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CITY OF BOGALUSA, LOUISIANA

*General-Purpose Financial Statements,
Supplemental Information
and Independent Auditor's Reports*

Year Ended December 31, 1998

Under provisions 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.

Release Date JUN 23 1999

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

CITY OF BOGALUSA, LOUISIANA

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*AUDIT REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS*

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON THE GENERAL-PURPOSE FINANCIAL STATEMENTS

The Honorable J. M. "Mack" McGehee, Mayor
and the Members of the City Council
City of Bogalusa, Louisiana

I have audited the accompanying general-purpose financial statements of the City of Bogalusa, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Bogalusa, Louisiana's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

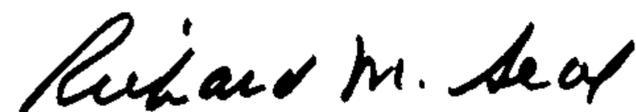
I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable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

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bogalusa, Louisiana, as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 25, 1999 on my consideration of the City of Bogalusa, Louisiana's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of City of Bogalusa, Louisiana, taken as a whole. The combining and individual fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financials statements of the City of Bogalusa, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general-purpose financial statements of the City of Bogalusa, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The Year 2000 Disclosure on page 101 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the City of Bogalusa, Louisiana is or will become year 2000 compliant, that the City of Bogalusa, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Bogalusa, Louisiana, does business are or will become year 2000 compliant.



Certified Public Accountant

Bogalusa, Louisiana
June 25, 1999

GENERAL-PURPOSE FINANCIAL STATEMENTS

CITY OF BOGALUSA, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
December 31, 1998

	Governmental Fund Types			Proprietary Fund Type Enterprise	Fiduciary Fund Type Pension	Account Groups		Totals- Memorandum Only Primary Government	Discretely Presented Component Units
	General	Special Revenue	Debt Service			Capital Projects	General Fixed Assets		
ASSETS AND OTHER DEBITS									
Assets:									
Cash	\$ 282,213	\$ 3,062,603	\$ 760,509	\$ 570,411	\$ 696,459	\$	\$	\$ 5,681,822	\$ 93,939
Investments		6,000			6,824,933			6,830,933	16,785
Accrued interest receivable					44,052			44,052	
Receivables	940,012	550,209	286,281	1,325,097				3,319,366	
Due from other funds	531,028	99,754	10,378		300,169			1,093,171	2,625
Inventory of supplies, at cost	52,882							52,882	
Equity in Choctaw Road Landfill								6	
Fixed assets						24,390,826		36,937,371	53,411
Restricted assets:									
Cash			86,433					313,362	
Other debits:									
Amount available in debt service funds							1,143,601	1,143,601	
Amount to be provided for retirement of general long-term debt								4,526,768	978
Total assets and other debits	\$ 1,806,135	\$ 3,718,572	\$ 1,143,601	\$ 1,895,508	\$ 7,865,613	\$ 24,390,826	\$ 5,670,369	\$ 59,943,334	\$ 167,738
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	\$ 105,853	\$ 40,976	\$	\$ 849,944	\$ 1,325	\$	\$	\$ 1,125,597	\$
Workers' compensation claims payable	288,768							288,768	
Due to other governmental units								17,265	
Retainage payable								387,092	
Due to other funds								1,046,617	2,625
Other payables	252,435	205,624		365,512				19,954	53,071
Payable from restricted assets-bond principal and interest	19,954								
								77,759	

(Continued)
The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
December 31, 1998

	Governmental Fund Types				Proprietary Fund Type Enterprise	Fiduciary Fund Type Pension	Account Groups		Totals- Memorandum Only Primary Government	Discretely Presented Component Units
	General	Special Revenue	Debt Service	Capital Projects			General	Long-Term Debt		
LIABILITIES AND FUND EQUITY										
General obligation bonds	\$	\$	\$	\$	\$	\$	\$ 3,375,745	\$ 3,375,745	\$	\$
Sewer revenue bonds					1,665,000		230,000	1,665,000	1,240,000	
Certificates of indebtedness	1,010,000						586,500	655,800		
Accumulated unpaid vacation & sick pay					69,300					
Due to Firefighter's Retirement System							1,009,241	1,009,241	57,086	
Capital leases payable							57,086	57,086		
Landfill closure and post-closure care costs							189,618	189,618	222,179	
Net Pension Obligation							222,179	222,179		
Due to Choctaw Road Landfill		17,470						17,470		
Total liabilities	<u>1,677,010</u>	<u>264,070</u>	<u>1,477,347</u>	<u>1,477,347</u>	<u>2,305,070</u>	<u>1,325</u>	<u>5,670,369</u>	<u>11,395,191</u>	<u>55,696</u>	
Fund equity:										
Contributed capital					10,640,520			10,640,520		
Investment in general fixed assets							24,390,826	24,390,826		53,411
Retained earnings:										
Reserved for debt service					226,929			226,929		
Unreserved					280,191			280,191		
Fund balances (deficit):										
Reserved for inventory	52,882							52,882		
Reserved for employee retirement						7,864,288		7,864,288		
Reserved for debt service										
Reserved for other uses	23,817							1,143,601		
Unreserved - undesignated	52,426							3,925,089		58,631
Total fund equity	<u>129,125</u>	<u>3,454,502</u>	<u>1,143,601</u>	<u>418,161</u>	<u>11,147,640</u>	<u>7,864,288</u>	<u>24,390,826</u>	<u>48,548,143</u>	<u>112,042</u>	
Total liabilities and fund equity	<u>\$ 1,806,135</u>	<u>\$ 3,718,572</u>	<u>\$ 1,143,601</u>	<u>\$ 1,895,508</u>	<u>\$ 13,452,710</u>	<u>\$ 7,865,613</u>	<u>\$ 24,390,826</u>	<u>\$ 59,943,334</u>	<u>\$ 167,738</u>	

(Concluded)
The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
Year Ended December 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	Totals- Memorandum Only <u>Primary Government</u>	Discretely Presented Component <u>Units</u>
<u>Revenues:</u>						
Taxes	\$ 3,928,304	\$ 2,687,298	\$ 560,104	\$	\$ 7,175,706	\$
Licenses and permits	447,494				447,494	
Franchise fees	322,155				322,155	
Intergovernmental	763,282	315,172		740,089	1,818,543	54,494
Service charges	8,020				8,020	
Fines and penalties	54,950				54,950	81,826
Miscellaneous	84,900	299,486	25,589	43,295	453,270	31,183
Total revenues	<u>5,609,105</u>	<u>3,301,956</u>	<u>585,693</u>	<u>783,384</u>	<u>10,280,138</u>	<u>167,503</u>
<u>Expenditures:</u>						
Current -						
General government	1,726,836	113,223			1,840,059	208,561
Public safety	3,375,815				3,375,815	
Public works	1,492,346				1,492,346	
Highways, streets & sanitation		946,656		67,188	1,013,844	
Health and welfare		137,484			137,484	
Culture and recreation	12,273	4,083			16,356	38,618
Economic development & assistance		132,154			132,154	
Pension contributions	719,539				719,539	
Miscellaneous		83,034			83,034	
Capital outlay		218,855		4,369,916	4,588,771	
Debt service -						
Principal retirement	17,178	51,762	337,000	1,732,158	2,138,098	
Interest and fiscal charges	4,226	3,293	70,666	23,745	101,930	
Total expenditures	<u>7,348,213</u>	<u>1,690,544</u>	<u>407,666</u>	<u>6,193,007</u>	<u>15,639,430</u>	<u>247,179</u>

(Continued)
The accompanying notes are an integral part of this statement

CITY OF BOGALUSA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
Year Ended December 31, 1998

	General	Special Revenue	Debt Service	Capital Projects	Totals-		Discretely Presented Component Units
					Memorandum Only	Primary Government	
Excess (deficiency) of revenues over expenditures	\$ (1,739,108)	\$ 1,611,412	\$ 178,027	\$ (5,409,623)	\$ (5,359,292)	\$ (79,676)	
Other financing sources (uses):							
Choctaw Road Landfill joint venture income (loss)		(71,598)			(71,598)		
Operating transfers in	1,954,149	81,209	165,434	338,141	2,538,933	85,847	
Operating transfers (out)	(157,057)	(1,516,313)		(259,623)	(1,932,993)		
Proceeds of loan				4,802,055	4,802,055		
Total other financing sources (uses)	1,797,092	(1,506,702)	165,434	4,880,573	5,336,397	85,847	
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	57,984	104,710	343,461	(529,050)	(22,895)	6,171	
Fund balances, beginning	71,141	3,349,792	800,140	947,211	5,168,284	52,460	
Fund balances, ending	\$ 129,125	\$ 3,454,502	\$ 1,143,601	\$ 418,161	\$ 5,145,389	\$ 58,631	

(Concluded)

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUND TYPES
 Year Ended December 31, 1998

	General Fund		Variance- Favorable (Unfavorable)	Special Revenue Fund Type		Variance- Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Revenues:						
Taxes	\$ 3,771,820	\$ 3,928,304	\$ 156,484	\$ 2,549,370	\$ 2,687,298	\$ 137,928
Licenses and permits	439,930	447,494	7,564			
Franchise fees	336,000	322,155	(13,845)			
Intergovernmental	633,500	763,282	129,782	130,000	315,172	182,172
Service charges	14,500	8,020	(6,480)			
Fines and penalties	70,000	54,950	(15,050)			
Miscellaneous	59,640	84,900	25,260	213,750	299,486	85,736
Total revenues	<u>5,325,390</u>	<u>5,609,105</u>	<u>283,715</u>	<u>2,893,120</u>	<u>3,301,956</u>	<u>408,836</u>
Expenditures:						
Current -						
General government	1,706,990	1,726,836	(19,846)	47,300	113,223	(65,923)
Public safety	3,171,480	3,375,815	(204,335)			
Public works	1,180,100	1,492,346	(312,246)			
Highways, streets and sanitation				708,940	946,656	(237,716)
Health & welfare				130,000	137,484	(7,484)
Culture and recreation	14,500	12,273	2,227	10,200	4,083	6,117
Economic development & assistance				106,450	132,154	(25,704)
Pension contributions	664,130	719,539	(55,409)			
Miscellaneous				355,120	83,034	272,086
Capital outlay				238,460	218,855	19,605
Debt service -						
Principal retirement		17,178	(17,178)	27,530	51,762	(24,232)
Interest & fiscal charges		4,226	(4,226)		3,293	(3,293)
Total expenditures	<u>6,737,200</u>	<u>7,348,213</u>	<u>(611,013)</u>	<u>1,624,000</u>	<u>1,690,544</u>	<u>(66,544)</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUND TYPES
 Year Ended December 31, 1998

	General Fund		Variance- Favorable (Unfavorable)	Special Revenue Fund Type		Variance- Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Excess (deficiency) of revenue over expenditures	\$ (1,411,810)	\$ (1,739,108)	\$ (327,298)	\$ 1,269,120	\$ 1,611,412	\$ 342,292
Other financing sources (uses):						
Choctaw Road Landfill joint venture income (loss)				(150,000)	(71,598)	78,402
Operating transfers in	1,527,630	1,954,149	426,519	43,260	81,209	37,949
Operating transfers (out)	(115,820)	(157,057)	(41,237)	(1,185,380)	(1,516,313)	(330,933)
Capital lease financing						
Total other financing sources (uses)	1,411,810	1,797,092	385,282	(1,292,120)	(1,506,702)	(214,582)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	—	57,984	57,984	(23,000)	104,710	127,710
Fund balances, beginning	100,670	71,141	(29,529)	2,492,980	3,349,792	856,812
Fund balances (deficit), ending	\$ 100,670	\$ 129,125	\$ 28,455	\$ 2,469,980	\$ 3,454,502	\$ 984,522

(Continued)
 The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUND TYPES
 Year Ended December 31, 1998

	Debt Service Fund Type		Variance- Favorable (Unfavorable)	Capital Projects Fund Type		Variance- Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Revenues:						
Taxes	\$ 535,580	\$ 560,104	\$ 24,524	\$ 418,600	\$ (418,600)	
Licenses and permits						
Franchise fees						
Intergovernmental						
Service charges		25,589	18,089	264,000	740,089	740,089 (264,000)
Fines and penalties						
Miscellaneous	7,500	585,693	42,613	682,600	43,295	43,295 100,784
Total revenues	<u>543,080</u>	<u>585,693</u>	<u>42,613</u>	<u>682,600</u>	<u>783,384</u>	<u>100,784</u>
Expenditures:						
Current -						
General government						
Public safety						
Public works						
Highways, streets and sanitation						
Health & welfare					67,188	(67,188)
Culture and recreation						
Economic development & assistance						
Pension contributions						
Miscellaneous						
Capital outlay				750,000	4,369,916	(3,619,916)
Debt service -						
Principal retirement	342,650	337,000	5,650		1,732,158	(1,732,158)
Interest & fiscal charges	53,890	70,666	(16,776)		23,745	(23,745)
Total expenditures	<u>396,540</u>	<u>407,666</u>	<u>(11,126)</u>	<u>750,000</u>	<u>6,193,007</u>	<u>(5,443,007)</u>

(Continued)
 The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUND TYPES
 Year Ended December 31, 1998

	Debt Service Fund Type		Variance- Favorable (Unfavorable)	Capital Project Fund Type		Variance- Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Excess (deficiency) of revenue over expenditures	\$ 146,540	\$ 178,027	\$ 31,487	\$ (67,400)	\$ (5,409,623)	\$ (5,342,223)
Other financing sources (uses):						
Choctaw Road Landfill joint venture income (loss)					4,802,055	4,802,055
Proceeds of bonds					338,141	(161,859)
Operating transfers in	172,000	165,434	(6,866)	500,000	(259,623)	(228,093)
Operating transfers (out)				(31,530)		
Capital lease financing						
Total other financing sources (uses)	<u>172,000</u>	<u>165,434</u>	<u>(6,866)</u>	<u>468,470</u>	<u>4,880,573</u>	<u>4,412,103</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	318,840	343,461	24,621	401,070	(529,050)	(930,120)
Fund balances, beginning	<u>926,840</u>	<u>800,140</u>	<u>(126,700)</u>	<u>1,051,070</u>	<u>947,211</u>	<u>(103,859)</u>
Fund balances (deficit), ending	<u>\$ 1,245,680</u>	<u>\$ 1,143,601</u>	<u>\$ (102,079)</u>	<u>\$ 1,452,140</u>	<u>\$ 418,161</u>	<u>\$ (1,033,979)</u>

(Concluded)

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
AND FIDUCIARY FUND TYPE
Year Ended December 31, 1998

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Enterprise</u>	<u>Pension Trusts</u>
Operating revenues:		
Charges for services	\$ 2,215,361	\$
Taxes		227,562
Investment income		727,208
Contributions		317,516
Miscellaneous	27,469	
Total operating revenues	<u>2,242,830</u>	<u>1,272,286</u>
Operating expenses:		
Billing & collection	44,791	
Water and sewer works	340,246	
Sewer treatment plant	409,248	
Sewer collection system	101,678	
General and administrative	1,258,080	
Benefit payments		595,913
Other		66,973
Total operating expense	<u>2,154,043</u>	<u>662,886</u>
Operating income	<u>88,787</u>	<u>609,400</u>
Non-operating revenue (expenses):		
Ad valorem taxes	105,050	
Sales tax	422,851	
Interest expense	(27,361)	
Total non-operating revenue (expenses)	<u>500,540</u>	<u>—</u>
Net income before transfers	589,327	—
Other financing sources (uses):		
Operating transfers in	369,423	
Operating transfers (out)	(1,151,212)	
Total other financing sources(uses)	<u>(781,789)</u>	<u>—</u>
Net income (loss)	(192,462)	609,400
Amortization of contributed capital	491,887	
Retained earnings (deficit), beginning	<u>207,695</u>	<u>7,254,888</u>
Retained earnings (deficit), ending	<u>\$ 507,120</u>	<u>\$ 7,864,288</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

COMBINED STATEMENT OF CASH FLOWS
Year Ended December 31, 1998

Cash flows from operations:	
Net income (loss) for the year	\$ 88,787
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	494,869
(Increase) decrease in:	
Customer accounts receivable	(26,450)
Ad valorem taxes receivable	4,237
Sales tax receivable	(44,304)
Due from other funds	(94,618)
Increase (decrease) in:	
Accounts payable	56,025
Accrued interest payable	12,759
Compensated absences payable	7,980
Due to other funds	<u>278,130</u>
Net cash flow provided(used) by operating activities	<u>777,415</u>
Cash flows from noncapital financing activities:	
Non-operating revenue, net	500,540
Operating transfers in(out)	<u>(781,789)</u>
Net cash provided by noncapital financing activities	<u>(281,249)</u>
Cash flows from capital and related financing activities:	
Payments for capital assets	(3,079,836)
Contributed capital	1,379,360
Proceeds from loans	<u>1,730,000</u>
Net cash provided by capital and related financing activities	<u>29,524</u>
Net cash increase (decrease)	525,690
Cash and cash equivalents at beginning of year	<u>10,866</u>
Cash and cash equivalents at end of year	<u>\$ 536,556</u>

There was no interest paid in 1998.

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA

Notes to the General-Purpose Financial Statements As of and for the Year Ended December 31, 1998

INTRODUCTION

The City of Bogalusa, Louisiana (the City) was incorporated July 4, 1914, and is governed by the provisions of a home rule charter adopted October 22, 1977. The city operates under a "mayor-council" form of government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

As required by generally accepted accounting principles, these financial statements present the City of Bogalusa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

Bogalusa Parks and Recreation Commission (the Commission) - The Bogalusa Parks and Recreation Commission is governed by a seventeen-member board appointed by the Mayor with the approval of the Council. The Commission was established by Ordinance No. 824 dated March 6, 1973. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because the City maintains the accounting records, and the financial statements of the Commission are not material to the financial statements of the City.

City Employee's Retirement System, Firemen's Pension and Relief Fund, Policemen's Pension and Relief Fund (the Pension Plans) - The Pension Plans are legally separate organizations, but are fiscally dependent upon the City. They meet the definition of a component unit, but are not reported as component units because there is an exception to the rule for fiduciary pension plans. Therefore, the pension plans are blended into the general-purpose financial statements in the Fiduciary Fund Type column.

Discretely Presented Component Units

City Court of Bogalusa (the Court) - The City Court of Bogalusa is a court of limited jurisdiction and serves Ward 4 of Washington Parish, Louisiana. Although the City Court Judge is an independently elected official, the Court is considered a component unit of the City because of fiscal dependence. The City provides the courtroom and office space for the Court. The City also pays salaries and retirement for the Court's secretaries.

Constable of City Court of Bogalusa (the Constable) - The office of Constable of City Court of Bogalusa was created by special legislative act R.S. 13:1952(5). The Constable is an elected official, and is responsible for executing the orders and mandates of the City Court of Bogalusa. The Constable is also fiscally dependent on the City and considered a component unit.

Christmas in the Park Commission (the Commission) - The Commission was created on November 1, 1995 by Ordinance No. 1588. The Commission is governed by an 11 member board appointed by the Mayor, with approval of the City Council. The Commission advises the Mayor and the City Council, stimulates public interest and accepts donations to enhance holiday lighting and activities.

Bogalusa Community Arena Commission (the Commission) - The Bogalusa Community Arena Commission is governed by an eleven-member board appointed by the Mayor with approval of the Council. The Commission was established by Ordinance No. 1607 dated June 21, 1995 and amended on December 20, 1995 by Ordinance No. 1623. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because the City maintains the accounting records, and the financial statements of the Commission are not material to the financial statements of the City.

CITY OF BOGALUSA
BOGALUSA, LOUISIANA

Notes to the General-Purpose Financial Statements (continued)

The following two pages present condensed financial statements for each of the three discretely presented component units. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

City Court of Bogalusa
202 Arkansas Avenue
Bogalusa, LA 70427

Constable of City Court of Bogalusa
202 Arkansas Avenue
Bogalusa, LA 70427

Christmas in the Park Commission
c/o Mr. Jerry Bailey
Director of Administration
Post Office Box 1179
Bogalusa, LA 70429-1179

Bogalusa Community Arena Commission
c/o Mr. Jerry Bailey
Director of Administration
Post Office Box 1179
Bogalusa, LA 70429-1179

Combining Balance Sheet - Component Units

	<u>City Court of Bogalusa</u>	<u>Constable City Court of Bogalusa</u>	<u>Christmas in the Park Commission</u>	<u>Bogalusa Community Arena Commission</u>	<u>Totals</u>
Assets:					
Cash	\$ 58,545	\$ 14,939	\$ 18,546	\$ 1,909	\$ 93,939
Investments	16,785				16,785
Due from other funds	2,625				2,625
Fixed assets	28,689	24,722			53,411
Amount to be provided for retirement of general long-term debt	<u> </u>	<u>978</u>	<u> </u>	<u> </u>	<u>978</u>
Total Assets	<u>\$ 106,644</u>	<u>\$ 40,639</u>	<u>\$ 18,546</u>	<u>\$ 1,909</u>	<u>\$ 167,738</u>
Liabilities:					
Other payables	\$ 49,301	\$	\$	\$	\$ 49,301
Loan payable		3,770			3,770
Due to other funds	2,625				2,625
Total Liabilities	<u>51,926</u>	<u>3,770</u>	<u>---</u>	<u>---</u>	<u>55,696</u>
Equity:					
Investment in general fixed assets	28,689	24,722			53,411
Fund balance	26,029	12,147	18,546	1,909	58,631
Total Equity	<u>54,718</u>	<u>36,869</u>	<u>18,546</u>	<u>1,909</u>	<u>112,042</u>
Total Liabilities and Fund Equity	<u>\$ 106,644</u>	<u>\$ 40,639</u>	<u>\$ 18,546</u>	<u>\$ 1,909</u>	<u>\$ 167,738</u>

CITY OF BOGALUSA
BOGALUSA, LOUISIANA
Notes to the General-Purpose Financial Statements (continued)

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Equity - Component Units**

	City Court of Bogalusa	Constable City Court of Bogalusa	Christmas in the Park Commission	Bogalusa Community Arena Commission	Totals
Revenues:					
Donations	\$	\$	\$ 4,065	\$ 2,081	\$ 6,146
Court costs and fees	68,656	13,170			81,826
Ticket sales			14,092		14,092
Intergovernmental	52,161	2,333			54,494
Interest	2,925		694		3,619
Other	203			7,123	7,326
Total Revenues	<u>123,945</u>	<u>15,503</u>	<u>18,851</u>	<u>9,204</u>	<u>167,503</u>
Expenditures:					
Current:					
General government	191,804	16,757			208,561
Culture and recreation			28,565	10,053	38,618
Total Expenditures	<u>191,804</u>	<u>16,757</u>	<u>28,565</u>	<u>10,053</u>	<u>247,179</u>
Excess(deficiency) of revenues over expenditures	<u>(67,859)</u>	<u>(1,254)</u>	<u>(9,714)</u>	<u>(849)</u>	<u>(79,676)</u>
Other financing sources(uses):					
Operating transfers in(out)	<u>70,725</u>	<u>5,122</u>	<u>10,000</u>		<u>85,847</u>
Total other financing sources(uses)	<u>70,725</u>	<u>5,122</u>	<u>10,000</u>	<u>---</u>	<u>85,847</u>
Excess(deficiency) of revenues and other financing sources over expenditures and other uses	2,866	3,868	286	(849)	6,171
Fund Balances, beginning	<u>23,163</u>	<u>8,279</u>	<u>18,260</u>	<u>2,758</u>	<u>52,460</u>
Fund Balances, ending	<u>\$ 26,029</u>	<u>\$ 12,147</u>	<u>\$ 18,546</u>	<u>\$ 1,909</u>	<u>\$ 58,631</u>

Primary government officials may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organizations and (b) joint ventures, as follows:

Related Organizations

Housing Authority of Bogalusa - The Mayor, with confirmation of the City Council, appoints all five Commissioners of the Housing Authority of Bogalusa. However, no further contact or influence exists. Therefore, it is not included in the City's financial statements.

Washington Industrial Development Foundation, Inc. - The Mayor appoints one member and the City Council appoints two members of the thirty member Board of Directors of Washington Industrial Development Foundation, Inc., which is a non-profit corporation exempt from federal income tax under Internal Revenue Code Section 501(c)(3). However, no further contact or influence exists. Therefore, it is not included in the City's financial statements.

Joint Ventures

Choctaw Road Landfill (the Joint Venture) - The City is a participant with the Washington Parish Police Jury (the Police Jury) in a joint venture to construct and operate the Choctaw Road Landfill, a solid waste disposal landfill. The Joint Venture was opened in July of 1989. The agreed upon percentages for sharing of construction costs and operating losses were 58.1% for the Police Jury and 41.9% for the City. The Police Jury's share of costs has been funded by a dedicated one percent sales tax in Washington Parish, excluding Ward 4. The City's share of costs has been funded by an ad valorem tax and the issuance of general obligation bonds. Although there were no equity balances at December 31, 1998, the Joint Venture is apparently not experiencing any financial stress. Complete financial statements for the Joint Venture can be obtained from the Washington Parish Police Jury at the parish courthouse in Franklinton, LA.

Washington Parish Drug Task Force (the Task Force) - The City, together with the Washington Parish Sheriff, comprise the Washington Parish Drug Task Force, which was created to combat drug problems in their joint jurisdictions. The operations of the Task Force are funded by federal grants from the United States Department of Justice through the Louisiana Commission on Law Enforcement and Administration of Criminal Justice, together with contributions

CITY OF BOGALUSA
BOGALUSA, LOUISIANA

Notes to the General-Purpose Financial Statements (continued)

from the two law enforcement agencies. Financial activities of the Task Force are included in the Washington Parish Sheriff's general-purpose financial statements.

b. Fund Accounting

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 relating to certain government functions or activities.

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

Funds of the City are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each fund follow:

Governmental Funds

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

1. **General Fund** - the general operating fund of the city and accounts for all financial resources, except those required to be accounted for in other funds.
2. **Special Revenue Funds** - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. **Debt Service Funds** - account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations group.
4. **Capital Projects Funds** - account for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

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

1. **Enterprise Funds** - Account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the city.

c. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available to finance expenditures of the current fiscal year. Sales taxes are recognized as revenue in the month in which sales taxes are paid by taxpayers. Ad Valorem taxes are recognized as revenue in the year budgeted, that is, in the year in which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other

CITY OF BOGALUSA
BOGALUSA, LOUISIANA
Notes to the General-Purpose Financial Statements (continued)

intergovernmental revenues, charges for services and interest on investments. Licenses and permits and court fines are recognized when received because they are not objectively measurable.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule are (1) principal and interest on general long-term debt is recognized when due and (2) accumulated sick pay, and other employee benefits which are not accrued.

Other Financing Sources (Uses)

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

The Proprietary Fund and Pension Trust Funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Proprietary Fund and Pension Trust Funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

d. Budgets

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

1. The Mayor submits to the council a proposed operating budget at least forty-five days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and total anticipated revenues.
2. At the meeting of the council at which the operating budget is submitted, the council orders a public hearing on it.
3. At least ten days prior to the date of such hearing the council publishes in the official journal a general summary of the proposed budget.

CITY OF BOGALUSA
BOGALUSA, LOUISIANA
Notes to the General-Purpose Financial Statements (continued)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally enacted through passage of an ordinance, no later than the twenty-seventh day of the last month of the fiscal year.
5. Budgetary amendments involving the transfer of funds from one department, office, or agency to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the adoption of an ordinance by the Council.
6. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered.
7. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended from time to time by the City Council.

e. Cash and Cash Equivalents and Investments

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

Under state law, the City may invest in United States bonds, treasury notes or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost; investments in pension plans are stated at fair market value.

f. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables or payables.

g. Inventory of Supplies

Inventories are stated at cost, using the first-in, first-out method.

h. Bad Debts

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

i. Restricted Assets

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

j. Fixed Assets

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

Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund, net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method over a range of 20 to 40 years.

k. Long-Term Obligations

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

l. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

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

Designated Fund Balances

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

m. Compensated Absences

The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges, not requiring current resources, is recorded in the general long-term obligations account group. Leave privileges associated with employees of the proprietary funds are recorded as a fund liability and operating expense.

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

n. Use of Estimates

The City uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that are used.

o. Total Columns on Combined Statements - Overview

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

2. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Washington Parish. When the City receives the tax roll, a receivable is set up and revenue is recognized based on the assessed values.

For the year ended December 31, 1998 taxes of 49.83 mills were levied on property with assessed valuation totaling \$38,791,700 and were dedicated as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Mills</u>	<u>Exp. Date</u>
General Fund	General Purpose	10.84	Indef.
General Fund	Maintenance, Equipment, Operations, and Salaries of Municipal Employees	2.71	1999
General Fund	Fire Department Maintenance	2.71	2007

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

<u>Fund</u>	<u>Purpose</u>	<u>Mills</u>	<u>Exp. Date</u>
General Fund	Maintenance and Operation of Municipal Services	3.62	2007
Debt Service Fund	Paying Bonds and Interest	14.45	Indef.
Utility Fund	Sewer and Water Works	2.71	2007
City Employees Retirement System	City Employees Pension	1.92	2006
Firemen's Pension and Relief Fund	Firemen's Pension	3.10	2002
Policemen's Pension and Relief Fund	Policemen's Pension	2.77	2006
Landfill	Landfill	<u>5.00</u>	2001
Total		<u>49.83</u>	

Total taxes levied were \$1,932,990. Taxes receivable at December 31, 1998 consisted of the following:

Taxes receivable current roll	\$973,109
Taxes receivable prior year	<u>14,340</u>
	<u>\$987,449</u>

3. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at year end.

a. All cash and cash equivalents other than City Employees' Retirement System:

Petty cash	\$ 780
Demand deposits	<u>5,564,787</u>
Totals	<u>\$ 5,565,567</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These

CITY OF BOGALUSA
BOGALUSA, LOUISIANA

Notes to the General-Purpose Financial Statements (continued)

securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1998, the primary government has \$5,957,323 in deposits (collected bank balances). These deposits are secured from risk by \$163,930 of federal deposit insurance and the remaining \$5,793,393 is secured from risk by \$6,315,031 in pledged securities held by the custodial bank in the name of the fiscal agent bank.

b. City Employees' Retirement System (6/30/98):

Cash	\$ 141,546
Cash equivalents	<u>288,071</u>
Total	<u>\$ 429,617</u>

At June 30, 1998 the Retirement System had \$429,070 in deposits (collected bank balances). These deposits were secured from risk by \$200,000 of federal deposit insurance and \$12,768 collateral. The remaining \$216,849 was unsecured.

c. Discretely Presented Component Units:

At December 31, 1998, the discretely presented component units had \$121,769 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

4. INVESTMENTS

The following is a summary of investments, at fair market value, at year end.

a. All investments other than City Employees' Retirement System.

Certificate of deposit with maturity of more than 90 days	<u>\$ 6,000</u>
---	-----------------

At December 31, 1998, this investment was fully secured from risk by \$6,000 of the excess of pledged securities held as collateral for cash.

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

b. City Employees' Retirement System (6/30/98)

U. S. Government obligations	\$ 5,475,473
Common stock	<u>1,349,460</u>
	<u>\$ 6,824,933</u>

At June 30, 1998 all of the retirement system's investments were held by bank-administered trust funds. (GASB Category 2)

c. Discretely Presented Component Units:

At December 31, 1998, the discretely presented component units had \$16,785 in investments which were secured from risk by federal deposit insurance.

5. RECEIVABLES

The following is a summary of receivables for December 31, 1998:

Class of Receivable	Primary Government				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Proprietary Funds
Taxes:					
Ad valorem	\$ 548,402	\$ 99,099	\$ 286,281	\$	\$ 53,667
Sales and use	257,103	230,457			44,304
Franchise	28,573				
Intergovernmental:					
Federal	76,281	85,897		1,325,097	
State	22,905	105,756			
Local	3,862				
Utility bills					119,796
Miscellaneous	<u>2,886</u>	<u>29,000</u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 940,012</u>	<u>\$ 550,209</u>	<u>\$ 286,281</u>	<u>\$ 1,325,097</u>	<u>\$ 217,767</u>

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

6. GENERAL FIXED ASSETS AND UTILITY SYSTEM PLANT AND EQUIPMENT

A summary of changes in general fixed assets follows:

	Balance December 31, 1997	Additions	Deletions	Balance December 31, 1998
Land	\$ 699,681	\$	\$	\$ 699,681
Buildings	9,955,958	545,791	(2,500)	10,499,249
Improvements other than buildings	7,142,447	227,232		7,369,679
Equipment	2,485,967	268,738	(55,093)	2,699,612
Construction in progress	<u>2,485,384</u>	<u>655,299</u>	<u>(18,078)</u>	<u>3,122,605</u>
Total general fixed assets	<u>\$ 22,769,437</u>	<u>\$ 1,697,060</u>	<u>\$ (75,671)</u>	<u>\$ 24,390,826</u>

A summary of proprietary fund type property, plant, and equipment at December 31, 1998 follows:

Construction-in-Progress	\$ 4,836,804
Water and Sewer System	3,484,117
Sewer Treatment Plant	160,226
Water Well	13,632
Collection System	1,234,912
Sewer Pumping System	161,250
Water Line	2,479,580
Equipment	<u>179,006</u>
	12,549,527
Less accumulated depreciation	<u>(2,982)</u>
Total	<u>\$12,546,545</u>

7. RESTRICTED ASSETS

At December 31, 1998 the City maintained restricted cash accounts required by bond covenants of the \$5,600,000 General Obligation Sewer Bonds 1998, \$1,730,000 Sewer Revenue Bonds 1998, and \$3,170,000 Sales Tax Sewer Bonds 1998 as follows:

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

Utilities System Fund -	
Sewer Capital Additions and Contingencies Fund (a)	\$ 50,000
Sewer Revenue Bond Sinking Fund (d)	59,081
Sewer Revenue Bond Reserve Fund (e)	18,420
Wastewater Improvement Fund (f)	<u>99,428</u>
Total Utilities System Fund	<u>\$ 226,929</u>
Debt Service Fund -	
Sewer Sales Tax Bond Sinking Fund (g)	\$ 69,146
Sales Tax Bond Reserve Fund(h)	<u>17,287</u>
Total Debt Service Fund	<u>\$ 86,433</u>

8. PENSION PLANS

a. City of Bogalusa Pension Plans

The City of Bogalusa administers three defined benefit pension plans - City Employees Retirement System (CERS), Policemen's Pension and Relief Fund (PPRF), and Firemen's Pension and Relief Fund (FPRF). Each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

1. Summary of Significant Accounting Policies

Basis of Accounting. The City's retirement systems' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

2. Plan Descriptions and Contribution Information

Following is the membership of each plan at the date of the latest actuarial valuation:

	<u>CERS</u>	<u>PPRF</u>	<u>FPRF</u>
Date of actuarial valuation	<u>6/30/98</u>	<u>12/31/98</u>	<u>12/31/98</u>
Retirees & beneficiaries receiving benefits	60	10	23
Terminated plan members entitled to but not yet receiving benefits	2	0	0
Active plan members	<u>82</u>	<u>0</u>	<u>0</u>
Total	<u>144</u>	<u>10</u>	<u>23</u>
Number of participating employers	1	1	1

City Employees Retirement System

Plan Description. CERS is a single-employer defined benefit pension plan that covers appointive officers and permanent employees of the City except police and fire departments. CERS provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided with approval of the City Council.

Contributions. Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. Contribution requirements of the plan members and the City are established and may be amended by state law.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the City Employees' Retirement System for the current year were as follows:

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

Annual required contribution	\$ 383,899
Interest on net pension obligation	8,884
Adjustment to annual required contribution	<u>(12,837)</u>
Annual pension cost	379,946
Contributions made	<u>(289,386)</u>
Increase (decrease) in net pension obligation	90,560
Net pension obligation beginning of year	<u>131,619</u>
Net pension obligation end of year	<u>\$ 222,179</u>

The annual required contribution for the current year was determined as part of the June 30, 1995 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 6.75% investment rate of return and (b) projected salary increases of 4.5% per year of employment. Both (a) and (b) included an inflation component of 3%. The assumptions did not include postretirement benefit increases, which are funded from investment earnings over 6.75% when granted. The actuarial value of assets was determined at market value. The unfunded actuarial accrued liability is being amortized as a level percentage of annual compensation. The remaining amortization period at June 30, 1995 was 17 years.

THREE-YEAR TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/96	\$ 323,891	95.9%	\$ 88,537
6/30/97	342,584	87.4%	131,619
6/30/98	379,946	76.2%	222,179

Deferred Retirement Option Plan. In July of 1997 the City of Bogalusa Retirement System was amended by the Louisiana Legislature to provide for a Deferred Retirement Option Plan (DROP). After completing the required years of creditable service and attaining the required age a member may elect to participate in the DROP plan.

Upon commencement of participation in the plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the Deferred Retirement Option Plan account.

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BOGALUSA, LOUISIANA
Notes to the General-Purpose Financial Statements (continued)

Upon termination of employment, a participant in the program shall receive, at his option, a lump sum payment from the account, or he may elect any other method of payment approved by the board of trustees deferred retirement option plan account balance in addition to his regular retirement benefits.

If employment is not terminated at the end of three years, the participant resumes regular contributions in the System.

The DROP account at June 30, 1998 was \$69,350.

Policemen's Pension and Relief Fund

Plan Description. PPRF is a single-employer defined benefit pension plan. On January 1, 1976 the City and the Board of Trustees of the PPRF merged the members of the PPRF who had not yet retired with the Municipal Police Employees' Retirement System of the State of Louisiana under the authority of Resolution No. 882 of the City Council. At the time of the passage of the resolution and at the time of the merger, all of the members of the police force, except for three individuals who brought suit against the City to be allowed to remain members of the PPRF, had previously voluntarily joined the state retirement system under a statute which allows individual city police officers to voluntarily join the state system on their own accord. The lawsuit involving the three individuals who wished to remain in the PPRF was settled by having the PPRF pay the three individuals the pension and retirement benefits that they would have been entitled to under the city system, if the system had not merged with the state police retirement system, from the time that the individuals have 20 years of service with the Bogalusa Police Department until the time that they reach 50 years of age and are qualified to start receiving pension and retirement benefits from the State Municipal Police Employees' Retirement System. Therefore, the PPRF only covers those policemen and their families who had retired prior to the merger except for the three policemen mentioned above who will be covered from retirement until they attain age 50.

Contributions. There are no member contributions since all members of the system are retired or merged with the state system. The City contributes 25% of all court fines and 20% of money collected for licenses, privilege taxes, and permits for selling alcoholic beverages. This system is also funded by a 2.77 mills ad valorem tax.

Firemen's Pension and Relief Fund

Plan Description. FPRF is a single-employer defined pension plan. On February 3, 1981 the City and the Board of Trustees of the FPRF merged the members of the FPRF who had not yet retired with the State of Louisiana Firefighters Retirement System under the authority of Ordinance No. 1029 of the City Council. Employees covered by the transfer were all full-time employees who were not receiving retirement benefits or were not eligible for retirement benefits on the date of merger.

Contributions. There are no member contributions since all members of the system are retired or merged with the state system. The City contributes \$1,500 per year and supplements the fund whenever necessary. This system is also funded by a 3.10 mills ad valorem tax and one-half of a 2% fire insurance tax received from the State of Louisiana.

b. State of Louisiana Firefighters Retirement System

1. Plan Description

The Firefighters Retirement System is a cost-sharing, multiple-employer defined benefit pension plan, which covers all active firemen and their families.

Employer members as of June 30, 1998 is as follows:

Cities	43
Parishes	6
Special districts	<u>28</u>
Total employer members	<u><u>77</u></u>

Firefighter's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Firefighter's Retirement System, P. O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095, or by calling (225) 925-4060.

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of Firefighter's Retirement System are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the employee is compensated for services. Benefits and refunds are recognized when due and payable.

Method Used to Value Investments. All investments are fixed-income securities and common stock, and are reported at fair market value based on quoted market prices.

3. Contributions

Under the terms of the merger agreement, the City had to buy into the Firemen's State System. The City agreed to pay 60% of the accrued pension liability for those employees transferred to the state system, which amounted to \$1,655,753. The City makes annual payments of \$127,069 including interest. The balance owed at December 31, 1998 was \$1,009,241.

4. Concentrations

Investments held by the Firefighter's Retirement System include:

	<u>Market Value</u>
U.S. Government Securities	\$ 106,492,624
Corporate Bonds	88,854,886
Common Stock	<u>230,861,629</u>
Total	<u>\$ 426,209,139</u>

c. **Municipal Police Employee's Retirement System of the State of Louisiana**

1. Plan Description

The Municipal Police Employee's Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which covers all active policemen, police department employees, and their families. There are 152 contributing municipalities.

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 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

Municipal Police Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Municipal Police Employee's Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, LA 70809-2250, or by calling (225) 929-7411.

2. Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of Municipal Police Employee's Retirement System are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. All investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported using estimated future cash flows.

3. Concentrations

Investments held by the Municipal Police Employee's Retirement System include:

	<u>Market Value</u>
(Repurchase Agr.) Collateral held under securities lending program	\$ 144,500,000
Repurchase agreements	5,288,008
Bonds, notes, and mortgages	270,280,922
Marketable securities - domestic	350,021,594
Foreign commingled trusts	121,907,585
Mutual funds - domestic	1,637,600
Pooled Bund Fund	137,817,207
Collateral held under securities lending program (Money Market Account)	3,000,352
Investments held by brokers-dealers in which collateral may be reinvested	<u>140,439,853</u>
Total	<u>\$ 1,174,893,121</u>

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

9. SUMMARY OF GENERAL LONG-TERM DEBT

The following is a summary of general long-term debt transactions of the City of Bogalusa for the year ended December 31, 1998:

	Long-term Debt <u>1/1/98</u>	Debt Incurred	Debt Retired	Long-term Debt <u>12/31/98</u>
General obligation bonds:				
1973 issue	\$ 110,000	\$	\$ 110,000	\$ —
1975 issue	30,000		10,000	20,000
1992 issue	760,000		60,000	700,000
1998 sewer bonds	—	2,448,273		2,448,273
1998 sewer sales tax	—	<u>207,472</u>		<u>207,472</u>
Total general obligation bonds	900,000	2,655,745	180,000	3,375,745
Certificates of indebtedness	387,000		157,000	230,000
Bond Anticipation Notes	1,727,443	4,715	1,732,158	—
Accumulated unpaid vacation and sick pay	489,860	96,640		586,500
Due to Firefighters' Retirement System	1,061,972		52,731	1,009,241
Capital leases	90,173		33,087	57,086
Landfill closure and post-closure care costs	140,887	28,231		169,118
Old Bogalusa Landfill post-closure cost	291,333		270,833	20,500
Net Pension Obligation	<u>131,619</u>	<u>90,560</u>		<u>222,179</u>
	<u>\$ 5,220,287</u>	<u>\$ 2,875,891</u>	<u>\$ 2,425,809</u>	<u>\$ 5,670,369</u>

10. ANNUAL MATURITY REQUIREMENTS OF BONDS AND CERTIFICATES OF INDEBTEDNESS

The annual requirements to amortize all bond and certificate debts outstanding are as follows for the year ending December 31 (in thousands):

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

<u>Description</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004 and Thereafter</u>	<u>Total</u>
General Obligation							
Bonds:							
1975 Issues							
5.90 - 6.00%	\$ 10	\$ 10	\$	\$	\$	\$	\$ 20
1992 Issue							
4.4 - 9.00%	60	65	70	75	80	350	700
Estimated:							
1998 G. O.							
Sewer bond	190	195	205	210	220	4,580	5,600
1998 Sewer							
Sales Tax		<u>110</u>	<u>110</u>	<u>115</u>	<u>120</u>	<u>2,715</u>	<u>3,170</u>
Total bonds	<u>\$ 260</u>	<u>\$ 380</u>	<u>\$ 385</u>	<u>\$ 400</u>	<u>\$ 420</u>	<u>\$ 7,645</u>	<u>\$ 9,490</u>
Certificate of							
Indebtedness:							
1997 Issue							
5.3%	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 115</u>	<u>\$ 230</u>
Total certificate	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 115</u>	<u>\$ 230</u>
Interest Requirements:							
General Obligation							
Bonds:							
1975 Series	\$ 1	\$ 1	\$	\$	\$	\$	\$ 2
1992 Series	35	32	29	26	22	40	184
Estimated:							
1998 G. O.							
Sewer Bond	218	210	202	194	185	1,486	2,495
1998 Sewer							
Sales Tax	<u>110</u>	<u>108</u>	<u>104</u>	<u>100</u>	<u>96</u>	<u>789</u>	<u>1,307</u>
Total interest	<u>\$ 364</u>	<u>\$ 351</u>	<u>\$ 335</u>	<u>\$ 320</u>	<u>\$ 303</u>	<u>\$ 2,315</u>	<u>\$ 3,988</u>
Certificate of							
Indebtedness:							
1997 Issue	<u>\$ 11</u>	<u>\$ 10</u>	<u>\$ 9</u>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 11</u>	<u>\$ 57</u>
Total interest	<u>\$ 11</u>	<u>\$ 10</u>	<u>\$ 9</u>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 11</u>	<u>\$ 57</u>

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

11. BOND ANTICIPATION NOTES

On July 2, 1996 the City authorized the issuance of \$6,800,000 of Utilities Revenue Bonds and the issuance of \$2,000,000 of Bond Anticipation Notes.

On August 1, 1996 the City entered into a loan and pledge agreement with the Louisiana Department of Environmental Quality for a loan to pay for engineering fees to prepare a plan for wastewater facilities upgrade. The loan was for an amount not to exceed \$2,000,000 for which the City would issue the Bond Anticipation Notes (BANS). The BANS bear interest at a rate of 2.45% payable semiannually. An administrative fee of .5% is payable on each interest date. The entire unpaid principal, interest and administrative fees are payable in full by August 29, 1998. As of December 31, 1997 the City had borrowed and owed \$1,727,443. The City borrowed \$4,715 in March of 1998, and in June of 1998, the City paid back the entire amount owed on the BANS (\$1,732,158) with the proceeds of the \$1,730,000 Sewer Revenue Bonds that were sold.

12. 1998 Sewer Bonds

The State of Louisiana, with federal funds, has established a "State Revolving Fund" to be used to assist local governments to finance the construction of eligible wastewater treatment facilities. The City's application for such a loan was for \$10,500,000. The first installment of which was \$5,600,000 represented by a general obligation bond, the second installment of which was \$3,170,000 represented by Sales Tax Sewer Bonds, and the third was \$1,730,000 represented by a utility revenue bond. The amounts borrowed on each series of bonds at December 31, 1998 follows:

\$5,600,000 General Obligation Sewer Bonds	\$ 2,448,273
\$3,170,000 Sales Tax Sewer Bonds	207,472
\$1,730,000 Sewer Revenue Bonds	<u>1,730,000</u>
Total amount borrowed	<u>\$ 4,385,745</u>

The General Obligation Sewer Bonds and the Sales Tax Sewer Bonds are reflected in the general long-term debt account group and the Sewer Revenue Bonds are reflected in the Utility System Fund.

13. NET PENSION OBLIGATION

During 1996, the City implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as explained in Note 2. The GASB required, among other things, that the liability balance of the Net Pension Obligation (NPO), be recognized in the general long-term debt account group. The NPO has been defined as the cumulative difference since 1986 between annual pension cost and the employer's contributions to the plan. Accordingly, the NPO has been computed to be \$222,179 as of December 31, 1998, and has been added in the general long-term debt account group.

14. COMPENSATED ABSENCES

At December 31, 1998, employees of the primary government have accumulated and vested \$586,500 of leave benefits, which was computed in accordance with GASB Codification Section C60 and is recorded within the general long-term debt account group. The leave liability for employees of the Enterprise Fund, for \$69,300, is accounted for within the fund.

15. DUE TO LOUISIANA FIREFIGHTERS' RETIREMENT SYSTEM

On February 3, 1981 the City and the Board of Trustees of the Firemen's Pension and Relief Fund merged their members who had not retired with the State of Louisiana Firefighters' Retirement System. Under the terms of the merger, the City had to buy into the state system for \$1,655,753. The City makes annual payments of \$127,069 including interest.

The annual requirements to amortize the debt to the Firefighters' Retirement System are as follows for the year ended December 31 (in thousands):

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004 and Thereafter</u>	<u>Total</u>
Principal	\$ 56	\$ 60	\$ 65	\$ 69	\$ 74	\$ 685	\$1,009
Interest	<u>71</u>	<u>67</u>	<u>62</u>	<u>58</u>	<u>53</u>	<u>206</u>	<u>517</u>
	<u>\$ 127</u>	<u>\$ 891</u>	<u>\$1,526</u>				

16. CAPITAL LEASES

The City is obligated under certain leases for copying equipment and a fire truck accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. The following is a schedule of future minimum lease payments as of December 31, 1998:

Year ending <u>December 31</u>	
1999	\$ 45,145
2000	14,559
2001	<u>3,229</u>
Minimum lease payments for capital leases	62,933
Less: amount representing interest	<u>(5,847)</u>
Present value of minimum lease payments	<u>\$ 57,086</u>

17. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

a) Choctaw Road Landfill

State and federal laws and regulations require the Choctaw Road Landfill (a joint venture of the City of Bogalusa and the Washington Parish Police Jury) to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. A related liability is being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs at December 31, 1998, determined by the landfill's engineer, was \$403,622. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

The City is not required to set aside funds in escrow to finance future closure and postclosure care costs.

The City's portion of the liability reported in General Long-Term Debt Account Group is computed as follows:

Total estimated liability	\$ 403,622	
City's participating percentage	<u>X 41.9%</u>	
City's liability		\$ 169,118

b) Old Bogalusa Landfill

The City is under an order from the Louisiana Department of Environmental Quality to make certain postclosure improvements to the Old Bogalusa Landfill. The City's Engineer has estimated that the City will incur reclosure and postclosure care costs over the next three years at

20,500

Total landfill closure and postclosure care costs \$ 189,618

18. RISK MANAGEMENT

The City of Bogalusa is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1993, the City purchased workers' compensation insurance through Risk Management, Inc. Accounted for in the General Fund, the City pays workers' compensation claims of \$175,000 per claim up to a maximum of \$417,000 annually. Risk Management, Inc. provides coverage in excess of these limits. Settled claims have not exceeded this coverage in any of the past three fiscal years.

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

19. INTERFUND RECEIVABLES AND PAYABLES

Reflected in the accompanying financial statements of the City are the following interfund receivables and payables:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 531,028	\$ 252,435
Special Revenue Funds		
Employee Pay Raise		125,550
Industrial Park Rent	97,000	2,379
Summer Food		7,259
Capital Improvement Sales Tax		68,382
Water and Sewer Sales Tax		593
Airport Maintenance	2,754	
Landfill		1,461
	<u>99,754</u>	<u>205,624</u>
Debt Service Fund	<u>10,378</u>	<u>—</u>
Capital Projects Funds		
Airport Expansion		99,754
Wastewater Improvement		123,292
	<u>—</u>	<u>223,046</u>
Enterprise Fund		
Utility Fund	<u>—</u>	<u>365,512</u>
Pension Trust Funds		
Firemen's Pension and Relief Fund	\$ 133,359	\$
Policemen's Pension and Relief Fund	110,811	
City Employees Retirement System	55,999	
	<u>300,169</u>	<u>—</u>
	1,093,171	1,046,617
Difference due to fiscal year end of City Employees Retirement System	<u>—</u>	<u>46,554</u>
	<u>\$ 1,093,171</u>	<u>\$ 1,093,171</u>

20. JUNE 30, 1998 FISCAL YEAR END INCLUDED

All funds and account groups have a calendar year end of December 31, 1998, except the City Employees Retirement System. It has a fiscal year end of June 30, 1998, so the figures for the year ended June 30, 1998 have been included.

21. GRANTS FROM OTHER GOVERNMENTAL UNITS

Federal and state governmental units represent an important source of supplementary funding used to finance employment, construction programs, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in the General Fund, Special Revenue Funds, and Capital Project Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant.

Some of 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. No material amounts have been disallowed as a result of any audits for the year ended December 31, 1998.

22. LEASES OF CITY PROPERTY

Industrial Park Leases

The City (Lessor) has a lease with Veecor Company, Inc. (Lessee) for a building located on Lot Number One (1) of the Industrial Park. The carrying value of this building on the City's books is \$1,276,519. The primary term of the lease was five (5) years from August 1, 1984 to July 31, 1989. The original lease has been amended twice and extended for three years. The amended lease, which expired July 31, 1994, requires monthly rental payments by lessee of \$2,600. The City received \$31,200 rent income from this lease during 1998.

There is a lease between the City (Lessor) and The American Fabrics Company (Lessee) for a building and improvements located on Lot Number Seventeen (17) (the model lace building) of the Industrial Park. The building is carried on the books of the City at \$1,677,258. The original lease, which expired on July 31, 1994, was extended for five years. The rental price of the lease is \$24,000 per year, subject to certain abatement provisions based on the level of employment of the Lessee.

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BOGALUSA, LOUISIANA
Notes to the General-Purpose Financial Statements (continued)

The City received \$54,000 rent income from the lease in 1998. Lessee has option to extend term for three (3) additional, successive, and separate periods of five (5) years each. At anytime during the primary or extended term of the lease, Lessee has the right to purchase the leased property pursuant to a schedule provided for in the lease agreement. The lease agreement also requires that in the event the Industrial Park Tax Fund account should fall below the sum of \$500,000, all rent collected thereafter by Lessor be deposited in a special escrow account for repairs and maintenance of the property.

The City (Lessor) also has a lease with The American Fabrics (Lessee) for a building on Lot Number Fourteen (14) (the embroidery building) of the Industrial Park. The building is carried on the books of the City at \$943,497. The original lease, which expired on March 31, 1995, was extended for five years. The Lessee has options to extend the term of the lease for three (3) additional, successive, and separate periods of five (5) years each. At anytime during the primary or extended term of the lease, Lessee has the right to purchase the leased property pursuant to a schedule provided for in the lease agreement. The rental payments for the lease are \$10,000 per year, payable at the end of each year, subject to certain abatement provisions based on the level of employment of the Lessee. The City received \$57,500 rent income from the lease in 1998. The lease agreement also requires that in the event the Industrial Park Tax Fund account should fall below the sum of \$500,000, all rent collected thereafter by Lessor be deposited in a special escrow account for repairs and maintenance of the property.

The City (Lessor) has also entered into a lease with The American Fabrics for a building and 7.33 acres of land designated as tracts 2 and 3 (the shipping building) in the Industrial Park. The building is carried on the books of the City at \$1,052,122. The original lease, which expired on July 31, 1995, was extended for five years. The Lessee has the option of extending the lease for three (3) additional, successive, and separate periods of five (5) years each. The rent is \$20,000 per year payable in monthly installments subject to certain abatement provisions based on the level of employment by the Lessee. The City received \$20,000 rent income from the lease in 1998.

The City (Lessor) has also entered into an agreement with The American Fabrics Company to lease lot 15 of the Industrial Park including improvements. As of December 31, 1998, the City had spent \$1,727,783 for construction in progress of a building on the lot. The primary term of the lease is twenty (20) years. Lessee has options to extend the lease for two (2) successive, separate and additional periods of ten (10) years. During the primary term of the lease, rental is calculated at the rate of \$1.00 per square foot. During any extended term of the lease, rental

CITY OF BOGALUSA
BOGALUSA, LOUISIANA
Notes to the General-Purpose Financial Statements (continued)

is calculated at the rate of \$.50 per square foot. Except for the first year of the lease, Lessee is obligated to employ a minimum of (50) people in its operations on the leased premises. The City received no rent income from this lease during 1998.

The City (Lessor) has a lease with LA Fiberglass L.L.C. (Lessee) for a parcel of land and improvements located in the Industrial Park. The carrying value, of the improvements are \$1,394,432.62, on the city books. The primary lease is for 15 years from date of certificate of substantial completion (6/4/98). Rental payments will be deferred until 7/15/2002.

23. COMPENSATION PAID TO CITY COUNCIL AND MAYOR

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Mervin E. Taylor, Jr.	Mayor	\$ 30,282
James M. McGehee	Mayor	4,598
Hugh Cassidy	City Council - At Large	3,931
James McGehee	City Council - At Large	4,213
Wilton R. Dunaway	City Council - At Large	462
Michael Herring	City Council - At Large	462
Paul D. Kates	City Council - District A	3,931
Barry W. Bolton	City Council - District A	462
McClurie Sampson	City Council - District B	4,417
Reubin Sumrall	City Council - District C	4,431
Johnnie Holcomb	City Council - District D	4,392
Herbert Wilson	City Council - District E	3,931
Daniel D. Stogner	City Council - District E	462

24. LITIGATION

At December 31, 1998, the City was a defendant in several lawsuits arising principally from the normal course of operations. The ultimate resolution of these lawsuits would not materially affect the financial statements in the estimation of the legal advisor of the City. He has also advised that provisions of the Louisiana Constitution do not permit a person holding a judgment against the City to levy or collect that judgement against any assets of the City in a judicial fashion.

CITY OF BOGALUSA
 BOGALUSA, LOUISIANA
 Notes to the General-Purpose Financial Statements (continued)

25. EXPENDITURES - BUDGET AND ACTUAL

In the following individual funds, actual expenditures exceeded budgeted expenditures for the year ended December 31, 1998:

	<u>Expenditures</u>		<u>Unfavorable Variance</u>
	<u>Budget</u>	<u>Actual</u>	
General Fund	\$ 6,737,200	\$ 7,348,213	\$ 611,013
Employee Pay Raise	12,970	13,807	837
Summer Food	130,000	137,484	7,484
Airport Maintenance & Improvement	47,300	74,113	26,813
Street Improvement	462,650	726,212	263,562
Capital Improvement	275,100	280,683	5,583

26. PRIOR PERIOD ADJUSTMENT

Depreciation of contributed capital assets in the Utility Fund had been added to accumulated depreciation through 1997, in 1998 a prior period adjustment was made to reduce accumulated depreciation and the basis of contributed capital as of December 31, 1997 as follows:

	<u>Contributed Capital 12/31/97</u>	<u>Depreciation Adjustments</u>	<u>Adjusted Contributed Capital 12/31/98</u>
Other funds	\$ 18,293,692	\$ 10,361,668	\$ 7,932,024
Federal grants	1,531,862	321,158	1,210,704
Economic Development Administration	262,527	118,137	144,390
Environmental Protection Agency	167,180	90,594	76,586
State of Louisiana	<u>568,608</u>	<u>179,265</u>	<u>389,343</u>
Total	<u>\$ 20,823,869</u>	<u>\$ 11,070,822</u>	<u>\$ 9,753,047</u>

CITY OF BOGALUSA
BOGALUSA, LOUISIANA
Notes to the General-Purpose Financial Statements (continued)

27. FUND BALANCES RESERVED FOR OTHER USES

At December 31, 1998, the General Fund had reserved fund balances for other uses as follows:

Reserved for Cassidy Park	\$ 6,664
Reserved for Diamond Jubilee	64
Reserved for Avenue B Ballpark	<u>17,089</u>
Total	<u>\$ 23,817</u>

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

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

The Honorable J. M. "Mack" McGehee, Mayor
and Members of the City Council
City of Bogalusa, Louisiana

I have audited the financial statements of City of Bogalusa, Louisiana as of and for the year ended December 31, 1998, and have issued my report thereon dated June 25, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Bogalusa, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 98-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered City of Bogalusa, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the City of Bogalusa, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions is described in the accompanying schedule of findings as item 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My considerations of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that the reportable condition described in the accompanying schedule of findings as item 98-2 to be a material weakness.

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



Certified Public Accountant

Bogalusa, Louisiana
June 25, 1999

SUPPLEMENTAL INFORMATION

GENERAL FUND

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

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

BALANCE SHEET
December 31, 1998

ASSETS

Cash	\$ 282,213
Receivables	940,012
Due from other funds	531,028
Inventory of supplies, at cost	<u>52,882</u>
Total assets	<u>\$ 1,806,135</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 105,853
Workers' compensation claims payable	288,768
Certificates of indebtedness	1,010,000
Payroll taxes payable	19,954
Due to other funds	<u>252,435</u>
Total liabilities	<u>1,677,010</u>
Fund balance:	
Reserved for:	
Inventory of supplies	52,882
Cassidy Park Campground	6,664
Diamond Jubilee	64
Avenue B Ballpark	17,089
Unreserved:	
Undesignated	<u>52,426</u>
Total fund balance	<u>129,125</u>
Total liabilities and fund balance	<u>\$ 1,806,135</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Taxes:			
Ad valorem	\$ 1,026,400	\$ 1,077,858	\$ 51,458
Bogalusa Housing Authority	20,000	14,562	(5,438)
Sales	2,613,420	2,725,639	112,219
Sales-penalty and interest	10,000	9,121	(879)
Beer	32,000	31,513	(487)
Tobacco	70,000	69,611	(389)
Licenses and permits:			
General occupational	400,000	403,992	3,992
Chain store licenses	8,930	10,164	1,234
Building permits	8,000	15,662	7,662
Electric wiring permits	15,000	12,233	(2,767)
Plumbing permits	6,500	4,307	(2,193)
Heating and air permits	1,500	1,136	(364)
Franchise fees:			
L P & L 2% electrical	165,000	157,778	(7,222)
Entex	121,000	108,951	(12,049)
Charter Communications Cablevision	50,000	55,426	5,426
Intergovernmental:			
State of LA supplemental pay	251,050	267,477	16,427
LCLE Police grant	—	10,417	10,417
SNAP Police grant	6,740	—	(6,740)
Universal hiring grant	54,570	65,220	10,650
Housing Authority Police grant	38,000	35,965	(2,035)
Video poker	75,000	57,296	(17,704)
Problem solving	105,850	89,355	(16,495)
Cops more-equipment	34,130	34,125	(5)
Avenue B Ballpark	50,000	57,500	7,500
Local Law Enforcement Block Grant	—	41,168	41,168
Governor's Safe & Drug Free Schools	—	16,523	16,523
Police Grant - St. Disruption	—	8,499	8,499
Violence Against Women	—	18,000	18,000
ISAP Grant	—	4,345	4,345
Forum of Families Grant	—	1,200	1,200
FEMA Hurricane Grant	—	52,712	52,712
Other	18,160	3,480	(14,680)

(Continued)

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues (Cont'd)			
Service charges:			
Zoning changes	\$ 1,500	\$ 1,220	\$ (280)
Cemetery plot sales	13,000	6,800	(6,200)
Fines and penalties	70,000	54,950	(15,050)
Miscellaneous:			
2% fire insurance	23,640	24,360	720
Interest	—	550	550
Other	<u>36,000</u>	<u>59,990</u>	<u>23,990</u>
Total revenues	<u>5,325,390</u>	<u>5,609,105</u>	<u>283,715</u>
Expenditures:			
General Government:			
Legislative:			
Council salaries	30,000	31,092	(1,092)
Secretary salary	17,200	25,969	(8,769)
Supplies	4,950	5,457	(507)
Group insurance	3,050	3,145	(95)
Travel	13,500	9,053	4,447
Auditing fee	33,000	38,840	(5,840)
Publications	5,500	4,049	1,451
Miscellaneous	130	139	(9)
Total legislative	<u>107,330</u>	<u>117,744</u>	<u>(10,414)</u>
Judicial:			
City Attorney	40,000	36,952	3,048
City Prosecutor	7,200	7,508	(308)
Prosecutor office allowance	7,200	7,200	—
Total judicial	<u>54,400</u>	<u>51,660</u>	<u>2,740</u>
Executive:			
Mayor's salary	35,000	35,320	(320)
Secretary salary	17,200	19,407	(2,207)
Secretary overtime	—	76	(76)
Supplies	5,850	5,898	(48)
Gas and oil	1,300	1,040	260

(Continued)
See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Executive (Cont'd):			
Group insurance	\$ 3,050	\$ 3,145	\$ (95)
Travel	6,300	4,454	1,846
Publications	810	421	389
Miscellaneous	270	1,205	(935)
Dues/subscriptions	<u>5,500</u>	<u>5,774</u>	<u>(274)</u>
Total executive	<u>75,280</u>	<u>76,740</u>	<u>(1,460)</u>
Personnel:			
Director	24,680	26,584	(1,904)
Secretary salary	16,590	17,849	(1,259)
Group insurance	6,100	5,634	466
Supplies	2,700	1,486	1,214
Employee training materials	2,700	1,860	840
Gas and oil	1,300	295	1,005
Travel	900	—	900
Education and training	630	—	630
Dues and subscriptions	450	—	450
Publications	<u>450</u>	<u>—</u>	<u>450</u>
Total personnel	<u>56,500</u>	<u>53,708</u>	<u>2,792</u>
Administration:			
Director's salary	36,210	37,556	(1,346)
Office salaries	140,100	161,890	(21,790)
Overtime	5,000	4,226	774
Supplies	22,500	25,189	(2,689)
Group insurance	30,480	30,171	309
Travel	2,700	4,166	(1,466)
Gas and oil	1,300	590	710
Contract labor	6,900	5,700	1,200
Computer maintenance	5,000	10,025	(5,025)
Computer education and training	2,700	2,520	180
Miscellaneous	670	60	610
Purchasing:			
Salary and wages	50,400	58,477	(8,077)
Overtime	100	97	3
Group insurance	9,140	9,435	(295)
Supplies	2,700	2,676	24
Travel	270	20	250
Gas and oil	<u>2,000</u>	<u>1,329</u>	<u>671</u>
Total administration	<u>318,170</u>	<u>354,127</u>	<u>(35,957)</u>

(Continued)

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
General and administrative:			
Maintenance of municipal buildings	\$ 27,000	\$ 16,700	\$ 10,300
Interest	52,000	31,372	20,628
Insurance	510,000	506,354	3,646
Recreation program	8,100	10,788	(2,688)
Legal and professional	18,000	12,743	5,257
Utilities	152,340	231,403	(79,063)
Assessor's salary	7,300	6,000	1,300
Sales tax expense	39,200	40,037	(837)
Coroner's expense	5,000	8,227	(3,227)
V.A. service office	4,730	4,728	2
City Court supplies and expense	4,500	7,944	(3,444)
Civil Service	2,000	2,444	(444)
National Guard	1,200	—	1,200
Christmas in the Park	10,000	16,716	(6,716)
Council on aging	3,000	3,000	—
Miscellaneous	73,800	121,689	(47,889)
Avenue B ballpark	157,950	—	157,950
Hurricane expenditures	—	52,712	(52,712)
Capital lease financing	16,190	—	16,190
Washington Parish Youth Service	3,000	—	3,000
Total general and administrative	<u>1,095,310</u>	<u>1,072,857</u>	<u>22,453</u>
 Total general government	 <u>1,706,990</u>	 <u>1,726,836</u>	 <u>(19,846)</u>
Public safety:			
Police:			
Police Chief salary	36,720	39,453	(2,733)
Salaries and wages	919,950	993,258	(73,308)
Shift differential	11,000	10,910	90
Contract overtime	96,600	113,594	(16,994)
Overtime	69,000	107,256	(38,256)
Holiday pay	63,000	66,368	(3,368)
State supplemental pay	143,190	152,807	(9,617)
LCLE training	10,000	10,417	(417)
Copsfast grant salaries	72,760	65,220	7,540
SNAP grant overtime	8,430	8,499	(69)
Housing authority grant salaries	38,000	35,965	2,035
Problem solving partnership	132,320	91,255	41,065
Cops more grant	45,500	45,517	(17)

(Continued)
See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Police (cont'd):			
In-home detention	\$ 13,950	\$ 3,481	\$ 10,469
ICAP grant	—	4,345	(4,345)
Governor's Safe & Drug Free grant	—	16,523	(16,523)
Violence Against Women	—	23,999	(23,999)
Forum of Families grant	—	1,200	(1,200)
LLEBG -equip purchase	—	44,848	(44,848)
Other grants	56,150	199	55,951
Gas and oil	50,000	50,558	(558)
Group insurance	164,590	165,519	(929)
Supplies	34,200	42,431	(8,231)
School patrol	25,000	24,285	715
Prepaid uniform allowance	12,000	11,015	985
Care of prisoners	2,000	1,390	610
Repairs to equipment and radios	12,000	9,756	2,244
Travel	4,500	5,552	(1,052)
Special investigations	2,000	870	1,130
Narcotics investigations	5,000	420	4,580
Education	13,500	13,393	107
Computer maintenance	8,470	2,070	6,400
Total police	<u>2,049,830</u>	<u>2,162,373</u>	<u>(112,543)</u>
Fire:			
Fire Chief salary	33,840	34,793	(953)
Salaries and wages	709,570	779,146	(69,576)
Holiday pay	44,280	45,629	(1,349)
Shift differential	6,000	6,212	(212)
Contract overtime	62,000	70,201	(8,201)
Overtime	10,000	8,186	1,814
State supplemental pay	107,860	114,670	(6,810)
Group insurance	109,730	111,693	(1,963)
Prepaid uniform allowance	7,600	7,400	200
Supplies	14,850	18,354	(3,504)
Gas and oil	6,000	5,718	282
Repairs to equipment	3,800	5,254	(1,454)
Education	5,400	5,813	(413)
Travel	720	373	347
Total fire	<u>1,121,650</u>	<u>1,213,442</u>	<u>(91,792)</u>
Total public safety	<u>3,171,480</u>	<u>3,375,815</u>	<u>(204,335)</u>

(Continued)

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
Public works:			
Central service:			
Director's salary	\$ 36,210	\$ 39,738	\$ (3,528)
Supervisors' salaries	38,980	37,712	1,268
Office salaries	35,040	42,469	(7,429)
Building inspector	22,180	24,110	(1,930)
Overtime	20,000	41,419	(21,419)
Cleaning paved streets salaries	17,530	19,921	(2,391)
Cassidy Park salaries	15,160	16,275	(1,115)
Street maintenance salaries	305,300	317,784	(12,484)
Ground maintenance operator	31,290	942	30,348
Drainage and ditch salaries	200,290	191,583	8,707
Group insurance	124,970	109,658	15,312
Allowance-rainsuits	2,590	2,240	350
Supplies	15,840	34,217	(18,377)
Travel	1,800	2,595	(795)
Gas and oil	12,000	12,739	(739)
Repairs to equipment	9,000	13,493	(4,493)
Pest control materials	4,000	6,018	(2,018)
Cassidy Park expenses	3,150	5,599	(2,449)
Maintenance of ballparks	4,500	8,200	(3,700)
Cemetery-temporary	25,000	30,798	(5,798)
Uniform expense	20,000	21,714	(1,714)
Cemetery maintenance materials	<u>2,700</u>	<u>7,415</u>	<u>(4,715)</u>
Total central service	<u>947,530</u>	<u>986,639</u>	<u>(39,109)</u>
Motor pool:			
Salaries and wages	86,600	96,623	(10,023)
Overtime	3,000	8,673	(5,673)
General	6,000	10,184	(4,184)
Administration	3,000	6,100	(3,100)
Police and fire	20,000	62,346	(42,346)
Public works	25,000	82,180	(57,180)
Group insurance	18,290	12,588	5,702
Tools and equipment	1,350	1,766	(416)
Supplies	2,250	7,162	(4,912)
Gas and oil	6,000	5,797	203
Allowance rainsuits	420	420	—
Licenses	<u>150</u>	<u>—</u>	<u>150</u>
Total motor pool	<u>172,060</u>	<u>293,839</u>	<u>(121,779)</u>

(Continued)

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Electrical:			
Chief Electrician	\$ 25,830	\$ 27,022	\$ (1,192)
Salaries and wages	24,480	26,377	(1,897)
Overtime	2,900	1,323	1,577
Group insurance	6,100	6,290	(190)
Tools and equipment	270	—	270
Supplies	450	734	(284)
Clothing allowance	390	260	130
Miscellaneous	90	—	90
Avenue B Ballpark	—	149,862	(149,862)
Total electrical	<u>60,510</u>	<u>211,868</u>	<u>(151,358)</u>
Total public works	<u>1,180,100</u>	<u>1,492,346</u>	<u>(312,246)</u>
Pension contributions:			
City Employees Retirement System	120,000	133,470	(13,470)
Fire Pension-2% insurance	11,820	12,180	(360)
Firemen's Pension-City	1,500	—	1,500
Firemen's Pension-3.07M	114,990	120,167	(5,177)
Police Pension-fines and licenses	19,000	15,949	3,051
State Firemen's Pension	202,910	222,245	(19,335)
State Policemen's Pension	91,160	107,452	(16,292)
Police Pension-2.77M	102,750	107,375	(4,625)
Mayor's State Retirement	—	701	(701)
Total pension contributions	<u>664,130</u>	<u>719,539</u>	<u>(55,409)</u>
Recreation:			
Director salary	10,000	8,820	1,180
Supplies	4,500	3,453	1,047
Total recreation	<u>14,500</u>	<u>12,273</u>	<u>2,227</u>
Debt service			
Principal retirement	—	17,178	(17,178)
Interest and fiscal charges	—	4,226	(4,226)
Total debt service	<u>—</u>	<u>21,404</u>	<u>(21,404)</u>
Total expenditures	<u>6,737,200</u>	<u>7,348,213</u>	<u>(611,013)</u>

(Continued)
See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Excess (deficiency) of revenues over expenditures	<u>\$(1,411,810)</u>	<u>\$(1,739,108)</u>	<u>\$ (327,298)</u>
Other financing sources (uses):			
Operating transfers in (out)-			
Utility Fund	950,820	1,033,000	82,180
Employee Pay Raise Sales Tax Fund	466,360	810,699	344,339
Industrial Park Rent/Lease Fund	110,450	110,450	—
Airport Maintenance and Improvement Fund	(43,260)	(73,000)	(29,740)
Summer Food	—	(8,210)	(8,210)
Fourth Ward Marshall	(5,120)	—	5,120
City Court salary and fringe benefits	(67,440)	—	67,440
Judicial-salary & fringe	—	(75,847)	(75,847)
Total other financing sources (uses)	<u>1,411,810</u>	<u>1,797,092</u>	<u>385,282</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	—	57,984	57,984
Fund balance, beginning	<u>100,670</u>	<u>71,141</u>	<u>(29,529)</u>
Fund balance, ending	<u>\$ 100,670</u>	<u>\$ 129,125</u>	<u>\$ 28,455</u>

(Concluded)

See accompanying auditor's report.

SPECIAL REVENUE FUNDS

Industrial Complex Sales Tax - To account for the receipt of a ¼ cent sales tax dedicated to improving and/or maintaining the City's Industrial Park. The tax expires February 1, 2023.

Employee Pay Raise Sales Tax - To account for the receipt of a ½ cent sales and use tax. The proceeds are dedicated to the purpose of paying salaries and benefits of City employees. The tax is for an indefinite period.

Street Improvement Sales Tax - To account for the receipt of 25% of a one cent sales and use tax. The proceeds are dedicated to street and drainage repair, maintenance, operation and additions. The tax expires June 1, 2002.

Water and Sewer Sales Tax - To account for the receipt of 15% of a one cent sales and use tax. The proceeds are dedicated to water and sewer repair, maintenance, operation and additions. The tax expires June 1, 2002.

Capital Improvement Sales Tax - To account for the receipt of 15% of a one cent sales and use tax. The proceeds are dedicated to the acquisition, operation, and maintenance of land, buildings, and equipment. The tax expires June 1, 2002.

Industrial Park Rent - To account for the receipt of rent from the Industrial Park. Expenditures are not legally restricted for any certain purpose.

Summer Food Program - To account for the receipt and expenditures from a Federal Grant dedicated to summer feeding program for children at various sites throughout the city. Breakfast and lunch are served during June and July to eligible children. At the end of each month a claim for reimbursement is filed for the month. The sponsor receives reimbursement from the Department of Education for operating and administrative expenses within certain limits set by the program regulations.

Parks and Recreation Commission - To account for the receipt and expenditures of the City of Bogalusa Park and Recreation Commission's funds. The commission is made up of seventeen people appointed by the Mayor with the approval of the Council. Expenditures are made with the approval of a majority of the commission.

Airport Maintenance and Improvement - This fund was established by the Mayor to separately account for airport operations.

Water System Improvement - To account for the receipt and expenditures of a ¼ cent sales tax. Funds are dedicated to constructing, acquiring and/or improving the wastewater system of the City. The sales tax expires February 1, 2023. The fund is also used to account for the 1994 loan proceeds of \$1,000,000, which is also dedicated to constructing and improving water system facilities and equipment.

Landfill - To account for the receipt and expenditures of (1) a 5-mill ad valorem tax for the ten year period beginning in 1992 and ending with the year 2001. The tax proceeds are dedicated to constructing, acquiring, improving, maintaining and/or operating landfill facilities for the city, including the acquisition of land therefore. This fund also accounts for the City's investment in operations of the Choctaw Road Landfill, a joint venture with the Washington Parish Police Jury.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
December 31, 1998

	Industrial Complex Sales Tax	Employee Pay Raise Sales Tax	Street Improvement Sales Tax	Water and Sewer Sales Tax	Capital Improvement Sales Tax	Industrial Park Rent	Summer Food Program	Parks and Recreation Commission	Airport Main. & Improvement	Water System Improvement	Landfill	Totals
Cash	\$ 2,184,909	\$ 85,032	\$ 75,313	\$ 30,564	\$ 48,071	\$ 85,567	\$ 1,503	\$ 5,720	\$ 4,352	\$ 340,019	\$ 201,553	\$ 3,062,603
Receivables	144,304	88,662	113,903	40,028	26,594	29,000	5,756	2,863	2,863		99,099	550,209
Equity in Choctaw Road Landfill						97,000			2,754		6	99,754
Due from other funds												6,000
Investments												
Total assets	\$ 2,329,213	\$ 173,694	\$ 189,216	\$ 70,592	\$ 74,665	\$ 211,567	\$ 7,259	\$ 11,720	\$ 9,969	\$ 340,019	\$ 300,658	\$ 3,718,572
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ 719	\$	\$ 6,240	\$ 10,666	\$ 2,166	\$ 14,777	\$	\$ 200	\$ 5,678	\$	\$ 530	\$ 40,976
Due to Choctaw Road Landfill				593	68,382	2,379	7,259				17,470	17,470
Due to other funds		125,550		11,259	70,548	17,156	7,259				1,461	205,624
Total liabilities	719	125,550	6,240	11,259	70,548	17,156	7,259	200	5,678		19,461	264,070
Fund balances (deficit):												
Unreserved	2,328,494	48,144	182,976	59,333	4,117	194,411		11,520	4,291	340,019	281,197	3,454,502
Total fund balances	2,328,494	48,144	182,976	59,333	4,117	194,411		11,520	4,291	340,019	281,197	3,454,502
Total liabilities and fund balances	\$ 2,329,213	\$ 173,694	\$ 189,216	\$ 70,592	\$ 74,665	\$ 211,567	\$ 7,259	\$ 11,720	\$ 9,969	\$ 340,019	\$ 300,658	\$ 3,718,572

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended December 31, 1998

	Industrial Complex Sales Tax	Employee Pay Raise Sales Tax	Street Improvement Sales Tax	Water and Sewer Sales Tax	Capital Improvement Sales Tax	Industrial Park Rent	Summer Food Program	Parks and Recreation Commission	Airport Main. & Improvement	Water System Improvement	Landfill	Totals
Revenues:												
Taxes	\$ 471,231	\$ 943,027	\$ 471,231	\$ 282,852	\$ 282,852	\$	\$ 129,275	\$	\$ 2,863	\$ 42,307	\$ 193,798	\$ 2,687,298
Intergovernmental	100,000		69,599	13,435								315,172
Miscellaneous:												
Interest	92,323	3,189	11,339	1,723	1,062	4,927		471	110	11,851	4,112	131,107
Rent						162,700		3,200	1,200			167,100
Other								700	579			1,279
Total revenues	<u>663,554</u>	<u>946,216</u>	<u>552,169</u>	<u>298,010</u>	<u>283,914</u>	<u>167,627</u>	<u>129,275</u>	<u>4,371</u>	<u>4,752</u>	<u>54,158</u>	<u>197,910</u>	<u>3,301,956</u>
Expenditures:												
Current:												
General government	6,899	13,807	6,899	4,141	6,773				74,113	591		113,223
Highways, streets, and sanitation			649,714	223,824						32	73,086	946,656
Health & welfare												137,484
Culture & recreation								4,083				4,083
Economic development	26,275					105,879						132,154
Miscellaneous				13,435	218,855							83,034
Capital outlay												218,855
Debt service-												
Principal retirement					51,762							51,762
Interest and fiscal charges					3,293							3,293
Total expenditures	<u>33,174</u>	<u>13,807</u>	<u>726,212</u>	<u>241,400</u>	<u>280,683</u>	<u>105,879</u>	<u>137,484</u>	<u>4,083</u>	<u>74,113</u>	<u>623</u>	<u>73,086</u>	<u>1,690,544</u>
Excess (deficiency) of revenues over expenditures	<u>630,380</u>	<u>932,409</u>	<u>(174,043)</u>	<u>56,610</u>	<u>3,231</u>	<u>61,748</u>	<u>(8,209)</u>	<u>288</u>	<u>(69,361)</u>	<u>53,535</u>	<u>124,824</u>	<u>1,611,412</u>
Other financing sources (uses):												
Choctaw Road Landfill joint venture income (loss)											(71,598)	(71,598)
Operating transfers in							8,209		73,000	(46,923)	(300)	81,209
Operating transfers (out)	(438,141)	(920,499)				(110,450)						(1,516,313)
Total other financing sources (uses)	<u>(438,141)</u>	<u>(920,499)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(110,450)</u>	<u>8,209</u>	<u>—</u>	<u>73,000</u>	<u>(46,923)</u>	<u>(71,898)</u>	<u>(1,506,702)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	192,239	11,910	(174,043)	56,610	3,231	(48,702)	—	288	3,639	6,612	52,926	104,710
Fund balance, beginning	2,136,255	36,234	357,019	2,723	886	243,113	—	11,232	652	333,407	228,271	3,349,792
Fund balance, ending	<u>\$ 2,328,494</u>	<u>\$ 48,144</u>	<u>\$ 182,976</u>	<u>\$ 59,333</u>	<u>\$ 4,117</u>	<u>\$ 194,411</u>	<u>\$ —</u>	<u>\$ 11,520</u>	<u>\$ 4,291</u>	<u>\$ 340,019</u>	<u>\$ 281,197</u>	<u>\$ 3,454,502</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
INDUSTRIAL COMPLEX SALES TAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental-			
State grant	\$ —	\$ 100,000	\$ 100,000
Taxes -			
Sales taxes	456,650	471,231	14,581
Miscellaneous -			
Interest	<u>45,000</u>	<u>92,323</u>	<u>47,323</u>
Total revenues	<u>501,650</u>	<u>663,554</u>	<u>161,904</u>
Expenditures:			
Current:			
General government-			
Sales tax collection expense	6,850	6,899	(49)
Economic development-			
Maintenance of			
Industrial Park	50,000	14,173	35,827
Insurance on buildings	<u>32,000</u>	<u>12,102</u>	<u>19,898</u>
Total expenditures	<u>88,850</u>	<u>33,174</u>	<u>55,676</u>
Excess (deficiency) of revenues over expenditures	<u>412,800</u>	<u>630,380</u>	<u>217,580</u>
Other financing sources (uses):			
Operating transfers in (out):			
Industrial Park Development	<u>(500,000)</u>	<u>(438,141)</u>	<u>61,859</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(438,141)</u>	<u>61,859</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(87,200)	192,239	279,439
Fund balance, beginning	<u>1,827,350</u>	<u>2,136,255</u>	<u>308,905</u>
Fund balance, ending	<u>\$ 1,740,150</u>	<u>\$ 2,328,494</u>	<u>\$ 588,344</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
EMPLOYEE PAY RAISE SALES TAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes -			
Sales taxes	\$ 864,350	\$ 943,027	\$ 78,677
Miscellaneous -			
Interest	<u>5,500</u>	<u>3,189</u>	<u>(2,311)</u>
Total revenues	<u>869,850</u>	<u>946,216</u>	<u>76,366</u>
Expenditures:			
Current:			
General government-			
Sales tax collection expense	<u>12,970</u>	<u>13,807</u>	<u>(837)</u>
Total expenditures	<u>12,970</u>	<u>13,807</u>	<u>(837)</u>
Excess (deficiency) of revenues over expenditures	<u>856,880</u>	<u>932,409</u>	<u>75,529</u>
Other financing sources (uses):			
Operating transfer in (out):			
General Fund	(466,360)	(810,699)	(344,339)
Utility Fund	<u>(68,250)</u>	<u>(109,800)</u>	<u>(41,550)</u>
Total other financing sources (uses)	<u>(534,610)</u>	<u>(920,499)</u>	<u>(385,889)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	322,270	11,910	(310,360)
Fund balance, beginning	<u>27,970</u>	<u>36,234</u>	<u>8,264</u>
Fund balance, ending	<u>\$ 350,240</u>	<u>\$ 48,144</u>	<u>\$(302,096)</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
STREET IMPROVEMENT SALES TAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental -			
Federal grant	\$ —	\$ 69,599	\$ 69,599
Taxes -			
Sales taxes	456,650	471,231	14,581
Miscellaneous -			
Interest	<u>6,000</u>	<u>11,339</u>	<u>5,339</u>
Total revenues	<u>462,650</u>	<u>552,169</u>	<u>89,519</u>
Expenditures:			
Current:			
General government-			
Sales tax collection expense	6,850	6899	(49)
Highways, streets, and sanitation	278,140	649,714	(371,574)
Miscellaneous-			
Street lighting expenses	177,660	—	177,660
Hurricane cleanup expense	<u>—</u>	<u>69,599</u>	<u>(69,599)</u>
Total expenditures	<u>462,650</u>	<u>726,212</u>	<u>(263,562)</u>
Excess (deficiency) of revenues over expenditures	—	(174,043)	(174,043)
Fund balance, beginning	<u>169,030</u>	<u>357,019</u>	<u>187,989</u>
Fund balance, ending	<u>\$ 169,030</u>	<u>\$ 182,976</u>	<u>\$ 13,946</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
WATER AND SEWER SALES TAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental -			
Federal grant	\$ —	\$ 13,435	\$ 13,435
Taxes -			
Sales taxes	274,100	282,852	8,752
Miscellaneous -			
Interest	<u>1,500</u>	<u>1,723</u>	<u>223</u>
Total revenues	<u>275,600</u>	<u>298,010</u>	<u>22,410</u>
 Expenditures:			
Current:			
General Government-			
Sales tax collection expense	4,110	4,141	(31)
Highways, streets, and sanitation	221,490	223,824	(2,334)
Miscellaneous-			
Utilities expense-			
Utilities System	50,000	—	50,000
Hurricane expense	<u>—</u>	<u>13,435</u>	<u>(13,435)</u>
Total expenditures	<u>275,600</u>	<u>241,400</u>	<u>34,200</u>
 Excess (deficiency) of revenues over expenditures	---	56,610	56,610
 Fund balance, beginning	<u>70</u>	<u>2,723</u>	<u>2,653</u>
 Fund balance, ending	<u>\$ 70</u>	<u>\$ 59,333</u>	<u>\$ 59,263</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
CAPITAL IMPROVEMENT SALES TAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes -			
Sales taxes	\$ 274,100	\$ 282,852	\$ 8,752
Miscellaneous -			
Interest	<u>1,000</u>	<u>1,062</u>	<u>62</u>
Total revenues	<u>275,100</u>	<u>283,914</u>	<u>8,814</u>
Expenditures:			
Current:			
General government -			
Equipment and			
building maintenance	—	2,632	(2,632)
Sales tax collection expense	4,110	4,141	(31)
Culture & Recreation -			
Avenue B Ballpark			
concession stand	5,000	---	5,000
Capital outlay	238,460	218,855	19,605
Debt service -			
Principal	24,500	51,762	(27,262)
Interest	<u>3,030</u>	<u>3,293</u>	<u>(263)</u>
Total expenditures	<u>275,100</u>	<u>280,683</u>	<u>(5,583)</u>
Excess (deficiency) of revenues over expenditures	—	3,231	3,231
Fund balance, beginning	<u>5,600</u>	<u>886</u>	<u>(4,714)</u>
Fund balance, ending	<u>\$ 5,600</u>	<u>\$ 4,117</u>	<u>\$ (1,483)</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
INDUSTRIAL PARK RENT/LEASE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Miscellaneous -			
Interest	\$ 2,500	\$ 4,927	\$ 2,427
Rent	<u>143,800</u>	<u>162,700</u>	<u>18,900</u>
Total revenues	<u>146,300</u>	<u>167,627</u>	<u>21,327</u>
Expenditures:			
Current:			
Economic development -			
Washington Industrial			
Development Foundation	38,000	38,000	—
Industrial development	6,450	8,834	(2,384)
Downtown Development	50,000	47,045	2,955
Chamber of Commerce	12,000	12,000	—
Capital outlay	<u>10,000</u>	<u>—</u>	<u>10,000</u>
Total expenditures	<u>116,450</u>	<u>105,879</u>	<u>10,571</u>
Excess (deficiency) of revenues over expenditures	<u>29,850</u>	<u>61,748</u>	<u>31,898</u>
Other financing sources (uses):			
Operating transfer in (out) -			
General fund-			
Christmas in the Park	(10,000)	(10,000)	—
Avenue B Ballpark	<u>(100,450)</u>	<u>(100,450)</u>	<u>—</u>
Total other financing sources (uses)	<u>(110,450)</u>	<u>(110,450)</u>	<u>—</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(80,600)	(48,702)	31,898
Fund balance, beginning	<u>175,560</u>	<u>243,113</u>	<u>67,553</u>
Fund balance, ending	<u>\$ 94,960</u>	<u>\$ 194,411</u>	<u>\$ 99,451</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
SUMMER FOOD PROGRAM

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental -			
Federal grant	\$ 130,000	\$ 129,275	\$ (725)
Total revenue	<u>130,000</u>	<u>129,275</u>	<u>(725)</u>
Expenditures:			
Current:			
Health and welfare -			
Operational costs	112,000	125,888	(13,888)
Administrative costs	<u>18,000</u>	<u>11,596</u>	<u>6,404</u>
Total expenditures	<u>130,000</u>	<u>137,484</u>	<u>(7,484)</u>
Excess (deficiency) of revenue over expenditures	<u>---</u>	<u>(8,209)</u>	<u>(8,209)</u>
Other financing sources (uses):			
Operating transfer in (out) -			
General fund	<u>---</u>	<u>8,209</u>	<u>8,209</u>
Total other financing sources (uses)	<u>---</u>	<u>8,209</u>	<u>8,209</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>---</u>	<u>---</u>	<u>---</u>
Fund balance, beginning	<u>---</u>	<u>---</u>	<u>---</u>
Fund balance, ending	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
PARKS AND RECREATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Miscellaneous -			
Interest	\$ 200	\$ 471	\$ 271
Rent	3,000	3,200	200
Other	<u>2,000</u>	<u>700</u>	<u>(1,300)</u>
Total revenues	<u>5,200</u>	<u>4,371</u>	<u>(829)</u>
Expenditures:			
Current:			
Culture and recreation	<u>5,200</u>	<u>4,083</u>	<u>1,117</u>
Total expenditures	<u>5,200</u>	<u>4,083</u>	<u>1,117</u>
Excess (deficiency) of revenues over expenditures	—	288	288
Fund balance, beginning	<u>9,470</u>	<u>11,232</u>	<u>1,762</u>
Fund balance, ending	<u>\$ 9,470</u>	<u>\$ 11,520</u>	<u>\$ 2,050</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
AIRPORT MAINTENANCE AND IMPROVEMENT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental-			
Federal grant	\$ —	\$ 2,863	\$ 2,863
Miscellaneous-			
Rent		1,200	1,200
Interest	—	110	110
Other	<u>2,300</u>	<u>579</u>	<u>(1,721)</u>
Total revenues	<u>2,300</u>	<u>4,752</u>	<u>2,452</u>
Expenditures:			
Current:			
General government -			
Airport manager	15,600	15,600	---
Inspection fees	12,000	6,491	5,509
Maintenance and survey	8,000	17,823	(9,823)
Insurance	1,200	4,370	(3,170)
Utilities	10,500	15,365	(4,865)
Supplies & expense	---	10,192	(10,192)
FEMA hurricane repairs	—	4,272	(4,272)
Total expenditures	<u>47,300</u>	<u>74,113</u>	<u>(26,813)</u>
Excess (deficiency) of revenues over expenditures	<u>(45,000)</u>	<u>(69,361)</u>	<u>(24,361)</u>
Other financing sources (uses):			
Operating transfers in (out) -			
General Fund	<u>43,260</u>	<u>73,000</u>	<u>29,740</u>
Total other financing sources (uses)	<u>43,260</u>	<u>73,000</u>	<u>29,740</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,740)	3,639	5,379
Fund balance, beginning	<u>1,740</u>	<u>652</u>	<u>(1,088)</u>
Fund balance, ending	<u>\$ ---</u>	<u>\$ 4,291</u>	<u>\$ 4,291</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
WATER SYSTEM IMPROVEMENT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes -			
Sales taxes	\$ 38,050	\$ 42,307	\$ 4,257
Miscellaneous -			
Interest	<u>850</u>	<u>11,851</u>	<u>11,001</u>
Total revenues	<u>38,900</u>	<u>54,158</u>	<u>15,258</u>
Expenditures:			
Current:			
General government-			
Sales/use tax collection expense	570	591	(21)
Highways, streets, and sanitation-			
Water improvements	<u>66,780</u>	<u>32</u>	<u>66,748</u>
Total expenditures	<u>67,350</u>	<u>623</u>	<u>66,727</u>
Excess (deficiency) of revenues over expenditures	<u>(28,450)</u>	<u>53,535</u>	<u>81,985</u>
Other financing sources (uses):			
Operating transfers in (out):			
Debt Service Fund	<u>(140,770)</u>	<u>(46,923)</u>	<u>93,847</u>
Total other financing sources (uses)	<u>(140,770)</u>	<u>(46,923)</u>	<u>93,847</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	(169,220)	6,612	175,832
Fund balance, beginning	<u>169,220</u>	<u>333,407</u>	<u>164,187</u>
Fund balance, ending	<u>\$ ---</u>	<u>\$ 340,019</u>	<u>\$ 340,019</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
SPECIAL REVENUE FUND
LANDFILL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues:			
Taxes -			
Ad valorem taxes	\$ 185,470	\$ 193,798	\$ 8,328
Miscellaneous -			
Interest	<u>100</u>	<u>4,112</u>	<u>4,012</u>
Total revenues	<u>185,570</u>	<u>197,910</u>	<u>12,340</u>
Expenditures:			
Current:			
Highways, streets and sanitation -			
Landfill	<u>142,530</u>	<u>73,086</u>	<u>69,444</u>
Total expenditures	<u>142,530</u>	<u>73,086</u>	<u>69,444</u>
Excess (deficiency) of revenues over expenditures	<u>43,040</u>	<u>124,824</u>	<u>81,784</u>
Other financing sources (uses):			
Choctaw Road Landfill joint venture income (loss)	(150,000)	(71,598)	78,402
Transfer in (out)- Debt Service	<u>---</u>	<u>(300)</u>	<u>(300)</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(71,898)</u>	<u>78,102</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(106,960)	52,926	159,886
Fund balance (deficit), beginning	<u>106,960</u>	<u>228,271</u>	<u>121,311</u>
Fund balance (deficit), ending	<u>\$ ---</u>	<u>\$ 281,197</u>	<u>\$ 281,197</u>

See accompanying auditor's report.

DEBT SERVICE FUNDS

General Obligation Bond Sinking Fund - To accumulate monies for payment of the:
1975 \$795,000 Public Improvement bonds,
1992 \$1,000,000 Landfill Facilities Improvement bonds.
1998 \$5,600,000 General Obligation Sewer bonds
1998 \$3,170,000 Sales Tax Sewer bonds

The bonds' debt service is financed by the levy of a specific ad valorem tax.

Certificate of Indebtedness Sinking Fund - To accumulate monies for the payment of the 1997 \$250,000 certificate of indebtedness issued for improvements to sewage treatment plant.

CITY OF BOGALUSA, LOUISIANA
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET
December 31, 1998

	<u>General Obligation Bond Sinking Fund</u>	<u>Certificate of Indebtedness Sinking Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 753,729	\$ 6,780	\$ 760,509
Ad valorem receivable	286,281		286,281
Due from other funds	10,378		10,378
Restricted assets:			
Cash	<u>86,433</u>	<u> </u>	<u>86,433</u>
 Total assets	 <u>\$ 1,136,821</u>	 <u>\$ 6,780</u>	 <u>\$ 1,143,601</u>

LIABILITIES AND FUND BALANCE

Fund balance:			
Reserved for general obligation bond retirement	\$ 1,050,388	\$	\$ 1,050,388
Reserved for sewer sales tax bonds retirement	86,433		86,433
Reserved for certificate of indebtedness retirement	<u> </u>	<u>6,780</u>	<u>6,780</u>
 Total fund balance	 <u>\$ 1,136,821</u>	 <u>\$ 6,780</u>	 <u>\$ 1,143,601</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended December 31, 1998

	General Obligation Bond Sinking <u>Fund</u>	Certificate of Indebtedness Sinking <u>Fund</u>	<u>Total</u>
Revenues:			
Taxes - ad valorem	\$ 560,104	\$	\$ 560,104
Interest	<u>24,581</u>	<u>1,008</u>	<u>25,589</u>
Total revenues	<u>584,685</u>	<u>1,008</u>	<u>585,693</u>
Expenditures:			
Bond principal retirements	180,000		180,000
Certificates of indebtedness principal retirements		157,000	157,000
Interest on bonds	48,518		48,518
Interest on certificates of indebtedness		19,063	19,063
Other	<u>2,626</u>	<u>459</u>	<u>3,085</u>
Total expenditures	<u>231,144</u>	<u>176,522</u>	<u>407,666</u>
Excess (deficiency) of revenues over expenditures	<u>353,541</u>	<u>(175,514)</u>	<u>178,027</u>
Other financing sources (uses):			
Operating transfers in (out) -			
Utility System Fund	86,433		86,433
Landfill Fund	300		300
Wastewater Improvement Fund		31,779	31,779
Water System Improvement Fund		<u>46,922</u>	<u>46,922</u>
Total other financing sources(uses)	<u>86,733</u>	<u>78,701</u>	<u>165,434</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	440,274	(96,813)	343,461
Fund balance, beginning	<u>696,547</u>	<u>103,593</u>	<u>800,140</u>
Fund balance, ending	<u>\$ 1,136,821</u>	<u>\$ 6,780</u>	<u>\$ 1,143,601</u>

See accompanying auditor's report.

CAPITAL PROJECTS FUNDS

Wastewater Improvement - To account for the receipt and expenditure of \$10,500,000 of the 1998 Sewer Bonds to be used by sewer improvements.

Landfill Improvement - To account for the proceeds of \$1,000,000 bond sale dedicated to construction and improvements of the City's landfill facilities.

Airport Expansion - To account for the receipt and expenditures of Federal Aviation Grants and State of Louisiana Matching Grants to expand the George R. Carr Municipal Airport apron, install perimeter fencing, and rehabilitate taxiway and existing apron and to improve runway drainage.

Industrial Park Development - To account for the receipt and expenditure of a \$100,000 grant from the Louisiana Department of Economic Development to help defray the cost of a building to be built in the City's Industrial Park to be used by Louisiana Fiberglass, L.L.C.

LCDBG 97 - To account for the receipt and expenditure of a \$7,500 grant.

CITY OF BOGALUSA, LOUISIANA
CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET
December 31, 1998

	<u>Wastewater Improvement</u>	<u>Landfill Improvement</u>	<u>Airport Expansion</u>	<u>Industrial Park Development</u>	<u>LCDBG 97</u>	<u>Total</u>
ASSETS						
Cash	\$ 117,260	\$ 414,233	\$ 38,918	\$	\$ 7,500	\$ 570,411
Accounts receivable						7,500
Due from other governmental units	<u>1,171,585</u>		<u>146,012</u>			<u>1,317,597</u>
Total assets	<u>1,288,845</u>	<u>414,233</u>	<u>184,930</u>	<u>—</u>	<u>7,500</u>	<u>1,895,508</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 757,268		\$ 85,176	\$	\$ 7,500	\$ 849,944
Retainage payable	387,092					387,092
Due to other funds	123,292		99,754			223,046
Due to other governmental units		17,265				17,265
Total liabilities	<u>1,267,652</u>	<u>17,265</u>	<u>184,930</u>	<u>—</u>	<u>7,500</u>	<u>1,477,347</u>
Fund balances	<u>21,193</u>	<u>396,968</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>418,161</u>
Total liabilities and fund balances	<u>\$ 1,288,845</u>	<u>\$ 414,233</u>	<u>\$ 184,930</u>	<u>\$</u>	<u>\$ 7,500</u>	<u>\$ 1,895,508</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year ended December 31, 1998

	<u>Wastewater Improvement</u>	<u>Landfill Improvement</u>	<u>Airport Expansion</u>	<u>Industrial Park Development</u>	<u>LCDBG 97</u>	<u>Total</u>
Revenues:						
Intergovernmental -						
Federal grant	\$	\$	\$	\$	\$	\$
Grant from State of Louisiana	21,193	22,102	632,589	100,000	7,500	640,089
Interest	<u>21,193</u>	<u>22,102</u>	<u>632,589</u>	<u>100,000</u>	<u>7,500</u>	<u>100,000</u>
Total revenues	<u>4,861,742</u>	<u>253,035</u>	<u>632,589</u>	<u>438,141</u>	<u>7,500</u>	<u>43,295</u>
Expenditures:						
Sewer repairs	59,688					59,688
Capital outlay	3,046,151	253,035	632,589	438,141	7,500	4,369,916
Other						7,500
Payment of BAN-						
Principal	1,732,158					1,732,158
Interest and other	<u>23,745</u>					<u>23,745</u>
Total expenditures	<u>4,861,742</u>	<u>253,035</u>	<u>632,589</u>	<u>438,141</u>	<u>7,500</u>	<u>6,193,007</u>
Excess (deficiency) of revenues over expenditures	<u>(4,840,549)</u>	<u>(230,933)</u>	<u>—</u>	<u>(338,141)</u>	<u>—</u>	<u>(5,409,623)</u>
Other financing sources(uses):						
Proceeds of bonds	4,802,055					4,802,055
Operating transfer in				338,141		338,141
Operating transfer (out)	<u>(259,623)</u>			<u>338,141</u>		<u>(259,623)</u>
Total other financing sources(uses)	<u>4,542,432</u>	<u>—</u>	<u>—</u>	<u>338,141</u>	<u>—</u>	<u>4,880,573</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(298,117)</u>	<u>(230,933)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(529,050)</u>
Fund balance, beginning	<u>319,310</u>	<u>627,901</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>947,211</u>
Fund balance, ending	<u>\$ 21,193</u>	<u>\$ 396,968</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 418,161</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
CAPITAL PROJECTS FUND
WASTEWATER IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Sales tax	\$ 418,600	\$ —	\$ (418,600)
Wastewater sewer fees	264,000	—	(264,000)
Interest	—	21,193	21,193
Total revenues	<u>682,600</u>	<u>21,193</u>	<u>(661,407)</u>
Expenditures:			
Sewer repairs	—	59,688	(59,688)
Capital outlay -			
Contract cost	250,000	2,692,691	(2,442,691)
Engineering cost	—	256,587	(256,587)
Administrative cost	—	91,012	(91,012)
Other cost - legal, misc.	—	5,861	(5,861)
Debt service -			
Principal	—	1,732,158	(1,732,158)
Interest	—	23,745	(23,745)
Total expenditures	<u>250,000</u>	<u>4,861,742</u>	<u>(4,611,742)</u>
Excess (deficiency) of revenues over expenditures	<u>432,600</u>	<u>(4,840,549)</u>	<u>(5,273,149)</u>
Other financing sources(uses):			
Proceeds of loan	—	4,802,055	4,802,055
Operating transfer out:			
Debt service fund	(31,530)	—	31,530
Utility system	—	(259,623)	(259,623)
Total other financing sources(uses)	<u>(31,530)</u>	<u>4,542,432</u>	<u>4,573,962</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	401,070	(298,117)	(699,187)
Fund balance, beginning	<u>360,190</u>	<u>319,310</u>	<u>(40,880)</u>
Fund balance, ending	<u>\$ 761,260</u>	<u>\$ 21,193</u>	<u>\$ (740,067)</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
CAPITAL PROJECTS FUND
LANDFILL IMPROVEMENT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Interest	\$ —	\$ 22,102	\$ 22,102
Total revenues	<u>—</u>	<u>22,102</u>	<u>22,102</u>
Expenditures:			
Capital outlay -			
Landfill construction	<u>—</u>	<u>253,035</u>	<u>(253,035)</u>
Total expenditures	<u>—</u>	<u>253,035</u>	<u>(253,035)</u>
Excess (deficiency) of revenues over expenditures	—	(230,933)	(230,933)
Fund balance, beginning	<u>690,860</u>	<u>627,901</u>	<u>(62,959)</u>
Fund balance, ending	<u>\$ 690,860</u>	<u>\$ 396,968</u>	<u>\$(293,892)</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
 CAPITAL PROJECTS FUND
 AIRPORT EXPANSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental -			
Federal grant	\$ —	\$ 632,589	\$ 632,589
Total revenues	<u>—</u>	<u>632,589</u>	<u>632,589</u>
Expenditures:			
Capital outlay -			
Contract costs	—	503,866	(503,866)
Engineering fees	—	121,801	(121,801)
Other	—	6,922	(6,922)
Total expenditures	<u>—</u>	<u>632,589</u>	<u>(632,589)</u>
Excess (deficiency) of revenues over expenditures	—	—	—
Fund balance, beginning	<u>10</u>	<u>—</u>	<u>(10)</u>
Fund balance, ending	<u>\$ 10</u>	<u>\$ —</u>	<u>\$ (10)</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
CAPITAL PROJECTS FUND
INDUSTRIAL PARK DEVELOPMENT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues	\$ <u>—</u>	\$ <u>100,000</u>	\$ <u>100,000</u>
Expenditures:			
Capital outlay -			
Contract costs	500,000	399,137	100,863
Architect fees	<u>—</u>	<u>39,004</u>	<u>(39,004)</u>
Total expenditures	<u>500,000</u>	<u>438,141</u>	<u>61,859</u>
Excess (deficiency) of revenues over expenditures	<u>(500,000)</u>	<u>(338,141)</u>	<u>161,859</u>
Other financing sources(uses):			
Transfers in:			
Industrial Complex Sales Tax	<u>500,000</u>	<u>338,141</u>	<u>(161,859)</u>
Total other financing sources(uses)	<u>500,000</u>	<u>338,141</u>	<u>(161,859)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	—	—	—
Fund balance, beginning	<u>10</u>	<u>—</u>	<u>(10)</u>
Fund balance, ending	<u>\$ 10</u>	<u>\$ —</u>	<u>\$ (10)</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
CAPITAL PROJECTS FUND
LCDBG BLOCK GRANT 1997

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - NO BUDGET ADOPTED
Year Ended December 31, 1998

	<u>Actual</u>
Revenues:	
Intergovernmental -	
Federal grant	\$ 7,500
Total revenues	<u>7,500</u>
Expenditures:	
Capital outlay -	
Administrative costs	<u>7,500</u>
Total expenditures	<u>7,500</u>
Excess (deficiency) of revenues over expenditures	—
Fund balance, beginning	<u>—</u>
Fund balance, ending	<u>\$ —</u>

See accompanying auditor's report.

ENTERPRISE FUND

Utility Fund

To account for the provision of water and sewer services and garbage collection to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF BOGALUSA, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

BALANCE SHEET
December 31, 1998

ASSETS

Current assets:		
Cash	\$ 309,627	
Accounts receivable, net of allowance for uncollectible accounts of \$1,000	119,796	
Ad valorem tax receivable	53,667	
Sales tax receivable	44,304	
Due from other funds	<u>151,842</u>	
Total current assets		\$ 679,236
Restricted assets:		
Cash		226,929
Plant and equipment	12,549,527	
Less accumulated depreciation	<u>(2,982)</u>	
Net plant and equipment		<u>12,546,545</u>
Total assets		<u>\$13,452,710</u>

LIABILITIES AND FUND EQUITY

Current liabilities:		
(Payable from current assets)		
Accounts payable	\$ 127,499	
Compensated absences payable	69,300	
Due to other funds	<u>365,512</u>	
Total current liabilities		
(Payable from current assets)		\$ 562,311

(Continued)
See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

BALANCE SHEET
December 31, 1998

LIABILITIES AND FUND EQUITY(cont'd)		
Current liabilities		
(Payable from restricted assets)		
Sewer revenue bond payable	\$ 65,000	
Accrued interest payable	<u>12,759</u>	
Total current liabilities		\$ 77,759
(Payable from restricted assets)		
Long-term debt		
Sewer revenue bond payable		<u>1,665,000</u>
Total liabilities		2,305,070
Fund equity:		
Contributed capital -		
Other funds	8,888,258	
Federal grants	1,166,202	
Economic Development Administration	137,827	
Environmental Protection Agency	73,105	
State of Louisiana	<u>375,128</u>	
Total contributed capital		10,640,520
Retained earnings -		
Reserved for revenue bond retirement	226,929	
Unreserved (deficit)	<u>280,191</u>	
Total retained earnings		<u>507,120</u>
Total fund equity		<u>11,147,640</u>
Total liabilities and fund equity		<u>\$ 13,452,710</u>

(Concluded)

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services	\$ 2,001,000	\$ 2,215,361	\$ 214,361
Miscellaneous revenues	<u>46,500</u>	<u>27,469</u>	<u>(19,031)</u>
Total operating revenues	<u>2,047,500</u>	<u>2,242,830</u>	<u>195,330</u>
Operating expenses:			
Billing and collection:			
Water collection salaries	24,710	28,103	(3,393)
Overtime	100	—	100
Employee group insurance	6,100	5,634	466
Water collection expense	10,000	11,054	(1,054)
Water and sewer works:			
Water and sewer salaries	36,810	52,127	(15,317)
Overtime	20,000	47,210	(27,210)
Water maintenance salaries	35,090	38,183	(3,093)
Maint. sewer line salaries	82,280	80,530	1,750
Pump station operation salaries	16,360	—	16,360
Pump station maintenance salaries	49,500	56,974	(7,474)
Employee group insurance	39,620	35,909	3,711
Rain and clothing allowance	910	840	70
Repairs to equipment	—	12,151	(12,151)
Supplies	900	15,727	(14,827)
Travel	450	—	450
Pump station maintenance materials	360	346	14
Pump station operation and maintenance	—	—	—
Gas and oil	120	249	(129)
Sewer treatment plant:			
Treatment plant supervisor	9,270	10,618	(1,348)
Treatment plant operation	71,560	80,747	(9,187)
Overtime	10,300	30,377	(20,077)

(Continued)

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Operating expenses (cont'd):			
Sewer treatment plant (cont'd):			
Employee group insurance	\$ 15,240	\$ 14,186	\$ 1,054
Rain and clothing allowance	350	350	—
Supplies	900	4,336	(3,436)
Travel	1,080	14	1,066
Gas and oil	450	2,194	(1,744)
Repairs - equipment	670	50,266	(49,596)
Repairs - plant	—	214,685	(214,685)
Education and training	—	1,475	(1,475)
Sewer collection system:			
Collection system supervisor	9,270	10,618	(1,348)
Sewer collection operators	47,250	49,675	(2,425)
Overtime	6,800	19,096	(12,296)
Employee group insurance	9,140	11,255	(2,115)
Rain and clothing allowance	210	210	—
Supplies and expense	360	1,455	(1,095)
Gas and oil	2,200	1,044	1,156
Repairs - equipment	—	6,583	(6,583)
Lift station maintenance materials	—	1,742	(1,742)
General and administrative:			
Insurance expense	1,100	682	418
Utilities expense	200,000	204,634	(4,634)
Trash and garbage	490,000	486,159	3,841
Depreciation expense	500,000	494,869	5,131
Contribution to pension	46,120	55,468	(9,348)
Bad debt expense	7,500	8,288	(788)
Unpaid vacation and sick pay	8,000	7,980	20
Total operating expenses	<u>1,761,080</u>	<u>2,154,043</u>	<u>(392,963)</u>
Operating income	<u>286,420</u>	<u>88,787</u>	<u>(197,633)</u>

(Continued)
See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Non-operating revenue (expenses):			
Ad va lorem tax	\$ 100,530	\$ 105,050	\$ 4,520
Sales tax	—	422,851	422,851
Interest expense	—	(27,361)	(27,361)
Total non-operating, net	<u>100,530</u>	<u>500,540</u>	<u>400,010</u>
Net income before transfers	386,950	589,327	202,377
Operating transfers in (out):			
Employee Pay Raise			
Sales Tax	68,250	109,800	41,550
Wastewater Improvement Fund	—	259,623	259,623
Sinking Fund	—	(118,212)	(118,212)
General Fund	<u>(950,820)</u>	<u>(1,033,000)</u>	<u>(82,180)</u>
Total transfers in (out)	<u>(882,570)</u>	<u>(781,789)</u>	<u>100,781</u>
Net income (loss)	<u>\$ (495,620)</u>	(192,462)	<u>\$ (303,158)</u>
Amortization of contributed capital		491,887	
Retained earnings, beginning		<u>207,695</u>	
Retained earnings, ending		<u>\$ 507,120</u>	

(Concluded)

See accompanying auditor's report.

FIDUCIARY FUNDS

Firemen's Pension and Relief - To account for funds received from ad valorem tax revenue and from contributions from the general fund which are subsequently disbursed to beneficiaries of these pension funds. The contributions from the general fund are made in amounts necessary to fund current benefits payable only.

Policemen's Pension and Relief - To account for funds received from ad valorem tax revenue and from contributions from the general fund which are subsequently disbursed to beneficiaries of these pension funds. The contributions from the general fund are made in amounts necessary to fund current benefits payable only.

City Employees Retirement System - To account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees at amounts fixed by law and by the City at amounts determined as a percentage of ad valorem tax revenues which are also fixed by law. Note: This fund is presented at its year end - June 30, 1998. All other funds and account groups presented in these financial statements have a December 31, 1998 year end.

CITY OF BOGALUSA, LOUISIANA
FIDUCIARY FUNDS

STATEMENT OF PLAN NET ASSETS
December 31, 1998

	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund	City Employees' Retirement System	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 63,929	\$ 202,913	\$ 429,617	\$ 696,459
Receivables				
Employer	133,359	110,811	55,999	300,169
Interest			44,052	44,052
Total receivables	<u>133,359</u>	<u>110,811</u>	<u>100,051</u>	<u>344,221</u>
Investments, at fair market value				
U. S. Government obligations			5,475,473	5,475,473
Common stock			1,349,460	1,349,460
Total investments	<u>---</u>	<u>---</u>	<u>6,824,933</u>	<u>6,824,933</u>
Total assets	197,288	313,724	7,354,601	7,865,613
Liabilities				
Refunds payable and other			1,325	1,325
Total liabilities	<u>---</u>	<u>---</u>	<u>1,325</u>	<u>1,325</u>
Fund Balance reserved for employees' pension benefits	<u>\$ 197,288</u>	<u>\$ 313,724</u>	<u>\$ 7,353,276</u>	<u>\$ 7,864,288</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS
Year Ended December 31, 1998

	Firemen's Pension and Relief <u>Fund</u>	Policemen's Pension and Relief <u>Fund</u>	City Employees' Retirement <u>System</u>	<u>Total</u>
Additions				
Contributions				
Ad valorem taxes	\$ 120,187	\$ 107,375	\$	\$ 227,562
City of Bogalusa	12,180	15,949	187,275	215,404
Plan member			102,112	102,112
Total contributions	<u>132,367</u>	<u>123,324</u>	<u>289,387</u>	<u>545,078</u>
Investment income				
Net appreciation (depreciation) in fair value of investment			342,245	342,245
Interest	<u>3,800</u>	<u>8,672</u>	<u>372,491</u>	<u>384,963</u>
Net investment income	<u>3,800</u>	<u>8,672</u>	<u>714,736</u>	<u>727,208</u>
Total additions	<u>136,167</u>	<u>131,996</u>	<u>1,004,123</u>	<u>1,272,286</u>
Deductions				
Benefits	100,254	58,313	437,346	595,913
Refunds of contributions			53,470	53,470
Administrative expense	1,880		8,623	10,503
Death benefits			<u>3,000</u>	<u>3,000</u>
Total deductions	<u>102,134</u>	<u>58,313</u>	<u>502,439</u>	<u>662,886</u>
Net increase	34,033	73,683	501,684	609,400
Net assets held in trust for pension benefits				
Beginning of year	<u>163,255</u>	<u>240,041</u>	<u>6,851,592</u>	<u>7,254,888</u>
End of year	<u>\$ 197,288</u>	<u>\$ 313,724</u>	<u>\$ 7,353,276</u>	<u>\$ 7,864,288</u>

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
FIDUCIARY FUNDS

SCHEDULE OF FUNDING PROGRESS
Year Ended December 31, 1998

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL Percentage of Covered Payroll [(b-a)/c]
<u>CERS</u>						
6/30/98	\$ 7,353,276	\$ 9,392,162	\$ 2,038,886	78.3%	\$ 1,626,218	125.4%
6/30/97	6,851,592	8,870,779	2,019,187	77.2%	1,740,253	116.0%
6/30/96	6,506,811	8,213,318	1,706,507	79.2%	1,755,290	97.2%
6/30/95	6,326,308	8,093,095	1,766,787	78.2%	1,622,562	108.9%
6/30/94	6,003,561	7,678,654	1,675,093	78.2%	1,578,967	106.1%
6/30/93	5,718,330	7,074,826	1,356,496	80.8%	1,515,958	89.5%
6/30/92	5,429,329	6,950,533	1,521,204	78.1%	1,508,222	100.9%
6/30/91	5,056,796	6,331,612	1,274,816	79.9%	1,505,169	84.7%
<u>PPRF</u>						
12/31/98	312,484	471,102	158,618	66.3%	N/A	N/A
12/31/97	240,041	511,951	271,910	46.9%	N/A	N/A
12/31/96	181,339	557,331	375,992	32.5%	N/A	N/A
12/31/95	133,999	806,202	672,203	16.6%	N/A	N/A
12/31/94	100,267	824,187	723,920	12.2%	N/A	N/A
12/31/93	70,030	838,308	768,278	8.4%	N/A	N/A
12/31/92	56,019	926,319	870,300	6.1%	N/A	N/A
12/31/91	41,508	1,174,681	1,133,173	3.5%	N/A	N/A
<u>FPRF</u>						
12/31/98	197,288	829,472	632,184	23.8%	N/A	N/A
12/31/97	163,808	854,327	690,519	19.2%	N/A	N/A
12/31/96	135,945	857,071	721,126	15.9%	N/A	N/A
12/31/95	111,235	901,467	790,232	12.3%	N/A	N/A
12/31/94	97,481	918,542	821,061	10.6%	N/A	N/A
12/31/93	82,133	921,016	838,883	8.9%	N/A	N/A
12/31/92	73,934	1,033,629	959,695	7.2%	N/A	N/A
12/31/91	78,088	1,030,076	951,988	7.6%	N/A	N/A

See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA
FIDUCIARY FUNDS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year Ended December 31, 1998

Year Ended June 30	CERS		PPRF★		FPRF★	
	Annual Required Contributions	Percentage Contributed	Required Contributions	Annual Percentage Contributed	Required Contributions	Annual Percentage Contributed
1998	\$ 383,899	75.3%	N/A	N/A	N/A	N/A
1997	344,861	86.9%	N/A	N/A	N/A	N/A
1996	325,617	95.4%	N/A	N/A	N/A	N/A
1995	313,396	96.1%	N/A	N/A	N/A	N/A
1994	279,104	99.7%	N/A	N/A	N/A	N/A
1993	282,452	94.3%	N/A	N/A	N/A	N/A
1992	266,191	99.8%	N/A	N/A	N/A	N/A
1991	250,127	100.0%	N/A	N/A	N/A	N/A

★ These systems are closed systems; therefore, the plans are currently being funded on a pay-as-you-go basis.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	<u>CERS</u>	<u>PPRF</u>	<u>FPRF</u>
Valuation date	6/30/98	12/31/98	12/31/98
Actuarial cost method	Entry Age	N/A	N/A
Amortization method	Level percent	N/A	N/A
Remaining amortization method	15	N/A	N/A
Asset valuation method	Market value	N/A	N/A
Actuarial assumptions:			
Investment rate of return	6.75%	N/A	N/A
Projected salary increase	4.5%	N/A	N/A
Includes inflation at	3.0%	N/A	N/A
Cost of living adjustments	2.0%	N/A	N/A

See accompanying auditor's report.

YEAR 2000 DISCLOSURE

CITY OF BOGALUSA, LOUISIANA

Year 2000 Disclosure
For the Year Ended December 31, 1998

Awareness Stage - In early 1997, the administration became aware of the potential for negative impact resulting from a year 2000 (Y2K) noncompliant system. Major areas of impact, such as service provider and billing systems, were considered. The administration determined that the major areas of impact, once identified, should be examined and dealt with before January 1, 1998. It was determined that some costs would be incurred in implementing a year 2000 compliant system, and that the City currently had available funds from sales tax capital accounts to cover the costs.

Assessment Stage - In mid 1997, a review was conducted to identify only critical areas of operation that may be impacted by the Y2K problem. The City's computerized utility billing system was determined to be most critical, and should be dealt with before January 1, 1998. In November, 1998, all department heads were directed to consider the Y2K impact on their operations and report findings and conclusions on or before December 1, 1998 - all reported no impact. After further deliberations and the review of information from authoritative sources, it became clear that a more formal process of addressing the Y2K issue should be established. On April 1, 1999, a Y2K steering committee was formed to deal with the issue. The committee is in the process of developing a Y2K preparedness package to be presented to all department heads before August 1, 1999.

Remediation Stage - During the assessment stage, it was determined that the City's computerized utility billing system must be upgraded in order to facilitate a Y2K conversion program. The IBM SYS/36 computer was upgraded to AS/400 and went on-line February 1, 1998, at a cost of \$39,958. The Y2K conversion program will cost \$1,200 and is expected to be activated before August 1, 1999. The Windows 95 operating program on personal computers has been determined not to be Y2K compliant. Office systems utilizing this program have been identified and converted to Y2K compliancy at a cost of \$142.50. The City's computerized occupational license system is not Y2K compliant. Several license systems that are compliant are being evaluated at this time at an estimated cost of \$4,000. It is anticipated that the system will be purchased and on-line before October 1, 1999. So far, no other major noncompliant systems have been disclosed. The City administration is committed to concentrating efforts to identify all areas of impact and take the necessary action to ensure Y2K compliancy before January 1, 2000.

Validation/Testing Stage - The testing stage for the utility billing system will begin after the Y2K conversion is installed and activated on August 1, 1999. Windows 95 operating programs have been converted to compliancy and have been tested and indicate no abnormalities.

AUDIT REPORTS REQUIRED BY THE SINGLE AUDIT ACT

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

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

The Honorable J. M. "Mack" McGehee, Mayor
and Members of the City Council
City of Bogalusa, Louisiana

Compliance

I have audited the compliance of City of Bogalusa 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 December 31, 1998. City of Bogalusa'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 City of Bogalusa's management. My responsibility is to express an opinion on City of Bogalusa's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Bogalusa's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on City of Bogalusa's compliance with those requirements.

In my opinion, City of Bogalusa 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 December 31, 1998.

Internal Control Over Compliance

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

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

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



Certified Public Accountant

Bogalusa, Louisiana
June 25, 1999

CITY OF BOGALUSA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 1998

<u>FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
<u>Department of Agriculture</u>		
<u>Passed through Louisiana Department of Education</u>		
Summer Food Service for Children	10.559	129,274
Governor's Safe & Drug Free Schools	84.186A	<u>16,523</u>
Total United States Department of Agriculture		<u>145,797</u>
<u>Department of Housing and Urban Development</u>		
Public Housing Drug Elimination Program	17.710	<u>35,965</u>
Total Department of Housing and Urban Development		<u>35,965</u>
<u>Department of Transportation</u>		
<u>Passed through Louisiana Department of Aviation</u>		
Airport Improvement	20.106	<u>542,785</u>
Total Department of Transportation		<u>542,785</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BOGALUSA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 1998

<u>FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
<u>Department of Health & Human Resources</u>		
<u>Passed through Louisiana Department of Health and Human Resources</u>		
Forum Families	93.5	<u>1,200</u>
Total Department of Health & Human Resources		<u>1,200</u>
<u>Department of Justice</u>		
<u>Direct Programs</u>		
COPS Problem Solving	16.710	\$ 89,355
COPS Fast	16.710	65,220
COPS More 96	16.710	34,125
Local Law Enforcement Block Grant	16.592	<u>41,168</u>
Total Direct Programs		229,868
<u>Passed through Louisiana Capital District</u>		
LCLE	16.710	\$ 6,252
SNAP (Street Narcotics Apprehension Program	16.579	8,499
Integrated Criminal Apprehension Program	16.579	4,345
Home Detention Program	16.540	3,480
Violence Against Women	16.588	18,000
Capital District - Training and Equipment		<u>4,165</u>
		<u>44,741</u>
Total Department of Justice		<u>274,609</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BOGALUSA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 1998

<u>FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
<u>Environmental Protection Agency</u>		
<u>Passed through Louisiana Department of Environmental Quality</u>		
Revolving Loan Fund	66.458	<u>4,802,054</u>
Total Environmental Protection Agency		<u>4,802,054</u>
<u>Passed through Louisiana Division of Administration Division of Administration</u>		
LA Community Development Block Grant	14.219	<u>7,500</u>
Total Division of Administration		<u>7,500</u>
<u>National Park Service</u>		
<u>Passed through Department of Culture, Recreation & Tourism</u>		
Bogalusa Avenue B Ballpark	15.916	<u>50,000</u>
Total National Park Service		<u>50,000</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BOGALUSA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 1998

<u>FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM NAME</u>	<u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
<u>Federal Emergency Management Agency</u>		
<u>Passed through Louisiana Military Department Office of Emergency Preparedness</u>		
Disaster #1246	83.544	<u>135,745</u>
Total Federal Emergency Management Agency		<u>135,745</u>
TOTAL EXPENDITURES		<u>\$ 5,995,655</u>

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BOGALUSA, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 1998

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Bogalusa, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

CITY OF BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS
Year Ended December 31, 1998

Section I—Summary of Auditor's Results

Financial Statements

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the City of Bogalusa.
2. There was one reportable condition relating to the audit of the financial statements of the City of Bogalusa noted during the audit and is considered to be a material weakness.
3. There was one instance of noncompliance material to the financial statements of the City of Bogalusa noted during the audit.

Federal Awards

1. There were no reportable conditions relating to the audit of the major federal award programs.
2. The auditor's report on compliance for the major federal award programs for the City of Bogalusa expresses an unqualified opinion.
3. There are no audit findings that are required to be reported in accordance with Circular A-133, Section .510(a).
4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Passed-Through Grantor/Federal Program</u>
66.458	Department of Environmental Protection Agency

5. The threshold for distinguishing major programs was \$300,000.

(Continued)
See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS
Year Ended December 31, 1998

Section II—Financial Statement Findings

Material noncompliance

98-1 Criteria - Louisiana Revised Statutes (R.S.) 39:1310 requires that actual expenditures not exceed the budgeted amount by more than 5%.

Condition - The City's General Fund actual expenditures exceeded budgeted expenditures by \$611,013 which is 9%, 4% more than is allowed.

Auditor's Recommendation - Budgeted expenditures should be compared periodically to actual, and amended when necessary to comply with state law.

Management's Corrective Action Plan - As noted (page ix) in the originally adopted 1998 budget, a mandated (City Ordinance No. 1436) employee salary distribution was excluded, and that it would be included during the budget revision process later in the year when more accurate figures were available. The city administration overlooked revising the 1998 budget to account for the November salary distribution, not realizing noncompliance with the state budget act. The Director of Administration has been advised to take the necessary action to ensure that this does not occur in the future.

(Continued)
See accompanying auditor's report.

CITY OF BOGALUSA, LOUISIANA

SCHEDULE OF FINDINGS
Year Ended December 31, 1998

Section II—Financial Statement Findings (Cont'd)

Material weakness in internal control

98-2 Criteria - A purchase order system should be in place that provides good internal control through the use of a requisition, purchase order, and documentation of receipt of goods.

Condition - The City has adopted a purchasing policy using a purchase order system, but the policy is so strict that compliance is not possible. A purchase order is required for every purchase. There are times and situations where getting a purchase order for a purchase is not practicable. In fact, compliance with the purchasing policy has deteriorated to the point that for many of the purchases made in 1998 a purchase order was prepared after the purchase was made.

Auditor's Recommendation - A purchasing policy should be formally adopted that is practicable and includes good internal control. This new policy should end the practice of preparing requisitions and purchase orders after the time of purchase. The new policy should also hold a person accountable for making a purchase without a purchase order.

Management's Corrective Action Plan - The City is seeking professional services on guidance in adopting a purchasing policy it can comply with.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

Section IV—Status of Prior Year's Findings

No prior year findings.

(Concluded)

See accompanying auditor's report.