,290
Due from other governmental entities:		
U.S. Government	13,335	8,377
State of Louisiana	142,244	125,360
Local entities	67,987	52,056
Due from other funds:		
Community Development Block Grant	100,159	166,816
City Capital Construction	114,718	-
Airport	-	44,348
Water Improvement	-	273
Olde Towne Development	519	-
Drainage Improvements	950	519,624
Street Improvements	127,858	-
Inventory	75,957	71,910
Prepaid items	243,954	328,050
Restricted assets:		
Cash and cash equivalents	53,273	27,176
Investments	289,846	275,000
TOTAL ASSETS	\$6,605,958	\$8,457,311
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable and accrued expenditures	\$ 978,274	\$ 764,030
Due to other funds:		
Sales Tax	1,330,726	2,338,148
Regional Training Facility	45,221	30,952
Utility	1,478,082	1,937,453
Airport	47,764	-
Debt Service	20,191	228,128
Green	274	274
Animal Assistance League of Slidell	16,360	6,602
Christmas Under the Stars	28,153	22,225
Olde Towne Development	-	2,165
Sewerage Improvement	858	35,087
Water Improvement	4,066	-
Public Works Improvement	10,647	803
Street Improvements	-	446,941
City Capital Construction	-	137,286
	2,982,342	5,186,064
Claims and judgments	758,986	942,652
Total liabilities	4,719,602	6,892,746
FUND BALANCE:		
Reserved for prepaid items	243,954	328,050
Reserved for inventory	75,957	71,910
Reserved for insurance	289,846	275,000
Unreserved and designated for contingencies	290,000	275,000
Unreserved and undesignated	986,599	614,605
Total fund balance	1,886,356	1,564,565
TOTAL LIABILITIES AND FUND BALANCE	\$6,605,958	\$8,457,311

CITY OF SLIDELL, LOUISIANA

GENERAL FUND COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997 (Restated)
REVENUES:		
Taxes:		
Ad valorem	\$1,323,112	\$1,308,205
Franchise	1,056,668	1,038,178
Revenues from other governments:		
State shared revenues	728,259	652,016
Other Federal/State grants	189,227	88,332
Other state and local governmental revenues	330,851	286,392
Licenses and permits	1,404,141	1,336,212
Fines and forfeitures	199,364	200,315
Payment in lieu of taxes	423,538	417,442
Other revenues, primarily interest	403,772	415,527
Total revenues	<u>6,058,932</u>	<u>5,742,619</u>
EXPENDITURES:		
Current:		
General government:		
Administrative	347,639	320,150
Finance	413,349	405,563
Legal	301,250	377,652
Data processing	159,832	155,392
Purchasing	205,662	205,910
Civil service	140,546	154,698
Legislative	346,624	331,354
Animal control	210,641	200,476
Risk management	299,502	273,736
	<u>2,425,045</u>	<u>2,424,931</u>

EXHIBIT B-2

	1998	1997 (Restated)
Public works:		
Permits	270,346	278,179
Planning	<u>176,831</u>	<u>172,667</u>
	<u>447,177</u>	<u>450,846</u>
Public safety:		
Police	<u>4,420,562</u>	<u>4,197,450</u>
Judicial system	<u>275,827</u>	<u>213,849</u>
Total expenditures	<u>7,568,611</u>	<u>7,287,076</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,509,679)</u>	<u>(1,544,457)</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	1,856,995	1,728,079
Operating transfers out	<u>(25,525)</u>	<u>(25,525)</u>
Total other financing sources	<u>1,831,470</u>	<u>1,702,554</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	321,791	158,097
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>1,564,565</u>	<u>1,406,468</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,886,356</u>	<u>\$ 1,564,565</u>

CITY OF SLIDELL, LOUISIANA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL (Adjusted to Budgetary Basis) AND BUDGET YEAR ENDED JUNE 30, 1998

	Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)
REVENUES:			
Taxes:			
Ad valorem	\$1,323,112	\$1,300,363	\$ 22,749
Franchise	1,056,668	975,000	81,668
Revenues from other governments:			
State shared revenues	728,259	412,000	316,259
Other Federal/State grants	189,227	163,000	26,227
Other state and local governmental revenues	100,800	100,800	-
Licenses and permits	1,404,141	1,292,000	112,141
Fines and forfeitures	199,364	180,000	19,364
Payment in lieu of taxes	423,538	423,538	-
Other revenues, primarily interest	403,772	175,000	228,772
Total revenues	<u>5,828,881</u>	<u>5,021,701</u>	<u>807,180</u>
EXPENDITURES:			
Current:			
General government:			
Administrative	347,639	353,079	5,440
Finance	413,349	428,954	15,605
Legal	301,250	301,876	626
Data processing	159,832	162,448	2,616
Purchasing	205,662	206,108	446
Civil service	140,546	147,398	6,852
Legislative	346,624	351,370	4,746
Animal control	210,641	214,411	3,770
Risk management	299,502	309,142	9,640
	<u>2,425,045</u>	<u>2,474,786</u>	<u>49,741</u>

EXHIBIT B-3

	Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)
Public works:			
Permits	270,346	284,453	14,107
Planning	<u>176,831</u>	<u>178,361</u>	<u>1,530</u>
	<u>447,177</u>	<u>462,814</u>	<u>15,637</u>
Public safety:			
Police	<u>4,190,511</u>	<u>4,254,846</u>	<u>64,335</u>
Judicial system	<u>275,827</u>	<u>275,909</u>	<u>82</u>
Total expenditures	<u>7,338,560</u>	<u>7,468,355</u>	<u>129,795</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,509,679)	(2,446,654)	936,975
OTHER FINANCING SOURCES (USES):			
Operating transfers in	1,856,995	1,856,995	-
Operating transfers out	<u>(25,525)</u>	<u>(25,525)</u>	<u>-</u>
Total other financing sources	<u>1,831,470</u>	<u>1,831,470</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	321,791	(615,184)	936,975
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>1,564,565</u>	<u>1,564,565</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,886,356</u>	<u>\$ 949,381</u>	<u>\$ 936,975</u>

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CITY OF SLIDELL, LOUISIANA

SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

	Regional Training Facility	Sales Tax	Community Development Block Grant	Totals	
				1998	1997 (Restated)
ASSETS					
Cash and investments:					
Cash			\$ 90,817	\$ 90,817	\$ 69,954
Investments		\$ 890,674		890,674	639,276
Receivables:					
Taxes		1,081,652		1,081,652	1,017,327
Other		2,127		2,127	2,126
Due from other governmental entities:					
U. S. Government		244,109	31,874	275,983	104,369
State of Louisiana	\$ 2,251	13,282		15,533	24,442
Local entities	2,800			2,800	-
Due from General Fund	45,220	1,330,726		1,375,946	2,369,100
Inventory		25,995		25,995	30,995
Restricted assets:					
Cash		717,759		717,759	695,630
Investments		2,500,595		2,500,595	2,672,128
TOTAL ASSETS	\$50,271	\$6,806,919	\$122,691	\$6,979,881	\$7,625,347

EXHIBIT C-1

	Regional Training Facility	Sales Tax	Community Development Block Grant	Totals	
				1998	1997 (Restated)
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued expenditures	\$ 1,570	\$ 734,782	\$ 22,532	\$ 758,884	\$ 781,038
Due to General Fund			100,159	100,159	166,816
Total liabilities	<u>1,570</u>	<u>734,782</u>	<u>122,691</u>	<u>859,043</u>	<u>947,854</u>
FUND BALANCES:					
Reserved for inventory		25,995		25,995	30,995
Reserved for capital outlay		100,823		100,823	31,657
Reserved for bond reserve fund		2,251,928		2,251,928	2,251,928
Reserved for bond sinking fund		717,759		717,759	695,629
Unreserved:					
Designated for capital outlay		1,395,968		1,395,968	2,261,032
Designated for operating reserves		100,000		100,000	-
Designated for contingencies		938,000		938,000	890,872
Designated for training academy	48,701			48,701	29,797
Undesignated		541,664		541,664	485,583
Total fund balances	<u>48,701</u>	<u>6,072,137</u>		<u>6,120,838</u>	<u>6,677,493</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$50,271</u>	<u>\$6,806,919</u>	<u>\$ 122,691</u>	<u>\$6,979,881</u>	<u>\$7,625,347</u>

CITY OF SLIDELL, LOUISIANA

SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

	Regional Training Facility	Sales Tax	Community Development Block Grant	Totals	
				1998	1997 (Restated)
REVENUES:					
Taxes:					
Sales and use		\$ 11,497,071		\$ 11,497,071	\$ 10,970,123
Ad valorem		284,585		284,585	280,966
Revenues from other governments:					
Federal/State grants	\$ 2,651	636,492		639,143	188,328
HUD grants			\$ 428,302	428,302	280,422
Other revenues, primarily interest and tuition	<u>77,615</u>	<u>264,127</u>		<u>341,742</u>	<u>438,088</u>
Total revenues	<u>80,266</u>	<u>12,682,275</u>	<u>428,302</u>	<u>13,190,843</u>	<u>12,157,927</u>
EXPENDITURES:					
Current:					
General government:					
Administrative	199,319	1,026,160	13,327	1,238,806	1,197,174
Arts council		134,132		134,132	136,968
Public information		15,328		15,328	15,837
	<u>199,319</u>	<u>1,175,620</u>	<u>13,327</u>	<u>1,388,266</u>	<u>1,349,979</u>
Public works:					
Improvements		425,284	160,464	585,748	1,192,723
Streets, bridges and drainage		1,269,193		1,269,193	1,341,680
Engineering		311,510		311,510	317,875
Electrical		175,775		175,775	180,092
General maintenance		238,407		238,407	251,391
Vehicle maintenance		390,909		390,909	369,934
		<u>2,811,078</u>	<u>160,464</u>	<u>2,971,542</u>	<u>3,653,695</u>

EXHIBIT C-2

	Regional Training Facility	Sales Tax	Community Development Block Grant	Totals	
				1998	1997 (Restated)
Parks and recreation Capital outlay		913,464 <u>3,289,374</u>	254,511 <u> </u>	913,464 <u>3,543,885</u>	904,230 <u>2,100,591</u>
Total expenditures	<u>199,319</u>	<u>8,189,536</u>	<u>428,302</u>	<u>8,817,157</u>	<u>8,008,495</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(119,053)</u>	<u>4,492,739</u>	<u> </u>	<u>4,373,686</u>	<u>4,149,432</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in Operating transfers out	137,957 <u> </u>	<u>(5,068,298)</u>	<u> </u>	137,957 <u>(5,068,298)</u>	958,427 <u>(4,791,392)</u>
Total other financing sources (uses)	<u>137,957</u>	<u>(5,068,298)</u>	<u> </u>	<u>(4,930,341)</u>	<u>(3,832,965)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	18,904	(575,559)		(556,655)	316,467
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>29,797</u>	<u>6,647,696</u>	<u> </u>	<u>6,677,493</u>	<u>6,361,026</u>
FUND BALANCES, END OF YEAR	<u>\$ 48,701</u>	<u>\$ 6,072,137</u>	<u>\$ -</u>	<u>\$ 6,120,838</u>	<u>\$ 6,677,493</u>

CITY OF SLIDELL, LOUISIANA

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ACTUAL (Adjusted to Budgetary Basis) AND BUDGET

YEAR ENDED JUNE 30, 1998

	Regional Training Facility			Sales Tax Fund		
	Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)	Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)
REVENUES:						
Taxes:						
Sales and use				\$11,497,071	\$10,940,000	\$ 557,071
Ad valorem				284,585	280,949	3,636
Revenues from other governments:						
Federal/state grants	\$ 2,651	\$ 6,400	\$ (3,749)	636,492	800,761	(164,269)
HUD grants						
Other revenues, primarily interest and tuition	77,615	62,250	15,365	264,127	199,900	64,227
Total revenues	80,266	68,650	11,616	12,682,275	12,221,610	460,665
EXPENDITURES:						
Current:						
General government:						
Administrative	199,319	206,607	7,288	1,026,160	1,060,095	33,935
Arts Council				134,132	140,147	6,015
Public information				15,328	18,000	2,672
Total current	199,319	206,607	7,288	1,175,620	1,218,242	42,622
Public works:						
Improvements				425,284	425,284	-
Streets, bridges and drainage				1,269,193	1,356,909	87,716
Engineering				311,510	313,912	2,402
Electrical				175,775	176,201	426
General maintenance				238,407	240,508	2,101
Vehicle maintenance				390,909	380,782	(10,127)
Total public works				2,811,078	2,893,596	82,518
Parks and recreation				913,464	913,515	51
Capital outlay				3,289,374	4,942,923	1,653,549
Total expenditures	199,319	206,607	7,288	8,189,536	9,968,276	1,778,740

Community Development Block Grant Fund			Total		
Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)	Actual (Adjusted to Budgetary Basis)	Budget	Actual Variance Favorable (Unfavorable)
			\$11,497,071 284,585	\$10,940,000 280,949	\$ 557,071 3,636
\$428,302	\$666,833	\$(238,531)	639,143 428,302	807,161 666,833	(168,018) (238,531)
			341,742	262,150	79,592
<u>428,302</u>	<u>666,833</u>	<u>(238,531)</u>	<u>13,190,843</u>	<u>12,957,093</u>	<u>233,750</u>
13,327	22,223	8,896	1,238,806 134,132 15,328	1,288,925 140,147 18,000	50,119 6,015 2,672
<u>13,327</u>	<u>22,223</u>	<u>8,896</u>	<u>1,388,266</u>	<u>1,447,072</u>	<u>58,806</u>
160,464	160,464	-	585,748	585,748	-
			1,269,193 311,510 175,775 238,407 390,909	1,356,909 313,912 176,201 240,508 380,782	87,716 2,402 426 2,101 (10,127)
<u>160,464</u>	<u>160,464</u>	<u>-</u>	<u>2,971,542</u>	<u>3,054,060</u>	<u>82,518</u>
254,511	484,146	229,635	913,464 3,543,885	913,515 5,427,069	51 1,883,184
<u>428,302</u>	<u>666,833</u>	<u>238,531</u>	<u>8,817,157</u>	<u>10,841,716</u>	<u>2,024,559</u>

(Continued)

CITY OF SLIDELL, LOUISIANA

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ACTUAL (Adjusted to Budgetary Basis) AND BUDGET

YEAR ENDED JUNE 30, 1998

	Regional Training Facility			Sales Tax Fund		
	Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)	Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (119,053)	\$ (137,957)	\$ 18,904	\$ 4,492,739	\$ 2,253,334	\$2,239,405
OTHER FINANCING SOURCES (USES):						
Operating transfers in	137,957	137,957	-			
Operating transfers out				(5,068,297)	(5,068,297)	(1)
Total other financing sources (uses)	137,957	137,957	-	(5,068,297)	(5,068,297)	(1)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	18,904		18,904	(575,558)	(2,814,963)	2,239,404
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	29,797		29,797	6,647,696	6,647,696	-
FUND BALANCES, END OF YEAR	\$ 48,701	\$ -	\$ 48,701	\$ 6,072,138	\$ 3,832,733	\$2,239,404

Community Development Block Grant Fund			Total		
Actual (Adjusted to Budgetary Basis)	Budget	Variance Favorable (Unfavorable)	Actual (Adjusted to Budgetary Basis)	Budget	Actual Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 4,373,686	\$ 2,115,377	\$ 2,258,309
			137,957 <u>(5,068,298)</u>	137,957 <u>(5,068,297)</u>	<u>(1)</u>
			<u>(4,930,341)</u>	<u>(4,930,340)</u>	<u>(1)</u>
			(556,655)	(2,814,963)	2,258,308
			<u>6,677,493</u>	<u>6,647,696</u>	<u>29,797</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,120,838</u>	<u>\$ 3,832,733</u>	<u>\$ 2,288,105</u>

(Concluded)

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CITY OF SLIDELL, LOUISIANA

EXHIBIT D-1

**DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 1998 AND 1997**

ASSETS	1998	1997 (Restated)
Investments	\$ 1,022,228	\$ 765,484
Receivables:		
Accrued interest	1,387	4,796
Due from General Fund	<u>20,191</u>	<u>228,128</u>
TOTAL ASSETS	<u>\$ 1,043,806</u>	<u>\$ 998,408</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	<u>1,410</u>	<u>1,543</u>
Total liabilities	<u>1,410</u>	<u>1,543</u>
 FUND BALANCES:		
Reserved for general obligation bond debt service	<u>1,042,396</u>	<u>996,865</u>
Total fund balances	<u>1,042,396</u>	<u>996,865</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,043,806</u>	<u>\$ 998,408</u>

CITY OF SLIDELL, LOUISIANA

EXHIBIT D-2

**DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 1998 AND 1997**

	1998	1997 (Restated)
REVENUES:		
Ad valorem taxes	\$ 1,440,009	\$ 1,476,945
Interest	<u>48,470</u>	<u>42,391</u>
Total revenues	<u>1,488,479</u>	<u>1,519,336</u>
EXPENDITURES:		
Debt service:		
Principal retirement	2,210,743	2,015,042
Interest and paying agents' fees	<u>2,215,211</u>	<u>2,321,337</u>
Total expenditures	<u>4,425,954</u>	<u>4,336,379</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,937,475)	(2,817,043)
OTHER FINANCING SOURCES:		
Operating transfers in	<u>2,983,006</u>	<u>2,851,066</u>
Total other financing sources	<u>2,983,006</u>	<u>2,851,066</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	45,531	34,023
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>996,865</u>	<u>962,842</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,042,396</u>	<u>\$ 996,865</u>

CITY OF SLIDELL, LOUISIANA

EXHIBIT E-1

CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

ASSETS	Public Works Improvement	Water Improvements	Sewerage Improvements	City Capital Construction	Drainage Improvements	Street Improvements	Totals	
							1998	1997 (Restated)
Cash		\$93,000	\$27,792				\$ 120,792	\$ 879,000
Investments	\$190,354			\$439,560	\$1,811,367	\$699,824	3,141,105	14,430,572
Accrued interest receivable				12,153			12,153	16,615
Due from U.S. Government					4,690		4,690	-
Due from State of Louisiana					100,463		100,463	814,827
Due from General Fund	10,647	4,066	858				15,571	620,117
TOTAL ASSETS	\$201,001	\$97,066	\$28,650	\$451,713	\$1,916,520	\$699,824	\$ 3,394,774	\$16,761,131
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable					\$ 207,688	\$248,965	\$ 456,653	\$ 2,020,144
Due to General Fund				\$114,718	950	127,858	243,526	519,897
Total liabilities				114,718	208,638	376,823	700,179	2,540,041
FUND BALANCES:								
Unreserved:								
Designated for capital outlay	\$201,001	\$97,066	\$28,650	336,995	1,707,882	323,001	2,694,595	14,221,090
Total fund balances	201,001	97,066	28,650	336,995	1,707,882	323,001	2,694,595	14,221,090
TOTAL LIABILITIES AND FUND BALANCES	\$201,001	\$97,066	\$28,650	\$451,713	\$1,916,520	\$699,824	\$ 3,394,774	\$16,761,131

CITY OF SLIDELL, LOUISIANA

EXHIBIT E-2

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

	Public Works Improvement	Water Improvements	Sewerage Improvements	City Capital Construction	Drainage Improvements	Street Improvements	Totals	
							1998	1997 (Restated)
REVENUES:								
Federal/State grants					\$ 546,045		\$ 546,045	\$ 1,874,640
From other local governments				\$ 199,125			199,125	160,000
Other, primarily interest	\$ 9,198	\$ 4,360	\$ 1,578	60,723	143,656	\$ 141,923	361,438	851,052
Total revenues	9,198	4,360	1,578	259,848	689,701	141,923	1,106,608	2,885,692
CAPITAL OUTLAY		21		903,641	5,113,168	6,616,273	12,633,103	7,947,662
BOND ISSUANCE COSTS								74,346
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,198	4,339	1,578	(643,793)	(4,423,467)	(6,474,350)	(11,526,495)	(5,136,316)
OTHER FINANCING SOURCES (USES):								
Operating transfers out								(828,098)
Proceeds from bonds								9,300,000
Total other financing sources								8,471,902
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	9,198	4,339	1,578	(643,793)	(4,423,467)	(6,474,350)	(11,526,495)	3,335,586
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	191,803	92,727	27,072	980,788	6,131,349	6,797,351	14,221,090	10,885,504
FUND BALANCES, END OF YEAR	\$ 201,001	\$ 97,066	\$ 28,650	\$ 336,995	\$ 1,707,882	\$ 323,001	\$ 2,694,595	\$ 14,221,090

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CITY OF SLIDELL, LOUISIANA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

ASSETS	Utility	Airport	Totals	
			1998	1997 (Restated)
CURRENT ASSETS:				
Cash	\$ 36,358		\$ 36,358	\$ 13,712
Accounts receivable, net of allowances for doubtful accounts of \$44,777 in 1998 and \$58,413 in 1997	533,071		533,071	408,781
Unbilled receivable	207,707		207,707	183,194
Other receivables	2,377	\$ 2,956	5,333	8,557
Due from U.S. Government		14,799	14,799	14,111
Due from State of Louisiana		1,644	1,644	185,365
Due from General Fund	1,478,083	47,764	1,525,847	1,937,453
Inventory	233,352		233,352	233,585
Total current assets	2,490,948	67,163	2,558,111	2,984,758
RESTRICTED ASSETS:				
Cash and cash equivalents	135,781		135,781	136,338
Investments	1,485,719		1,485,719	2,093,840
Total restricted assets	1,621,500		1,621,500	2,230,178
PROPERTY, PLANT AND EQUIPMENT:				
Land	75,559	99	75,658	75,658
Land improvements		262,075	262,075	-
Water system	17,136,159		17,136,159	16,187,182
Sewerage system	24,092,482		24,092,482	24,090,649
General equipment	2,041,757	42,934	2,084,691	1,964,870
Airport facility		2,470,178	2,470,178	2,470,178
Construction in progress	4,854,760	547	4,855,307	2,029,794
Less accumulated depreciation	48,200,717 (14,406,642)	2,775,833 (1,018,606)	50,976,550 (15,425,248)	46,818,331 (14,054,261)
Total property, plant and equipment	33,794,075	1,757,227	35,551,302	32,764,070
Other assets	121,772		121,772	127,560
TOTAL ASSETS	\$38,028,295	\$1,824,390	\$39,852,685	\$38,106,566

EXHIBIT F-1

LIABILITIES AND FUND EQUITY	Utility	Airport	Totals	
			1998	1997 (Restated)
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 848,801	\$ 7,238	\$ 856,039	\$ 780,245
Customer deposits	291,899		291,899	288,025
Due to General Fund				44,348
Revenue bonds payable, current	<u>85,000</u>	<u></u>	<u>85,000</u>	<u>85,000</u>
Total current liabilities (including approximately \$293,000 and \$540,000 payable from restricted assets in 1998 and 1997, respectively)	1,225,700	7,238	1,232,938	1,197,618
Revenue bonds payable, net of current portion (including approximately \$215,000 payable from restricted assets in 1998 and 1997)	2,330,000		2,330,000	2,415,000
DEQ Revolving loan (including approximately \$298,000 and \$52,000 payable from restricted assets in 1998 and 1997, respectively)	<u>2,135,503</u>	<u></u>	<u>2,135,503</u>	<u>52,910</u>
Total liabilities	<u>5,691,203</u>	<u>7,238</u>	<u>5,698,441</u>	<u>3,665,528</u>
FUND EQUITY:				
Contributed capital	32,643,304	1,737,669	34,380,973	34,897,223
Retained earnings (deficit): Unreserved	<u>(306,212)</u>	<u>79,483</u>	<u>(226,729)</u>	<u>(456,185)</u>
Total fund equity	<u>32,337,092</u>	<u>1,817,152</u>	<u>34,154,244</u>	<u>34,441,038</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$38,028,295</u>	<u>\$1,824,390</u>	<u>\$39,852,685</u>	<u>\$38,106,566</u>

ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS (DEFICIT)
 YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

	Utility	Airport	Totals	
			1998	1997 (Restated)
OPERATING REVENUES:				
Water revenues	\$ 1,905,429		\$ 1,905,429	\$ 1,816,781
Sewerage revenues	1,956,265		1,956,265	1,860,917
Solid waste disposal revenues	784,252		784,252	776,082
Ad valorem taxes assessed for sewerage maintenance	562,504		562,504	555,261
Ad valorem taxes assessed for garbage service	562,504		562,504	555,261
Connection charges	155,261		155,261	130,916
Tie down and rental revenues		\$ 49,084	49,084	33,008
Penalties	85,517		85,517	84,621
Total operating revenues	<u>6,011,732</u>	<u>49,084</u>	<u>6,060,816</u>	<u>5,812,847</u>
OPERATING EXPENSES (EXCLUDING DEPRECIATION):				
Salaries, wages and related benefits	1,774,660	59,330	1,833,990	1,732,098
Solid waste disposal	1,469,101		1,469,101	1,429,356
Repairs and maintenance	400,301	13,056	413,357	478,510
Materials and supplies	206,409	939	207,348	184,158
Utilities	344,278	8,522	352,800	365,583
Gas and oil	33,417	609	34,026	36,314
Insurance	95,900	2,950	98,850	31,538
Office expense	31,652	1,337	32,989	29,962
Certification and training	6,991	3,887	10,878	12,276
Other	38,506	4,682	43,188	60,366
Payment in lieu of taxes	423,538		423,538	417,442
Bad debt expense	21,014		21,014	26,629
Total operating expenses before depreciation	<u>4,845,767</u>	<u>95,312</u>	<u>4,941,079</u>	<u>4,804,232</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	1,165,965	(46,228)	1,119,737	1,008,615
DEPRECIATION	<u>1,231,384</u>	<u>266,642</u>	<u>1,498,026</u>	<u>1,414,247</u>
OPERATING LOSS	<u>(65,419)</u>	<u>(312,870)</u>	<u>(378,289)</u>	<u>(405,632)</u>
NON OPERATING REVENUES (EXPENSES):				
Other income, primarily interest	104,156		104,156	128,813
Grant revenue	2,299	52,345	54,644	17,243
Interest and fiscal charges	(156,951)		(156,951)	(128,988)
Other expenses		(59,744)	(59,744)	-
Total non operating revenues (expenses)	<u>(50,496)</u>	<u>(7,399)</u>	<u>(57,895)</u>	<u>17,068</u>
NET LOSS BEFORE OPERATING TRANSFERS	(115,915)	(320,269)	(436,184)	(388,564)
OPERATING TRANSFERS IN	<u>25,525</u>	<u>90,340</u>	<u>115,865</u>	<u>107,443</u>
NET LOSS	(90,390)	(229,929)	(320,319)	(281,121)
DEPRECIATION ON ASSETS ACQUIRED WITH EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS WHICH REDUCES CONTRIBUTED CAPITAL	306,307	243,468	549,775	540,770
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR, AS RESTATED	<u>(522,129)</u>	<u>65,944</u>	<u>(456,185)</u>	<u>(715,834)</u>
RETAINED EARNINGS (DEFICIT), END OF YEAR	<u>\$ (306,212)</u>	<u>\$ 79,483</u>	<u>\$ (226,729)</u>	<u>\$ (456,185)</u>

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

	Utility	Airport	Totals	
			1998	1997 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from operations	\$ 5,180,152	\$ 47,146	\$ 5,227,298	\$ 3,924,158
Payments for goods and services	(2,140,334)	(15,941)	(2,156,275)	(2,062,213)
Payments for employee services	(1,774,660)	(59,330)	(1,833,990)	(1,732,098)
Payments in lieu of taxes	(423,538)		(423,538)	(417,442)
Payments for direct and indirect costs	(485,675)	(20,041)	(505,716)	(469,763)
Other operating income	<u>1,125,008</u>		<u>1,125,008</u>	<u>1,110,522</u>
Net cash provided by (used in) operating activities	<u>1,480,953</u>	<u>(48,166)</u>	<u>1,432,787</u>	<u>353,164</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers in, net	25,525	90,340	115,865	107,443
Proceeds from federal grant	2,299	54,319	56,618	17,243
Payments for study		<u>(52,345)</u>	<u>(52,345)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>27,824</u>	<u>92,314</u>	<u>120,138</u>	<u>124,686</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from issuance of debt	2,082,593		2,082,593	52,910
Principal paid on bond maturities	(85,000)		(85,000)	-
Issuance cost paid			-	(17,594)
Capital contributed by others		33,525	33,525	377,711
Acquisition and construction of capital assets	(4,034,687)	(77,673)	(4,112,360)	(1,660,303)
Interest paid on debt	<u>(151,163)</u>		<u>(151,163)</u>	<u>(123,200)</u>
Net cash used in capital and related financing activities	<u>(2,188,257)</u>	<u>(44,148)</u>	<u>(2,232,405)</u>	<u>(1,370,476)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of investments	(5,397,769)		(5,397,769)	(7,893,373)
Proceeds from maturities and sale of investments	6,005,890		6,005,890	8,754,000
Proceeds from interest income	<u>93,448</u>		<u>93,448</u>	<u>124,803</u>
Net cash provided by investing activities	<u>701,569</u>		<u>701,569</u>	<u>985,430</u>
NET INCREASE IN CASH	22,089		22,089	92,804
CASH, BEGINNING OF YEAR	<u>150,050</u>		<u>150,050</u>	<u>57,246</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 172,139</u>	<u>\$</u>	<u>\$ 172,139</u>	<u>\$ 150,050</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating loss	\$ (65,419)	\$ (312,870)	\$ (378,289)	\$ (405,632)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,231,384	266,642	1,498,026	1,414,247
Bad debt expense	21,014		21,014	26,629
Change in asset and liabilities:				
(Increase) decrease in accounts receivable	289,554	(1,938)	287,616	(787,049)
Decrease in inventory	233		233	5,032
Increase in accounts payable	<u>4,187</u>		<u>4,187</u>	<u>99,937</u>
Net cash provided by (used in) operating activities	<u>\$ 1,480,953</u>	<u>\$ (48,166)</u>	<u>\$ 1,432,787</u>	<u>\$ 353,164</u>

CITY OF SLIDELL, LOUISIANA

EXHIBIT G-1

EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

ASSETS	Christmas Under The Stars	Old Towne Development	Animal Assistance League of Slidell	Green	Totals	
				1998	1997	
Cash			\$ 1,050	\$ 431	\$ 1,481	\$ 1,781
Restricted cash			9,094		9,094	5,210
Due from local entities		\$ 600			600	-
Due from General Fund	\$ 28,053		16,460	274	44,787	31,266
TOTAL ASSETS	\$ 28,053	\$ 600	\$ 26,604	\$ 705	\$ 55,962	\$ 38,257
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable			\$ 4,620		\$ 4,620	\$ 2,992
Due to General Fund		\$ 519			519	-
FUND BALANCES:						
Reserved for spay neuter			3,466		3,466	3,466
Reserved for trust purposes	\$ 28,053	81	18,518	705	47,357	31,799
Total fund balances	28,053	81	21,984	705	50,823	35,265
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,053	\$ 600	\$ 26,604	\$ 705	\$ 55,962	\$ 38,257

CITY OF SLIDELL, LOUISIANA

EXHIBIT G-2

EXPENDABLE TRUST FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)

	Christmas Under The Stars	Old Towne Development	Animal Assistance League of Slidell	Green	Totals	
					1998	1997
REVENUES:						
Contributions	\$ 6,200	\$ 2,100	\$ 70,595		\$ 78,895	\$ 72,565
EXPENDITURES:						
Public works	<u>372</u>	<u>4,174</u>	<u>58,791</u>		<u>63,337</u>	<u>71,972</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,828	(2,074)	11,804		15,558	593
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>22,225</u>	<u>2,155</u>	<u>10,180</u>	<u>\$ 705</u>	<u>35,265</u>	<u>34,672</u>
FUND BALANCES, END OF YEAR	<u>\$28,053</u>	<u>\$ 81</u>	<u>\$21,984</u>	<u>\$ 705</u>	<u>\$50,823</u>	<u>\$35,265</u>

CITY OF SLIDELL, LOUISIANA

EXHIBIT H-1

**GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY ASSET CLASS AND SOURCE
YEAR ENDED JUNE 30, 1998**

	June 30, 1997	Additions	Retirements	Construction- in-Progress	June 30, 1998
GENERAL FIXED ASSETS:					
Land and buildings	\$12,715,203	\$ 1,397,206		\$ 520,501	\$14,632,910
Recreation facilities/parks	1,028,197	1,010			1,029,207
Streets	9,976,781	7,964,559	\$ 1,653,473	2,362,795	18,650,662
Drainage	13,556,712	3,082,202		1,643,286	18,282,200
Office equipment	1,632,356	281,589	261,079		1,652,866
Machinery and equipment	1,639,125	29,654	6,421		1,662,358
Vehicles	3,100,963	403,673	194,231		3,310,405
Bridges	619,084				619,084
Construction in progress	9,856,456	3,153,218		(4,526,582)	8,483,092
	<u>\$54,124,877</u>	<u>\$16,313,111</u>	<u>\$ 2,115,204</u>	<u>\$ -</u>	<u>\$68,322,784</u>
INVESTMENT IN GENERAL FIXED ASSETS:					
From General Obligation Bonds	\$12,842,860	\$ 4,840,221		\$ -	\$17,683,081
From Sales Tax Bonds	1,971,675	6,616,273			8,587,948
From General Fund	411,767	25,369	\$ 4,228		432,908
From Sales and Use Taxes	19,752,224	3,358,584	2,110,976		20,999,832
From Special Assessment Levies	412,185				412,185
From Certificate of Indebtedness	3,970,564				3,970,564
From Federal Grants	6,880,629	548,919			7,429,548
From State of Louisiana	1,850,416	6,499			1,856,915
From Local Governments	561,856				561,856
From Individuals	3,157,320	193,755			3,351,075
From Slidell Housing Authority	151,228				151,228
From Public Trust Authority	2,162,153	723,491			2,885,644
	<u>\$54,124,877</u>	<u>\$16,313,111</u>	<u>\$ 2,115,204</u>	<u>\$ -</u>	<u>\$68,322,784</u>

CITY OF SLIDELL, LOUISIANA

GENERAL FIXED ASSETS ACCOUNT GROUP SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION JUNE 30, 1998

	Land and Buildings	Parks and Recreational Facilities
Administration	\$ 3,668,886	
Finance		
Legal		
Animal control		
Civil service		
Legislative		
	<hr/>	
Total general government	3,668,886	
Public works	5,615,436	
Public safety - police	2,726,475	
Parks, recreational and culture	2,622,113	\$1,029,207
Construction in progress		
	<hr/>	<hr/>
TOTAL GENERAL FIXED ASSETS	<u>\$14,632,910</u>	<u>\$1,029,207</u>

EXHIBIT H-2

Streets Bridges and Drainage Improvements	Machinery and Equipment	Construction In Progress	Total
	\$ 92,342		\$ 3,761,228
	310,612		310,612
	8,345		8,345
	67,859		67,859
	28,598		28,598
	<u>69,875</u>		<u>69,875</u>
	577,631		4,246,517
\$37,551,946	2,491,518		45,658,900
	2,948,470		5,674,945
	608,010		4,259,330
		<u>\$8,483,092</u>	<u>8,483,092</u>
<u>\$37,551,946</u>	<u>\$6,625,629</u>	<u>\$8,483,092</u>	<u>\$68,322,784</u>

CITY OF SLIDELL, LOUISIANA

EXHIBIT H-3

**GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 1998**

	General Fixed Assets June 30, 1997	Additions	Retirements	Construction- In-Progress	General Fixed Assets June 30, 1998
Administrative	\$ 3,749,441	\$ 11,787			\$ 3,761,228
Finance	417,413	141,485	\$ (248,286)		310,612
Legal	8,345				8,345
Animal control	69,365		(1,506)		67,859
Civil service	28,598				28,598
Legislative	72,232	625	(2,982)		69,875
Total general government	4,345,394	153,897	(252,774)		4,246,517
Public Works	31,990,257	11,329,675	(1,667,113)	\$ 4,006,081	45,658,900
Public Safety/Police	3,949,357	1,390,272	(173,379)	508,695	5,674,945
Parks, Recreation and Culture	3,983,413	286,049	(21,938)	11,806	4,259,330
Construction in progress	9,856,456	3,153,218		(4,526,582)	8,483,092
TOTAL GENERAL FIXED ASSETS	\$54,124,877	\$16,313,111	\$(2,115,204)	\$ -	\$68,322,784

CITY OF SLIDELL, LOUISIANA

EXHIBIT I-1

GENERAL LONG TERM DEBT ACCOUNT GROUP
 SCHEDULE OF CHANGES IN GENERAL LONG TERM DEBT
 YEAR ENDED JUNE 30, 1998

	June 30, 1997	Additions	Reductions	Debt Service Funds Operations	June 30, 1998
AMOUNT AVAILABLE IN DEBT SERVICE AND SALES TAX FUNDS:					
For the retirement of:					
General obligation bonds	\$ 998,755			\$ 43,641	\$ 1,042,396
Sales tax bonds	<u>2,947,557</u>	<u>\$ 22,130</u>			<u>2,969,687</u>
	<u>3,946,312</u>	<u>22,130</u>		<u>43,641</u>	<u>4,012,083</u>
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG TERM DEBT:					
From ad valorem taxes	13,741,245		\$ (625,000)	(43,641)	13,072,604
From sales and use taxes	18,396,818		(1,031,130)		17,365,688
From General Fund	502,074	120,625			622,699
From Sales Tax Fund	<u>3,950,958</u>		<u>(576,743)</u>		<u>3,374,215</u>
	<u>36,591,095</u>	<u>120,625</u>	<u>(2,232,873)</u>	<u>(43,641)</u>	<u>34,435,206</u>
	<u>\$40,537,407</u>	<u>\$ 142,755</u>	<u>\$ (2,232,873)</u>	<u>\$ -</u>	<u>\$38,447,289</u>
GENERAL LONG TERM DEBT PAYABLE:					
General obligation bonds payable	\$14,740,000		\$ (625,000)	\$ -	\$14,115,000
Sales tax bonds payable	21,344,375		(1,009,000)		20,335,375
Certificate of indebtedness	<u>3,950,958</u>		<u>(576,743)</u>		<u>3,374,215</u>
	40,035,333		(2,210,743)		37,824,590
Claims and judgments	193,000	\$ 61,736			254,736
Accrued compensatory absences	<u>309,074</u>	<u>58,889</u>			<u>367,963</u>
	<u>\$40,537,407</u>	<u>\$ 120,625</u>	<u>\$ (2,210,743)</u>	<u>\$ -</u>	<u>\$38,447,289</u>

CITY OF SLIDELL, LOUISIANA

GENERAL FUND SCHEDULE OF FUNCTIONAL EXPENDITURES BY DEPARTMENT (Budgetary Basis) YEAR ENDED JUNE 30, 1998

	Salaries, Wages and Related Benefits	Contract Services	Supplies and Materials	Equipment
ADMINISTRATIVE	\$ 305,007	\$ 25,042	\$ 17,520	\$ 70
FINANCE	373,958	10,253	25,882	3,256
LEGAL	105,922	8,094	4,134	
DATA PROCESSING	127,758	1,743	29,231	1,100
PURCHASING	186,528	1,801	16,573	760
CIVIL SERVICE	87,691	35,335	17,131	389
LEGISLATIVE	248,414	76,683	18,100	3,427
ANIMAL CONTROL	188,132	5,314	17,025	170
RISK MANAGEMENT	218,307	24,901	6,696	848
PERMITS	259,375	3,663	7,308	
PLANNING	162,405	7,903	5,850	673
POLICE	3,696,692	80,161	306,141	6,717
CITY MARSHALL	64,954	9,050		
CITY COURT	83,930	45,761	914	
CITY PROSECUTOR	<u>30,879</u>	<u>18,383</u>	<u>1,486</u>	<u> </u>
TOTAL EXPENDITURES	<u>\$6,139,952</u>	<u>\$354,087</u>	<u>\$473,991</u>	<u>\$17,410</u>

SCHEDULE 1

911	Community Service	Legal Fees and Claims	Total
			\$ 347,639
			413,349
		\$ 183,100	301,250
			159,832
			205,662
			140,546
			346,624
			210,641
	\$48,750		299,502
			270,346
			176,831
\$ 100,800			4,190,511
			74,004
			130,605
		<u>20,470</u>	<u>71,218</u>
<u>\$ 100,800</u>	<u>\$ 48,750</u>	<u>\$ 203,570</u>	<u>\$ 7,338,560</u>

CITY OF SLIDELL, LOUISIANA

SALES TAX FUND

SCHEDULE OF FUNCTIONAL EXPENDITURES BY DEPARTMENT (Budgetary Basis)

YEAR ENDED JUNE 30, 1998

	Salaries, Wages and Related Benefits	Contract Services	Supplies and Materials
ADMINISTRATIVE	\$ 183,821	\$ 833,566	\$ 8,773
ARTS COUNCIL	105,664	18,609	8,236
IMPROVEMENTS			425,284
STREETS, BRIDGES AND DRAINAGE	950,383	19,497	296,400
ENGINEERING	290,018	8,810	6,141
ELECTRICAL	169,278	1,375	3,404
GENERAL MAINTENANCE	160,640	27,631	50,136
VEHICLE MAINTENANCE	251,018	2,704	133,894
PARKS AND RECREATION	755,796	64,474	87,394
PUBLIC INFORMATION		<u>10,331</u>	<u>4,997</u>
TOTAL EXPENDITURES	<u>\$2,866,618</u>	<u>\$986,997</u>	<u>\$ 1,024,659</u>

SCHEDULE 2

Equipment	Total
\$	\$1,026,160
1,623	134,132
	425,284
2,913	1,269,193
6,541	311,510
1,718	175,775
	238,407
3,293	390,909
5,800	913,464
	<u>15,328</u>
<u>\$21,888</u>	<u>\$4,900,162</u>

CITY OF SLIDELL, LOUISIANA

SCHEDULE 3

**COMBINED SCHEDULE OF INVESTMENTS
JUNE 30, 1998**

	Interest Rate		Maturity Date		Book Value
	From	To	From	To	
GENERAL FUND:					
Federal discount notes, agencies, strips	5.26	5.52	8/98	12/98	\$ 1,470,916
Total unrestricted investments					<u>\$ 1,470,916</u>
Certificates of deposit	5.19	5.19	2/99	2/99	\$ 289,846
Total restricted investments					<u>\$ 289,846</u>
SPECIAL REVENUE FUNDS:					
Federal discount notes, agencies, strips	5.49	5.49	12/98	12/98	\$ 890,674
Total unrestricted investments					<u>\$ 890,674</u>
U.S. Treasury Notes, Bills, Strips	5.10	5.23	8/98	12/98	\$ 2,500,595
Total restricted investments					<u>\$ 2,500,595</u>
DEBT SERVICE FUND:					
Federal discount notes, agencies, strips	5.49	5.49	12/98	12/98	\$ 1,022,228
Total unrestricted investments					<u>\$ 1,022,228</u>
CAPITAL PROJECTS FUNDS:					
Federal discount notes, agencies strips	5.38	5.72	7/98	8/98	\$ 629,914
U.S. Treasury Notes, Bills, Strips	5.16	5.16	7/98	7/98	2,511,191
Total unrestricted investments					<u>\$ 3,141,105</u>
ENTERPRISE FUNDS:					
U.S. Treasury Notes, Bills, Strips	4.98	5.01	9/98	10/98	\$ 1,251,932
Federal discount notes, agencies, strips	5.52	5.52	1/99	1/99	208,787
Certificates of deposit	4.88	4.88	6/00	6/00	25,000
Total restricted investments					<u>\$ 1,485,719</u>
TOTAL UNRESTRICTED INVESTMENTS					<u>\$ 6,524,923</u>
TOTAL RESTRICTED INVESTMENTS					<u>4,276,160</u>
TOTAL INVESTMENTS					<u>\$ 10,801,083</u>

CITY OF SLIDELL, LOUISIANA

SCHEDULE 4

**SCHEDULE OF COMPENSATION PAID TO CITY COUNCIL MEMBERS
YEAR ENDED JUNE 30, 1998**

Council Member	Number of Days	Compensation
Dudley Smith	365	\$ 10,500
Alvin D. Singletary	365	10,500
Lionel J. Washington	365	10,500
Bob Callahan	365	10,500
Richard B. Van Sandt	365	10,500
Belinda Levy	365	10,500
Marti J. Livaudais	365	10,500
Michael J. Molbert	365	10,500
Pearl Williams	365	10,500

CITY OF SLIDELL, LOUISIANA

SCHEDULE 5

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 1998

	State Grant Number	Program or Award Amount	Disbursements/ Expenditures
Department of Culture, Recreation, and Tourism			
Office of Cultural Development	98246	\$ 20,086	\$ 20,086
Division of Arts Grant			
Subgrant through Arts Council of New Orleans		82,844	6,130
Decentralized Arts Funding - 1997		87,749	80,456
Decentralized Arts Funding - 1998			
Total Department of Culture, Recreation, and Tourism			<u>106,672</u>
Department of Transportation and Development			
Office of Public Works			
Maintenance Division			
Highway Maintenance Grant - 1997	737-08-1	16,522	16,522
Division of Aviation			
Automobile Parking Lot	952-01-0009	262,020	32,978
Airport Master Plan Update	780-52-0003	9,205	5,219
Taxiway Reconstruction		89,000	55
Total Department of Transportation and Development			<u>54,774</u>
Commission on Law Enforcement and Administration of Criminal Justice			
Subgrants through METLAC			
D.A.R.E.	E-98-7-019	12,206	12,206
Training Academy Equipment	P98-8-011	5,970	5,970
Training Grant		2,315	2,315
Training Grant		2,251	2,251
Total Commission on Law Enforcement and Administration of Criminal Justice			<u>22,742</u>
Military Department			
Office of Emergency Preparedness			
Interim Emergency Board Funding			
Tornado November 1997	118-103-0005	11,494	11,494
TOTAL STATE GRANTS			<u>\$ 195,682</u>

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CITY OF SLIDELL, LOUISIANA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Works	Public Safety	Parks and Recreation
1989	\$ 1,669,584	\$3,258,266	\$2,561,139	\$596,398
1990	1,861,715	3,457,381	2,864,211	655,062
1991	2,158,162	3,540,223	2,826,756	686,365
1992	2,391,107	3,494,264	3,128,061	708,653
1993	3,255,365	3,027,917	3,276,057	712,945
1994	3,176,345 (2)	3,646,496	3,832,885	818,465
1995	3,668,219 (3)	3,293,623	3,627,643	846,649
1996	3,429,840	3,916,717	3,721,666	864,143
1997	3,774,910	4,104,541	4,007,614	904,230
1998	3,813,311	3,418,719	4,190,511	913,464

- (1) The above information reflects the General and Special Revenue Funds (budgetary basis) and the Debt Service Fund; Capital Projects and Expendable Trust Funds are not included herein.
(2) Includes \$63,000 for claims and judgments.
(3) Includes \$404,817 for disasters.

TABLE 1

City Court & Prosecutor	Capital Outlay	Debt Service	Total
\$ 50,700	\$ 6,046,352	\$ 2,746,032	\$ 16,928,471
75,774	4,325,681	2,807,865	16,047,689
118,424	2,125,233	3,119,023	14,574,186
113,025	2,894,125	2,695,148	15,424,383
140,136	2,909,923	2,710,604	16,032,947
170,553	2,075,152	3,074,371	16,794,267
172,108	1,843,362	2,503,453	15,955,057
206,011	2,324,423	2,936,830	17,399,630
213,849	2,100,591	4,336,379	19,442,114
275,827	3,543,885	4,425,954	20,581,671

CITY OF SLIDELL, LOUISIANA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN FISCAL YEARS

Fiscal Year	Taxes			Total	Inter-Governmental Revenue	Licenses and Permits
	Sales Taxes	Property Taxes	Franchise Tax			
1989	\$ 7,529,794	\$2,713,710	\$ 689,426	\$10,932,930	\$ 472,480	\$ 948,794
1990	8,236,623	2,324,491	770,059	11,331,173	491,532	999,564
1991	8,841,108	2,340,824	797,782	11,979,714	569,789	1,020,736
1992	8,572,802	2,394,209	793,681	11,760,692	966,688	1,053,663
1993	9,162,962	2,434,652	815,077	12,412,691	1,111,533	1,108,842
1994	9,935,945	2,471,326	924,588	13,331,859	886,734	1,191,495
1995	10,410,596	2,439,023	908,694	13,758,313	1,722,053	1,250,309
1996	11,568,348	2,918,512	975,419	15,462,279	1,115,220	1,327,046
1997	10,970,123	3,066,116	1,038,178	15,074,417	1,305,654	1,336,212
1998	11,497,071	3,047,706	1,056,668	15,601,445	2,085,731	1,404,141

(1) The above information reflects the General and Special Revenue Funds (budgetary basis) and the Debt Service Fund; Capital Projects and Expendable Trust Funds are not included herein.

(2) Special assessments recorded in special assessment fund type not included.

TABLE 2

Fines and Forfeitures	Special Assessments (2)	Interest and Other Revenues	Payment in Lieu of Taxes	Contributions	Total
\$ 128,301	\$ 45,281	\$1,421,406	\$ 243,060		\$ 14,192,252
154,911	53,744	725,540	293,613		14,050,077
119,555	40,118	699,274	300,840		14,730,026
181,962	51,898	641,413	376,359		15,032,675
176,746	38,059	461,699	393,940		15,703,510
159,908	1,542	494,186	392,012		16,457,736
210,188	2,905	530,507	387,908	\$ 8,030	17,870,213
181,977	3,692	659,272	417,274		19,166,760
200,315		896,006	417,442		19,230,046
199,364		793,984	423,538		20,508,203

CITY OF SLIDELL, LOUISIANA**TABLE 3****PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
1989	\$3,183,202	\$3,141,823	98.7
1990	3,159,816	3,188,603	100.9*
1991	3,255,246	3,227,996	99.2
1992	3,328,539	3,295,963	99.0
1993	3,391,030	3,349,291	98.8
1994	3,384,729	3,448,848	101.9*
1995	3,446,301	3,443,731	99.9
1996	3,934,645	3,940,091	100.1*
1997	4,157,934	4,176,638	100.4*
1998	4,169,075	4,172,713	100.1*

*Total collections include redemptions.

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CITY OF SLIDELL, LOUISIANA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1) LAST TEN FISCAL YEARS

Fiscal Year	Residential Property		Commercial Property		Public Service Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1989	\$65,396,058	\$653,960,580	\$10,872,860	\$72,485,733	\$8,338,249	\$55,588,327
1990	64,689,601	646,896,010	12,646,695	84,311,300	8,258,712	55,058,080
1991	67,179,235	671,792,350	14,098,225	93,954,833	8,189,169	54,594,460
1992	66,321,738	663,217,380	16,139,915	107,599,433	8,687,351	57,915,673
1993	66,935,950	669,359,500	17,003,757	113,358,380	9,097,200	60,648,000
1994	66,999,860	669,998,600	20,063,115	133,754,100	9,317,298	62,115,320
1995	68,668,925	686,689,250	23,454,485	156,363,233	9,423,313	62,822,087
1996	68,583,745	685,837,450	26,608,618	177,390,787	8,553,173	57,021,154
1997	75,622,776	756,227,759	27,099,731	180,664,873	8,297,714	55,318,094
1998	76,404,459	764,044,591	27,495,368	183,302,450	8,622,704	57,484,698

(1) Total assessed value is based on the following percentages of estimated actual value:

Residential property	10%
Commercial property	15%
Public service property	15%
Railroad stock	15%

TABLE 4

Railroad Stock		Total		Ratio of Total Assessed to Total Estimate Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$ 7,440	\$ 49,600	\$ 84,614,607	\$ 782,084,240	.11
13,672	91,147	85,608,680	786,356,537	.11
16,905	112,700	89,483,534	820,454,343	.11
18,871	125,807	91,167,875	828,858,293	.11
21,010	140,067	93,057,917	843,505,947	.11
23,290	155,267	96,403,563	866,023,287	.11
24,181	161,207	101,570,904	906,035,777	.11
29,860	199,067	103,775,396	920,448,458	.11
29,660	197,734	111,049,881	992,408,460	.11
33,340	222,266	112,555,871	1,005,054,005	.11

CITY OF SLIDELL, LOUISIANA

TABLE 5

**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City (Wards 8&9)	School (Wards 8&9)	Parish (Wards 8&9)	Other		Total	
				(Ward 8)	(Ward 9)	(Ward 8)	(Ward 9)
Tax Rates (In Dollars Per \$1,000 of Assessed Value)							
1989	\$ 37.62	\$ 85.41	\$ 31.79	\$ 29.78	\$ 29.78	\$ 184.60	\$ 184.60
1990	36.91	85.41	31.79	43.33	43.33	197.44	197.44
1991	36.38	85.41	31.79	42.28	42.28	195.86	195.86
1992	36.51	85.41	31.79	42.31	42.31	196.02	196.02
1993	36.44	87.10	32.70	43.24	43.24	199.48	199.48
1994	35.11	87.10	32.70	41.19	41.19	196.10	196.10
1995	33.93	87.10	32.70	41.19	41.19	194.92	194.92
1996	38.51	87.10	32.70	40.50	40.50	198.81	198.81
1997	37.54	90.10	32.17	39.20	39.20	199.01	199.01
1998	37.04	90.10	28.95	39.20	39.20	195.29	195.29

CITY OF SLIDELL, LOUISIANA

TABLE 6

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Population⁽¹⁾	Assessed Value	Gross Bonded Debt (2)	Less Debt Service Funds (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1989	30,022	\$ 84,614,607	\$9,370,000	\$ 536,753	\$8,833,247	10.44	\$294
1990	24,013	85,608,680	8,919,000	540,405	8,378,595	9.79	349
1991	24,013	89,478,534	8,433,000	545,518	7,887,482	8.81	328
1992	24,013	91,167,875	7,892,000	555,480	7,336,520	8.05	305
1993	24,161	93,057,917	7,285,000	571,586	6,713,414	7.21	278
1994	24,161	96,403,563	7,145,000	489,200	6,655,800	6.90	275
1995	26,314	101,570,904	6,545,000	509,702	6,035,298	5.94	229
1996	26,314	103,775,396	15,395,000	967,404	14,427,596	13.90	548
1997	26,408	111,050,081	14,740,000	998,755	13,741,245	12.37	520
1998	28,394	112,555,871	14,115,000	1,042,397	13,072,603	11.61	460

(1) The population figure for 1989 is an estimate. The 1990 through 1992 population is based on actual 1990 census. 1993 through 1998 - Research Division, College of Administration and Business, Louisiana Tech University.

(2) Amount does not include special assessment, sales tax or revenue bonds.

(3) Amount available for repayment of general obligation bonds.

CITY OF SLIDELL, LOUISIANA

TABLE 7

**COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 1998**

ASSESSED VALUE	<u>\$112,555,871</u>
DEBT LIMIT - 35% of \$112,555,871 assessed value (1)	\$ 39,394,555
DEDUCT - Amount of debt applicable to debt limit: Bonded debt	<u>14,115,000</u>
Legal debt margin	<u>\$ 25,279,555</u>

(1) State law allows a maximum of 35% of assessed valuation for total bonded general obligation debt.

CITY OF SLIDELL, LOUISIANA

TABLE 8

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal (1)	Interest and Paying Agent Fees (1)	Total Debt Service (1)	Total General Expenditures (2)	Ratio of Debt Service to General Expenditures
1989	\$520,000	\$556,343	\$1,076,343	\$16,928,471	6.36
1990	451,000	665,449	1,116,449	16,047,689	6.96
1991	486,000	635,303	1,121,303	14,574,186	7.69
1992	541,000	597,853	1,138,853	15,424,383	7.38
1993	607,000	556,543	1,163,543	16,032,947	7.26
1994	650,000	510,163	1,160,163	16,794,267	6.91
1995	600,000	391,931	991,931	15,955,057	6.22
1996	650,000	342,830	992,830	17,399,630	5.71
1997	655,000	833,763	1,488,763	19,442,114	7.66
1998	625,000	809,473	1,434,473	20,581,671	6.97

(1) Amount does not include special assessment, sales tax or revenue bonds debt service.

(2) Per Table 1.

CITY OF SLIDELL, LOUISIANA

TABLE 9

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 1998**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percent Applicable to Slidell	Amount Applicable to Slidell
Direct:			
City of Slidell	\$ 13,072,603	(1) 100 %	\$13,072,603
Overlapping:			
St. Tammany School Board	88,530,000	17 %	15,050,100
St. Tammany Parish	<u>2,414,425</u>	17 %	<u>410,452</u>
TOTAL	<u>\$104,017,028</u>		<u>\$28,533,155</u>

(1) Net of funds available for payment of debt service (Ref. Table 6).

CITY OF SLIDELL, LOUISIANA

TABLE 10

**SALES TAX BONDS COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Sales Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1989	\$ 7,529,794	\$ 214,000	\$1,221,498	\$1,435,498	5.2
1990	8,236,623	313,000	1,193,311	1,506,311	5.5
1991	8,841,108	336,000	1,158,210	1,494,210	5.9
1992	8,572,802	364,000	1,120,260	1,484,260	5.8
1993	9,162,962	398,000	1,078,859	1,476,859	6.2
1994	9,935,944	466,000	726,931	1,192,931	8.3
1995	10,410,596	584,000	793,324	1,377,324	7.6
1996	11,568,348	637,000	737,697	1,374,697	8.4
1997	10,970,123	816,000	1,251,934	2,067,934	5.3
1998	11,497,071	1,009,000	1,197,425	2,206,425	5.2

CITY OF SLIDELL, LOUISIANA

TABLE 11

**ENTERPRISE REVENUE BONDS COVERAGE (UTILITY FUND ONLY)
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1989	\$3,618,855	\$3,273,639	\$ 345,216	\$ 68,000	\$25,667	\$ 93,667	3.69
1990	3,998,675	3,433,842	564,833	70,000	13,783	83,783	6.74
1991	4,021,713	3,617,600	404,113	74,000	11,320	85,320	4.74
1992	4,209,585	3,878,041	331,544	78,000	8,280	86,280	3.84
1993	4,600,744	4,176,906	423,838	82,000	5,080	87,080	4.87
1994	4,815,338	4,373,094	442,244	86,000	1,720	87,720	5.04
1995	5,208,892	4,298,269	910,623				
1996	5,614,803	4,723,966	890,837				
1997	5,779,839	4,706,725	1,073,114		128,988	128,988	8.32
1998	6,011,732	4,845,767	1,165,965	85,000	140,178	225,178	5.18

(1) Amount does not include depreciation or interest expenses.

CITY OF SLIDELL, LOUISIANA

TABLE 12

**PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS**

Fiscal Year	Commercial Construction		Residential Construction		Estimated Actual Value	
	Number of Units	Value	Number of Units	Value	Commercial	Residential
1989	115	\$16,412,379	198	\$1,226,246	\$128,074,060	\$653,960,580
1990	114	16,030,681	172	869,070	139,369,380	646,896,010
1991	118	16,727,273	143	1,890,710	148,661,993	671,792,350
1992	72	7,403,478	207	3,278,310	165,640,913	663,217,380
1993	108	5,276,044	207	3,713,008	174,146,447	669,359,500
1994	112	10,826,727	195	2,966,283	196,024,687	669,998,600
1995	161	16,495,803	194	3,496,079	219,346,527	686,689,250
1996	153	13,501,297	231	4,769,635	234,611,008	685,837,450
1997	162	19,612,552	265	9,674,971	236,180,701	756,227,759
1998	148	12,623,347	307	13,724,576	183,302,450	764,044,591

Source of data - City of Slidell permits department; tax rolls

Data on bank deposits is not available.

CITY OF SLIDELL, LOUISIANA

TABLE 13

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Current Assessments Billed	Current Assessments Collected	Ratio of Collections to Amount Due(1)	Total Outstanding Assessments
1989	\$ 45,281	\$ 50,905	112.4	\$299,809
1990	53,744	55,243	102.8	244,566
1991	40,118	33,631	83.8	143,619
1992	31,223	35,726	114.4	108,954
1993	25,474	30,096	118.1	78,859
1994	6,597	23,072	349.7	55,787
1995		10,938		21,939
1996		3,692		
1997				
1998				

(1) Collections in excess of amounts billed are due to the exercise of prepayment options.

CITY OF SLIDELL, LOUISIANA

TABLE 14

**PRINCIPAL TAXPAYERS
JUNE 30, 1998**

Taxpayer	Type of Business	Fiscal 1998 Assessed Valuation*	Percentage of Total Assessed Valuation
Bell South Communications	Telephone Utility	\$ 4,048,786	3.60 %
Central LA Electric Co.	Electric Utility	3,390,767	3.01
First National Bank of Commerce	Financial Institution	3,388,280	3.01
Sizeler North Shore Ltd	Shopping Center	2,580,693	2.29
McKesson Corp. Services	Healthcare	2,208,607	1.96
Northshore Regional Medical Center	Hospital	1,844,433	1.64
Healthcare Properties	Medical Facility	1,583,153	1.41
Maison Blanche, Inc.	Retail	1,426,097	1.27
Hibernia National Bank	Financial Institution	1,164,587	1.03
LA Gas Service Co.	Gas Utility	<u>1,136,509</u>	<u>1.01</u>
		<u>\$22,771,912</u>	<u>20.23 %</u>

Source of data - Current ad valorem tax rolls

*Total assessed valuation \$112,555,871

CITY OF SLIDELL, LOUISIANA

TABLE 15

**SALARIES OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 1998**

Name	Title	Method of Selection	Annual Base Salary	Senior Incentive Pay	Surety Bonds
Salvatore A. "Sam" Caruso	Mayor	Election	\$ 65,387		\$ 100,000
Ben O. Morris	Chief of Police	Election	58,848		100,000
Dudley D. Smith	Councilman at Large	Election	10,500		100,000
Alvin D. Singletary	Councilman at Large	Election	10,500		100,000
Lionel J. Washington	Councilman Dist. A	Election	10,500		100,000
Bob Callahan	Councilman Dist. B	Election	10,500		100,000
Richard B. Van Sandt	Councilman Dist. C	Election	10,500		100,000
Belinda Levy	Councilman Dist. D	Election	10,500		100,000
Marti J. Livaudais	Councilman Dist. E	Election	10,500		100,000
Michael J. Molbert	Councilman Dist. F	Election	10,500		100,000
Pearl Williams	Councilman Dist. G	Election	10,500		100,000
Davis Dautreuil	Council Administrator/ Clerk of Council	Appointed	60,322	\$ 360	100,000
Reinhard Dearing	Chief of Staff	Appointed	60,322	612	100,000
Carmel Everard	Secretary to Mayor	Appointed	28,009		100,000
Sharon Howes	Director of Finance	Appointed	51,436		100,000
Martin Bruno	Director of Planning	Appointed	51,636		100,000
Dean Born	Director of Permits	Appointed	51,504	468	100,000
Steven Fall	City Engineer	Appointed	50,488		100,000
Larry Abney	Director of Recreation and Parks	Appointed	43,865	540	100,000
Charley Michel	Director of Civil Service	Appointed	31,012		100,000
Suzanne Parsons	Director of Cultural Affairs	Appointed	36,889	504	100,000
Michael Noto	Director of Public Operations	Appointed	47,500	396	100,000
Tim Mathison	City Attorney	Appointed	58,938		100,000
Laura Zaidain	Airport Manager	Appointed	31,678	180	100,000

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CITY OF SLIDELL, LOUISIANA

DEMOGRAPHIC STATISTICS JUNE 30, 1998

DATE OF SETTLEMENT	1888
DATE PRESENT CHARTER ADOPTED	1978
FORM OF GOVERNMENT	MAYOR - COUNCIL
AREA SQUARE MILES	12.12
MILES OF STREETS:	
Paved	117.5
Unimproved	1.3
BUILDING PERMITS:	
New residential	149
Residential additions	158
New commercial	36
Commercial additions	112
POLICE PROTECTION:	MUNICIPAL
Number of employees	66
FIRE PROTECTION:	DISTRICT 1
Number of stations	3
RECREATION:	
Parks - number of acres	369
Number of playgrounds	18
Number of picnic areas	6
NUMBER OF STREET LIGHTS	2,519
NUMBER OF TRAFFIC SIGNALS	56
NUMBER OF WATER STORAGE TANKS (5):	
Total capacity of water storage tanks	2,133,000 GAL
MUNICIPAL WATER DISTRIBUTION SYSTEM:	
Number of accounts	9,199
Number of metered accounts	9,053
Daily average consumption	4.2 MGD
Productive capacity	17 MGD
Miles of water mains - City	150 Miles

TABLE 16

MUNICIPAL SEWER PLANT:

Number of accounts	9,057
Daily average treated wastewater	4.2 MGD
Plant capacity	6.0 MGD
Miles of sewer mains - City	97 Miles

AUTHORIZED FULL TIME EQUIVALENT EMPLOYEES:

Merit - elected, appointed & classified	323
School crossing guards	<u>19</u>
Total employees	<u>342</u>

ELECTION:

Registered voters	16,122
Number of votes cast, last local election	5,696
Percentage of registered voters voting	35%

POPULATION:

1890	354
1900	1,129
1910	2,188
1920	2,958
1930	2,807
1940	2,864
1950	3,464
1960	6,356
1970	16,101
1980	26,718
1990	24,013

Source of data - City and parish records

CITY OF SLIDELL, LOUISIANA

TABLE 17

**INSURANCE COVERAGE
JUNE 30, 1998**

Policy Number	Insurer	Expires	Policy Type of Coverage	Limits
651-000520	Coregis	7/1/98	General Liability	\$1M/\$2M
651-000520	Coregis	7/1/98	Auto Liability	\$1M/\$1M
651-000520	Coregis	7/1/98	Employee Benefit	\$1M
651-000520	Associated Intl. Ins. Co.	7/1/98	Police Professionals	\$1M/\$1M
P00001942-1	Associated Intl. Ins. Co.	7/1/98	Public Officials E & O	\$1M/\$1M
P-630-637J4423-TIL	Travelers	7/1/98	Property	\$39,683,808
AGC-3854-LA	Safety National	12/31/97	Workers' Compensation	\$1M/Statutory
435R842101	Hartford Insurance Co.	7/1/98	Police Volunteers	\$15,000
435B350959	Hartford Insurance Co.	7/1/98	Summer Recreation	\$2,500
MSJBMGS416384T1	Travelers	7/1/98	Boiler & Machinery	\$39,683,808
AP 3229316-05	AIG Aviation (Texas), Inc.	7/1/98	Airport Liability	\$1M
11516	Community Health Network	7/1/98	Employee Medical	Fully Insured



CITY OF SLIDELL, LOUISIANA

INDEPENDENT AUDITORS' 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 Mayor and Members
of the City Council of the
City of Slidell, Louisiana

We have audited the financial statements of the City of Slidell, Louisiana (the "City"), as of and for the year ended June 30, 1998, and have issued our report thereon dated September 11, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated September 11, 1998.

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

Deloitte + Touche LLP

September 11, 1998



CITY OF SLIDELL, LOUISIANA

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

The Honorable Mayor and Members
of the City Council of the
City of Slidell, Louisiana

Compliance

We have audited the compliance of the City of Slidell, Louisiana (the "City"), 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 each of its major federal programs for the year ended June 30, 1998. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

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

Internal Control Over Compliance

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

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Deloitte & Touche LLP

September 11, 1998

CITY OF SLIDELL, LOUISIANA

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1998**

	CFDA Number	Federal Grant Number	Disbursements/ Expenditures
Department of Housing and Urban Development Community Planning and Development Division Community Development Block Grant, Entitlement Grant	14.218	B95-MC-22-0010 B96-MC-22-0010 B97-MC-22-0010	\$ 154,833 256,000 17,469
Office of Community Services Emergency Shelter Grant	14.231	360-610806490	<u>46,705</u>
Total Department of Housing and Urban Development			<u>475,007</u>
Department of Justice Office of Community Oriented Policing Services COPS Fast COPS More Computer Grant Bureau of Justice Assistance Local Law Enforcement Block Grant		95-Cf-WX-4662 96-LB-VX-0893 97-LB-VX-3135 95-J8-J.2-0257	139,715 76,735 20,845 23,737 400
Juvenile Officers Training Total Department of Justice			<u>261,432</u>
Department of Transportation Federal Aviation Administration Master Plan Update Taxiway Reconstruction Federal Highway Administration Olde Towne Railroad Depot Total Department of Transportation	20.106	3-22-0060-70 ENH-MISC(063)	47,126 492 <u>206,256</u> <u>253,874</u>
Federal Emergency Management Agency City Barn Pump Station Delwood Pump Station Carollo Drive Flood Control Total Federal Emergency Management Agency	83.516 83.516	1049-103-0012 1049-103-0009 1049-103-0011	195,303 350,742 158,761 <u>704,806</u>
U.S. Environmental Protection Agency Municipal Facilities Revolving Loan Fund Program	66.458	CS-221136-01	<u>2,135,503</u>
TOTAL			<u>\$3,830,622</u>

CITY OF SLIDELL, LOUISIANA

NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying statement of selected grant activity has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City of Slidell, Louisiana (the City), has met the cost reimbursement or funding qualifications for the respective grants. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

Accrued Reimbursement - Various reimbursement procedures are used for federal awards received by the City. Consequently, timing differences between expenditures and program reimbursements exist at the beginning and end of the year.

Payments to Subrecipients - There were no payments to subrecipients for the fiscal year ended June 30, 1998.

2. DESCRIPTION OF GRANTS

United States Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG), Entitlement Grant

HUD provides the City with funds on a reimbursement basis for expenditures incurred by the City in connection with activities that meet one of the following objectives: (1) benefiting low and moderate-income families, (2) aiding in the prevention or elimination of slums and blight, and (3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health and welfare of the community and other financial resources are not available to meet such needs.

Emergency Shelter Grant

The Caring Center, Inc., a 501(c)(3) non-profit organization, operates a shelter for homeless women and children in the community on behalf of the City. HUD reimburses for costs to provide shelter, homeless prevention, and essential services at the emergency shelter. HUD also pays a small administrative fee to the City. The City provides matching funds, primarily in the value of rent equivalent for the building. The Caring Center also provides matching funds through donations of cash, goods and services.

United States Department of Justice COPS Fast Grant

The Department of Justice is providing funds to hire seven new police officers as part of a program to increase community oriented police activity. The grant provides reimbursement for 75% of base wages and benefits for three years with increasing City participation throughout the grant period. The City must show plans to fund the additional officers after the grant period.

COPS More Computer Grant

This grant is a comprehensive project for computer technology encompassing the Sheriff's Office and Police Departments in Slidell, Covington, Mandeville, Pearl River, Abita Springs and Folsom. The grant is being administered by St. Tammany Sheriff Jack Strain. Projects included for the City of Slidell Police Department total \$190,500. The grant will upgrade computer access to state, local and New Orleans computer systems and provide at least 30 laptop computers for police officers.

Local Law Enforcement Block Grant

This Bureau of Justice Assistance block grant provides the City with funds to underwrite projects to reduce crime and improve public safety. After holding public hearings, the City elected to fund overtime costs for additional traffic patrols at high accident areas around the city.

Juvenile Officer's Training

Federal funds were subgranted through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice. The City was reimbursed for a training class attended by a City police officer for juvenile officer's training.

City Barn Pump Station

The Federal Emergency Management Agency is providing 65% funding for modification of the existing City Barn Pump Station and levee, bayou stabilization, and construction of a retention reservoir to decrease high water and repetitive flooding in Olde Towne and the adjacent neighborhoods. This funding is part of the Hazard Mitigation Grant Program which is designed to reduce the potential losses that would result in the event that a natural disaster, such as the flooding in May of 1995, repeated itself.

Dellwood Pump Station

As part of the Hazard Mitigation Grant Program, the Federal Emergency Management Agency is providing 65% funding of the pump costs for the City's project to modify and upgrade the Dellwood Pumping Station.

Carollo Dr. Flood Control & Drainage Project

FEMA is providing 65% of cost plus administration fees for purchase of four properties in the Carollo Dr. area for construction of a retention pond, installation of a sump pump and construction of an interceptor ditch as part of the Hazard Mitigation Grant Program.

Airport Master Plan Upgrade

The Federal Aviation Administration is reimbursing the City for 90% of the cost of hiring an engineer/planning firm to prepare a 20 year plan for the development and use of the Slidell Municipal Airport with emphasis on the priorities of the next 5 years. The State Department of Transportation and Development is providing the remaining 10% of funding.

Taxiway Reconstruction

The FAA is providing 90% and the State Department of Transportation and Development 10% of funds to reconstruct 3400 feet of parallel Taxiway "A" and connectors. The project will remove and replace subbase, base and asphalt surfacing.

Olde Towne Railroad Depot

LA Dept. of Transportation and Development provides the City of Slidell with funds on a reimbursement basis for the expenditures incurred in connection with the renovation of the Olde Towne Railroad Depot. The City provides matching funds in the amount of 20% of the project cost of \$255,000.

3. LOANS OUTSTANDING

On May 28, 1997, the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality (DEQ) Loan No. CS-221136-01. The purpose of the loan is to pay a portion of the cost of constructing improvements to the wastewater system of the City. Under the terms of the agreement, the DEQ, through its Municipal Facilities Revolving Loan Fund, will loan the City an amount not to exceed \$3,900,000. Upon completion of the project (currently expected to be in December 1998), the actual amount borrowed will be determined and the City will issue Utility Revenue Bonds to evidence the debt as authorized by ordinance No. 2727. The bonds will be payable over a 20 year period and will bear an interest rate of 3.45 percent. As of June 30, 1998, \$2,135,503 has been drawn down on the loan. This loan balance outstanding is included in the federal expenditures presented in the schedule.

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CITY OF SLIDELL, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 1998

SUMMARY OF THE AUDITORS' RESULTS

- An unqualified opinion was issued on the financial statements of the auditee.
- The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
- The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
- The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
- An unqualified opinion was issued on compliance for major programs.
- There were no findings which are required to be reported in accordance with Section 510(a) of Circular A-133.
- Major programs for the fiscal year ended June 30, 1998 were:
 1. Department of Housing and Urban Development
Community Planning and Development Division
Community Development Block Grant, Entitlement Grant
 2. U.S. Environmental Protection Agency
Municipal Facilities Revolving Loan Fund Program
- The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- The auditee did not qualify as a low-risk auditee.

SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 1998.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards for the year ended June 30, 1998.

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SEP 13 1998

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September 11, 1998

To the City Council of the
City of Slidell, Louisiana

of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

In planning and performing our audit of the general purpose financial statements of the City of Slidell, Louisiana (the City), for the year ended June 30, 1998 (on which we have issued our report thereon dated September 11, 1998), we developed the following recommendations concerning certain accounting, administrative and operating matters. A description of the responsibility of management for establishing and maintaining internal control, and the objectives of and inherent limitations in such a structure, is set forth in the attached Appendix, and should be read in conjunction with this letter. Our principal recommendations are summarized below.

GENERAL LIABILITY SELF INSURANCE APPROPRIATIONS

The City's 1998 budget did not initially contain the full amount of the City's self-insured portion (\$250,000) of its general liability risk of loss. The 1998 budget started out at approximately \$150,000, and amendments were necessary to increase the budgeted amount to \$250,000. The City has been fortunate in recent years not to incur a large amount of these claims or judgments. In future years, the City may not be so fortunate. The 1999 budgeted amount currently sits at approximately \$150,000.

In order to provide for the incidence of these and other types of losses, we recommend that the City consider one of the following alternatives: 1) including a reasonable amount of general liability losses within the 1999 operating budget or 2) creating an internal service fund which would serve as a funding vehicle for all self-insured losses. An internal service fund would report all of the City's claims and judgments activity as well as allow the City to fund its risks of loss in advance of paying its claims and judgments.

THE YEAR 2000

In our letter to the City Council of the City of Slidell, Louisiana, dated September 11, 1998, we informed you that (1) we made limited inquiries of management regarding their activities to address the year 2000, (2) our audit of the general purpose financial statements of the City of Slidell, Louisiana (the City) for the year ended June 30, 1998, will not provide any assurances that the City's systems or any other systems, such as those of the City's vendors, service providers, customers, or other third parties, are year 2000 compliant, nor will our audit provide any other assurances regarding the year 2000, and (3) we were not engaged to perform, nor will we perform, any procedures to test whether the City's systems or any other systems are year 2000 compliant or whether the plans and activities of the City are sufficient to address and correct system or any other problems that might arise because of the year 2000. Accordingly, we will not express any opinion or provide any other assurances regarding the year 2000.

The City has taken complete corrective action on all comments concerning certain observations and recommendations relating to other accounting, administrative, and operating matters from our prior management letter dated September 17, 1997. See "Status of Our 1997 Recommendations" below.

STATUS OF OUR 1997 RECOMMENDATIONS

The following is a summary of our 1997 recommendations and the status of implementation thereof:

	Implemented	Partially Implemented	Not Implemented
GASB STATEMENT NO. 31	X		

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

We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the suggestions.

Yours truly,

Deloitte + Touche LLP

APPENDIX

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, INTERNAL CONTROL

The following comments concerning management's responsibility for the internal control structure and the objectives of and the inherent limitations in the internal control structure are adapted from the Statements on Auditing Standards of the American Institute of Certified Public Accountants.

Management's Responsibility

Management is responsible for establishing and maintaining the internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures.

Objectives

The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Limitations

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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September 11, 1998

To the City Council of the
City of Slidell, Louisiana

The approach of the year 2000 presents significant issues for many financial, information, and operational systems. Many systems in use today may not be able to interpret dates after December 31, 1999 appropriately, because such systems allow only two digits to indicate the year in a date. As a result, such systems are unable to distinguish January 1, 2000, from January 1, 1900, which could have adverse consequences on the operations of the entity and the integrity of information processing, causing safety, operational, and financial issues.

Our audit of the general purpose financial statements of the City of Slidell, Louisiana (the City) for the year ended June 30, 1998, does not provide any assurances that the City's systems or any other systems, such as those of the City's vendors, service providers, customers, or other third parties, are year 2000 compliant, nor does our audit provide any other assurances regarding the year 2000. In addition, we were not engaged to perform, nor did we perform, any procedures to test whether the City's systems or any other systems are year 2000 compliant or whether the plans and activities of the City are sufficient to address and correct system or any other problems that might arise because of the year 2000. Accordingly, we do not express any opinion or provide any other assurances regarding the year 2000.

However, during the course of our audit, we made limited inquiries about the City's activities to address the year 2000 issue. We have not performed any procedures to test the accuracy or completeness of the responses to our inquiries, but we have included our observations resulting from those inquiries in the following paragraphs. Our observations supplement the communications that were previously made to the City and are appropriate as of the date of this letter. Because year 2000 activities are currently in process, we may have had additional observations had we made inquiries after the date of this letter. Accordingly, we encourage the management and Audit Committee to continue its oversight of the City's year 2000 activities.

Based on our discussions, we believe that the City should closely monitor progress on implementation of its year 2000 compliant procedures currently in place.

This report is intended solely for the information and use of the City Council, management and the State of Louisiana Legislative Auditor.

Yours truly,

Deloitte + Touche LLP

**CITY OF SLIDELL
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED
JUNE 30, 1998**

Section I: Internal Control and Compliance Material to the Financial Statements

There were no findings concerning internal control and compliance that were considered material to the financial statements for the year ended June 30, 1998.

Section II: Internal Control and Compliance Material to Federal Awards

There were no findings concerning internal control and compliance that were considered material to the federal awards for the year ended June 30, 1998.

Section III: Management Letter

Recommendation: Increase funding for general liability losses in the 1999 operating budget.

A. Name of Contact Person: Sharon . Howes, CPA, Director of Finance

B: Corrective Action: The Administration will request additional funding for general liability losses when the 1999 budget is amended.

C: Proposed Completion Date: June 30, 1999

Recommendation: Closely monitor progress on implementation of year 2000 compliance procedures.

A. Name of Contact Person: Sharon Howes, CPA
Director of Finance

B. Corrective Action: The City will convert our financial reporting software to a year 2000 compliant version of the software in 1999. The City will hire a consultant to review our personal computers and other systems. Recommendations for action will be implemented.

C. Proposed completion date: December 31, 1999.

**CITY OF SLIDELL
SCHEDULE OF PRIOR YEAR FINDING
FOR THE YEAR ENDED
JUNE 30, 1998**

Section I: Internal Control and Compliance Material to the Financial Statements

There were no findings that were considered material to the financial statements for the year ended June 30, 1997.

Section II: Internal Control and Compliance Material to Federal Awards

There were no findings that were considered material to Federal Awards for the year ending June 30, 1997.

The status of non-material findings and questioned costs follows:

Finding 97-1: Flood Insurance
Status: Corrected

Finding 97-2: Verification of other Property
Status: Corrected

Section III: Management Letter

Recommendation: Establish procedures to implement GASB 31.
Status: Implemented