

RECEIVED  
LEGISLATIVE AUDITOR

96 JUN 20 AM 9:08

TOWN OF BALL, LOUISIANA  
SEWER FUND  
FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT  
DECEMBER 31, 1995

OFFICIAL  
FILE COPY

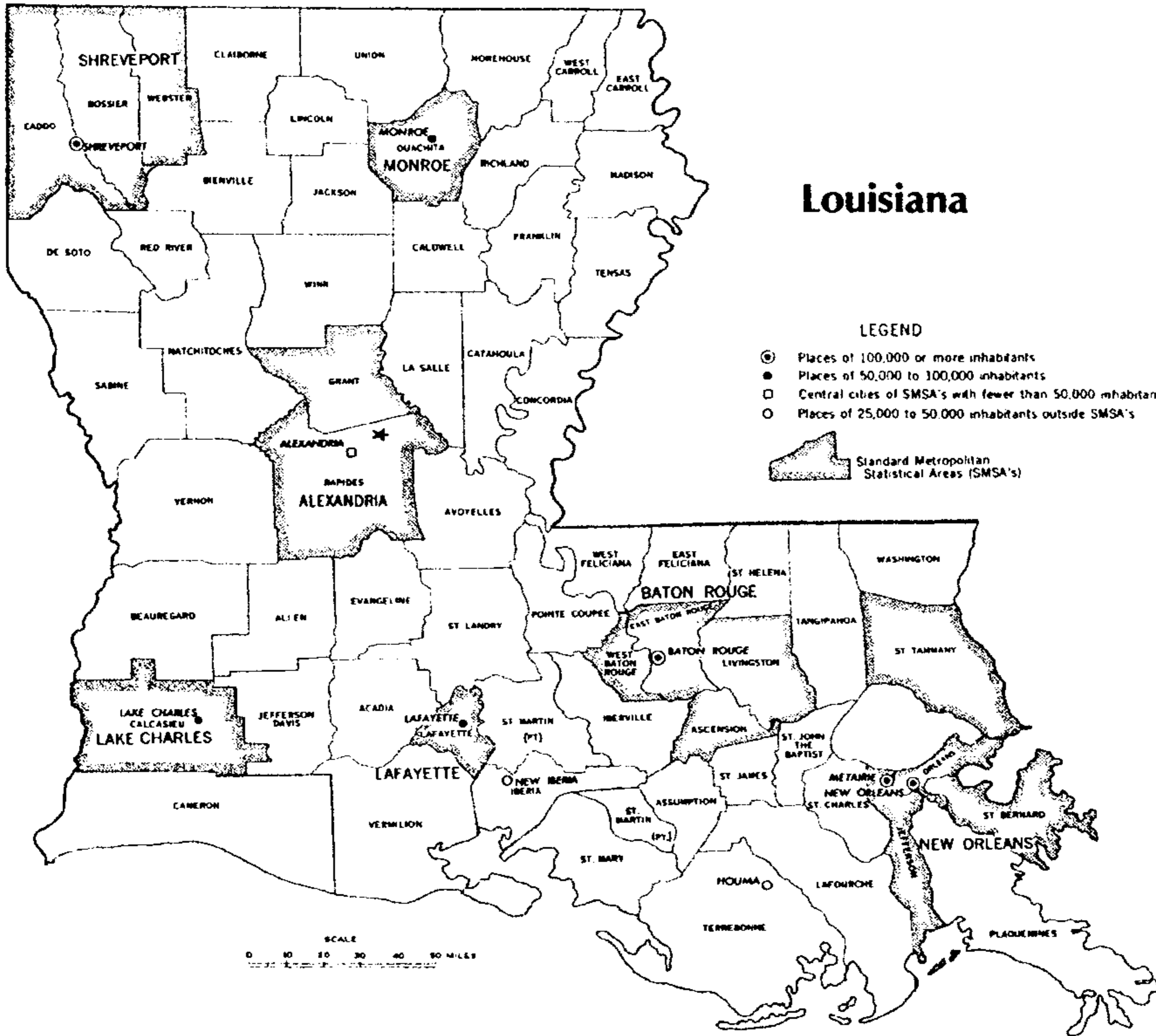
DO NOT SEND OUT

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

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 JUL 03 1996

# TOWN OF BALL SEWER FUND 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 Town owns and operates sewerage facilities and engages in activities designed to provide sewerage disposal to its residents.

**TOWN OF BALL  
SEWER FUND**

**TABLE OF CONTENTS**

	Statement	<u>Page No.</u>
Independent Auditor's Report on Sewer Fund Financial Statements		1
Independent Auditor's Report on Compliance with Laws and Regulations Based on Audit of Sewer Fund		2
Independent Auditor's Report on Internal Control		3-4
Balance Sheet - December 31, 1995	A	5
Statement of Revenues, Expenses, and Changes in Retained Earnings for the year ended December 31, 1995	B	6
Statement of Cash Flow for the year ended December 31, 1995	C	7
Notes to Financial Statements		9-13
Supplemental Schedule:		
Debt Service Fund (Unaudited)		15-16
Revenue Bond Schedule		17
Graphs (Unaudited)		18

**John R. Vercher PC**  
**Certified Public Accountant**  
P.O. Box 1608  
Jena, Louisiana 71342  
Telephone (318) 992-6348  
Fax (318) 992-4374

INDEPENDENT AUDITOR'S REPORT ON SEWER FUND FINANCIAL STATEMENTS

The Honorable Roy Hebron, Mayor  
and Members of the Town Council  
PO Box 800  
Ball, Louisiana 71405

I have audited the financial statements of the Town of Ball, Louisiana, Sewer Fund, as of and for the year ended December 31, 1995, as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express an opinion on these financial statements based on my audit.

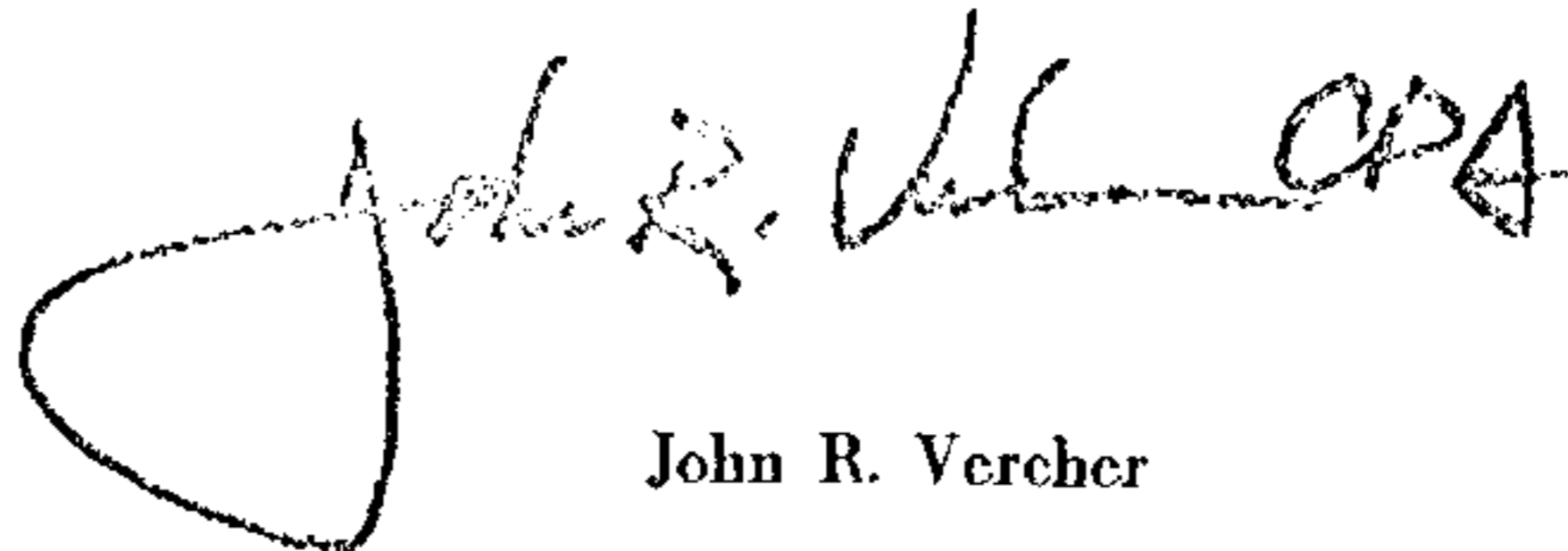
I conducted my audit in accordance with generally accepted Auditing Standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are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

As explained in Note 1, these statements present the financial activity of the Town's sewer fund and do not present information of the Town's other funds or account groups.

In my opinion, the financial statements referred to above present fairly the financial position of the Town of Ball, Louisiana, sewer fund, at December 31, 1995 and the results of its operations and the changes in cash flow for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the sewer fund financial statements taken as a whole. The supplemental schedules and graphs are presented for the purpose of additional analysis and is not a required part of the financial statements of the Town of Ball, Louisiana, sewer fund. Such information has not been subjected to the auditing procedures applied in the audit of the sewer fund financial statements, therefore, I express no opinion on it.

Jena, Louisiana  
May 1, 1996



John R. Vercher

**John R. Vercher PC**  
**Certified Public Accountant**  
P.O. Box 1608  
Jena, Louisiana 71342  
Telephone (318) 992-6348  
Fax (318) 992-4374

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF  
SEWER FUND FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

Honorable Roy Hebron, Mayor  
and Members of the Town Council  
PO Box 800  
Ball, Louisiana 71405

I have audited the financial statements of Town of Ball, Louisiana, sewer fund as of and for the year ended December 31, 1995, and have issued my report thereon dated May 1, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standard, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Town of Ball, Louisiana, sewer fund, is the responsibility of Town of Ball's, management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Town of Ball's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the sewer fund financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, and the Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.



John R. Vercher

Jena, Louisiana  
May 1, 1996

**John R. Vercher PC**  
**Certified Public Accountant**  
P.O. Box 1608  
Jena, Louisiana 71342  
Telephone (318) 992-6348  
Fax (318) 992-4374

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF  
SEWER FUND FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

Honorable Roy Hebron, Mayor  
and Members of the Town Council  
PO Box 800  
Ball, Louisiana 71405

I have audited the financial statements of Town of Ball, Louisiana, sewer fund as of and for the year ended December 31, 1995, and have issued my report thereon dated May 1, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standard, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Town of Ball, sewer fund, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of Town of Ball, Louisiana, sewer fund, for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management, and the legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.



John R. Vercher

Jena, Louisiana  
May 1, 1996

**TOWN OF BALL, LOUISIANA  
SEWER FUND  
BALANCE SHEET**

December 31, 1995

**ASSETS**

Cash and C.D.'s	\$	20,737
Accounts Receivable (Net)		17,556
Restricted Assets:		
Utility Sinking Fund Cash		77,035
Utility Reserve Fund Cash		34,771
Utility Depreciation Fund Cash		34,754
Customer Deposits		17,012
Plant and Equipment (Net) (Note 8)		6,869,195
		-----
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>7,071,060</b>
		=====

**LIABILITIES, CONTRIBUTED CAPITAL  
AND RETAINED EARNINGS**

Accounts Payable - Operating	\$	6,138
Payable from Restricted Assets:		
Accrued Interest		37,627
Revenue Bonds Payable (Schedule 1)		14,910
Utility Deposits Due Customers		14,820
Revenue Bonds Payable (Schedule 1)		891,102
		-----
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>964,597</b>
		-----
<b>CONTRIBUTED CAPITAL (NOTE 9)</b>		<b>7,834,683</b>
		-----
Retained Earnings:		
Reserved For Debt Service		56,269
Reserved For Contingency		34,754
Unreserved		(1,819,243)
		-----
<b>TOTAL RETAINED EARNINGS</b>	<b>\$</b>	<b>(1,728,220)</b>
		-----
<b>TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS</b>	<b>\$</b>	<b>7,071,060</b>
		=====

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



TOWN OF BALL, LOUISIANA  
SEWER FUND  
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN RETAINED EARNINGS  
For the year ended December 31, 1995

Operating Revenues:	
Utility Revenues	\$ 221,157
Inspection Fees	590
Tap Fees and Other	2,700
Wastewater Dump Fees	9,100
Total Operating Revenues	\$ 233,547
Operating Expenses:	
Salaries & Labor	\$ 55,030
Office Supplies & Expense	4,827
Operating Supplies	338
Small Tools	1,627
Repair & Maintenance	41,347
Fuel Expense	5,764
Electrical Expense	37,807
Pager & Telephone Service	1,091
Water Service	524
Insurance	13,031
Professional Fees	4,197
Misc. Operating Expense	6,657
Prisoner Expense	806
Hay Cutting Expense	2,592
Depreciation Expense	201,366
Engineering Fees	1,430
Plant Operating Expense	9,288
Total Operating Expense	\$ 387,722
Operating Income	(154,175)
Nonoperating Revenues (Expenses):	
Interest Income	\$ 3,160
Other Income	10,783
Interest Expense	(48,263)
Total Nonoperating Revenues (Expenses)	\$ (34,320)
Net Loss Before Operating Transfers	(188,495)
Operating Transfers In (Out)	(24,491)
Net Loss	\$ (212,986)
Retained Earnings (Deficit) Jan. 1	(1,515,234)
Retained Earnings (Deficit) Dec 31	\$ ( 1,728,220)

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

TOWN OF BALL, LOUISIANA  
SEWER FUND  
STATEMENT OF CASH FLOW

For the year ended December 31, 1995

Cash from Operations:	
Net Income (Loss) Before Transfers	\$ (188,495)
Transfers to Other Funds	(24,491)
	-----
Net Income (Loss) After Transfers	\$ (212,986)
	-----
Adjustments to Net Income (Loss)	
Add - Depreciation	\$ 201,366
Increase in Accrued Interest	125
Decrease (Increase) in Accts. Receivable	216
Increase (Decrease) in Accounts Payable	1,005
	-----
Net Adjustments	\$ 202,712
	-----
Cash Provided by Operations	(10,274)
Cash From Restricted Assets	1,638
	-----
Total Cash Provided	\$ (8,636)
	-----
Cash Was Applied To:	
Restricted Funds	19,570
Revenue Bonds	14,910
	-----
Total Application of Cash	\$ 34,480
	-----
Net Increase in Cash Flow	\$ (43,116)
Cash Beginning of Year	63,853
	-----
Cash End of Year	\$ 20,737
	=====

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF BALL, LOUISIANA  
SEWER FUND  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 Town owns and operates sewerage facilities and engages in activities designed to provide sewerage disposal to its residents.

For financial reporting purposes, these financial statements present the financial activities of the Town of Ball Sewer System only. The Town also has a general fund, special revenue fund, debt service fund and general fixed assets and general long-term debt account groups. The financial activity of these funds and account groups are not included in these financial statements.

The accounting and reporting practices of the Town of Ball's sewer fund conform to *generally accepted accounting principles as applicable to governmental units*.

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, published by the American Institute of Certified Public Accountants.

The following is a description of certain significant policies and practices:

Fund Accounting

The accounts of the Town of Ball are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. This report presents only the activities of the Town's sewer fund.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - 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.

Basis of Accounting

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

TOWN OF BALL, LOUISIANA  
SEWER FUND  
NOTES TO FINANCIAL STATEMENTS

2. CHANGES IN LONG-TERM DEBT:

The following is a summary of sewer revenue bond transactions of the Town for the year ended December 31, 1995:

	Revenue		
	Premier Bank Sewer Fund	FMHA 9202 Sewer Fund	Total
Bonds Pay. 12/31/94	\$ 228,000	\$ 692,922	\$ 920,922
Additions	-0-	-0-	-0-
Bonds Ret.	(4,697)	(10,213)	(14,910)
	-----	-----	-----
Bonds Pay. 12/31/95	\$ 223,303	\$ 682,709	\$ 906,012
	=====	=====	=====

Bonds payable at December 31, 1995 are payable to the Premier Bank and Farmers' Home Administration and are comprised of the following:

Revenue bonds administered by the sewer enterprise fund:

\$228,000 Sewer Revenue Bonds due in annual installments of \$20,802 to a maturity date of March 9, 2014; interest at 6.5% per annum.	\$ 223,303
\$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.	682,709
Total	<u>\$ 906,012</u> =====

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

96-00	\$ 332,575
01-05	332,575
06-10	332,575
11-15	311,773
16-20	228,565
21-23	137,139
	-----
Total	<u>\$ 1,675,202</u> =====

TOWN OF BALL, LOUISIANA  
SEWER FUND  
NOTES TO FINANCIAL STATEMENTS

3. FLOW OF FUNDS; RESTRICTIONS ON USE:

Sewer System Revenues

Under the terms of the bond indenture on outstanding sewer revenue bonds dated March 9, 1983 and March 9, 1994, 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.

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 has been established for all bond set aside accounts.

TOWN OF BALL, LOUISIANA  
SEWER FUND  
NOTES TO FINANCIAL STATEMENTS

4. PLANT AND EQUIPMENT

The following schedules summarize original cost, accumulated depreciation and estimated depreciation lives of plant and equipment of the sewer fund as of December 31, 1995:

	Date Acquired	Cost	Lives	Prior	Depreciation Expense 12-31-95	Current Book Value
Sewer System	1985	\$6,960,694	40	\$1,487,850	\$156,616	\$5,316,228
Additions to Sewer Syst.	1986	930,179	40	168,182	20,929	741,068
	1987	66,794	40	12,024	1,503	53,267
	1988	35,134	40	5,141	791	29,202
	1989	4,016	40	495	90	3,431
	1990	153,972	40	15,588	4,061	134,323
	1991	5,000	40	375	1,027	3,598
	1992	553,750	40	21,920	554	531,276
	1993	63,200	40	2,502	15,424	45,274
Equipment	Various	63,182	Various	51,283	371	11,528
		----- \$8,835,921 =====		----- \$1,765,360 =====	----- \$201,366 =====	----- \$6,869,195 =====

Depreciation is calculated using the straight-line method.

5. CONTRIBUTED CAPITAL:

Contributed capital consists of grants from the federal government as well as proceeds from the sale of general obligation bonds for the construction of the sewer system.

Balance 12-31-94	\$ 7,834,683
Additions	-0-
	-----
Balance 12-31-95	\$ 7,834,683
	=====

6. ALLOWANCE FOR UNCOLLECTABLE RECEIVABLES:

The allowance for doubtful accounts has been established at 17% of total accounts receivable. Details of accounts receivable follow:

Total Accounts Receivable	\$ 21,152
Allowance for Doubtful Accounts	(3,596)
	-----
Net Accounts Receivable	\$ 17,556
	=====

TOWN OF BALL, LOUISIANA  
SEWER FUND  
NOTES TO FINANCIAL STATEMENTS

7. CASH AND RESTRICTED ASSETS:

All cash and investments are reported at cost and are on deposit at a federally insured institution. Accounts are secured with government securities held by the bank.

8. ELECTED OFFICIALS:

Name	Position
Roy Hebron	Mayor
Spencer Williams	Police Chief
Willie Bishop	Alderman
Curtis Robertson	Alderman
Carolyn Thornhill	Alderman
Freddie Williford	Alderman
Jerry Giddings	Alderman
Larry Wolley	Alderman

9. SEWER RATES:

The Town charges the following sewer rates as of December 31, 1995:

Residential	\$5.50 flat rate plus \$1.40 per 1,000 gallons of water consumed
Commercial	\$15.00 flat rate plus \$1.40 per 1,000 gallons of water consumed

10. SEWER FUND NET WORKING CAPITAL

Net working capital of the Town of Ball, Louisiana, Sewer Fund as of 12-31-95 is computed as follows:

CURRENT ASSETS		
Cash (Unrestricted)	\$ 20,737	
Accounts Receivable (Net)	17,556	
TOTAL	-----	\$ 38,293
CURRENT LIABILITIES		
Accounts Payable	6,138	
TOTAL	-----	(6,138)
		-----
NET WORKING CAPITAL		\$ 32,155
		=====

11. SEWER FUND RETAINED EARNINGS DEFICIT

The deficit in sewer fund retained earnings of \$(1,728,220) is due primarily to depreciation taken on that portion of the sewer plant construction with grant and other contributed funds. Accumulated depreciation on the sewer plant constructed with grant and other contributed funds amounts to \$1,966,727 as of 12-31-95.



**SUPPLEMENTAL SCHEDULES AND STATEMENTS**



BONDS

Authorized	Issued	Retired This Year	Outstanding
\$ 771,000	\$ 771,000	\$ 10,213	\$ 682,709
228,000	228,000	4,697	223,303
-----	-----	-----	-----
\$ 999,000	\$ 999,000	\$ 14,910	\$ 906,012
=====	=====	=====	=====

TOWN OF BALL, LOUISIANA  
REVENUE BONDS PAYABLE

DECEMBER 31, 1995

**\$771,000 Sewer Revenue Bonds, maturity date of March 9, 2023,  
bearing interest at 5% per annum**

**\$228,000 Sewer Revenue Bonds, maturity date of March 9, 2014,  
bearing interest at 6.5% per annum**

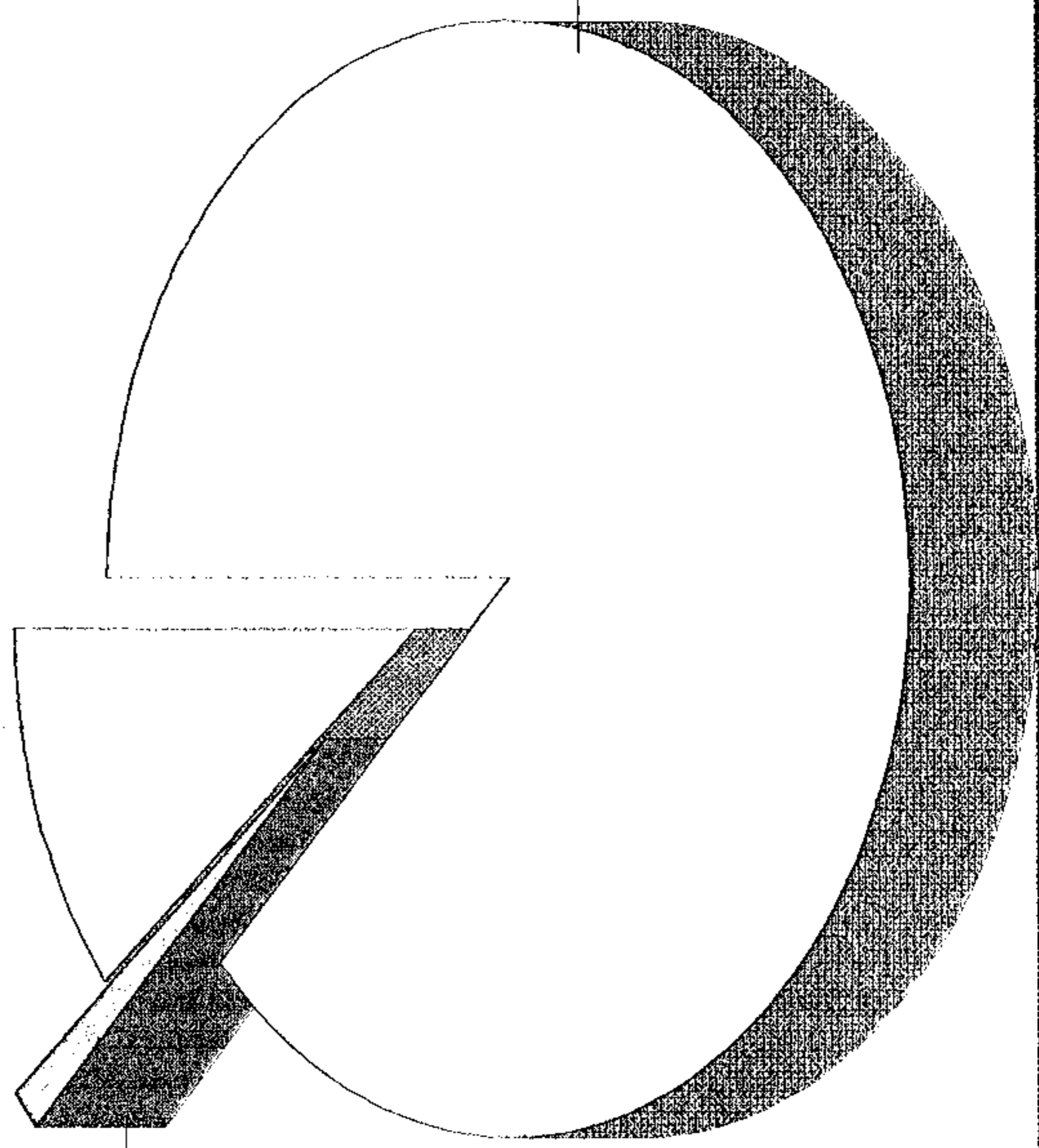
March 9, of the Years	Annual Payment
1996	66,515
1997	66,515
1998	66,515
1999	66,515
2000	66,515
2001	66,515
2002	66,515
2003	66,515
2004	66,515
2005	66,515
2006	66,515
2007	66,515
2008	66,515
2009	66,515
2010	66,515
2011	66,515
2012	66,515
2013	66,515
2014	66,515
2015	45,713
2016	45,713
2017	45,713
2018	45,713
2019	45,713
2020	45,713
2021	45,713
2022	45,713
2023	45,713
Totals	<u>\$ 1,675,202</u> =====

GRAPH

Faint, illegible text, possibly bleed-through from the reverse side of the page.

**INTEREST  
INCOME  
\$3,160**

**OTHER  
\$27,366**



**UTILITY  
REVENUE  
\$221,157**

STATE OF CALIFORNIA  
DEPARTMENT OF REVENUE  
OFFICE OF THE ASSISTANT ATTORNEY GENERAL  
DIVISION OF TAX SERVICES  
SAN FRANCISCO, CALIFORNIA

