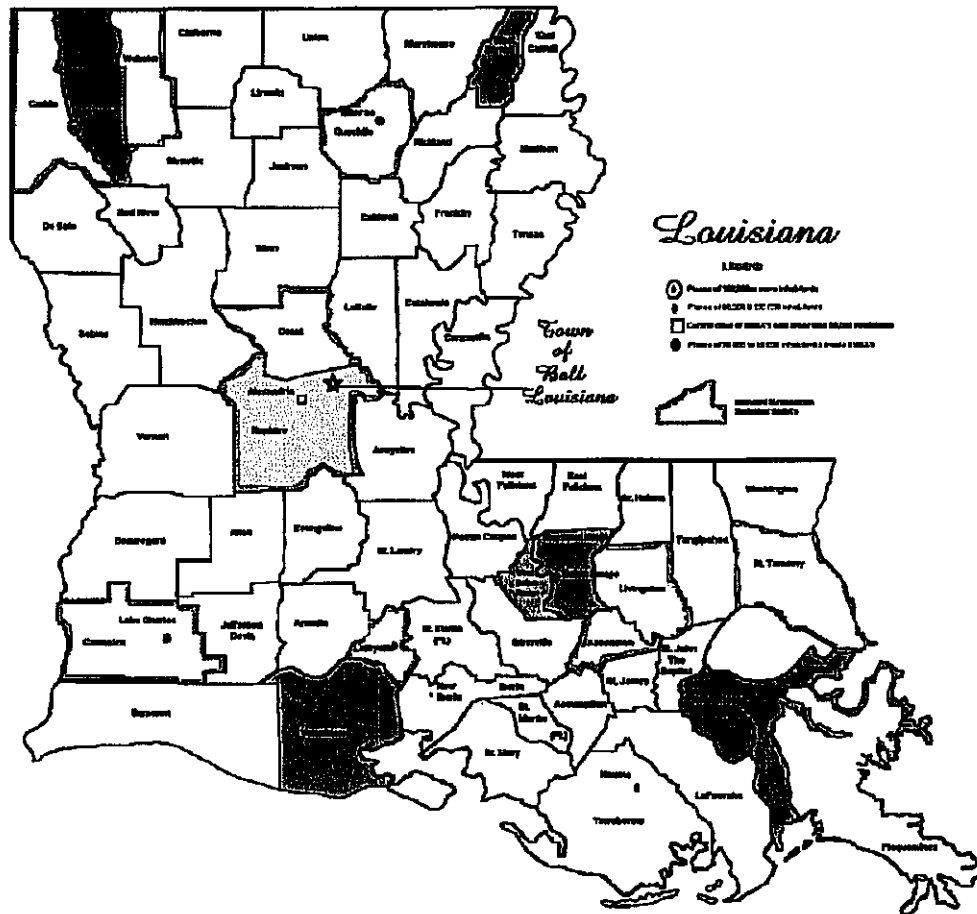


TOWN OF BALL, LOUISIANA**Basic Financial Statements
& Auditor's Report****For The Year Ended
December 31, 2006**

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

Release Date 6-27-07

TOWN OF BALL, LOUISIANA



* The Town of Ball was incorporated May 31, 1972, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The accounting and reporting practices of the Town of Ball conform to generally accepted accounting principles as applicable to governmental units.

**TOWN OF BALL
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INDEPENDENT AUDITOR'S REPORT

The Honorable Roy Hebron, Mayor
and Members of the Town Council
Ball, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Ball, Louisiana, as of and for the year ended December 31, 2006, which collectively comprise the Town's financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Ball, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Ball, Louisiana, as of December 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2007, on our consideration of the Town of Ball, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Ball, Louisiana's basic financial statements. The graphs, supplemental statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The graphs, supplemental statements and schedules (except for that portion marked "unaudited" which was not audited by us, therefore, we do not express an opinion or any other form of assurance on it) have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John R. Vercher PC

May 10, 2007
Jena, Louisiana

Town of Ball, Louisiana

PO Box 800

Ball, LA 71405

Telephone: (318) 640-9605

Fax: (318) 641-9847

MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Ball's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,748,103 (*net assets*). This is a 17% increase from the previous year.
- The Town had total revenue of \$1,842,845, in which \$970,633 came from collection of taxes. This is a \$507,727 or 38% increase from last year's revenues.
- The Town had total expenditures of \$1,615,627. This is a \$367,405 or 29% increase from last year.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$5,854,448 (*net assets*). This is a 4% increase from last year.
- The Town had total revenue of \$1,185,744, including operating revenues of \$866,313 and non-operating revenues of \$319,431. This is a \$329,300 or 38% increase from last year's total revenues.
- The Town had total expenses of \$1,015,590, in which \$977,461 was operating expenses and \$38,129 was non-operating expenses. This is a \$25,575 or 3% increase from last year's total expenditures.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Town adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the District's Most Significant Funds

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

**Balance Sheet
Governmental Funds**

The following table represents a condensed Comparative Balance Sheet as of December 31, 2006:

Assets	2005	2006	% Change
Current Assets	\$ 749,261	\$ 1,012,325	35.1%
Capital Assets, Net	1,332,323	1,345,217	1.0%
Total Assets	<u>2,081,584</u>	<u>2,357,542</u>	13.3%
 Liabilities & Net Assets			
Liabilities			
Current Liabilities	98,304	105,420	7.2%
Non-Current Liabilities	484,453	504,019	4.0%
Total Liabilities	<u>582,757</u>	<u>609,439</u>	4.6%
 Net Assets			
Invested in Capital Assets, Net of Related Debt	812,476	798,258	-1.7%
Unrestricted	298,153	654,239	119.4%
Restricted	388,198	295,606	-23.9%
Total Net Assets	<u>1,498,827</u>	<u>1,748,103</u>	16.6%
Total Liabilities & Net Assets	<u>\$ 2,081,584</u>	<u>\$ 2,357,542</u>	13.3%

**Balance Sheet
Enterprise Funds**

The following table represents a condensed Balance Sheet as of December 31, 2006:

Assets	2005	2006	% Change
Current Assets	\$ 94,275	\$ 132,833	40.9%
Restricted Assets	396,574	458,489	15.6%
Capital Assets, Net	5,959,244	6,015,333	0.9%
Total Assets	<u>6,450,093</u>	<u>6,606,655</u>	2.4%
 Liabilities & Net Assets			
Liabilities			
Current Liabilities	100,420	122,419	21.9%
Non-Current Liabilities	704,638	629,788	-10.6%
Total Liabilities	<u>805,058</u>	<u>752,207</u>	-6.6%
 Net Assets			
Invested in Capital Assets, Net of Related Debt	5,225,140	5,341,797	2.2%
Unrestricted	23,321	246,371	956.4%
Restricted	396,574	266,280	-32.9%
Total Net Assets	<u>5,645,035</u>	<u>5,854,448</u>	3.7%
Total Liabilities & Net Assets	<u>\$ 6,450,093</u>	<u>\$ 6,606,655</u>	2.4%

MD&A

**Changes in Fund Balances
Governmental Funds**

The following table reflects the condensed Comparative Statement of Revenues, Expenses, and Changes in Fund Balances for the year ended December 31, 2006:

	<u>2005</u>	<u>2006</u>	<u>% Change</u>
Beginning Fund Balances	\$ 599,655	\$ 686,551	14.5%
Total Revenues	1,335,118	1,842,845	38.0%
Total Expenditures	<u>(1,248,222)</u>	<u>(1,615,627)</u>	29.4%
Increase (Decrease) in Fund Balances	<u>86,896</u>	<u>227,218</u>	161.5%
Prior Period Adjustment	<u>-0-</u>	<u>47,895</u>	100.0%
Ending Fund Balances	<u>\$ 686,551</u>	<u>\$ 961,664</u>	40.1%

**Changes in Net Assets
Enterprise Funds**

The following table reflects the condensed Comparative Statement of Revenues, Expenses, and Changes in Net Assets for the year ended December 31, 2006:

	<u>2005</u>	<u>2006</u>	<u>% Change</u>
Beginning Net Assets	\$ 5,778,606	\$ 5,645,035	-2.3%
Operating Revenues	776,924	866,313	11.5%
Non-Operating Revenues	79,520	319,431	301.7%
Total Revenues	<u>856,444</u>	<u>1,185,744</u>	38.4%
Operating Expenses	950,749	977,461	2.8%
Non-Operating Expenses	39,266	38,129	-2.9%
Total Expenses	<u>990,015</u>	<u>1,015,590</u>	2.6%
Transfers	<u>-0-</u>	<u>10,000</u>	100.0%
Increase (Decrease) in Net Assets	<u>(133,571)</u>	<u>180,154</u>	234.9%
Prior Period Adjustment	<u>-0-</u>	<u>29,259</u>	100.0%
Ending Net Assets	<u>\$ 5,645,035</u>	<u>\$ 5,854,448</u>	3.7%

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At December 31, 2006, the Town had \$1,345,217 invested in capital assets, including land, buildings, and equipment.

Capital Assets at Year-End	
Administration	\$ 957,400
Police	431,929
Streets	554,356
Fire	807,598
Accumulated Depreciation	(1,406,066)
Totals	\$ <u>1,345,217</u>

Land in the amount of \$50,000 is not being depreciated.

Capital Assets – Enterprise Fund

At December 31, 2006, the Town had \$6,015,333 invested in capital assets, including the sewer system, machinery, and equipment.

Capital Assets at Year-End	
Sewer System	\$ 10,627,463
Machinery and Equipment	221,260
Accumulated Depreciation	(4,833,390)
Totals	\$ <u>6,015,333</u>

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Roy Hebron, Mayor, at the Town of Ball, P.O. Box 800, Ball, Louisiana 71405.

Basic Financial Statements

Town of Ball
Statement of Net Assets
December 31, 2006

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash & Cash Equivalents	\$ 427,778	\$ 395,363	\$ 823,141
Investments	246,958	-0-	246,958
Receivables	151,564	93,549	245,113
Due From Other Funds	186,025	102,410	288,435
Capital Assets, Net of Depreciation	1,345,217	6,015,333	7,360,550
TOTAL ASSETS	2,357,542	6,606,655	8,964,197
LIABILITIES			
Bank Overdraft	-0-	2,036	2,036
Accounts Payable	15,432	12,925	28,357
Due to Other Funds	35,229	-0-	35,229
Accrued Interest Payable	-0-	29,589	29,589
Deposits	-0-	34,121	34,121
Non-Current Liabilities			
Due Within One Year	54,759	43,748	98,507
Due in More Than One Year	504,019	629,788	1,133,807
TOTAL LIABILITIES	609,439	752,207	1,361,646
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	798,258	5,341,797	6,140,055
Restricted for Capital Projects	165,483	-0-	165,483
Restricted for Debt Service	130,123	266,280	396,403
Unrestricted	654,239	246,371	900,610
TOTAL NET ASSETS	\$ 1,748,103	\$ 5,854,448	\$ 7,602,551

The accompanying notes are an integral part of this statement.

Town of Ball
Balance Sheet – Governmental Funds
December 31, 2006

	GENERAL	FIRE FUND	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash & Cash Equivalents	\$ 134,243	\$ 163,281	\$ 130,254	\$ -0-	\$ 427,778
Investments	212,512	34,446	-0-	-0-	246,958
Receivables	103,640	10,775	-0-	37,149	151,564
Due from Other Funds	22,593	-0-	35,229	128,203	186,025
TOTAL ASSETS	472,988	208,502	165,483	165,352	1,012,325
LIABILITIES & FUND BALANCES					
LIABILITIES					
Accounts Payable	14,808	624	-0-	-0-	15,432
Due To Other Funds	-0-	-0-	-0-	35,229	35,229
TOTAL LIABILITIES	14,808	624	-0-	35,229	50,661
FUND BALANCES					
Restricted	-0-	-0-	165,483	130,123	295,606
Unrestricted	458,180	207,878	-0-	-0-	666,058
TOTAL FUND BALANCES	458,180	207,878	165,483	130,123	961,664
TOTAL LIABILITIES & FUND BALANCES	\$ 472,988	\$ 208,502	\$ 165,483	\$ 165,352	\$ 1,012,325

The accompanying notes are an integral part of this statement.

**Town of Ball
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 For the Year Ended December 31, 2006**

Fund balances – total governmental funds \$ 961,664

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental Capital Assets	\$ 2,751,283	
Less Accumulated Depreciation	<u>(1,406,066)</u>	
		1,345,217

Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

General Obligation Bonds Payable	<u>(558,778)</u>	
		<u>(558,778)</u>

Net assets of governmental activities		\$ <u>1,748,103</u>
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The accompanying notes are an integral part of this statement.

Town of Ball
Statement of Revenues, Expenditures, & Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	GENERAL	FIRE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 752,760	\$ 146,208	\$ -0-	\$ 71,665	\$ 970,633
Licenses & Permits	99,154	-0-	-0-	-0-	99,154
Intergovernmental	91,094	-0-	-0-	-0-	91,094
Charges for Services	475	5,220	-0-	-0-	5,695
Fines	274,073	-0-	-0-	-0-	274,073
Interest	11,989	7,129	8,374	2,600	30,092
Miscellaneous	20,304	200	-0-	-0-	20,504
Grant Income	39,527	-0-	264,447	-0-	303,974
Transfer From Other Funds	47,626	-0-	-0-	-0-	47,626
TOTAL REVENUES	1,337,002	158,757	272,821	74,265	1,842,845
EXPENDITURES					
Current:					
General Government	353,174	-0-	267	11,896	365,337
Police	349,523	-0-	-0-	-0-	349,523
Highways & Streets	378,878	-0-	-0-	-0-	378,878
Fire	-0-	51,148	-0-	-0-	51,148
Capital Acquisitions	95,601	32,438	191,825	-0-	319,864
Transfer to Other Funds	10,000	-0-	47,626	-0-	57,626
Debt Service:					
Principal Retirement	32,873	10,067	-0-	21,682	64,622
Interest & Fiscal Charges	5,021	84	-0-	23,524	28,629
TOTAL EXPENDITURES	1,225,070	93,737	239,718	57,102	1,615,627
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	111,932	65,020	33,103	17,163	227,218
PRIOR PERIOD ADJUSTMENTS	47,895	-0-	-0-	-0-	47,895
FUND BALANCES - BEGINNING OF YEAR	298,353	142,858	132,380	112,960	686,551
FUND BALANCES - END OF YEAR	458,180	207,878	163,483	130,123	961,664

The accompanying notes are an integral part of this statement.

Town of Ball
Reconciliation of the Statement of Revenues, Expenditures, & Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006

Net change in fund balances before prior period adjustments – total governmental funds \$ 227,218

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	\$	269,136	
Depreciation Expense		<u>(211,987)</u>	
			57,149

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

Issuance of New Long Term Debt		(108,065)	
Principal Payments		64,622	
Accrued Vacation Paid		<u>10,165</u>	
			(33,278)

Prior Period Adjustment			<u>(47,895)</u>
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Change in net assets of governmental activities	\$		<u>203,194</u>
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The accompanying notes are an integral part of this statement.

**Town of Ball
Statement of Net Assets
Proprietary Fund
December 31, 2006**

	<u>SANITATION</u>	<u>SEWER</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 39,084	\$ 200	\$ 39,284
Receivables, Net of Allowance	27,998	65,551	93,549
Total Current Assets	<u>67,082</u>	<u>65,751</u>	<u>132,833</u>
Non-Current Assets			
Restricted:			
Cash & Cash Equivalents	-0-	356,079	356,079
Due From Agency Fund	-0-	102,410	102,410
Capital Assets:			
Sewer System	-0-	10,250,729	10,250,729
Construction in Progress	-0-	280,795	280,795
Machinery & Equipment	221,260	95,939	317,199
Less Accumulated Depreciation	(147,755)	(4,685,635)	(4,833,390)
Total Capital Assets, Net of Accum. Depreciation	<u>73,505</u>	<u>5,941,828</u>	<u>6,015,333</u>
Total Non-Current Assets	<u>73,505</u>	<u>6,400,317</u>	<u>6,473,822</u>
TOTAL ASSETS	<u>140,587</u>	<u>6,466,068</u>	<u>6,606,655</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	8,377	4,548	12,925
Notes Payable	3,764	11,070	14,834
Bank Overdraft	-0-	2,036	2,036
Total Current Liabilities	<u>12,141</u>	<u>17,654</u>	<u>29,795</u>
Current Liabilities Payable From Restricted Assets:			
Customer Deposits	-0-	34,121	34,121
Bonds Payable	-0-	28,914	28,914
Accrued Interest	-0-	29,589	29,589
Total Current Liabilities Payable From Restricted Assets	<u>-0-</u>	<u>92,624</u>	<u>92,624</u>
Non-Current Liabilities			
Notes Payable Vehicles	1,890	14,351	16,241
Bonds Payable	-0-	613,547	613,547
Total Non-Current Liabilities	<u>1,890</u>	<u>627,898</u>	<u>629,788</u>
TOTAL LIABILITIES	<u>14,031</u>	<u>738,176</u>	<u>752,207</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service	67,851	5,273,946	5,341,797
Unrestricted	-0-	266,280	266,280
	58,705	187,666	246,371
TOTAL NET ASSETS	<u>\$ 126,556</u>	<u>\$ 5,727,892</u>	<u>\$ 5,854,448</u>

The accompanying notes are an integral part of this statement.

Town of Ball
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended December 31, 2006

	<u>SANITATION</u>	<u>SEWER</u>	<u>TOTAL</u>
OPERATING REVENUES			
Ad Valorem Taxes	\$ -0-	\$ 54,050	\$ 54,050
Sanitation Charges	294,572	-0-	294,572
Sewer Charges	-0-	422,168	422,168
Connection Charges	-0-	1,435	1,435
Penalty Charges	1,471	12,083	13,554
Miscellaneous	1,868	78,666	80,534
TOTAL OPERATING REVENUES	<u>297,911</u>	<u>568,402</u>	<u>866,313</u>
OPERATING EXPENSES			
Salaries	81,009	124,223	205,232
Insurance	9,263	7,738	17,001
Contract Labor	-0-	2,361	2,361
Legal & Accounting	2,927	6,803	9,730
Repairs & Maintenance	30,778	112,573	143,351
Truck Expense	34,137	19,926	54,063
Office Expense	6,022	2,998	9,020
Retirement	6,548	19,245	25,793
Payroll & Related Taxes	15,547	19,384	34,931
Utilities	753	97,013	97,766
Miscellaneous	7,072	19,240	26,312
Discharge Permits	-0-	636	636
Dumping Fees	59,384	-0-	59,384
Depreciation	17,901	273,576	291,477
Travel & Seminars	-0-	404	404
TOTAL OPERATING EXPENSES	<u>271,341</u>	<u>706,120</u>	<u>977,461</u>
OPERATING INCOME (LOSS)	<u>26,570</u>	<u>(137,718)</u>	<u>(111,148)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	1,436	17,058	18,494
Interest Expense	(828)	(37,301)	(38,129)
Grants & Aids	-0-	209,826	209,826
Insurance Proceeds	-0-	91,111	91,111
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>608</u>	<u>280,694</u>	<u>281,302</u>
TRANSFERS IN	<u>10,000</u>	<u>-0-</u>	<u>10,000</u>
CHANGE IN NET ASSETS	<u>37,178</u>	<u>142,976</u>	<u>180,154</u>
PRIOR PERIOD ADJUSTMENTS	<u>-0-</u>	<u>29,259</u>	<u>29,259</u>
NET ASSETS - BEGINNING OF YEAR	<u>89,378</u>	<u>5,555,657</u>	<u>5,645,035</u>
NET ASSETS - END OF YEAR	<u>\$ 126,556</u>	<u>\$ 5,727,892</u>	<u>\$ 5,854,448</u>

The accompanying notes are an integral part of this statement.

**Town of Ball
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2006**

	<u>SANITATION</u>	<u>SEWER</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 295,173	\$ 500,335	\$ 795,508
Cash Received From Ad Valorem Taxes	-0-	54,050	54,050
Cash Paid to Suppliers	(145,141)	(290,561)	(435,702)
Cash Paid to Employees	(103,104)	(143,607)	(246,711)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>46,928</u>	<u>120,217</u>	<u>167,145</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In/Out	10,000	-0-	10,000
Increase in Due to Other Funds	-0-	(60,970)	(60,970)
Grants Received	-0-	209,826	209,826
Insurance Proceeds	-0-	91,111	91,111
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>10,000</u>	<u>239,967</u>	<u>249,967</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(1,540)	(346,026)	(347,566)
Cash Paid on Principal Amount of Long-Term Debt	(20,584)	(39,985)	(60,569)
Interest on Bonds Payable Paid	(828)	(37,301)	(38,129)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(22,952)</u>	<u>(423,312)</u>	<u>(446,264)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>1,436</u>	<u>17,058</u>	<u>18,494</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	<u>35,412</u>	<u>(46,070)</u>	<u>(10,658)</u>
PRIOR PERIOD ADJUSTMENT	<u>-0-</u>	<u>29,259</u>	<u>29,259</u>
CASH & CASH EQUIVALENTS – BEGINNING OF YEAR	<u>3,672</u>	<u>371,054</u>	<u>374,726</u>
CASH & CASH EQUIVALENTS – END OF YEAR	<u>\$ 39,084</u>	<u>\$ 354,243</u>	<u>\$ 393,327</u>

The accompanying notes are an integral part of this statement.

Town of Ball
Reconciliation of Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2006

	<u>SANITATION</u>	<u>SEWER</u>	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATION			
OPERATING INCOME (LOSS)	\$ <u>26,570</u>	\$ <u>(137,718)</u>	\$ <u>(111,148)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Depreciation	17,901	273,576	291,477
(Increase) Decrease in Accounts Receivable	(2,738)	(16,127)	(18,865)
Increase (Decrease) in Accounts Payable	5,195	131	5,326
Increase (Decrease) in Customers' Deposits	-0-	2,110	2,110
Increase (Decrease) in Accrued Interest	-0-	(1,755)	(1,755)
TOTAL ADJUSTMENTS TO OPERATING INCOME (LOSS)	<u>20,358</u>	<u>257,935</u>	<u>278,293</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>46,928</u>	\$ <u>120,217</u>	\$ <u>167,145</u>

The accompanying notes are an integral part of this statement.

Town of Ball
Statement of Fiduciary Net Assets
December 31, 2006

	<u>PAYROLL</u>	<u>AD VALOREM TAX</u>	<u>TOTAL AGENCY FUNDS</u>
ASSETS			
Cash & Cash Equivalents	\$ 196	\$ 160,433	\$ 160,629
Due From Other Funds	-0-	-0-	-0-
TOTAL ASSETS	<u>196</u>	<u>160,433</u>	<u>160,629</u>
LIABILITIES			
Payroll Taxes Payable	196	-0-	196
Due to General Fund	-0-	22,593	22,593
Due to Debt Service	-0-	128,203	128,203
Due to Sewer	-0-	9,637	9,637
TOTAL LIABILITIES	<u>\$ 196</u>	<u>\$ 160,433</u>	<u>\$ 160,629</u>

The accompanying notes are an integral part of this statement.

**Notes to the Basic
Financial Statements**

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ball was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Town of Ball conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Reporting Entity

The Town is governed by an elected mayor and five-member council. As required by generally accepted accounting principles, these financial statements present the Town (the primary government) and its component units, entities for which the government is considered to be financially accountable.

Component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

The financial statements of the following component units have been "blended" in the accompanying report because (i) their governing boards are substantially the same as the governing body of the Town, and (ii) the component unit provides services entirely or almost entirely to the citizenry.

The Ball Volunteer Fire Department

The Ball Volunteer Fire Department's board is composed of 7 commissioners, one being the mayor of the town and the remaining commissioners appointed by the mayor and approved by the board of aldermen. The department is thus considered a component unit of the town and the transactions of the Ball Volunteer Fire Department are presented (or blended) in the financial statements as a special revenue fund. The commissioners, their terms of office and salary are as follows:

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

NAME	TERM OF OFFICE	ADDRESS	SALARY
Roy Hebron	Continuous	PO Box 800, Ball, LA 71405	-0-
Willie Bishop	Continuous	PO Box 800, Ball, LA 71405	-0-
Walt Chance	Continuous	PO Box 800, Ball, LA 71405	-0-
Wade Kilgo	Continuous	PO Box 800, Ball, LA 71405	-0-
Herb Pruett	Continuous	PO Box 800, Ball, LA 71405	-0-
Roland Davis	Continuous	PO Box 800, Ball, LA 71405	-0-
Larry Wolley	Continuous	PO Box 800, Ball, LA 71405	-0-

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide Statement of Net Assets reports all financial and capital resources of the Town (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Town would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- **General Fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Debt Service Funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

- **Enterprise Funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the enterprise fund is derived from billed revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the town's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and cash equivalents, as it relates to the cash flow statement, are defined as the operating cash account.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combines) for the determination of major funds. The Town electively added funds, as major funds, which either had debt outstanding or specific community focus.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(2) CASH & INVESTMENTS (C.D.'s IN EXCESS OF 90 DAYS):

Deposits

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- *Category 3* - Uncollateralized.

<u>Bank</u>	<u>Bank Balance At 12/31/2006</u>
Capital One Bank	\$ 532,151
Bank One	34,643
Red River Bank	588,838
Southern Heritage Bank	271,989
Total	\$ 1,427,621

Amounts on deposit are secured by the following pledges:

<u>Description</u>	<u>Southern Heritage Bank Market Value</u>	<u>Bank One Market Value</u>	<u>Red River Bank Market Value</u>	<u>Capital One Bank Market Value</u>	<u>Total Market Value</u>
FDIC (Category 1)	\$ 200,000	\$ 34,643	\$ 200,000	\$ 100,000	\$ 534,643
Securities (Category 2)	240,372	-0-	504,033	666,625	1,411,030
Total	\$ 440,372	\$ 34,643	\$ 704,033	\$ 766,625	\$ 1,945,673

(3) RECEIVABLES

A summary of receivables by fund at December 31, 2006 are as follows:

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sanitation Fund</u>	<u>Sewer Fund</u>
Accounts Receivable	\$ -0-	\$ -0-	\$ 32,063	\$ -0-	\$ 29,472	\$ 39,508
Sales Tax Receivable	-0-	10,775	42,217	-0-	-0-	-0-
Other Taxes Receivable	-0-	-0-	-0-	-0-	-0-	-0-
Ad Valorem Taxes Receivable	-0-	-0-	29,360	37,149	-0-	28,018
Allowance for Bad Debts	-0-	-0-	-0-	-0-	(1,474)	(1,975)
Grants Receivable	-0-	-0-	-0-	-0-	-0-	-0-
Total Receivables	\$ -0-	\$ 10,775	\$ 103,640	\$ 37,149	\$ 27,998	\$ 65,551

The allowance for bad debts for the sewer and sanitation fund has been established at 5% of total accounts receivable. The allowance for bad debts for the general fund, special revenue fund and debt service fund was determined to be immaterial and, therefore, is not presented.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(4) FIXED ASSETS

Property Enterprise Fund: Plant and Equipment:

A summary of enterprise fund property, plant and equipment at December 31, 2006, is as follows:

	<u>Balance 12-31-2005</u>	<u>Additions (Deletions)</u>	<u>Balance 12-31-2006</u>
<u>Sewer Fund</u>			
Sewer System	\$ 10,310,696	\$ 316,767	\$ 10,627,463
Accumulated Depreciation	(4,412,059)	(273,576)	(4,685,635)
Net	<u>5,898,637</u>	<u>43,191</u>	<u>5,941,828</u>
<u>Sanitation Fund</u>			
Equipment	219,720	1,540	221,260
Accumulated Depreciation	(129,854)	(17,901)	(147,755)
Net	<u>\$ 89,866</u>	<u>\$ (16,361)</u>	<u>\$ 73,505</u>

Enterprise fund assets are recorded at cost and depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

Governmental Fund:

A summary of governmental fund depreciable assets at December 31, 2006, is as follows:

	<u>Balance 12-31-2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-2006</u>
Administration	\$ 950,647	\$ 6,753	\$ -0-	\$ 957,400
Police	344,208	87,721	-0-	431,929
Streets	412,132	142,224	-0-	554,356
Fire	775,160	32,438	-0-	807,598
Total	<u>2,482,147</u>	<u>269,136</u>	<u>-0-</u>	<u>2,751,283</u>
Accumulated Depreciation	(1,194,079)	(211,987)	-0-	(1,406,066)
Net	<u>\$ 1,288,068</u>	<u>57,149</u>	<u>-0-</u>	<u>\$ 1,345,217</u>

Land in the amount of \$50,000 is not being depreciated.

Government fund assets are recorded at cost and depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Buildings	40 Years
Land	-0-

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(5) CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Town for the year ended December 31, 2006:

	<u>Bank One Sewer Fund</u>	<u>92-02 Sewer Fund</u>	<u>Sewer District # 1</u>	<u>Sewer Fund</u>	<u>1997 Sewer Improv.</u>	<u>Total</u>
Bonds Pay 12/31/2005	\$ 138,445	\$ 532,931	\$ 103,412	\$ 103,412	\$ 220,000	\$ 1,098,200
Additions	-0-	-0-	-0-	-0-	-0-	-0-
Bonds Retired	(11,819)	(17,095)	(3,341)	(3,341)	(15,000)	(50,596)
Bonds Pay 12/31/2006	<u>\$ 126,626</u>	<u>\$ 515,836</u>	<u>\$ 100,071</u>	<u>\$ 100,071</u>	<u>\$ 205,000</u>	<u>\$ 1,047,604</u>

The following is a summary of notes and other debt transactions of the Town for the year ended December 31, 2006:

	<u>Notes & Debts Payable At 12/31/2005</u>	<u>New Debt</u>	<u>Principal Paid</u>	<u>Notes & Debts Payable At 12/31/2006</u>
2002 International Garbage Truck	16,820	-0-	(16,820)	-0-
John Deer Tractor/Loader – Street	-0-	54,144	(8,187)	45,957
2003 F-250 Ford Truck – Sewer	10,094	-0-	(5,662)	4,432
2006 Crown Vic Red River Bank Purchase	-0-	24,107	(2,234)	21,873
2007 Crown Vic Red River Bank Purchase	-0-	25,247	(345)	24,902
Firetruck FMHA Note (New)	10,066	-0-	(10,066)	-0-
Southern Heritage Bank Police Note	1,878	-0-	(1,878)	-0-
Accrued Compensated Absences	17,417	4,567	(10,165)	11,819
Lease Purchase Ford Motor Credit	11,886	-0-	(4,573)	7,313
Lease Purchase Ford Motor Credit	14,413	-0-	(4,902)	9,511
Lease Purchase Ford Motor Credit	9,418	-0-	(3,764)	5,654
2005 Chevy 4 x 4 – Sewer	26,398	-0-	(5,408)	20,990
Southern Heritage Bank Police	17,024	-0-	(5,409)	11,615
Southern Heritage Bank Police	20,338	-0-	(5,346)	14,992
Total	<u>\$ 155,752</u>	<u>\$ 108,065</u>	<u>\$ (84,759)</u>	<u>\$ 179,058</u>

Bonds payable at December 31, 2006 are comprised of the following:

***General obligation bonds administered by the debt service fund:**

Two 1983 issues of \$150,000 each due in annual installments of \$8,894 for each issue with the last payment due March 9, 2023; interest at 5% per annum. \$ 200,142

An issue of \$310,000, due in annual installments of \$29,825 increasing to \$30,975 with the last payment due March 1, 2016; interest at 10% per annum. 205,000

***Revenue bonds and notes administered by the sewer enterprise fund and sanitation fund:**

\$228,000 sewer revenue bonds due in annual installments of \$20,802 to a maturity date of March 9, 2023; interest at 5% per annum. 126,626

\$771,000 sewer revenue bonds due in annual installments of \$45,713 to a maturity date of March 9, 2023; interest at 5% per annum. 515,836

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Red River Bank sanitation garbage truck note in the amount of \$76,373 payable in monthly installments of \$1,439 beginning January 2002 and ending December 2006; interest at 4.95%.	-0-
Ford Motor Credit – Sanitation 2004 F-250 Ford Pickup lease purchase in the amount of \$15,078 payable in 48 monthly installments of \$345 beginning in June 2004 and ending in May 2008; interest at 4.7%.	5,654
Lease with Southern Heritage Bank for a 2005 Chevy 4 x 4 in the amount of \$28,959 payable in 60 monthly installments of \$541.69 beginning in June 2005 and ending June 2010; interest at 4.5%.	20,990

Notes and other debts payable administered by the general fund and fire fund:

Ford Motor Credit purchase (F-250 Crew Cab) in the amount of \$24,806 payable in monthly installments of \$502 beginning October 31, 2003 and ending September 30, 2007 interest at 5%.	4,432
Southern Heritage Bank lease in the amount of \$20,864 payable in monthly installments of \$473.43 beginning May 27, 2002 and ending April 27, 2006; interest at 4.25%.	-0-
Farmers Home Administration fire truck note in the amount of \$140,000 payable in monthly installments of \$1,521 beginning July 24, 1997 and ending July 24, 2006; interest at 5.5%.	-0-
Ford Motor Credit – Administration 2004 Ford Crown Vic lease purchase in the amount of \$19,890 payable in 48 monthly installments of \$449 beginning November 2004 and ending October 2008; interest at 4.0%.	9,511
Lease with Southern Heritage Bank in the amount of \$22,160 payable in 48 monthly installments of \$506.12 beginning in January 2005 and ending December 2008; interest at 4.5%.	11,615
Lease with Southern Heritage Bank in the amount of \$22,435 payable in 48 monthly installments of \$513.60 beginning in July 2005 and ending July 2009; interest at 4.5%.	14,992
Purchase Agreement with Red River Bank for a 2006 Crown Vic (Police) in the amount of \$24,107.08 payable in 48 monthly installments of \$563.36 beginning August 2006 and ending July 2010; interest at 5.6%.	21,873
Purchase Agreement with Red River Bank for a 2007 Crown Vic (Police) in the amount of \$25,247.08 payable in 60 monthly installments of \$483.59 beginning December 2006 and ending November 2011; interest at 5.5%.	24,902
Mayor Roy Hebron accrued compensated absences (see note 6).	11,819

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Notes and other debts payable administered by the street fund:

Ford Motor Credit – Streets 2004 Ford F-250 Crew Cab lease purchase in the amount of \$18,322 payable in 48 monthly installments of \$423 beginning July 2004 and ending June 2008, interest at 5.13% 7,313

Southern Heritage Bank – Streets John Deere Tractor/Loader lease purchase in the amount of \$54,143.40 payable in 48 monthly installments of \$1,249.78 beginning April 2006 and ending April 2010; interest at 5% 45,957

Total **\$ 1,226,662**

Debt service requirements including interest of Town in five year increments:

	<u>Accrued Vacation</u>	<u>Bonds</u>	<u>Notes</u>	<u>Total</u>
2007	\$ 11,819	\$ 110,858	\$ 65,420	\$ 188,097
2008	-0-	109,988	55,080	165,068
2009	-0-	109,118	37,656	146,774
2010	-0-	113,103	17,996	131,099
2011	-0-	111,943	5,319	117,262
2012-2016	-0-	519,076	-0-	519,076
2017-2021	-0-	317,505	-0-	317,505
2022-2026	-0-	127,002	-0-	127,002
Total	\$ <u>11,819</u>	\$ <u>1,518,593</u>	\$ <u>181,471</u>	\$ <u>1,711,883</u>

(6) ACCRUED COMPENSATED ABSENCES

On March 21, 2000 the Town adopted ordinance #148/2000 that states the accumulation of leave and/or any other type compensatory time shall not be allowed by any Town employee for any time period, and in no event shall the Town be liable for payment of compensatory or leave time to any employee, who, upon separation from employment has any credited leave for compensatory time which has not been utilized during the applicable time period. The accrued compensated absence below was incurred before the addition of ordinance #148/2000. As of December 31, 2006 the Town owes a balance of \$11,819 to Mayor Hebron for accumulated vacation.

(7) FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUNDS

Sewer System Revenues

Under the terms of the bond indenture on outstanding sewer revenue bonds dated March 9, 1983 and March 9, 1995, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Sewer System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Out of the revenue, there shall be set aside into a "Sewer Plant and System Revenue Fund" amounts sufficient to provide for the payment of reasonable and necessary expenses of operating and maintaining the system.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Each month there will be set aside into a "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/12 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments. There shall also be set aside into a "Sewer Revenue Bond Reserve Fund" an amount equal to 5% of the amounts paid to the Revenue Fund until such time as there has accumulated in the reserve account an amount equal to the highest combined principal and interest requirement in any succeeding fiscal year on the outstanding principal amount of the bond. Such amounts may be used only for the payment of maturing bonds and interest coupons, in the event that sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Depreciation and Contingency Fund" in the amount of \$285 per month. Money in this fund may be used for making extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operating expense. Money in this fund may also be used to pay principal and interest on the bonds falling due any time there is not sufficient money for payment in the other bond funds.

Funds set aside in the construction accounts are restricted to approved construction activity of the Town's sewer system.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above notes funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Reservations of retained earnings have been made for funds in restricted accounts that exceed current interest and principal requirements.

(8) TAXES

Ad Valorem Taxes

For the year ended December 31, 2006, 16.87 mills were levied on property with assessed valuations totaling \$10,657,706 and were dedicated as follows:

General Corporate Purposes	5.24 mills
Debt Service	3.13 mills
Sewer Revenue Bonds	5.00 mills
Debt Service	3.50 mills
Total	<u>16.87 mills</u>

Total taxes levied after exemptions were \$182,355. Property taxes attach as an enforceable lien on property as of January 1. The Town of Ball bills and collects its own property taxes which are payable on December 31. Property tax revenues are recognized as revenues in the year in which they are levied.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Sales Taxes

The Town has a 1 ½ cent sales tax dedicated as follows:

Police	22%
Streets	44%
Fire Department	34%
Total	<u>100%</u>

The Town has a 2 cent sales tax dedicated as follows:

Administration	<u>5% of total</u>
Administration	30% remaining
Police	40% remaining
Streets	15% remaining
Fire Department	15% remaining
Total	<u>100% remaining</u>

(9) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(10) BUDGETS & BUDGETARY ACCOUNTING

A.) The Town follows these procedures in establishing the budgetary data in these financial statements:

1. The town clerk prepares a proposed budget for the General and Fire Funds and submits same to the Mayor and Board of Aldermen prior to the beginning of each year.
2. A summary of the proposed budget is published and a public hearing is held.
3. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the year for which the budget is being adopted.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. The budgets were amended for the year ended December 31, 2006.

B.) Capital project budgets are prepared on a "Project Wide" basis which may extend beyond one year. Therefore, a budgetary comparison is not presented.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

(11) INTERFUND RECEIVABLES & PAYABLES:

	2006	
	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 22,593	\$ -0-
Debt Service Funds	128,203	35,229
Ad Valorem Tax Agency Fund	-0-	160,433
Sewer Fund	9,637	-0-
Capital Projects	35,229	-0-
Total	\$ 195,662	\$ 195,662

(12) ELECTED OFFICIALS SALARIES:

<u>Name</u>	<u>Date of Service</u>	<u>Position</u>	<u>Annual Salary</u>
Roy Hebron	1/01/2006 – 12/31/2006	Mayor	\$ 52,833
David Covington	1/01/2006 – 12/31/2006	Police Chief	31,406
Willie Bishop	1/01/2006 – 12/31/2006	Alderman	2,314
Curtis Robertson	1/01/2006 – 12/31/2006	Alderman	2,269
Bryan Adams	1/01/2006 – 12/31/2006	Alderman	2,500
Jerry Giddings	1/01/2006 – 12/31/2006	Alderman	2,291
Enoch Wooley	1/01/2006 – 12/31/2006	Alderman	\$ 2,314

(13) RETIREMENT SYSTEMS:

Substantially all employees of the Town of Ball, Louisiana, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighter's Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A: Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. [All employees of the municipality are members of (Plan A) (Plan B)]. [or some employees of the municipality are members of Plan A and some are members of Plan B.]

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. [Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. [Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service.]

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. [Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town of Ball is required to contribute at an actuarially determined rate. The current rate is 16% of annual covered payroll.] Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Ball are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. [The Town of Ball contributions to the System under Plan A for the year ending December 31, 2006, was \$60,007, equal to the required contributions for each year.]

B: Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

TOWN OF BALL, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Ball is required to contribute at an actuarially determined rate. The current rate is 16.25% of annual covered payroll. The contribution requirement of plan members and the Town of Ball are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Ball contributions to the System for the year ending December 31, 2006 was \$16,110, equal to the required contributions for each year.

(14) AGENCY FUND

The Agency Fund is used to collect ad valorem taxes assessed by the Town and pay payroll taxes. Below is a summary of transaction activity in the fund during the year:

	Payroll Agency Fund	Ad Valorem Tax Agency Fund
Cash Balance 12/31/2005	\$ 4,585	\$ 148,255
Deposits	142,232	164,029
Expenses	(35)	(20,848)
Transfers To General Fund	-0-	-0-
Transfers to Sewer Fund & Debt Service	-0-	(131,003)
Payroll & Taxes	(146,586)	-0-
Cash Balance 12/31/2006	\$ 196	\$ 160,433

(15) CONTINGENCIES

The Town of Ball is not involved in any litigation at this time.

(16) DEFICIT IN SEWER FUND

The sewer fund ended the year with a deficit in cash of \$2,036.

**Required Supplementary
Information
(Unaudited)**

Town of Ball
General Fund
Schedule of Revenues, Expenditures, & Changes in Fund Balances
Budget and Actual on a Budgetary Basis
For the Year Ended December 31, 2006
(Unaudited)

	<u>BUDGETED AMOUNTS</u>		ACTUAL GENERAL	FAVORABLE (UNFAVORABLE) VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 566,841	\$ 566,841	\$ 752,760	\$ 185,919
Licenses & Permits	80,838	80,838	99,154	18,316
Intergovernmental	78,190	78,190	91,094	12,904
Charges for Services	753	753	475	(278)
Fines	195,276	195,276	274,073	78,797
Interest	2,022	2,022	11,989	9,967
Miscellaneous	1,462	440,753	20,304	(420,449)
Grant Income	-0-	-0-	39,527	39,527
Transfer From Other Funds	-0-	-0-	47,626	47,626
TOTAL REVENUES	<u>925,382</u>	<u>1,364,673</u>	<u>1,337,002</u>	<u>(27,671)</u>
EXPENDITURES				
Current:				
General Government	307,629	381,985	365,315	16,670
Police	303,101	475,516	402,666	72,850
Highways & Streets	314,652	510,900	447,089	63,811
Transfer Out	-0-	73,503	10,000	63,503
TOTAL EXPENDITURES	<u>925,382</u>	<u>1,441,904</u>	<u>1,225,070</u>	<u>\$ 216,834</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES			111,932	
PRIOR PERIOD ADJUSTMENT			47,895	
FUND BALANCES - BEGINNING OF YEAR			298,353	
FUND BALANCES - END OF YEAR			<u>458,180</u>	

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

Town of Ball
Special Revenue Fund
Schedule of Revenues, Expenditures, & Changes in Fund Balances
Budget and Actual on a Budgetary Basis
For the Year Ended December 31, 2006
(Unaudited)

	BUDGETED AMOUNTS		ACTUAL FIRE	FAVORABLE (UNFAVORABLE) VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 96,285	\$ 139,500	\$ 146,208	\$ 6,708
Charges For Services	5,200	-0-	5,220	5,220
Interest	636	-0-	7,129	7,129
Miscellaneous	5	-0-	200	200
TOTAL REVENUES	<u>102,126</u>	<u>139,500</u>	<u>158,757</u>	<u>19,257</u>
EXPENDITURES				
Fire Expense	102,126	139,500	93,737	45,763
TOTAL EXPENDITURES	<u>102,126</u>	<u>139,500</u>	<u>93,737</u>	<u>45,763</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES			65,020	
FUND BALANCES - BEGINNING OF YEAR			142,858	
FUND BALANCES - END OF YEAR			<u>207,878</u>	
			\$	

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

**Other Supplemental
Information**

**Town of Ball
Insurance Schedule
(Unaudited)**

Description	Coverage	Amount	Expiration Date
Town Hall and Contents	Fire and Lighting, Ext. Coverage Vandalism and Malicious Mischief	\$515,000	8-2-07
Employees	Workmen's Compensation	\$100,000 – Statutory	12-31-07
Surety Bonds	Honesty Blanket Position	\$10,000	12-12-07
Surety Bonds	Tax Collector and Fire Chief	\$5,000	11-2-07
Joint Project for Improvement of Gravel Streets	Bodily Injury Property Damage	\$1,100 \$1,100	5-1-07 5-1-07
General Liability	Bodily Injury	\$500,000	5-1-07
General Liability	Property Damage	\$500,000	5-1-07
Automobile Liability	Bodily Injury	\$500,000	5-1-07
Surety	Position Bond - Clerk	\$70,000	10-31-07
Equipment Shop and Office	Property Damage	\$65,000	8-2-07
Fire Department	Property Damage	\$40,000	5-1-07
Senior Citizen Building	Liability	\$136,000	8-2-07

Other Reports

JOHN R. VERCHER PC
Certified Public Accountant

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

**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 Roy Hebron, Mayor
and Members of the Town Council
Ball, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Town of Ball, Louisiana, as of and for the year ended December 31, 2006 which collectively comprise the Town of Ball, Louisiana's basic financial statements and have issued our report thereon dated May 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Ball, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Ball, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Ball, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Ball, Louisiana's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Ball, Louisiana's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this document is public record and its distribution is not limited.

John R. Vercher PC

Jena, Louisiana

May 10, 2007

**TOWN OF BALL
BALL, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2006**

We have audited the financial statements of the Town of Ball, Louisiana, as of and for the year ended December 31, 2006 and have issued our report thereon dated May 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our audit of the financial statements as of December 31, 2006 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)

Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

**TOWN OF BALL
BALL, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2006**

Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

Section III – Internal Control

No items to report.

Section IV Federal Awards Findings and Questioned Costs.

Not applicable.

**TOWN OF BALL
BALL, LOUISIANA
DECEMBER 31, 2006**

MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR AUDIT FINDINGS

There are no current year findings.

**TOWN OF BALL
BALL, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Ball, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended December 31, 2005.

Reference: 2005-C-1 Budget Variances

Description of Finding: The Town had an unfavorable expenditure variance of \$75,436 or 7.7% in its general fund during the year. The Budget Act requires that budgets be amended when the variance exceeds 5%.

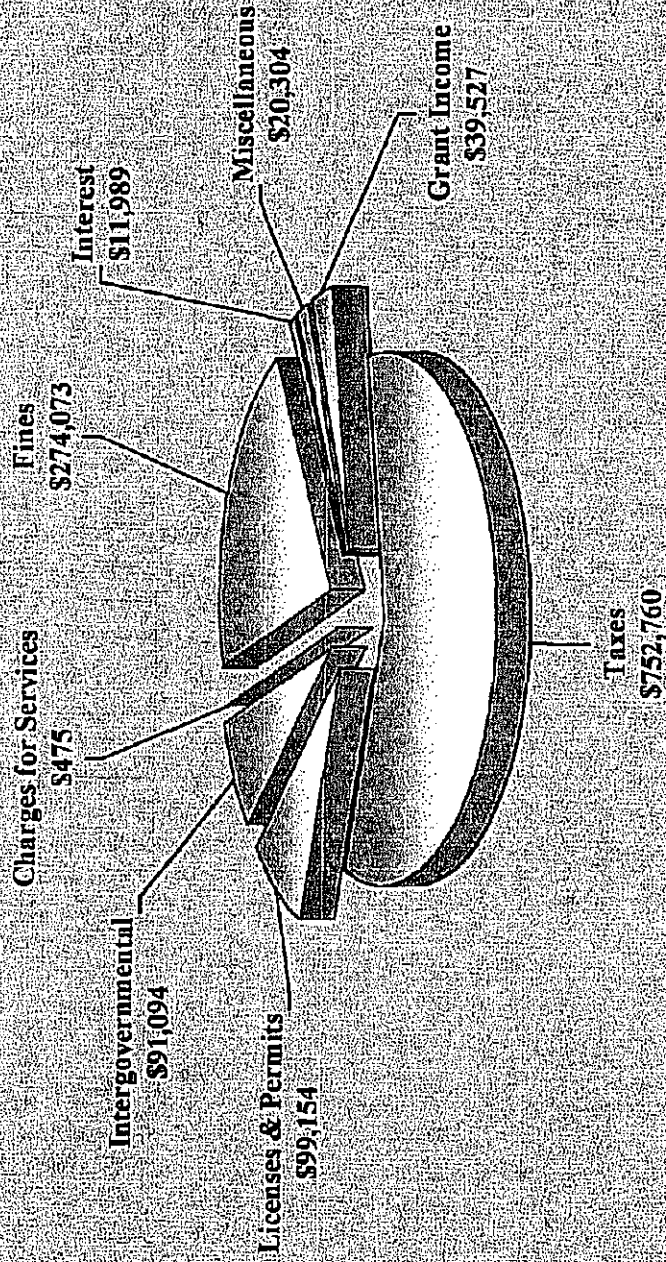
Corrective Action Taken: The Town began amending its budget when variances exceed 5%.



Graphs

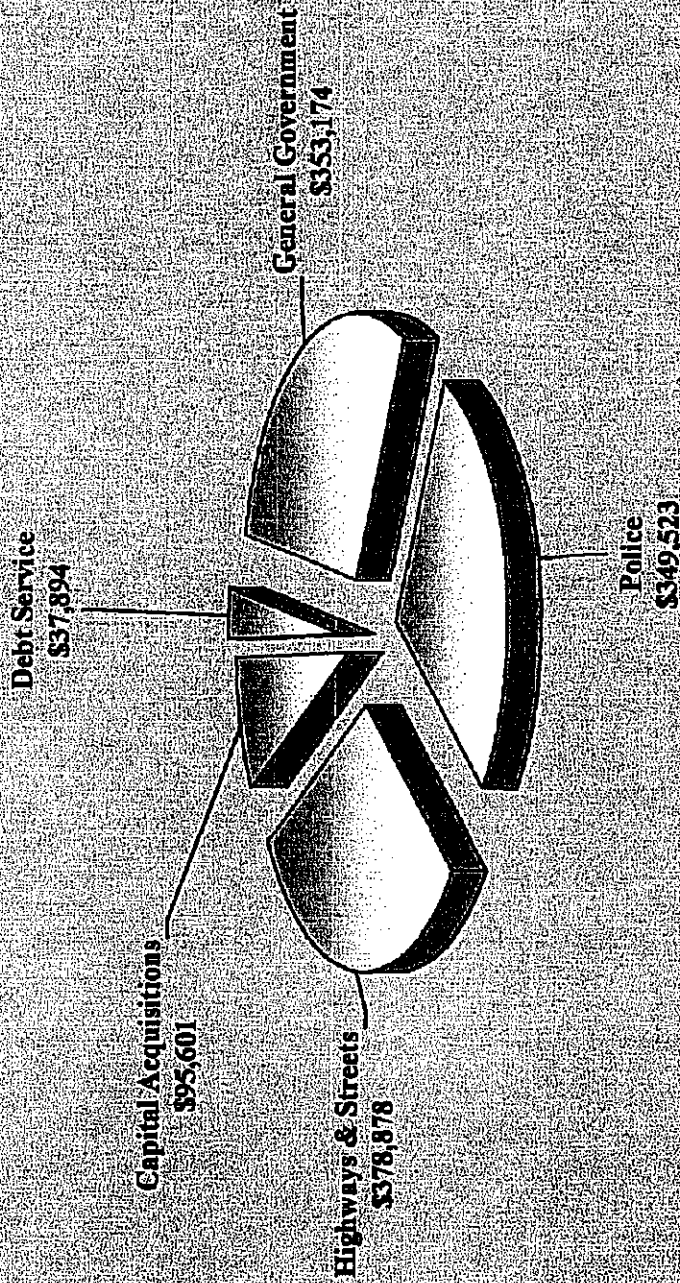
**Town of Ball
Louisiana**

General Fund Revenues



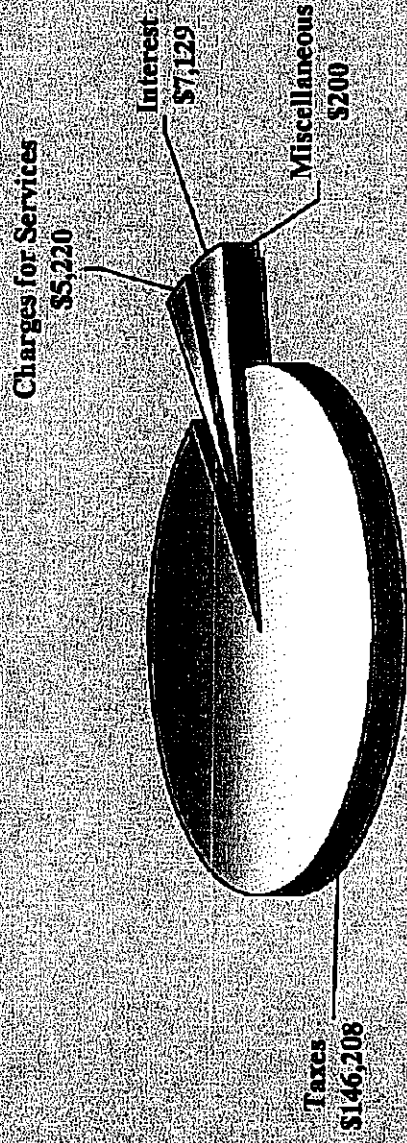
**Town of Ball
Louisiana**

General Fund Expenditures



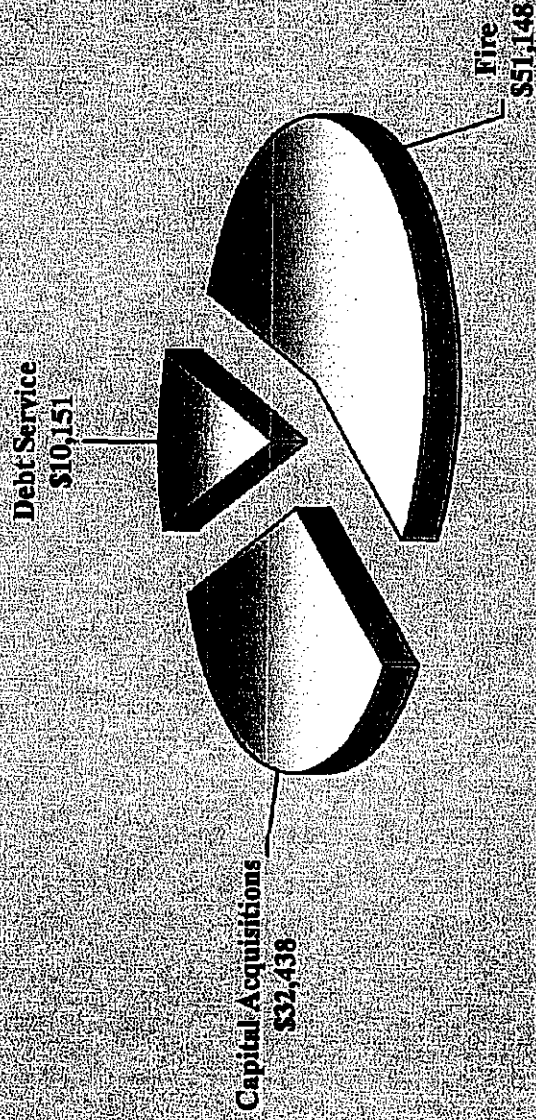
**Town of Ball
Louisiana**

Fire Fund Revenues



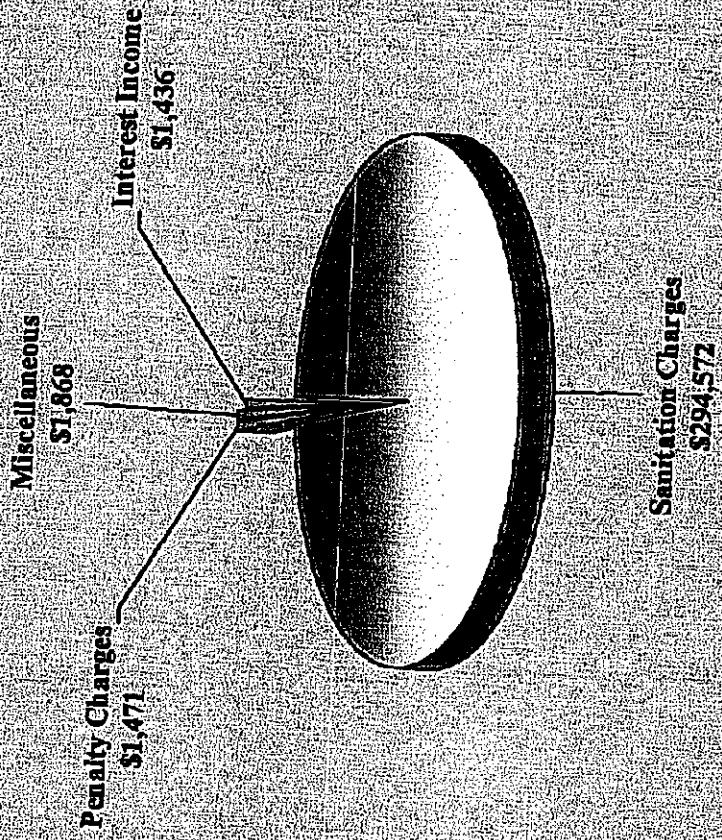
**Town of Ball
Louisiana**

Fire Fund Expenditures



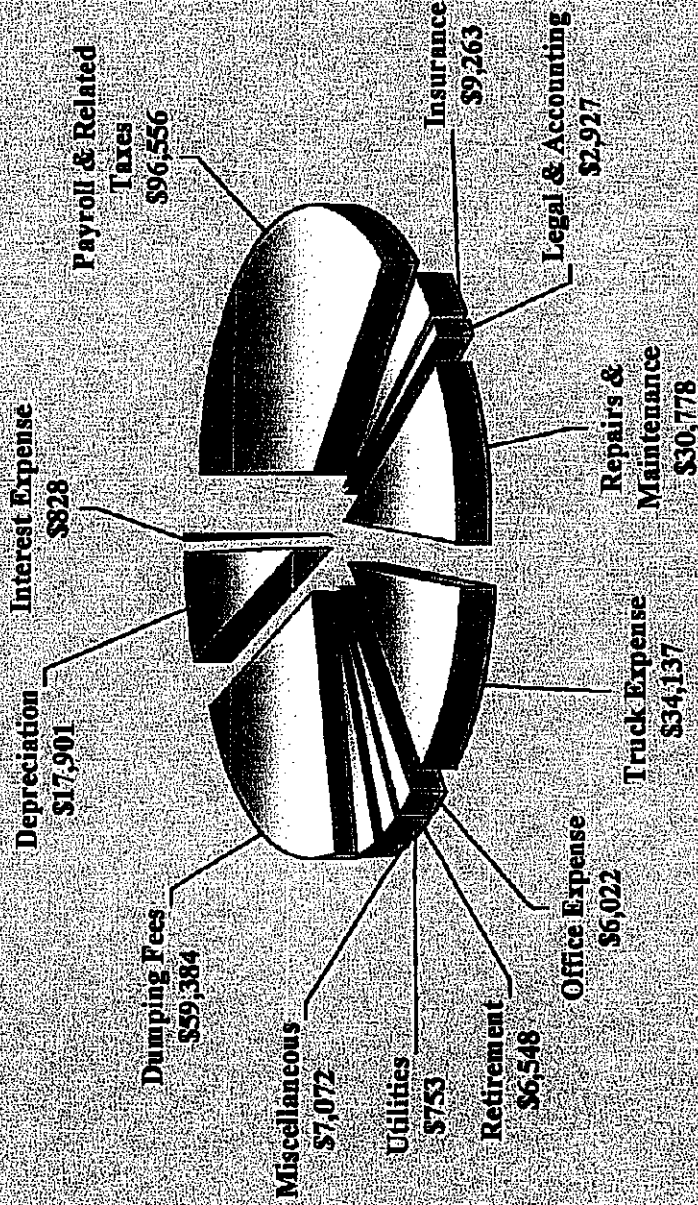
**Town of Ball
Louisiana**

Sanitation Revenues



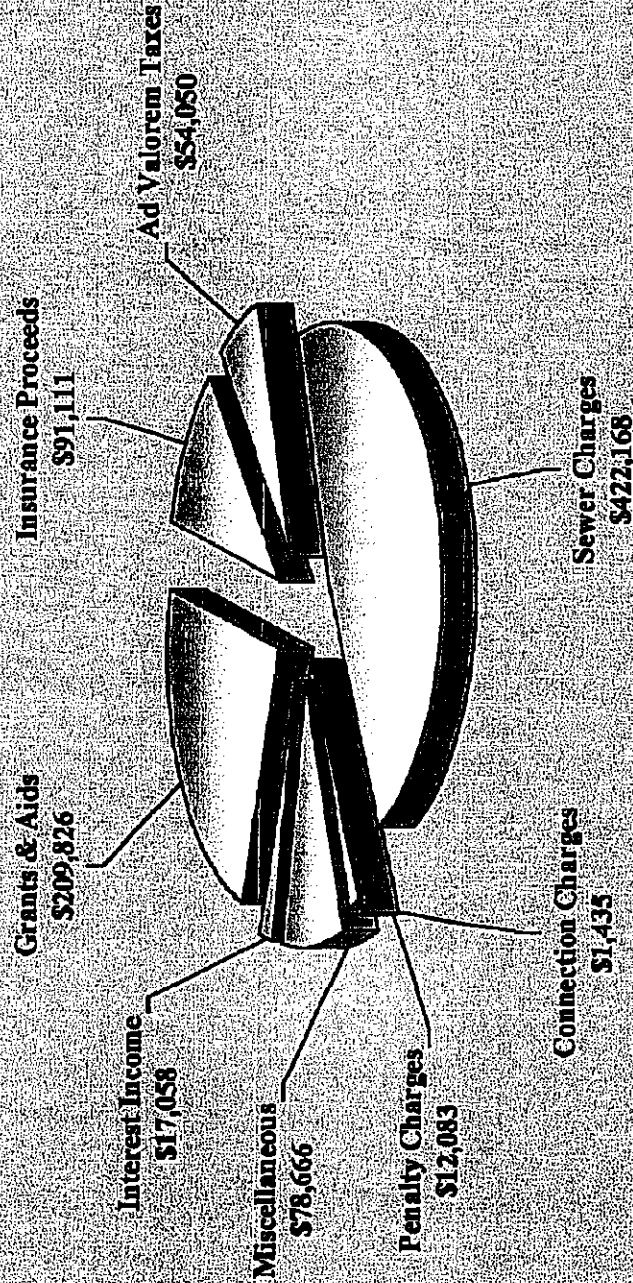
**Town of Ball
Louisiana**

Sanitation Expenses



Town of Ball Louisiana

Sewer Revenues



**Town of Ball
Louisiana**

Sewer Expenses

