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# TOWN OF RICHWOOD, LOUISIANA

## ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1990

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

Release Date NOV 1 3 1990

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## WILLIAM B. EDWARDS

Certified Public Accountant  
A Professional Accounting Corporation  
Member: AICPA / Society of CPAs

### INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor Harris  
and Board of Aldermen  
Town of Richmond, Louisiana

I have audited the accompanying general purpose financial statements of Town of Richmond, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Town of Richmond, Louisiana's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

I was unable to obtain sufficient cost data on the sewer lines in the Proprietary Fund, nor the cost data on most of the assets in the Fixed Asset Account Group, nor was I able to satisfy myself as to those costs by other auditing procedures.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to obtain sufficient cost data, or had I been able to satisfy myself as to those financial activities by other auditing procedures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town of Richmond, Louisiana, as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

*William B. Edwards*

Baton Rouge, Louisiana  
December 16, 1998.

**TOWN OF RICHMOND, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**June 30, 1998**

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>General</u>	<u>Special Revenue Funds</u>
Cash and Cash Equivalents	\$ 3,600	\$ 32,539
Receivables	2,223	1,360
Due from Other - Governmental Units	13,225	
Interfund Receivables	4,380	580
Property & Equipment (Net Accumulated Depreciation)		
<b>TOTAL</b>	<b>\$ 23,428</b>	<b>\$ 34,479</b>

See accompanying notes and accountants' report.

**TOWN OF RICHWOOD, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**June 30, 1998**

<u>ACCOUNT GROUPS</u>		
<u>Proprietary Fund</u>	<u>Fixed Assets Group</u>	<u>Total (Memo Only)</u>
\$ 164	\$	\$ 36,323
7,747		11,308
		13,215
		4,868
754,847	98,430	854,277
<u>\$ 762,358</u>	<u>\$ 98,430</u>	<u>\$ 860,805</u>

See accompanying notes and accountants' report.

**TOWN OF RICHWOOD, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
*June 30, 1998*

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>General</u>	<u>Special Revenue Funds</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 147,917	\$ 38,235
Payroll Tax Liability	18,865	
Grants/Assessments Payable	618	
Interfund Payables	500	4,380
Employee Loans		
Advance Funds		
Total Liabilities	<u>166,200</u>	<u>42,615</u>
<b>FUND EQUITY</b>		
Contributed Capital-Grants Retained Earnings		
Fund Balance - Unreserved	(142,772)	(8,386)
Total Equity	<u>(142,772)</u>	<u>(8,386)</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 23,428</u>	<u>\$ 34,229</u>

See accompanying notes and accountants' report.

**TOWN OF RICHWOOD, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**June 30, 1988**

<u>Proprietary Fund</u>	<u>Fixed Assets</u>	<u>Total (Memo Only)</u>
\$ 241,889	\$	\$ 428,341
		18,065
		608
		4,880
<u>241,889</u>	<u>0</u>	<u>451,704</u>
1,200,355 (958,886)	98,430	1,200,355 (958,886) 98,430 (151,905)
<u>528,869</u>	<u>98,430</u>	<u>468,351</u>
\$ 762,759	\$ 98,430	\$ 931,115

See accompanying notes and accountants' report.

TOWN OF RICHWOOD, LOUISIANA  
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED JUNE 30, 1998

	General Fund
<b>REVENUE</b>	
Ad Valorem Taxes	8,541
Garbage Fees	39,808
Franchise Fees	11,662
Tobacco Taxes	5,689
Beer Taxes	12,283
Licenses and Fees	31,988
Sales Tax	112,500
Video Poker	19,268
JEPF Grant	13,853
Copland Grant	28,350
Traffic Fines and Fees	13,321
Other Revenue	8,683
Total Revenue	<u>395,158</u>
<b>EXPENDITURES</b>	
General Government	236,732
Public Safety - Police	172,413
Total Expenses	<u>409,145</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(90,987)
TRANSFER FROM PROPRIETARY FUND	72,391
First Period Adjustment	183,816
FUND BALANCES, BEGINNING	<u>(262,841)</u>
FUND BALANCES, ENDING	<u>(142,772)</u>



**TOWN OF RICHWOOD, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>			
Ad Valorem Taxes	\$50,000	\$ 8,541	\$ (1,459)
Occupational Licenses	18,770	31,988	13,218
Franchise Fees	30,000	11,602	(18,398)
Tobacco Taxes	9,900	5,689	(4,211)
Beer Taxes	9,900	12,285	3,285
Garbage Collection	50,000	38,800	(10,200)
Sales Tax	145,000	152,587	(12,492)
Miscellaneous	15,000	8,665	(6,335)
Vision Poker	50,000	19,268	(30,732)
Court System	50,000	13,321	(36,679)
Grants	-0-	34,383	34,383
<b>Total Revenue</b>	<u>388,770</u>	<u>316,189</u>	<u>(70,661)</u>
<b>EXPENDITURES</b>			
General Government	371,500	238,732	(134,768)
Public Safety			
Police	175,270	172,405	(2,865)
Recreation Dept	15,000	-0-	(15,000)
<b>Total Expenditures</b>	<u>561,770</u>	<u>408,147</u>	<u>(153,623)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(173,000)</u>	<u>(90,058)</u>	<u>83,942</u>
Operating Transfer - Sewer Fund	(175,800)	32,291	(182,700)
Price Period Adjustment		183,816	183,816
<b>FUND BALANCE, BEGINNING</b>	<u>-(179,374)</u>	<u>(308,841)</u>	<u>(126,467)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$-(179,374)</u>	<u>\$(143,792)</u>	<u>\$ (136,692)</u>

**TOWN OF RICHMOND, LOUISIANA  
COMBINED STATEMENT OF REVENUE,  
EXPENSES, AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPES  
YEAR ENDING JUNE 30, 1998**

	Utility Interpretation Fund
<b>OPERATING REVENUE</b>	
Sewer Charges	\$ 82,173
<b>Total Operating Revenue</b>	<u>82,173</u>
<b>OPERATING EXPENSES</b>	
Billing and Collection	14,113
Utilities	58,973
Depreciation	<u>30,158</u>
<b>Total Operating Expenses</b>	<u>103,244</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(21,071)
Operating Transfer - General	(72,291)
Prior Period Adjustment	(182,810)
<b>RETAINED EARNINGS, (DEFICIT) BEGINNING</b>	(438,570)
<b>RETAINED EARNINGS, (DEFICIT) ENDING</b>	<u>\$ (694,886)</u>

TOWN OF RICHTHORN, LOUISIANA  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPES  
 YEAR ENDED JUNE 30, 1998

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES:

Income From Operations	\$ (12,269)
------------------------	-------------

Adjustments to Reconcile Net Income to

Net Cash Provided by Operating Activities:

Depreciation	38,094
--------------	--------

(Increase) Decrease in Accounts Receivable	496
--	-----

Increase (Decrease) in Accounts Payable - Operations	245,277
--	---------

	263,798
--	---------

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Transfer to General Fund	(99,320)
--------------------------	----------

Decrease in Payable to General Fund	7,593
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	(71,727)
--	----------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Decrease in Retained Earnings Prior Period Adjustment	(183,894)
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CASH FLOWS FROM INVESTING ACTIVITIES:

Net Decrease in Cash and Equivalents	(294)
--------------------------------------	-------

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	448
--	-----

CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 154
--	--------

*Schedule of Non-Cash Investing, Capital and Financing Activities*

There were no non-cash, investing, capital and financing activities for the year ended June 30, 1998.

Cash expended - Interest	.00
--------------------------	-----

Cash expended - Taxes	.00
-----------------------	-----

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998**

**INTRODUCTION**

The Town of Richwood, Louisiana is located in the southern portion of Ouachita Parish in northeast Louisiana. The Town was incorporated December 31, 1974 under the provisions of Louisiana Revised Statutes 18:52. The Town operated under a form of government consisting of an elected mayor and a Board of Alder persons, which has five elected members. The Town provides garbage collection, street maintenance, drainage maintenance, and other health and welfare services, in addition to the administrative services provided to its residents.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

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

**B. REPORTING ENTITY**

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Richwood for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**B. REPORTING ENTITY (continued)**

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent of the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship. As required by generally accepted accounting principles, these financial statements present the Town of Richwood (the primary government). The Town of Richwood has no component units.

Considered in the determination of component units of the reporting entity were the Ouachita Parish police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for Ouachita Parish. It was determined that these governmental entities are not component units of the Town of Richwood reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Richwood.

**C. FUND ACCOUNTING**

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

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

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**C. FUND ACCOUNTING (continued)**

Funds of the Town of Richwood are classified in to one category: governmental. This category is divided into two fund types. A description of this fund classification and the two fund types follows:

**Governmental Funds**

Governmental funds account for all or most of the Town of Richwood's general activities, including the collection and disbursement of specific or legally restricted monies, and acquisition or construction of general fixed assets. Governmental funds include:

1. **General Fund** -- the general operating fund of the Town of Richwood and accounts for all financial resources, except those required to be accounted for in other funds.
2. **Special revenue funds** -- account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**D. BASIS OF ACCOUNTING**

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

**Revenues**

Property taxes become measurable when a property tax assessment is made. The taxes are used to finance the budget of a particular period. Therefore, the revenue produced taxes is recognized in the fiscal period for which it was levied, provided it is available. "Available" means (1) when due, or (2) past due and receivable within current period, or (3) expected to be collected within 60 days and used to pay liabilities of the current period.

**TOWN OF RICHMOND  
RICHMOND, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**D. BASICS OF ACCOUNTING (continued)**

Sales tax are collected by the sales tax collection agency and remitted to the Town. Therefore, amounts remitted during the current period and amounts collected by the governmental agency during the current period and remitted within 60 days to the Town of Richmond, are recognized as revenue.

Licenses and permits are recognized as revenue in the period received, but not before the benefit period. However, for the year ended June 30, 1998, amounts were also recognized as revenue if they were available within 60-days (based on actual collections). Since licenses and permits were not "billed" on a timely basis, this annual recognizes revenue to finance the budget for that period.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fiscal liability is incurred. Exception to this general rule: accumulated unpaid vacation, sick pay and other employee amounts which are not accrued.

**Other Financing Sources (Uses)**

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

**Deferred Revenues**

The Town of Richmond reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Town of Richmond before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Town of Richmond has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the resource is recognized.

**E. BUDGETS**

The Town of Richmond uses the following budget positions:

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**E. BUDGETS (continued)**

The Town of Richwood adopts budgets annually. The minutes did not reflect a budget having been set; however, budget adjustment was made during the meeting of June 21, 1990.

Budgets were prepared on the cash basis of accounting.

Formal budgetary integration is employed as a management control device. The mayor is authorized to transfer budget line item amounts; however, any revisions that would alter the total appropriations must be approved by the Board of Aldermen. At year end, all appropriations lapse.

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town of Richwood.

**G. CASH AND CASH EQUIVALENTS**

Under state law, the Town of Richwood may deposit funds in demand deposits, interest-bearing, demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**H. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructure are not capitalized. No depreciation has been provided on general fixed assets.

**I. SALES TAXES**

The Town was authorized in 1986 to levy a 2% sales and use tax for the purpose of providing funds for any lawful corporate purpose.



**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**1. TOTAL COLUMNS OF COMBINED STATEMENTS**

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

**2. FUND DEFICITS**

The following fund had a deficit in unreserved fund balance at June 30, 1998:

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$ (142,732)
Proprietary Fund	\$ 520,869

**3. LEVIED TAXES**

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in August or September and actually billed to the taxpayer in October or November. Billed taxes become delinquent on January 1 of the following year. Revenues for property taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using assessed values determined by the tax assessors of Ouachita Parish.

For the year ended June 30, 1998, taxes of 5.38 mills were levied on property assessed valuation totaling \$ 1,545,209 and were dedicated to general corporate purpose.

Taxes levied amounted to \$ 8,313 for the year ended June 30, 1998.

**TOWN OF RICHMOND  
RICHMOND, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**4. CASH AND CASH EQUIVALENTS**

At June 30, 1998, the Town of Richmond has cash and cash equivalents (bank balances) totaling \$34,323 as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total Bank Balances</u>	<u>Bank Balances</u>
Demand Deposits, Non-Interest Bearing	\$ 3,600	\$ 32,559	\$ 164	\$ 36,323	\$ 44,320
<b>Total Cash and Cash Equivalents</b>	<u>\$ 3,600</u>	<u>\$ 32,559</u>	<u>\$ 164</u>	<u>\$ 36,323</u>	<u>\$ 44,320</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998, the Town of Richmond has \$44,320 in deposits (collected bank balances). These deposits are secured from risk by \$ 44,320 of federal deposit insurance.

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**5. RECEIVABLES AND DUE FROM OTHER GOVERNMENT UNITS**

The receivables of \$ 9,970 at June 30, 1998, and due from other government units of \$ 14,585, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:				
Sales and use	\$ 13,229	\$	\$	\$ 13,229
Other - Governmental		1,360		1,360
Accounts and Franchise	9,223		2,347	9,970
<b>Total</b>	<b>\$ 22,452</b>	<b>\$ 1,360</b>	<b>\$ 2,347</b>	<b>\$ 24,559</b>

**6. PROPERTY AND EQUIPMENT**

**General Fund**

A summary of the general fund asset account group consist of the following:

	<u>Balance 6/30/97</u>	<u>Additions</u>	<u>Depreciate</u>	<u>Balance 6/30/98</u>
Land	\$ 5,800	\$	\$	\$ 5,800
Building	5,000			5,000
Equipment	20,700			20,700
Vehicle	18,730			18,730
<b>Total</b>	<b>\$ 49,430</b>	<b>\$</b>	<b>\$</b>	<b>\$ 49,430</b>

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**6. PROPERTY AND EQUIPMENT (continued)**

**Proprietary Fund**

A summary of the property and equipment in the Proprietary Fund at June 30, 1998 consists of the following:

	<u>Balance</u> <u>6/30/97</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/98</u>
Sewer Lines System	\$ 1,207,735			1,207,735
Total	\$ 1,207,735	\$ -0-	\$ -0-	\$ 1,207,735
Less Accumulated Depreciation	(425,714)	(39,154)		(464,868)
Net Property and Equipment	\$ 782,041	\$ (39,154)	\$ -0-	\$ 742,847

This fund resulted from a prior period adjustment, as noted in Note 9.

**7. PENSION AND RETIREMENT PLANS**

The Town of Richwood does not participate in any pension or retirement plans.

**8. LEASES**

Old Richwood High School Building was leased by the Ouachita Parish School Board to the Town of Richwood at a cost of (7) one cent per year for (55) ninety-five years. This property is not reflected in General Fixed Assets Account Group.

**TOWN OF RICHWOOD  
RICHMOND, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

**9. INTERFUND ASSETS / LIABILITIES**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 4,380
Special Revenue	General Fund	500
		<hr/>
		\$ 4,880

**10. LITIGATION AND CLAIMS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of such positions which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Town of Richwood is not involved in any litigation as June 30, 1998.

**11. OFF - TRACK BETTING PARLOR**

On Saturday, January 19, 1993, the Town of Richwood's citizens voted to approve an ordinance to allow off track betting within the Town of Richwood. A tax of 2 percent of gross receipts will be levied against all such activities. The tax revenue will be divided equally between the Town of Richwood and the Ouachita Parish Police Jury. During the year ended June 30, 1998, the Town of Richwood broke off negotiating for an off track betting.

**12. Prior Period Adjustments**

The General Fund has been restated resulting in an increase of \$ 241,889 of the beginning fund balance. The adjustments were the result of recognizing that a certain accounts payable was actually related to the proprietary fund. These payables were recorded as follows:

Reported June 30, 1997 Fund Balance	\$ 183,805
Current Year	58,083
	<hr/>
Increase in General Fund Balance	\$ 241,889

The Proprietary Fund was restated at June 30, 1998 based on the transfer of payables valued at \$ 241,889, from the General Fund, as noted above.

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 1998 (continued)**

Reported at June 30, 1997 in General Fund	\$ 183,806
Current Accounts Payable	58,073
	<hr/>
Restated at June 30, 1998	\$ 241,880
	<hr/>

**13. MAYOR AND BOARD MEMBERS PER DIEM AND SALARY**

<u>NAME</u>	<u>AMOUNT</u>
Ed Harris	\$ 24,000
Larry Hester	2,000
Steve Hunter	2,000
Leo Kelly	2,100
Linda Clark	2,100
Jeanne Smith	2,200
	<hr/>
Total	\$ 34,585
	<hr/>

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA  
SPECIAL REVENUE FUNDS COMBINED BALANCE SHEET  
JUNE 30, 1998**

		<u>Summer Lunch Program</u>	<u>Small Cities Health &amp; Safety Rehabilitation Program</u>	<u>Art Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$	1,797	\$ 20,906	\$ 296	\$ 22,999
Accounts receivable		1,360			1,360
Due from other funds			500		500
<b>TOTAL ASSETS</b>	<b>\$</b>	<u>3,157</u>	<u>\$ 20,906</u>	<u>296</u>	<u>\$ 24,419</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
	\$		\$	\$	\$
Accounts payable		2,900	16,634		19,535
Due to Other Funds		4,380			4,380
<b>Total Liabilities</b>	<b>\$</b>	<u>7,280</u>	<u>\$ 16,634</u>	<u>-0-</u>	<u>\$ 23,915</u>
<b>Fund Equity - fund balances</b>					
Unreserved - undesignated		(4,123)	(5,668)	296	(9,495)
<b>TOTAL LIABILITIES AND FUND EQUITY</b>		<u>3,157</u>	<u>18,966</u>	<u>296</u>	<u>\$ 24,419</u>

**TOWN OF RICHWOOD  
RICHWOOD, LOUISIANA  
SPECIAL REVENUE FUNDS  
COMPARING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
JUNE 30, 1998**

	General Fund Program	Small Cities Health & Safety Rehabilitation Program	Ad Fund	Total
<b>REVENUES</b>				
Intergovernmental revenues - Federal				
Grants - Federal grants	\$ 77,262	\$ 14,786	\$ 3,106	\$ 95,154
<b>Total Revenues</b>	<b>77,262</b>	<b>14,786</b>	<b>3,106</b>	<b>95,154</b>
<b>EXPENDITURES</b>				
Health and Welfare:				
Administration	477	11,311		11,788
Auto Expenses	784		30	813
Salaries	31,115	1,489	1,884	34,488
Payroll Tax Expenses	2,983		144	3,127
Rent and Utilities	60,801			60,801
Travel and Food	52,414			52,414
Amortization and Cleaning	807			807
Rehabilitation		80,677		80,677
Supplies			300	300
Miscellaneous	115	15	276	396
<b>Total Expenditures</b>	<b>150,886</b>	<b>93,493</b>	<b>2,230</b>	<b>246,609</b>
<b>EXCESS (deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>(73,624)</b>	<b>(78,707)</b>	<b>876</b>	<b>(151,455)</b>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Transfers in (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(73,624)</b>	<b>(78,707)</b>	<b>876</b>	<b>(151,455)</b>
<b>FUND BALANCES (deficit) AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (deficit) AT END OF YEAR</b>	<b>(73,624)</b>	<b>(78,707)</b>	<b>876</b>	<b>(151,455)</b>



# WILLIAM D. EDWARDS

Certified Public Accountant

A Professional Accounting Corporation

Member: AICPA / Society of CPAs

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

To the Board of Aldermen  
Bridgewater, Louisiana

I have audited the general purpose financial statements of Town of Bridgewater, Louisiana, as of and for the year ended June 30, 1998, and have issued my report thereon dated December 15, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government auditing standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Town of Bridgewater, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing no opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 1-3. I also identified certain instances of noncompliance that I have reported to management of Town of Bridgewater, Louisiana, in a separate letter dated December 15, 1998.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Bridgewater, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Town of Bridgewater, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs items 4-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not allow a sufficiently low level of risk that misstatements in amounts that would be material to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness. I also noted other matters involving the internal control over financial reporting that are have reported to management of Town of Bridgewater, Louisiana, in a separate letter dated December 15, 1998.

This report is intended for the information of the audit committee, management, and internal auditing agencies and personnel within. However, this report is a matter of public record and its distribution is not limited.

  
Bridgewater, Louisiana  
December 15, 1998

**TOWN OF RICHMOND  
SCHEDULE OF FINDINGS AND REPORTS  
FOR THE YEAR ENDED JUNE 30, 1998**

**COMPLIANCE**

**Finding 1**

The Town has enrolled the mayor's sister-in-law in the JTPA program. This violates a specific provision of the contract. This finding was repeated because, while on the prior year report, it was discovered in the current year.

**Recommendation**

The Town should contact JTPA to determine how to resolve this contract violation.

**Response**

The Town agrees with the findings and has resolved the matter.

**Finding 2**

The Town was the subject of a Legislative Auditor Investigative Audit Report during the fiscal year ended June 30, 1998. During the course of my audit I used that report when considering my audit plan. Since some of these finding occurred in the current year, that report is reference here.

**Recommendation**

Comply with the recommendations made in the Legislative Auditor's Report - see our responses in the Legislative Auditor's Report.

**Response**

We responded appropriately to the Legislative Auditor's Report and all of these issues have been resolved.

**Finding 3**

The Town borrowed funds from an employee, in that the employee paid a town debt for a final paycheck to a terminated employee. This is a repeat finding that was reported in the prior year.

**Recommendation**

The Town should establish a policy prohibiting borrowing funds from employees.

#### Response:

With the exception of reimbursement of expenses, we concur. By the time this finding was discovered we had one loan from an employee for the current year. This will not be allowed in the future.

### **INTERNAL CONTROL**

#### Finding 4

The town combines the budget for the General Fund and the Sewer Fund and approved the budget in total. This is a repeat finding.

#### Recommendation

The town should approve a separate budget for each fund. If there are to be transfers from the Sewer Fund to support the General Fund, that should be shown as an operating transfer.

#### Response:

The town agrees with the finding, and will follow the recommendation in the 08-09 budget.

#### Finding 5

One check for \$280 was written to be deposited into the Art Fund bank account. We could not find that the check was deposited to the bank.

#### Recommendation

The Town should determine that all transfer payments actually go to the proper account.

#### Response:

We will investigate this matter to determine what changes in our control are necessary to prevent this from happening in the future.

#### Finding 6

There were several discrepancies in the requests for payments on the LeClerc Rehabilitation Fund. The June 1998 request was not mathematically correct, in that the total did not agree with the breakdown of categories. The invoices attached to the file copy did not agree with the request for payment. Several invoices did not refer to which construction contract to which they applied. Sometimes the description on the invoice did

not appear to fit the contract category to which it was applied on the request for payment. There is not cumulative summary to show that expenditures meet contract terms. Twelve contracts were overpaid by a total of more than \$3,800. One invoice showed a paid date one day before the invoice date.

#### Recommendation

The Town should have the administrator process financial data in a format compatible with governmental accounting standards and contract terms.

#### Response

We concur. We will contact the contract administrator and have them update our accounting data to meet governmental and contract accounting requirements.