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**TOWN OF FERRIDAY, LOUISIANA**

**General Purpose Financial Statements  
With Independent Auditors' Report  
As of and for the Year Ended June 30, 1999  
With Supplemental Information Schedules**

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 MAR 0 8 2000

**TOWN OF FERRIDAY, LOUISIANA**  
**YEAR ENDED JUNE 30, 1999**  
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**SECTION I – GENERAL PURPOSE FINANCIAL STATEMENTS**

# SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA  
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SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

## INDEPENDENT AUDITORS' REPORT

**Honorable Odcal J. Montgomery, Mayor  
and Members of the Board of Aldermen  
Ferriday, Louisiana**

**We have audited the accompanying general purpose financial statements of the Town of Ferriday, Louisiana as of June 30, 1999 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Town of Ferriday, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.**

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

**In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town of Ferriday, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.**

**In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2000 on our consideration of the Town of Ferriday, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.**

**Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Town of Ferriday, Louisiana. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.**

**Ferriday, Louisiana  
January 31, 2000**

*Switzer, Hopkins & Mange*

TOWN OF FERRIDAY, LOUISIANA  
**COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS**  
 June 30, 1999

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>		<u>Account Groups</u>			<u>Totals</u>	
	General	Capital Projects	Debt Service	Enterprise	General	Fixed Assets	Long-Term Debt	1999	(Memorandum Only) 1998
<b>ASSETS AND OTHER DEBITS</b>									
Cash	\$ 14,256	\$ 7	\$ 31,585	\$ 14,273	\$ -	\$ -	\$ -	\$ 60,121	\$ 130,754
Receivables, (net where applicable, of allowance for uncollectibles) -									
Fees and services	23,955	-	-	99,504	-	-	-	123,459	128,331
Dues from other funds	-	-	12,500	-	-	-	-	12,500	5,000
Restricted assets (Note 6):									
Cash	-	-	132,354	219,140	-	-	-	351,494	371,352
General fixed assets	-	-	-	-	2,813,853	-	-	2,813,853	2,756,876
Utility plant and equipment (Note 3)	-	-	-	9,741,647	-	-	-	9,741,647	9,741,647
Accumulated depreciation (Note 3)	-	-	-	(3,534,349)	-	-	-	(3,534,349)	(3,238,051)
Amount available in debt service funds	-	-	-	-	-	176,439	-	176,439	198,795
Amount to be provided for retirement of general long term debt	-	-	-	-	-	2,029,561	-	2,029,561	2,134,205
Total assets	<u>\$ 38,211</u>	<u>\$ 7</u>	<u>\$ 176,439</u>	<u>\$ 6,540,215</u>	<u>\$ 2,813,853</u>	<u>\$ 2,206,000</u>	<u>\$ 2,029,561</u>	<u>\$ 11,774,725</u>	<u>\$ 12,228,909</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF FERRIDAY, LOUISIANA  
**COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS**

June 30, 1999

	Governmental Fund Types			Proprietary Fund Type Enterprise	Account Groups			Totals (Memorandum Only) 1992 1998
	General	Capital Projects	Debt Service		General	Fixed Assets	General Long-Term Debt	
<b>LIABILITIES AND FUND EQUITY</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 70,493	\$ -	\$ -	\$ 33,841	\$ -	\$ -	\$ 104,334	\$ 73,912
Payable from restricted assets (Note 7)	-	-	-	103,354	-	-	103,354	101,347
Accrued interest payable	-	-	-	43,523	-	-	43,523	62,966
Customers' deposits	19,542	-	-	5,512	-	-	25,054	28,552
Accrued compensated absences	12,500	-	-	-	-	-	12,500	5,000
Due to other funds	-	-	-	-	-	-	-	-
General obligation bonds payable (Note 4)	-	-	-	3,902,820	-	2,206,000	2,206,000	2,333,000
Revenue bonds payable (Note 4)	-	-	-	-	-	-	3,902,820	4,021,068
<b>Total liabilities</b>	<b>102,535</b>	<b>-</b>	<b>-</b>	<b>4,089,050</b>	<b>-</b>	<b>2,206,000</b>	<b>6,397,585</b>	<b>6,625,845</b>
<b>Fund equity:</b>								
Contributed capital (Note 12)	-	-	-	3,595,638	-	-	3,595,638	3,595,638
Investment in general fixed assets	-	-	-	-	2,813,853	-	2,813,853	2,756,876
Retained earnings -								
Unreserved (deficit) (Note 13)	-	-	-	(1,144,473)	-	-	(1,144,473)	(952,362)
Fund balances								
Reserved for debt service	-	-	176,439	-	-	-	176,439	198,795
Reserved for capital improvements	-	-	-	-	-	-	-	60
Unreserved-undesignated (deficit) (Note 13)	(64,324)	7	-	-	-	-	(64,317)	4,057
<b>Total fund equity (deficit)</b>	<b>(64,324)</b>	<b>7</b>	<b>176,439</b>	<b>2,451,165</b>	<b>2,813,853</b>	<b>-</b>	<b>5,377,140</b>	<b>5,603,064</b>
<b>Total liabilities and fund equity</b>	<b>\$ 38,211</b>	<b>\$ 7</b>	<b>\$ 176,439</b>	<b>\$ 6,540,215</b>	<b>\$ 2,813,853</b>	<b>\$ 2,206,000</b>	<b>\$ 11,774,725</b>	<b>\$ 12,228,909</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 1999**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals</u> (Memorandum Only)	
				<u>1999</u>	<u>1998</u>
<b>Revenues:</b>					
Taxes (Note 5)	\$ 1,026,687	\$ -	\$ 128,818	\$ 1,155,505	\$ 1,155,510
Licenses and permits	126,224	-	-	126,224	120,633
Intergovernmental	26,166	2,950	-	29,116	80,568
Charges for services	162,260	-	-	162,260	160,901
Fines	139,300	-	-	139,300	124,232
Miscellaneous	34,970	-	-	34,970	54,127
<b>Total revenues</b>	<u>1,515,607</u>	<u>2,950</u>	<u>128,818</u>	<u>1,647,375</u>	<u>1,695,971</u>
<b>Expenditures:</b>					
<b>Current</b>					
General government	342,877	53	-	342,930	444,162
Public safety-					
Police	312,329	-	-	312,329	354,154
Fire	102,921	-	-	102,921	89,262
Streets	176,126	-	-	176,126	192,442
Sanitation	186,079	-	-	186,079	193,883
Capital outlay	56,978	-	-	56,978	80,402
Debt service-					
Principal retirement	-	-	127,000	127,000	121,000
Interest and fiscal charges	-	-	124,452	124,452	145,372
<b>Total expenditures</b>	<u>1,177,310</u>	<u>53</u>	<u>251,452</u>	<u>1,428,815</u>	<u>1,620,677</u>
<b>Excess of revenues over (under) expenditures</b>	<u>338,297</u>	<u>2,897</u>	<u>(122,634)</u>	<u>218,560</u>	<u>75,294</u>
<b>Other financing sources (uses):</b>					
Interest income	-	-	180	180	7,209
Unreconciled variance (Note 10)	(16,097)	-	(20,760)	(36,857)	-
Operating transfers in	2,950	-	120,858	123,808	80,040
Operating transfers (out)	(393,531)	(2,950)	-	(396,481)	(278,181)
<b>Total other financing sources (uses)</b>	<u>(406,678)</u>	<u>(2,950)</u>	<u>100,278</u>	<u>(309,350)</u>	<u>(190,932)</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>(68,381)</u>	<u>(53)</u>	<u>(22,356)</u>	<u>(90,790)</u>	<u>(115,638)</u>
<b>Fund balance, beginning</b>	<u>4,057</u>	<u>60</u>	<u>198,795</u>	<u>202,912</u>	<u>318,550</u>
<b>Fund balance, ending</b>	<u>\$ (64,324)</u>	<u>\$ 7</u>	<u>\$ 176,439</u>	<u>\$ 112,122</u>	<u>\$ 202,912</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - (GAAP BASIS)**  
**YEAR ENDED JUNE 30, 1999**

	<u>General Fund</u>			<u>Debt Service Fund Types</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>Revenues:</b>						
Taxes	\$ 1,065,400	\$ 1,026,687	\$ (38,713)	\$ 128,000	\$ 128,818	\$ 818
Licenses and permits	108,800	126,224	17,424	-	-	-
Intergovernmental	5,000	26,166	21,166	-	-	-
Charges for services	164,000	162,260	(1,740)	-	-	-
Fines	126,000	139,300	13,300	-	-	-
Miscellaneous	57,000	34,970	(22,030)	-	-	-
<b>Total revenues</b>	<u>1,526,200</u>	<u>1,515,607</u>	<u>(10,593)</u>	<u>128,000</u>	<u>128,818</u>	<u>818</u>
<b>Expenditures:</b>						
<b>Current -</b>						
General government	363,723	342,877	20,846	-	-	-
Public safety						
Police	310,200	312,329	(2,129)	-	-	-
Fire	86,500	102,921	(16,421)	-	-	-
Street	182,800	176,126	6,674	-	-	-
Sanitation	165,000	186,079	(21,079)	-	-	-
Capital outlay	46,000	56,978	(10,978)	-	-	-
Debt service -						
Principal retirement	-	-	-	127,000	127,000	-
Interest and fiscal charges	-	-	-	131,138	124,452	6,686
<b>Total expenditures</b>	<u>1,154,223</u>	<u>1,177,310</u>	<u>(23,087)</u>	<u>258,138</u>	<u>251,452</u>	<u>6,686</u>
<b>Excess of revenues over (under) expenditures</b>	<u>371,977</u>	<u>338,297</u>	<u>(33,680)</u>	<u>(130,138)</u>	<u>(122,634)</u>	<u>7,504</u>
<b>Other financing sources (uses):</b>						
Interest income	-	-	-	300	180	(120)
Unreconciled variance	-	(16,097)	(16,097)	-	(20,760)	(20,760)
Operating transfers in	-	2,950	2,950	137,180	120,858	(16,322)
Operating transfers (out)	300,000	(393,531)	(93,531)	-	-	-
<b>Total other financing sources (uses)</b>	<u>300,000</u>	<u>(406,678)</u>	<u>(106,678)</u>	<u>137,480</u>	<u>100,278</u>	<u>(37,202)</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>71,977</u>	<u>(68,381)</u>	<u>(140,358)</u>	<u>7,342</u>	<u>(22,356)</u>	<u>29,698</u>
<b>Fund balances, beginning</b>	<u>4,057</u>	<u>4,057</u>	<u>-</u>	<u>198,795</u>	<u>198,795</u>	<u>-</u>
<b>Fund balances, ending</b>	<u>\$ 76,034</u>	<u>\$ 64,324</u>	<u>\$ (140,358)</u>	<u>\$ 206,137</u>	<u>\$ 176,439</u>	<u>\$ 29,698</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**PROPRIETARY FUND TYPE**

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**YEARS ENDED JUNE 30, 1999 AND 1998**

	<u>1999</u>	(Memorandum Only) <u>1998</u>
<b>Operating revenues:</b>		
<b>Charges for services -</b>		
Water sales	\$ 439,248	\$ 432,669
Sewer sales	205,152	199,693
Miscellaneous revenues	17,425	17,858
<b>Total operating revenues</b>	<u>661,825</u>	<u>650,220</u>
 <b>Operating expenses:</b>		
Water department expenses	502,253	543,485
Sewer department expenses	367,769	358,457
<b>Total operating expenses</b>	<u>870,022</u>	<u>901,942</u>
 <b>Operating income</b>	(208,197)	(251,722)
 <b>Nonoperating revenues (expenses):</b>		
Unreconciled variance (Note 10)	(34,113)	-
Interest expense	(228,440)	(235,384)
Interest income	5,966	9,558
<b>Total non-operating revenues (expenses)</b>	<u>(256,587)</u>	<u>(225,826)</u>
 <b>(Loss) before operating transfers</b>	(464,784)	(477,548)
 <b>Operating transfers in:</b>		
From general fund	<u>272,673</u>	<u>198,141</u>
 <b>Net (loss)</b>	(192,111)	(279,407)
 <b>Retained earnings, beginning (deficit)</b>	<u>(952,362)</u>	<u>(672,955)</u>
 <b>Retained earnings, ending (deficit)</b>	<u><u>\$ (1,144,473)</u></u>	<u><u>\$ (952,362)</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1999 AND 1998**

	<u>1999</u>	(Memorandum Only) <u>1998</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 664,311	\$ 634,968
Cash payments to suppliers for goods and services	(440,158)	(457,783)
Cash payments to employees for services	(156,871)	(147,778)
Net cash provided by operating activities	<u>67,282</u>	<u>29,407</u>
 <b>Cash flows from non-capital financing activities:</b>		
Operating transfers from other funds	272,673	198,141
(Decrease) increase in consumer deposits	(19,443)	25,483
Net cash provided by non-capital financing activities	<u>253,230</u>	<u>223,624</u>
 <b>Cash flows from capital and related financing activities:</b>		
Interest paid on notes	(226,433)	(241,688)
Principal paid on notes	(118,248)	(102,993)
Net cash (used) by capital and related financing activities	<u>(344,681)</u>	<u>(344,681)</u>
 <b>Cash flows from investing activities:</b>		
Investment income	<u>5,966</u>	<u>9,558</u>
 Net (decrease) in cash and cash equivalents	(18,203)	(82,092)
 Cash and cash equivalents at July 1, 1998	<u>251,616</u>	<u>333,708</u>
 Cash and cash equivalents at June 30, 1999	<u>\$ 233,413</u>	<u>\$ 251,616</u>
 <b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>		
Operating (loss)	(242,310)	(251,722)
<b>Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:</b>		
Depreciation	296,298	296,977
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,486	(15,252)
Increase (decrease) in accounts payable	10,808	(596)
 Net cash provided by operating activities	<u>\$ 67,282</u>	<u>\$ 29,407</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**INTRODUCTION**

1. The Town of Ferriday, Louisiana was incorporated under provisions of the Lawrason Act as a Village in 1923.
2. The purpose of the municipality is to provide utility services, public safety (police and fire), streets, sanitation and general administrative services.
3. The Board of Aldermen consists of five elective members and they are paid \$200 per month.
4. The Town is located in the northern eastern portion of Concordia Parish, Louisiana. Concordia Parish is located in Northeast Louisiana.
5. The population of Ferriday, Louisiana is 4,111 persons.
6. The Town of Ferriday, Louisiana has forty-one full time employees.
7. The Town of Ferriday, Louisiana has approximately 1,475 utility customers.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

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

**B. REPORTING ENTITY**

As the municipal governing authority, for reporting purposes, the Town of Ferriday, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town of Ferriday, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:**

- 1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the municipality to impose its will on that organization and/or**
  - b) The potentials for the organization to provide specific financial benefit to or impose specific financial burdens on the municipality.****
- 2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.**
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.**

**As required by generally accepted accounting principles, these financial statements present the Town of Ferriday, Louisiana (the primary government) and its component units. There are no component units included in the accompanying financial statements as either blended with the municipality funds or discretely presented.**

**C. FUND ACCOUNTING**

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

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

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

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Governmental Funds**

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

1. **General Fund** - the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. **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 account group.
3. **Capital Projects** – account for transactions relating to proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Proprietary Funds**

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

1. **Enterprise funds**—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.

**General Fixed Assets and Long Term Debt**

The accounting and reporting treatment applied to the property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or “financial flow” measurement focus and only current assets and current liabilities are generally included on their balance sheets.

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. The Town has elected to not capitalize public domain (“infrastructure”) fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used in the proprietary fund is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Gas lines, Sewer lines and water plant	40 years
Vehicles and equipment	3 to 8 years

All fixed assets are stated a historical cost.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered “measurable” when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

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

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when incurred. Bad debts are recognized when they become uncollectable.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

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

1. The Town prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The Town approves a budget for the general fund and debt service funds only.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer to funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets 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 Board of Aldermen. Such amendments were not material in relation to the original appropriations.

**F. INVENTORIES**

Inventories or material and supplies are valued at lower of cost or market.

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**G. FUND EQUITY**

**Reserved for Debt Service**

The Town records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves used by the Town:

	<u>June 30, 1999</u>
Debt Service Fund:	
Reserved for debt service	<u>\$ 176,439</u>

**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.

**H. RESTRICTED ASSETS**

Certain assets of the Town of Ferriday, Louisiana have been restricted for debt service and customers' deposits and these assets total \$351,494.

**I. COMPARATIVE DATE**

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been represented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**J. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW**

Total columns on the combined statements -- overview 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.

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**K. CASH AND CASH EQUIVALENTS**

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

**L. ENCUMBRANCES**

The Town of Ferriday does not use encumbrance accounting.

**NOTE 2 – CHANGES IN GENERAL FIXED ASSETS ACCOUNT GROUP**

A summary of changes in general fixed assets follows:

	Balance 6/30/98	Additions	Deletions	Balance 6/30/99
Land	\$ 427,518	\$ -	\$ -	\$ 427,518
Buildings	1,040,094	10,000	-	1,050,094
Equipment	1,289,264	46,977	-	1,336,241
Total	<u>\$ 2,756,876</u>	<u>\$ 56,977</u>	<u>\$ -</u>	<u>\$ 2,813,853</u>

**NOTE 3 – PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT**

A summary of proprietary fund type property, plant and equipment at June 30, 1999 follows:

Water system and equipment	\$ 4,581,250
Sewer system and equipment	5,160,397
Total	<u>9,741,647</u>
Less: accumulated depreciation	<u>(3,534,349)</u>
Net	<u>\$ 6,207,298</u>

**NOTE 4 – CHANGES IN LONG-TERM DEBT**

The following is a summary of bond transactions of the Town of Ferriday for the year ended June 30, 1999:

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 4 -- CHANGES IN LONG-TERM DEBT-CONTINUED**

**DEBT SERVICE FUND**

	Sales Tax <u>Bonds</u>	Town Tax <u>Bond</u>	General Obligation <u>Bonds</u>	<u>Total</u>
Bonds payable @ 6-30-98	\$ 1,190,000	\$ 3,000	\$ 1,140,000	\$ 2,333,000
Bonds retired	(65,000)	(2,000)	(60,000)	(127,000)
Bonds payable @ 6-30-99	<u>\$ 1,125,000</u>	<u>\$ 1,000</u>	<u>\$ 1,080,000</u>	<u>\$ 2,206,000</u>

**Bonds payable at June 30, 1999 are comprised of the following individual issues:**

**Town Tax Bonds:**

\$250,000 in Industrial Park Bonds due in annual installments of \$1,000 through March 1, 2000; interest at 6% \$ 1,000

**Sales Tax Bonds:**

\$1,300,000 in Public Improvement Bonds due in annual installments of \$70,000 to \$125,000 through February 1, 2011; interest at 4.80 - 10% 1,125,000

**General Obligation Bonds**

\$1,200,000 in General Obligation Bonds due in annual installments of \$65,000 to \$120,000 through March 1, 2011; interest at 6% 1,080,000

**TOTAL \$ 2,206,000**

**The annual requirements to amortize all debt outstanding as of June 30, 1999 is as follows:**

Year Ended <u>June 30</u>	Town Tax <u>Bond</u>	Sales Tax <u>Bonds</u>	General Obligation <u>Bonds</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 1,000	\$ 70,000	\$ 65,000	\$ 116,475	\$ 252,475
2001	-	70,000	70,000	105,108	245,108
2002	-	75,000	75,000	91,320	241,320
2003	-	80,000	75,000	85,761	240,761
2004	-	85,000	80,000	82,038	247,038
Thereafter	-	745,000	715,000	299,229	1,759,229
	<u>\$ 1,000</u>	<u>\$ 1,125,000</u>	<u>\$ 1,080,000</u>	<u>\$ 779,931</u>	<u>\$ 2,985,931</u>

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 4 – CHANGES IN LONG-TERM DEBT-CONTINUED**

**Bond Indenture Restrictions**

**Sales tax bonds:**

1. The Town shall maintain a reserve fund with a balance of \$130,000 to \$135,520. The balance in the fund was \$97,266 at June 30, 1999 and the Town was not in compliance with the reserve fund requirements.
2. The Town shall deposit into a sinking fund \$11,210 monthly from February 1998 to January 1999 and \$11,085 February 1999 to January 2000. The Town was not in compliance with this covenant.

**Proprietary Fund**

The following is a summary of enterprise revenues bond transactions of the Town of Ferriday for the year ended June 30, 1999:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Payable at June 30, 1998	\$ 2,468,710	\$ 1,552,358	\$ 4,021,068
Bonds retired	<u>(90,715)</u>	<u>(27,533)</u>	<u>(118,248)</u>
Payable at June 30, 1999	2,377,995	1,524,825	3,902,820
Less current portion	<u>(97,546)</u>	<u>(28,953)</u>	<u>(126,449)</u>
Long-term portion	<u>\$ 2,280,449</u>	<u>\$ 1,495,872</u>	<u>\$ 3,776,321</u>

Bonds payable at June 30, 1999 are comprised of the following individual issues:

**Water Revenue Bonds:**

\$3,200,000 in revenue bonds due in annual installments of \$239,489 through October 29, 2017; interest @ 5 3/4% - 6 1/2% \$ 2,377,995

**Sewer Revenue Bonds:**

\$1,800,000 in revenue bonds due in monthly installments totaling \$105,192 through June 14, 2033; interest @5% 1,524,825  
\$ 3,902,820

The annual requirements to amortize the bonds as of June 30, 1999 are as follows:

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 4 – CHANGES IN LONG-TERM DEBT-CONTINUED**

<u>Water Fund</u>			
Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 97,546	\$ 141,943	\$ 239,489
2001	103,399	136,090	239,489
2002	109,603	129,886	239,489
2003	116,179	123,310	239,489
2004	122,755	116,734	239,489
Thereafter	<u>1,828,513</u>	<u>679,612</u>	<u>2,508,125</u>
<b>Total</b>	<b><u>\$ 2,377,995</u></b>	<b><u>\$ 1,327,575</u></b>	<b><u>\$ 3,705,570</u></b>

<u>Sewer Fund</u>			
Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 28,953	\$ 76,239	\$ 105,192
2001	30,400	74,792	105,192
2002	31,920	73,272	105,192
2003	33,516	71,676	105,192
2004	35,112	70,080	105,192
Thereafter	<u>1,364,924</u>	<u>891,303</u>	<u>2,256,227</u>
<b>Total</b>	<b><u>\$ 1,524,825</u></b>	<b><u>\$ 1,257,362</u></b>	<b><u>\$ 2,782,187</u></b>

The Town's proprietary fund bonds are governed by bond indenture, the terms of which are summarized as follows:

Water Fund Bonds

1. The Town shall maintain a reserve fund into which monthly deposits of \$997 will be made. The reserve fund balance was \$22,050 as of June 30, 1999. Deposits will be made until \$239,489 has accumulated in the fund.

At June 30, 1999 the Town was not in compliance with this covenant.

2. The Town shall maintain a depreciation and contingency fund into which monthly deposits of \$970 will be made. The depreciation fund balance as \$7,794 as of June 30, 1999. Annual deposits of \$11,640 will be required for each of the next five years.

At June 30, 1999 the Town was not in compliance with this covenant.

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 4 – CHANGES IN LONG-TERM DEBT-CONTINUED**

3. The Town shall deposit into a sinking fund an amount sufficient to accumulate \$239,489 on October 29 of each year so that the installment of principal and interest can be made. The sinking fund balance was \$138,337 as of June 30, 1999.

At June 30, 1999 the Town is not in compliance with this covenant.

**Sewer Fund Bonds**

1. The Town shall maintain a reserve fund into which monthly payments of \$375 to \$439 shall be deposited until a balance of \$105,192 has been accumulated. The reserve fund balance was \$22,502 as of June 30, 1999.

At June 30, 1999 the Town is not in compliance with this covenant.

2. The Town shall maintain a contingency fund into which monthly payments of \$414 shall be deposited. The contingency fund balance was \$20,884 as of June 30, 1999.

At June 30, 1999 the Town is not in compliance with this covenant.

3. The Town shall maintain a sinking fund in which \$7,500 to \$8,766 monthly shall be deposited.

At June 30, 1999 the Town is in compliance with this covenant.

**NOTE 5 – PROPERTY AND SALES TAX**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in December and payable by June 15, of the following year. The Concordia Parish Assessor prepares a list of property taxes due the Town, but the Town is responsible for billings and collections. The Town's total millage is 14.14 mills; 12.0 mills for the general fund and 5.14 mills for the tax bond sinking fund. Town property tax revenues are recognized as collected. At June 30, 1999 uncollected taxes were nominal amounts.

The Town has levied a 1 ¾% sales tax on sales within the legal limits of the Town. The proceeds of the sales tax are dedicated to (1) payment of sales tax bonds; (2) payment of general operating expenses of the Town; (3) payment of all or part of capital improvements; (4) maintenance or operation of capital improvements; or (5) any one or all of the aforementioned purposes.

**TOWN OF FERRIDAY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 6 – RESTRICTED ASSETS**

Certain assets are restricted for debt service, construction and customer deposits. These assets consist of the following as of June 30, 1999:

	<u>Debt Service Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Customer deposits	\$ -	\$ 4,583	\$ 4,583
Bond sinking fund	35,088	138,327	173,415
Bond depreciation fund	-	28,678	28,678
Bond reserve fund	97,266	47,552	144,818
	<u>\$ 132,354</u>	<u>\$ 219,140</u>	<u>\$ 351,494</u>

**NOTE 7 – RETIREMENT COMMITMENTS**

The Town of Ferriday employees are all members of the social security system and are members of no other retirement plan. The expense of the social security is reflected in payroll taxes in the various statements of income.

**NOTE 8 – CASH AND INVESTMENTS**

At year-end, the carrying amount of the Town's deposits (checking and savings accounts) was \$411,615 and the bank's balance was \$459,772. Of the bank balance, \$200,000 was covered by federal depository insurance and \$259,772 was covered by collateral held by its agent in the Town's name.

**NOTE 9 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues	\$ 454,343	\$ 207,482	\$ 661,825
Depreciation	114,724	181,574	296,298
Operating (loss)	(211,253)	(253,531)	(464,784)
Net (loss)	(46,272)	(145,839)	(192,111)
Plant, property & equipment net of accumulated depreciation	2,683,438	3,523,860	6,207,298
Net working capital	18,874	16,610	35,484
Total assets	2,941,901	3,598,314	6,504,215
Long-term liabilities payable from operating revenues	2,377,995	1,524,825	3,902,820
Total equity	395,476	2,055,689	2,451,165

**TOWN OF FERRIDAY, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 10 – UNRECONCILED VARIANCE**

Town personnel prepared receipts for certain revenues that were never deposited in the Town's bank accounts. These unreconciled variances were recorded as follows:

General fund - property taxes	\$ 6,242
General fund - garbage fees	9,855
Total general fund	16,097
Debt service fund - property taxes	20,760
Enterprise fund - water and sewer fees	34,113
Total all funds	\$ 70,970

**NOTE 11 – THE YEAR 2000 ISSUE**

The Year 2000 Issue is a result of shortcomings in many electronic data processing systems and other equipment that may adversely affect operations in the year 1999 and beyond if date sensitive coding is not corrected. The Town is aware of the year 2000 issue and is currently assessing all of its systems.

**NOTE 12 – CONTRIBUTED CAPITAL**

The proprietary fund has received contributions from State and Federal sources, and the contributed capital as of June 30, 1999 was as follows:

Enterprise Fund	\$ <u>3,595,638</u>
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**NOTE 13 – DEFICIT RETAINED EARNINGS AND FUND BALANCE**

The enterprise fund deficit in retained earnings of \$1,144,473 is the result of revenues inadequate to cover expenses including depreciation for several years.

The general fund deficit in fund balance of \$64,324 is the result of the general fund transferring cash to the enterprise fund to cover its expenses.

**SECTION II – SUPPLEMENTAL INFORMATION SCHEDULES**

**GENERAL FUND**

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

**TOWN OF FERRIDAY, LOUISIANA**  
**GENERAL FUND**

**BALANCE SHEET**  
**JUNE 30, 1999**

<b><u>ASSETS</u></b>	<b><u>1999</u></b>	<b>(Memorandum Only) <u>1998</u></b>
<b>Cash</b>	\$ 14,256	\$ 56,635
<b>Receivables:</b>		
<b>Fees and services</b>	23,955	26,341
<b>Total assets</b>	38,211	82,976
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>Liabilities:</b>		
<b>Accounts payable</b>	70,493	52,352
<b>Accrued compensated absences</b>	19,542	21,567
<b>Due to other funds</b>	12,500	5,000
	102,535	78,919
<b>Fund balance (deficit)</b>	(64,324)	4,057
<b>Total liabilities and fund balance</b>	\$ 38,211	\$ 82,976

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 1999**

**With Comparative Actual Amounts for Year Ended June 30, 1998**

		<u>1999</u>		(Memorandum Only) 1998 Actual
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	
<b>Revenues:</b>				
Taxes	\$ 1,065,400	\$ 1,026,687	\$ (38,713)	\$ 1,035,525
Licenses and permits	108,800	126,224	17,424	120,633
Intergovernmental	5,000	26,166	21,166	27,213
Charges for services	164,000	162,260	(1,740)	160,901
Fines	126,000	139,300	13,300	124,232
Miscellaneous	57,000	34,970	(22,030)	54,127
<b>Total revenues</b>	<u>1,526,200</u>	<u>1,515,607</u>	<u>(10,593)</u>	<u>1,522,631</u>
<b>Expenditures:</b>				
General government	378,723	367,873	10,850	444,162
Police department	341,200	344,311	(3,111)	354,154
Fire department	86,500	102,921	(16,421)	89,262
Street department	182,800	176,126	6,674	192,442
Sanitation	165,000	186,079	(21,079)	193,883
<b>Total expenditures</b>	<u>1,154,223</u>	<u>1,177,310</u>	<u>(23,087)</u>	<u>1,273,903</u>
<b>Excess of revenues over expenditures</b>	<u>371,977</u>	<u>338,297</u>	<u>(33,680)</u>	<u>248,728</u>
<b>Other financing sources uses:</b>				
(To) debt service fund	(135,000)	(120,858)	14,142	(79,335)
(To) utility fund	(165,000)	(272,673)	(107,673)	(198,141)
From capital projects fund	-	2,950	2,950	705
Unreconciled variance	-	(16,097)	(16,097)	-
<b>Total</b>	<u>(300,000)</u>	<u>(406,678)</u>	<u>(106,678)</u>	<u>(276,771)</u>
<b>Excess of revenues and other sources over (under) expenditures</b>	71,977	(68,381)	(140,358)	(28,043)
<b>Fund balance, beginning</b>	<u>4,057</u>	<u>4,057</u>	<u>-</u>	<u>32,100</u>
<b>Fund balance, ending (deficit)</b>	<u>\$ 76,034</u>	<u>\$ (64,324)</u>	<u>\$ (140,358)</u>	<u>\$ 4,057</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**GENERAL FUND**

**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**YEAR ENDED JUNE 30, 1999**  
**With Comparative Actual Amounts for Year Ended June 30, 1998**

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	(Memorandum Only) 1998 <u>Actual</u>
<b>General government</b>				
Clerical salaries	\$ 38,500	\$ 37,408	\$ 1,092	\$ 39,100
Mayor's salary	21,000	21,000	-	21,000
Payroll taxes	6,600	11,211	(4,611)	8,485
Legal and other professional	25,000	21,093	3,907	24,414
Insurance	137,000	132,672	4,328	162,310
Aldermen's fees	12,000	12,000	-	12,000
Office supplies and postage	7,500	6,982	518	9,230
Repairs	3,500	886	2,614	4,343
Miscellaneous	13,623	29,662	(16,039)	17,683
Collection expense	28,000	11,732	16,268	36,743
Conventions and conferences	2,800	3,799	(999)	1,908
Utilities	20,000	14,636	5,364	19,918
Court Costs	36,000	16,848	19,152	36,497
Dues, ads and subscriptions	1,000	-	1,000	815
Publishing expense	2,000	2,094	(94)	1,229
Telephone	7,200	10,750	(3,550)	9,939
Summer youth program	-	-	-	5,440
Tax roll expense	2,000	10,104	(8,104)	4,343
Capital outlay	15,000	24,996	(9,996)	28,765
<b>Total general government</b>	<u>378,723</u>	<u>367,873</u>	<u>10,850</u>	<u>444,162</u>
 <b>Police department:</b>				
Salaries	240,000	235,800	4,200	245,629
Payroll taxes	17,000	16,571	429	16,177
Automobile expenses	19,000	19,591	(591)	20,239
Supplies - office	3,000	2,565	435	4,066
Repairs	3,000	3,160	(160)	2,197
Alcohol tests	500	150	350	557
Telephone	3,000	5,968	(2,968)	3,550
Utilities	11,000	11,146	(146)	11,452
Miscellaneous expense	1,000	2,220	(1,220)	2,007
Education and training	500	180	320	495
Uniforms & laundry	200	93	107	137
Field supplies	12,000	14,885	(2,885)	16,309
Capital outlay	31,000	31,982	(982)	31,339
<b>Total police department</b>	<u>\$ 341,200</u>	<u>\$ 344,311</u>	<u>\$ (3,111)</u>	<u>\$ 354,154</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**GENERAL FUND**

**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**YEAR ENDED JUNE 30, 1999**  
**With Comparative Actual Amounts for Year Ended June 30, 1998**

	<u>Budget</u>	<u>1999 Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>(Memorandum Only) 1998 Actual</u>
<b>Fire:</b>				
Salaries	\$ 69,000	\$ 76,196	\$ (7,196)	\$ 69,731
Payroll taxes	6,500	7,896	(1,396)	6,740
Utilities	6,000	5,126	874	6,353
Truck expense	1,500	1,562	(62)	2,463
Work supplies	800	1,188	(388)	1,067
Repairs	1,000	5,008	(4,008)	1,269
Volunteer firemen	200	80	120	190
Miscellaneous expense	200	5,260	(5,060)	152
Oil and gas	1,100	605	495	1,187
Telephone	200	-	200	110
<b>Total fire</b>	<u>86,500</u>	<u>102,921</u>	<u>(16,421)</u>	<u>89,262</u>
<b>Street:</b>				
Salaries	110,000	90,214	19,786	111,537
Payroll taxes	9,000	8,137	863	9,378
Gravel, culverts, resurfacing	1,000	1,267	(267)	718
Repairs	18,000	27,068	(9,068)	21,585
Utilities	30,000	38,371	(8,371)	32,414
Gas and oil	6,000	5,606	394	6,661
Work supplies	5,000	4,459	541	5,371
Miscellaneous expense	3,200	944	2,256	3,838
Telephone	100	60	40	58
Capital outlay	500	-	500	882
<b>Total street</b>	<u>182,800</u>	<u>176,126</u>	<u>6,674</u>	<u>192,442</u>
<b>Sanitation:</b>				
Trash pickup	<u>\$ 165,000</u>	<u>\$ 186,079</u>	<u>\$ (21,079)</u>	<u>\$ 193,883</u>

The accompanying notes are an integral part of these financial statements.

**DEBT SERVICE FUNDS**

- General Obligation Bonds -** To accumulate monies for payment of 1996 \$1,200,000 General Obligation Bonds.
- Town Tax Bonds -** To accumulate monies for payment of 1975 \$250,000 Public Improvement Bonds.
- Sales Tax Bonds -** To accumulate monies for payment of 1990 \$900,000 General Obligation Bonds and 1996 \$1,300,000 Public Improvements Bonds.

**TOWN OF FERRIDAY, LOUISIANA**  
**DEBT SERVICE FUNDS**

**COMBINING BALANCE SHEET**  
**JUNE 30, 1999**

	<b>General Obligation <u>Bonds</u></b>	<b>Sales Tax <u>Bonds</u></b>	<b>Town Tax <u>Bonds</u></b>	<b><u>Totals</u></b>
<b><u>ASSETS</u></b>				
Cash	\$ 31,585	\$ 35,088	\$ -	\$ 66,673
Due from other funds	12,500	-	-	12,500
Reserve fund:				
Certificates of deposit	-	97,266	-	97,266
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>44,085</b>	<b>132,354</b>	<b>-</b>	<b>176,439</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:	-	-	-	-
Fund Balances:				
Reserved for debt service	44,085	132,354	-	176,439
<b>Total fund balance</b>	<b>44,085</b>	<b>132,354</b>	<b>-</b>	<b>176,439</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total liabilities and fund balance</b>	<b>\$ 44,085</b>	<b>\$ 132,354</b>	<b>\$ -</b>	<b>\$ 176,439</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The following notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**DEBT SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**YEAR ENDED JUNE 30, 1999**

	<b>General Obligation Bonds</b>	<b>Sales Tax Bonds</b>	<b>Town Tax Bonds</b>	<b>Total</b>
<b>Revenues:</b>				
<b>Taxes</b>	\$ 128,818	\$ -	\$ -	\$ 128,818
<b>Miscellaneous - interest</b>	-	180	-	180
<b>Total revenues</b>	<u>128,818</u>	<u>180</u>	<u>-</u>	<u>128,998</u>
<b>Expenditures:</b>				
<b>Principal retirement</b>	60,000	65,000	2,000	127,000
<b>Interest and fiscal charges</b>	61,507	62,765	180	124,452
<b>Total expenditures</b>	<u>121,507</u>	<u>127,765</u>	<u>2,180</u>	<u>251,452</u>
<b>Excess revenues over (under) expenditures</b>	<u>7,311</u>	<u>(127,585)</u>	<u>(2,180)</u>	<u>(122,454)</u>
<b>Other financing sources (uses):</b>				
<b>Unreconciled variance</b>	(20,760)	-	-	(20,760)
<b>From general fund</b>	-	118,678	2,180	120,858
<b>Total</b>	<u>(20,760)</u>	<u>118,678</u>	<u>2,180</u>	<u>100,098</u>
<b>(Deficiency) of revenues and other sources (over) expenditures</b>	(13,449)	(8,907)	-	(22,356)
<b>Fund balances, beginning</b>	<u>57,534</u>	<u>141,261</u>	<u>-</u>	<u>198,795</u>
<b>Fund balances, ending</b>	<u>\$ 44,085</u>	<u>\$ 132,354</u>	<u>\$ -</u>	<u>\$ 176,439</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA  
DEBT SERVICE FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 1999**

	<u>General Obligation Bonds</u>		<b>Variance - Favorable (Unfavorable)</b>
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<b>Revenues:</b>			
<b>Taxes</b>	\$ 128,000	\$ 128,818	\$ 818
<b>Expenditures:</b>			
Principal retirement	60,000	60,000	-
Interest paid	61,438	61,507	(69)
<b>Total expenditures</b>	<u>121,438</u>	<u>121,507</u>	<u>(69)</u>
<b>Excess of revenues over expenditures</b>	6,562	7,311	749
<b>Other uses:</b>			
Unreconciled variance	<u>-</u>	<u>(20,760)</u>	<u>(20,760)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	6,562	(13,449)	(20,011)
<b>Fund balance, beginning</b>	<u>57,534</u>	<u>57,534</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 64,096</u>	<u>\$ 44,085</u>	<u>\$ 20,011</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**DEBT SERVICE FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 1999**

		<u>Sales Tax Bonds</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Interest income	\$ 300	\$ 180	\$ (120)
<b>Expenditures:</b>			
Principal retirement	65,000	65,000	-
Interest and fiscal charges	69,520	62,765	6,755
<b>Total expenditures</b>	<u>134,520</u>	<u>127,765</u>	<u>6,755</u>
<b>Excess of revenues (under) expenditures</b>	<u>(134,220)</u>	<u>(127,585)</u>	<u>6,635</u>
<b>Other financing sources:</b>			
Transfers from general fund	<u>135,000</u>	<u>118,678</u>	<u>(16,322)</u>
<b>Excess of revenues and other sources over (under) expenditures</b>	780	(8,907)	(9,687)
<b>Fund balances, beginning</b>	<u>141,261</u>	<u>141,261</u>	<u>-</u>
<b>Fund balances, ending</b>	<u>\$ 142,041</u>	<u>\$ 132,354</u>	<u>\$ (9,687)</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**DEBT SERVICE FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 1999**

		<u>Town Tax Bonds</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Revenues:</b>			
<b>Taxes</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Principal retirement	2,000	2,000	-
Interest and fiscal charges	180	180	-
<b>Total expenditures</b>	<u>2,180</u>	<u>2,180</u>	<u>-</u>
<b>(Deficiency) of revenues over expenditures</b>	<u>(2,180)</u>	<u>(2,180)</u>	<u>-</u>
<b>Other financing sources:</b>			
<b>Transfers from general fund</b>	<u>2,180</u>	<u>2,180</u>	<u>-</u>
<b>Excess of revenues and other over (under) expenditures</b>	-	-	-
<b>Fund balances, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

## **ENTERPRISE FUND**

**Utility Fund -** To account for the provision of water and sewer services to residents of the Town. 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.

**TOWN OF FERRIDAY, LOUISIANA**  
**ENTERPRISE FUND**  
**UTILITY FUND**

**COMBINING BALANCE SHEET**  
**JUNE 30, 1999**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 13,012	\$ 1,261	\$ 14,273
Accounts receivable (net of uncollectibles)	<u>69,697</u>	<u>29,807</u>	<u>99,504</u>
<b>Total</b>	<u>82,709</u>	<u>31,068</u>	<u>113,777</u>
<b>Restricted assets:</b>			
Meter deposits	4,583	-	4,583
Bond sinking fund	138,327	-	138,327
Bond depreciation fund	7,794	20,884	28,678
Bond reserve fund	<u>25,050</u>	<u>22,502</u>	<u>47,552</u>
<b>Total restricted assets</b>	<u>175,754</u>	<u>43,386</u>	<u>219,140</u>
 Plant & equipment, net of accumulated depreciation	 <u>2,683,438</u>	 <u>3,523,860</u>	 <u>6,207,298</u>
 <b>Total assets</b>	 <u>2,941,901</u>	 <u>3,598,314</u>	 <u>6,540,215</u>
 <b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
<b>Current liabilities: (payable from current assets)</b>			
Accounts payable	20,636	13,205	33,841
Customer deposits	38,940	-	38,940
Accrued compensated absences	<u>4,259</u>	<u>1,253</u>	<u>5,512</u>
	<u>63,835</u>	<u>14,458</u>	<u>78,293</u>
<b>Current liabilities:(payable from restricted assets)</b>			
Customer deposits	4,583	-	4,583
Revenue bonds payable	25,050	22,502	47,552
Accrued interest payable	<u>100,012</u>	<u>3,342</u>	<u>103,354</u>
	<u>129,645</u>	<u>25,844</u>	<u>155,489</u>
 <b>Long-term liabilities:</b>			
Revenue bonds payable	<u>2,352,945</u>	<u>1,502,323</u>	<u>3,855,268</u>
 <b>Total liabilities</b>	 <u>2,546,425</u>	 <u>1,542,625</u>	 <u>4,089,050</u>
 <b>Fund equity:</b>			
Contributed capital	714,143	2,881,495	3,595,638
Retained earnings (deficit)	<u>(318,667)</u>	<u>(825,806)</u>	<u>(1,144,473)</u>
<b>Total fund equity</b>	<u>395,476</u>	<u>2,055,689</u>	<u>2,451,165</u>
 <b>Total liabilities and fund equity</b>	 <u>\$ 2,941,901</u>	 <u>\$ 3,598,314</u>	 <u>\$ 6,540,215</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**ENTERPRISE FUND**  
**UTILITY FUND**

**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**YEAR ENDED JUNE 30, 1999**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating revenues:</b>			
<b>Charges for services -</b>			
<b>Water sales</b>	\$ 439,248	\$ -	\$ 439,248
<b>Sewer sales</b>	-	205,152	205,152
<b>Miscellaneous revenues</b>	15,095	2,330	17,425
<b>Total operating revenues</b>	<u>454,343</u>	<u>207,482</u>	<u>661,825</u>
<b>Operating expenses:</b>			
<b>Water department expenses</b>	502,253	-	502,253
<b>Sewer department expenses</b>	-	367,769	367,769
<b>Total operating expenses</b>	<u>502,253</u>	<u>367,769</u>	<u>870,022</u>
<b>Operating (loss)</b>	(47,910)	(160,287)	(208,197)
<b>Nonoperating revenues (expenses):</b>			
<b>Unreconciled variance</b>	(16,700)	(17,413)	(34,113)
<b>Interest expense</b>	(151,479)	(76,961)	(228,440)
<b>Interest income</b>	4,836	1,130	5,966
<b>Total non-operating revenues (expenses)</b>	<u>(163,343)</u>	<u>(93,244)</u>	<u>(256,587)</u>
<b>(Loss) before operating transfers</b>	(211,253)	(253,531)	(464,784)
<b>Operating transfers:</b>			
<b>From general fund</b>	<u>164,981</u>	<u>107,692</u>	<u>272,673</u>
<b>Net (loss)</b>	(46,272)	(145,839)	(192,111)
<b>Retained earnings, beginning (deficit)</b>	<u>(272,395)</u>	<u>(679,967)</u>	<u>(952,362)</u>
<b>Retained earnings, ending (deficit)</b>	<u>\$ 318,667</u>	<u>\$ (825,806)</u>	<u>\$ (1,144,473)</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA**  
**ENTERPRISE FUND**  
**UTILITY FUND**

**STATEMENT OF EXPENSES**  
**YEAR ENDED JUNE 30, 1999**

	<u>1999</u>
<b>Water Department</b>	
Salaries	\$ 111,385
Payroll taxes	9,234
Work supplies and chemicals	137,096
Insurance	21,433
Repairs	34,938
Utilities	45,636
Miscellaneous expense	12,078
Postage and supplies	3,693
Depreciation	114,724
Telephone	2,822
Truck expense	3,036
Legal and accounting	6,178
<b>Total water department</b>	<u><u>502,253</u></u>
<b>Sewer Department</b>	
Salaries	45,486
Payroll taxes	4,586
Work supplies and chemicals	27,300
Insurance	10,460
Repairs	27,410
Utilities	62,471
Depreciation	181,574
Testing	287
Legal and accounting	2,100
Miscellaneous	6,095
<b>Total sewer department</b>	<u><u>\$ 367,769</u></u>

The accompanying notes are an integral part of these financial statements.

**GENERAL LONG-TERM DEBT  
ACCOUNT GROUP**

**To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.**

**TOWN OF FERRIDAY, LOUISIANA**  
**STATEMENT OF GENERAL LONG-TERM DEBT**  
**JUNE 30, 1999**

	<b>General Obligation <u>Bonds</u></b>	<b>Sales Tax <u>Bonds</u></b>	<b>Town Tax <u>Bonds</u></b>	<b>Total <u>1999</u></b>
<b>AMOUNT AVAILABLE AND TO PROVIDE FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT</b>				
<b>Amount available in debt service funds for debt retirement</b>	<b>\$ 44,085</b>	<b>\$ 132,354</b>	<b>\$ -</b>	<b>\$ 176,439</b>
<b>Amount to be provided for debt service</b>	<u><b>1,035,915</b></u>	<u><b>992,646</b></u>	<u><b>1,000</b></u>	<u><b>2,029,561</b></u>
<b>Total available and to be provided</b>	<u><u><b>1,080,000</b></u></u>	<u><u><b>1,125,000</b></u></u>	<u><u><b>1,000</b></u></u>	<u><u><b>2,206,000</b></u></u>
<b>GENERAL LONG-TERM DEBT PAYABLE</b>				
<b>Bonds payable</b>	<u><u><b>\$ 1,080,000</b></u></u>	<u><u><b>1,125,000</b></u></u>	<u><u><b>\$ 1,000</b></u></u>	<u><u><b>\$ 2,206,000</b></u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF FERRIDAY, LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
For the Year Ended June 30, 1999**

**COMPENSATION PAID ALDERMEN**

**The schedule of compensation paid to aldermen is presented in compliance with House concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the Legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:405 (G), the aldermen have passed an ordinance that sets their compensation at \$200 per month.**

**TOWN OF FERRIDAY, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID ALDERMEN**  
**FOR THE YEAR ENDED JUNE 30, 1999**

<b>Mrs. Dorothy Johnson</b>	<b>\$ 2,400</b>
<b>Mr. William H. Rucker</b>	<b>2,400</b>
<b>Mrs. Gail Pryor</b>	<b>2,400</b>
<b>Mr. Sammy Davis</b>	<b>2,400</b>
<b>Mr. Robert Jones</b>	<b><u>2,400</u></b>
<b>TOTAL</b>	<b><u>\$ 12,000</u></b>

**SECTION III – COMPLIANCE/INTERNAL CONTROL**

# SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA  
H. MYLES HOPKINS, CPA  
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

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

**Honorable Odeal J. Montgomery, Mayor  
and Members of the Board of Aldermen  
Town of Ferriday, Louisiana**

We have audited the general purpose financial statements of Town of Ferriday, Louisiana as of and for the year ended June 30, 1999, and have issued our report thereon dated January 31, 2000. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Town of Ferriday, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 99-4, 99-5, 99-6 and 99-7.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Ferriday, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted three certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Town of Ferriday, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1, 99-2 and 99-3.

Honorable Odeal J. Montgomery, Mayor  
Town of Ferriday, Louisiana  
Page Two

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. Our consideration 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, we believe none of the reportable conditions described above is a material weakness.

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

Ferriday, Louisiana  
January 31, 2000

*Switzer, Hopkins & Mangle*

**SECTION IV – SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

**TOWN OF FERRIDAY, LOUISIANA**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 1999**

**Summary of Audit Results**

- 1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.**
- 2. Four reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.**
- 3. Three instances of noncompliance certain laws and regulations of the Town of Ferriday, Louisiana were disclosed during the audit.**

**Findings – Financial Statement Audit**

**Reportable Conditions**

**99-1 - Segregation of Duties**

- Condition:** We noted that the Town of Ferriday, Louisiana does not have adequate segregation of duties.
- Recommendation:** We recommend that an attempt be made to strengthen internal control problems created by having few employees.
- Response:** Management indicated that it would not be cost efficient or feasible to increase the number of employees.

**99-2 - Broken Water Meters**

- Condition:** We noted 173 of 1,475 water meters in the Town of Ferriday are out of order and those customers with broken meters are being billed the minimum rate each month for utilities.
- Recommendation:** We recommend that the Town of Ferriday replace all broken water meters on a continuing basis.
- Response:** The Mayor of the Town of Ferriday concurs with the finding. This was a finding in the last audit and replacements have been made of broken meters and this practice will continue.

**Schedule of Findings and Questioned Costs**  
**Page Two**

**99-3 - Reconciliation of Utility Accounts Receivable and Property Taxes Collected**

**Condition:** We noted that property taxes deposited in the Town's bank account were recorded at \$27,002 less than the amounts shown on receipts prepared by Town personnel. In addition, water, sewer and garbage fees deposited in the Town's bank account were recorded at \$43,968 less than the amounts shown on receipts prepared by Town personnel. These amounts are unreconciled and variances from these figures are not material.

**Recommendation:** We recommend that the Town seek training from someone such as the software company that supports the computer program for utility billings in order to reconcile on a daily and monthly basis the collections with the accounts receivable.

**Response:** The Mayor agrees with the finding and will make efforts to reconcile these accounts in the future.

**99-4 – Daily Deposit of Receipts**

**Condition:** We noted those deposits of cash and checks collected are being made up to five days after the collections are made.

**Recommendation:** We recommend that deposits always be made the same day as the collection was made.

**Response:** The Mayor agrees that deposits should be made on a daily basis and that they will be made daily in the future.

**99-5 – Inventory of Fixed Assets**

**Condition:** The Town has a listing of land, furniture and equipment, but there has not been a physical inventory taken in several years as required by law.

**Recommendation:** We recommend that the Town take a physical inventory as least once per year. Also each item that the Town owns should be marked with a numbered tag and that tag number should match the item number on the physical inventory listing.

**Response:** The Mayor agrees with this and will see that the law is complied with.

**Schedule of Findings and Questioned Costs**  
**Page Three**

**99-6 -- Compliance with Bond Indenture Restrictions**

**Condition:** We noted that the Town is not in compliance with certain deposit requirements of the Sales Tax Bond agreement. The requirements include minimum deposits and balances in the reserve fund and the sinking fund.

We noted that the Town is not in compliance with certain deposit requirements of the Water Fund Bond agreement. The requirements include minimum deposits and balances in the reserve fund, depreciation fund and the sinking fund.

We noted that the Town is not in compliance with certain deposit requirements of the Sewer Fund Bond agreement. The requirements include minimum deposits and balances in the reserve fund and the contingency fund.

**Recommendation:** We recommend that the Town deposit the first funds available into these funds until they are in compliance with the bond agreements.

**Response:** The Mayor stated that a new sales tax was passed and collections began on January 1 of this year. The funds produced by this tax will allow the Town to fill these various funds to the levels required by the agreements.

**99-7 -- Late Filing of Audit Report**

**Condition:** We noted that the audit report was filed with the Legislative Auditor after the due date of December 31, 1999.

**Recommendation:** We recommend that the audit be filed within six months after the closing date of the year being audited.

**Response:** The Mayor responded that the CPA should have the audit completed in time for the Town to be in compliance with the law.

**TOWN OF FERRIDAY, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 1999**

**INTERNAL CONTROL FINDINGS**

**98-A -- Segregation of Duties**

**Condition:** Due to the relative small size of the Town, the majority of accounting functions are performed by one individual.

**Current status:** This finding still applies and is noted in the current audit for the year ended June 30, 1999. (See current finding 99-1)

**98-B -- Internal Control over Water Sold**

**Condition:** The Town is not systematically replacing broken water meters as they are discovered.

We noted 379 of 1,457 water meters in the Town of Ferriday are out of order and those customers with broken meters are being billed the minimum rates each month. By our estimate the Town is losing \$117,000 per year in water and sewer charges because these meters are all indicating zero water usage when they are read each month.

**Current status:** This finding still applies, however there has been some improvement in the number of broken water meters. (See current finding 99-2)