



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 5, 2013

TOWN OF FERRIDAY

Auditors for the Town of Ferriday modified their opinion on the town's financial statements because they could not determine the amount of water consumed by customers and the amounts that should have been billed to them, a long-standing problem in the Concordia Parish municipality, according to a report released Monday by Legislative Auditor Daryl Purpera.

Auditors from Silas Simmons LLP, of Natchez, Mississippi said they were "unable to determine the correct amount of water consumption for the year and the related amounts of water and sewer that should have been billed to customers" during the year ending June 30, 2012.

The auditors reported that many of the town's water meters were broken or out of service. The report also showed that the town had a general fund balance deficit of \$634,619. City officials "plan to replace all meters" which should provide cash to the water fund and reduce the need to supplement the water fund with money from the general fund.

The problems in the water system billings date to at least 2006. Auditors said in the current report that they tested 15 households believed to be large water consumers and only three showed any usage in June 2012. The other 12 showed no water use at all.

"These customers received utility bills ranging from \$16 to \$23," the minimum or close to minimum charges, according to the audit. "Our review of the entire 238 pages of customers billed indicated that a vast majority are receiving minimum bills each month." The report also said that there were 2,405 utility customers at the end of June 2012, including 1,950 inactive ones. No inactive customers have been purged from the system in five years, auditors said.

Other findings included:

- The town's utility billing software program is old and no one working for the town knows how to use it properly.
- The town does not properly account for its utility accounts receivable or its meter deposits.
- The town should have funds on deposit to cover the customer meter deposits. The meter deposit liability is approximately \$110,000 while only \$65,137 is shown in the meter deposit bank account.



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- When the town issued bonds for the water system, it was required to establish reserve funds as part of the debt agreement. Town officials have not opened or funded bank accounts for reserve and sinking funds as required by the bond issue.
- Minutes for the April, May and June 2012 town council meetings were not published as required by law because they could not be located.

For more information, contact:

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