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**TOWN OF RIDGECREST, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 1998
with
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

Under provisions of state law, this report is a public document. A copy of this report, upon request, will be made available to any person who requests it. This report is a public document and is available for public inspection and copying at the office of the parish clerk of court.

Release Date 8-11-99

TOWN OF RIDGECREST, LOUISIANA
TABLE OF CONTENTS

	<u>Page</u>
SECTION I - GENERAL PURPOSE FINANCIAL STATEMENTS	1
INDEPENDENT AUDITORS' REPORT	2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	3
Combined balance sheet - all fund types and account groups	4
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	5
Combined statement of revenues, expenditures, and changes in fund balances - budget (GAAP Basis) and actual - general fund	6
Comparative statement of revenues, expenses and changes in retained earnings - proprietary fund type	7
Comparative statement of cash flows - proprietary fund type	8
Notes to financial statements	9-14
SECTION II - SUPPLEMENTAL INFORMATION SCHEDULES	15
General Fund:	16
Comparative balance sheet	17
Statement of revenues, expenditures, and changes in fund balance - budget (GAAP Basis) and actual	18
Statement of expenditures compared to budget (GAAP Basis)	19-20
Schedule of Compensation Paid Elected Officials	21
SECTION III - COMPLIANCE AND INTERNAL CONTROL	22
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	23-24
SECTION IV - SCHEDULE OF FINDINGS AND QUESTIONED COSTS	25
Schedule of Findings and Questions Costs	26-27
SECTION V - RESPONSE	28
Response	29

SECTION I - GENERAL PURPOSE FINANCIAL STATEMENTS

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
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INDEPENDENT AUDITORS' REPORT

The Honorable David Cobb, Mayor
and Members of the Board of Aldermen
Town of Ridgecrest, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Ridgecrest, Louisiana as of December 31, 1998 and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Ridgecrest, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget circular A-128, Audits of State and Local Governments. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Ridgecrest, Louisiana as of December 31, 1998, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 30, 1999 on our consideration of the Town of Ridgecrest's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Ferriday, Louisiana
June 30, 1999

Switzer, Hopkins & Mange

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS-OVERVIEW)

TOWN OF RIDGECREST, LOUISIANA
 COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 1998

	Governmental Fund		Proprietary Fund Type Enterprise	Accounting Group		Totals (Memorandum Only)	
	General	Debt Service		General Fixed Assets	Long-Term Debt	1998	1997
ASSETS							
Cash	\$ 14,646	\$ -	\$ 3,759	\$ -	\$ -	\$ 18,405	\$ 33,826
Receivables:							
Taxes (Note B)	2,424	-	-	-	-	2,424	3,788
Accrued interest	-	-	172	-	-	172	172
Accounts	-	-	14,888	-	-	14,888	17,178
Grant	-	-	-	-	-	-	3,150
Due from other governments (Note C)	2,583	-	-	-	-	2,583	2,809
Restricted assets: (Note D)							
Cash	-	-	10,537	-	-	10,537	10,835
General fixed assets	-	-	-	436,748	-	436,748	421,386
Utility plant and equipment (Note E)	-	-	607,301	-	-	607,301	636,577
Amount to be provided for retirement of general long-term debt	-	-	-	-	52,084	52,084	58,091
TOTAL ASSETS	<u>19,653</u>	<u>-</u>	<u>636,657</u>	<u>436,748</u>	<u>52,084</u>	<u>1,145,142</u>	<u>1,187,812</u>
LIABILITIES							
Accounts payable	4,981	-	1,657	-	-	6,638	8,279
Current portion of long-term debt (Note F)	-	-	4,000	-	-	4,000	3,700
Payable from restricted assets:							
Customers' deposits (Note D)	-	-	10,537	-	-	10,537	10,835
Long-term debt (Note F)	-	-	7,681	-	52,084	59,765	70,066
TOTAL LIABILITIES	<u>4,981</u>	<u>-</u>	<u>23,875</u>	<u>-</u>	<u>52,084</u>	<u>80,940</u>	<u>92,880</u>
FUND EQUITY							
Contributed capital	-	-	353,085	-	-	353,085	353,085
Investment in general fixed assets	-	-	-	436,748	-	436,748	421,386
Retained earnings-							
Unreserved	-	-	259,697	-	-	259,697	298,270
Fund balance	14,672	-	-	-	-	14,672	22,191
Unreserved-	<u>14,672</u>	<u>-</u>	<u>612,782</u>	<u>436,748</u>	<u>-</u>	<u>1,064,202</u>	<u>1,094,932</u>
TOTAL FUND EQUITY							
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 19,653</u>	<u>\$ -</u>	<u>\$ 636,657</u>	<u>\$ 436,748</u>	<u>\$ 52,084</u>	<u>\$ 1,145,142</u>	<u>\$ 1,187,812</u>

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-ALL GOVERNMENTAL FUND TYPES
 Year Ended December 31, 1998

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Debt Service	1998	1997
Revenues:				
Taxes	\$ 31,677	\$ -	\$ 31,677	\$ 22,340
Licenses and permits	2,525	-	2,525	3,861
Intergovernmental	39,677	-	39,677	40,859
Charges for services	50	-	50	3,851
Fines	110	-	110	-
Grant income	15,001	-	15,001	266,365
Miscellaneous	3,446	-	3,446	4,609
Total revenues	<u>92,486</u>	<u>-</u>	<u>92,486</u>	<u>341,885</u>
Expenditures:				
General government	32,764	-	32,764	25,964
Public safety-				
Police	5,633	-	5,633	5,629
Fire	6,636	-	6,636	3,415
Capital outlay	13,698	-	13,698	268,863
Street and sanitation	39,574	-	39,574	37,557
Debt Service -				
Principal retirement	-	6,007	6,007	5,668
Interest expense	-	3,322	3,322	3,661
Total expenditures	<u>98,305</u>	<u>9,329</u>	<u>107,634</u>	<u>350,757</u>
Excess (deficiency) of revenues over expenditures	<u>(5,819)</u>	<u>(9,329)</u>	<u>(15,148)</u>	<u>(8,872)</u>
Other financing sources:				
Operating transfers in (out)	<u>(1,700)</u>	<u>9,329</u>	<u>7,629</u>	<u>10,479</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(7,519)</u>	<u>-</u>	<u>(7,519)</u>	<u>1,607</u>
Fund balances, beginning	<u>22,191</u>	<u>-</u>	<u>22,191</u>	<u>20,584</u>
Fund balances, ending	<u>\$ 14,672</u>	<u>\$ -</u>	<u>\$ 14,672</u>	<u>\$ 22,191</u>

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA
GENERAL FUND

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-BUDGET (GAAP BASIS) AND ACUTAL
Year Ended December 31, 1998

	GENERAL FUND		DEBT SERVICE FUND		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	(Unfavorable)
Revenues:					
Taxes	\$ 30,691	\$ 31,677	\$ -	\$ -	\$ -
Licenses and permits	2,400	2,525	-	-	-
Intergovernmental	40,037	39,677	-	-	-
Charges for services	50	50	-	-	-
Fines	110	110	-	-	-
Grant income	15,001	15,001	-	-	-
Miscellaneous	2,383	3,446	-	-	-
Total revenues	<u>90,672</u>	<u>92,486</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
General government	27,983	32,764	-	-	(4,781)
Public safety					
Police	5,436	5,633	-	-	(197)
Fire	4,294	6,636	-	-	(2,342)
Capital outlay	13,698	13,698	-	-	-
Street and sanitation	37,154	39,574	-	-	(2,420)
Debt Service					
Principal retirement	-	-	6,007	6,007	-
Interest expense	-	-	3,322	3,322	-
Total expenditures	<u>88,565</u>	<u>98,305</u>	<u>9,329</u>	<u>9,329</u>	<u>-</u>
Excess of revenues over expenditures	<u>2,107</u>	<u>(5,819)</u>	<u>(9,329)</u>	<u>(9,329)</u>	<u>-</u>
Other financing sources:					
Operating transfers in (out)	<u>(2,900)</u>	<u>(1,700)</u>	<u>9,329</u>	<u>9,329</u>	<u>-</u>
Excess of revenues and other sources over expenditures	<u>(793)</u>	<u>(7,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning	<u>22,191</u>	<u>22,191</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 21,398</u>	<u>\$ 14,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF RIDGECREST
ENTERPRISE FUND
UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
 YEAR ENDED DECEMBER 31, 1998

	<u>1997</u>	(Memorandum Only) <u>1998</u>
Operating revenues:		
Charges for services	\$ <u>122,103</u>	\$ <u>124,747</u>
Operating expenses:		
Salaries	42,139	43,492
Chemicals and supplies	22,819	12,766
Depreciation	29,275	29,772
Utilities and telephone	15,278	17,778
Insurance	11,917	10,993
Laboratory tests	730	670
Payroll taxes	3,205	3,512
Repairs	16,476	12,667
Other expenses	9,604	3,890
Accounting	500	500
Total operating expenses	<u>151,943</u>	<u>136,040</u>
Operating (loss)	<u>(29,840)</u>	<u>(11,293)</u>
Non-operating (expenses):		
Interest expense	<u>(1,104)</u>	<u>(1,440)</u>
(Loss) before operating transfers and other	(30,944)	(12,733)
Other financing sources (uses):		
Transfer (to) debt service fund	(9,329)	(9,329)
Transfer (to) from general fund	1,700	(1,150)
Total transfers	<u>(7,629)</u>	<u>(10,479)</u>
Net (loss)	(38,573)	(23,212)
Retained earnings, beginning	<u>298,270</u>	<u>321,482</u>
Retained earnings, ending	<u>\$ 259,697</u>	<u>\$ 298,270</u>

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

TOWN OF RIDGECREST

COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>1998</u>	(Memorandum Only) <u>1997</u>
Cash flows from operating activities:		
Cash received from customers	\$ 124,393	\$ 124,703
Cash payments to suppliers for goods and services	(80,714)	(63,888)
Cash payments to employees for services	<u>(42,139)</u>	<u>(43,492)</u>
Net cash provided by operating activities	<u>1,540</u>	<u>17,323</u>
Cash flows from non-capital financing activities:		
Operating transfers (to) other funds	(7,629)	(10,479)
(Decrease) in consumer deposits	<u>(298)</u>	<u>(170)</u>
Net cash (used) by non-capital financing activities	<u>(7,927)</u>	<u>(10,649)</u>
Cash flows from capital and related financing activities:		
Interest paid on notes	(1,104)	(1,440)
Principal paid on notes	<u>(3,994)</u>	<u>(3,656)</u>
Net cash (used) by capital and related financing activities	<u>(5,098)</u>	<u>(5,096)</u>
Cash flows from investing activities:		
Investment income	<u>-</u>	<u>(172)</u>
Net increase (decrease) in cash and cash equivalents	(11,485)	1,406
Cash and cash equivalents at January 1, 1998	<u>25,781</u>	<u>24,375</u>
Cash and cash equivalents at December 31, 1998	<u>\$ 14,296</u>	<u>\$ 25,781</u>
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (29,840)	\$ (11,293)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	29,275	29,772
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	2,290	(44)
(Decrease) in accounts payable	<u>(186)</u>	<u>(1,112)</u>
Net cash provided by operating activities	<u>\$ 1,539</u>	<u>\$ 17,323</u>

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

TOWN OF RIDGECREST, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ridgcrest, Louisiana was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Ridgcrest, Louisiana conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

1. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

2. Fund Accounting

The accounts of the Town of Ridgcrest 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 comprises 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. The various funds are grouped in the financial statements in this report into three generic fund types as follows:

Governmental Funds-

General Fund

The 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.

TOWN OF RIDGECREST, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal interest and related costs.

Proprietary Fund -

Enterprise Fund

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.

3. Fixed assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets. Public domain (infrastructure) general fixed assets consisting of certain buildings, including roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

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

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

TOWN OF RIDGECREST, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Water Utility -

Wells	20 years
Storage tanks	40 years
Lines & meters	50 years
Purification plant	33 years

Sewerage Utility -

Pump stations	20 years
Lines	50 years
Autos & trucks	4 years
Other equipment	6-10 years

All fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair market value on the date donated.

4. Basis of Accounting

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

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

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

5. Budgets and budgetary accounting

The Town has total revenues of less than \$250,000 and does not have the same budgetary process that is required of municipalities with total revenues of greater than \$250,000. The Town's budget is prepared by the Town Clerk and is adopted at a regular meeting

TOWN OF RIDGECREST, LOUISIANA

NOTES TO FINANCIAL STATEMENT
December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

of the Board of Aldermen. It may be amended during the year by the Board of Aldermen. All budgetary appropriations lapse at the end of each fiscal year.

6. Bad Debts

Uncollectable amounts due for ad valorem taxes and customers' utility receivables are recognized by the direct write off method.

7. Accumulated Unpaid Vacation Pay

The Town does not accrue unpaid vacation pay and has no policy concerning compensation for unpaid vacation pay.

8. Total columns on combined statements - overview

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

9. Cash Flows

For purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption "Cash".

NOTE B - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in December and payable by June 15, of the following year. A list of property taxes due the Town is prepared by the Concordia Parish Assessor, but the Town is responsible for billings and collections. The Town's total millage is 6.03 mills and is dedicated to the general fund.

NOTE C - DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units at December 31, 1998 consisted of the following:

Garbage fees due from Concordia Parish Police Jury	<u>\$ 2,583</u>
--	-----------------

TOWN OF RIDGECREST, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE D - RESTRICTED ASSETS-PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at December 31, 1998:

Customer meter deposits \$ 10,537

NOTE E - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>12-31-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-98</u>
Land	\$ 1,700	\$ -	\$ -	\$ 1,700
Building	63,002	-	-	63,002
Equipment	356,684	15,362	-	373,046
Total	<u>\$ 421,386</u>	<u>\$ 15,362</u>	<u>\$ -</u>	<u>\$ 436,748</u>

A summary of proprietary fund type property, plant and equipment at December 31, 1998 follows:

Water system	\$ 877,508
Sewer system	219,733
Equipment	52,758
Total	<u>1,149,999</u>
Accumulated depreciation	542,698
Net	<u>\$ 607,301</u>

NOTE F - LONG-TERM DEBT

Following is a summary of long-term debt at December 31, 1998.

Proprietary Fund:

8% unsecured note due bank, payable in equal monthly installments of principal and interest of approximately \$425 thru 2001	\$ 11,681
Less amount due within one year	<u>(4,000)</u>
	<u>\$ 7,681</u>

The annual requirements to amortize the notes payable as of December 31, 1998 are as follows:

TOWN OF RIDGECREST, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 1998

NOTE F - LONG-TERM DEBT CONTINUED

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 4,000	\$ 1,095	\$ 5,095
2000	4,100	995	5,095
2001	3,581	700	4,281
	<u>\$ 11,681</u>	<u>\$ 2,790</u>	<u>\$ 14,471</u>

General Long Term Debt

6% note due bank, payable in equal monthly installments of principal and interest of approximately \$777 thru 2005

\$ 52,084

The annual requirements to amortize all debt as of December 31, 1998 are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 6,189	\$ 3,135	\$ 9,324
2000	6,560	2,764	9,324
2001	6,954	2,370	9,324
2002	7,371	1,953	9,324
2003	7,826	1,498	9,324
Thereafter	17,184	1,600	18,784
	<u>\$ 52,084</u>	<u>\$ 13,320</u>	<u>\$ 65,404</u>

NOTE G - RETIREMENT COMMITMENTS

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

NOTE H - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

1. All bank balances are insured 100% by the FDIC.

NOTE I - YEAR 2000 ISSUES

The Town uses computer programs for accounting purposes which have not been certified as year 2000 compliant. The Town is considering replacing the computer system by year end.

NOTE H - RISK MANAGEMENT

The Town is exposed to certain risks of losses such as property damage, liability issues and other potential losses that may occur. The Town minimizes its losses by purchase of commercial insurance. The Town's exposure over the amount of insurance is considered to be immaterial.

SECTION II - SUPPLEMENTAL INFORMATION SCHEDULES

GENERAL FUND

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

TOWN OF RIDGECREST, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEET
 DECEMBER 31, 1998

<u>ASSETS</u>	<u>1998</u>	(Memorandum Only) <u>1997</u>
Cash	\$ 14,646	\$ 18,880
Receivables:		
Ad valorem taxes	2,424	3,788
Grant	-	3,150
Due from other governmental units	<u>2,583</u>	<u>2,809</u>
Total assets	<u>19,653</u>	<u>28,627</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	<u>4,981</u>	<u>6,436</u>
Fund balance - unreserved	<u>14,672</u>	<u>22,191</u>
Total liabilities and fund balance	<u>\$ 19,653</u>	<u>\$ 28,627</u>

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended December 31, 1998

With Comparative Totals for Year Ended December 31, 1997

	<u>1998</u>	<u>1997</u>	<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>(Unfavorable)</u>
				<u>(Memorandum Only) 1997 Actual</u>
Revenues:				
Taxes	\$ 30,691	\$ 31,677	\$ 986	\$ 22,340
Licenses and permits	2,400	2,525	125	3,861
Intergovernmental	40,037	39,677	(360)	40,859
Charges for services	50	50	-	3,851
Fines	110	110	-	-
Grant income	15,001	15,001	-	266,365
Miscellaneous	2,383	3,446	1,063	4,609
Total revenues	<u>90,672</u>	<u>92,486</u>	<u>1,814</u>	<u>341,885</u>
Expenditures:				
General government	27,983	32,764	(4,781)	25,964
Public safety				
Police	5,436	5,633	(197)	5,629
Fire	4,294	6,636	(2,342)	3,415
Capital outlay	13,698	13,698	-	268,863
Street and sanitation	37,154	39,574	(2,420)	37,557
Total expenditures	<u>88,565</u>	<u>98,305</u>	<u>(9,740)</u>	<u>341,428</u>
Excess of revenues over expenditures	2,107	(5,819)	(7,926)	457
Other financing sources:				
Operating transfers in (out)	<u>(2,900)</u>	<u>(1,700)</u>	<u>1,200</u>	<u>1,150</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(793)</u>	<u>(7,519)</u>	<u>6,726</u>	<u>1,607</u>
Fund balances, beginning	<u>22,191</u>	<u>22,191</u>	<u>-</u>	<u>20,584</u>
Fund balances, ending	<u>\$ 21,398</u>	<u>\$ 14,672</u>	<u>\$ 6,726</u>	<u>\$ 22,191</u>

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

TOWN OF RIDGECREST, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

Year Ended December 31, 1998

With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		(Memorandum Only) 1997
	Budget	Actual	Actual
		Variance-	
		Favorable (Unfavorable)	
General government:			
Salaries	\$ 13,341	\$ 14,419	\$ 10,373
Legal and other professional	500	986	1,187
Insurance and interest	3,672	3,711	2,731
Publication expense	592	809	623
Payroll taxes	-	1,363	1,067
Other expenses	3,124	4,545	3,788
Telephone	1,048	1,059	1,393
Supplies	3,821	4,055	2,700
Repairs	69	69	305
Utilities	1,816	1,748	1,797
Total general government	27,983	32,764	25,964
		\$ (1,078)	
		(486)	
		(39)	
		(217)	
		(1,363)	
		(1,421)	
		(11)	
		(234)	
		-	
		68	
		(4,781)	
Police:			
Salaries	5,400	5,550	5,550
Payroll taxes	36	83	-
Other expenses	-	-	79
Total police department	5,436	5,633	5,629
		\$ (150)	
		(47)	
		-	
		(197)	

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

TOWN OF RIDGECREST, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

YEAR ENDED DECEMBER 31, 1998

With Comparative Actual Amounts for Year Ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>(Memorandum</u> <u>Only)</u> <u>1997</u> <u>Actual</u>
		<u>1998</u>		
Fire:				
Utilities	\$ 831	\$ 1,723	\$ (892)	\$ 1,915
Repairs	263	263	-	327
Salaries	700	600	100	600
Payroll taxes	-	54	(54)	46
Other expenses	2,500	3,996	(1,496)	527
Total fire department	<u>4,294</u>	<u>6,636</u>	<u>(2,342)</u>	<u>3,415</u>
Capital outlay	<u>13,698</u>	<u>13,698</u>	-	<u>268,863</u>
Street and sanitation:				
Repairs	1,454	3,874	(2,420)	6,057
Garbage collection	34,200	34,200	-	30,000
Audit expense	1,500	1,500	-	1,500
Total street and sanitation	<u>37,154</u>	<u>39,574</u>	<u>(2,420)</u>	<u>37,557</u>
Total expenditures	<u>\$ 75,228</u>	<u>\$ 98,305</u>	<u>\$(23,077)</u>	<u>\$ 341,428</u>

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

TOWN OF RIDGECREST, LOUISIANA
SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS
 FOR THE YEAR ENDED DECEMBER 31, 1998

<u>NAME</u> <u>COMPENSATION</u>	<u>TITLE</u>	
Ricky Cullum	Alderman	\$ 600
Ronald Barnhill	Alderman	600
Michael Roberts	Alderman	600
Guy Lain	Alderman	600
Housley Varnado	Alderman	<u>1,200</u>
Total		<u>\$ 3,600</u>

SECTION III - COMPLIANCE/INTERNAL CONTROL

SWITZER, HOPKINS & MANGE

Certified Public Accountants

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

JOHN M. JONES, CPA 1921 - 1983

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 David Cobb, Mayor
and Members of the Board of Aldermen
Town of Ridgcrest, Louisiana

We have audited the general purpose financial statements of Town of Ridgcrest of and for the year ended December 31, 1998, and have issued our report thereon dated June 30, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standard 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 Ridgcrest's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards.

Finding 98-01

We noted that the audit report was due by June 30, 1999, but was not completed until approximately one week later.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Ridgcrest's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a

The Honorable David Cobb, Mayor
and Members of the Board of Aldermen
Page Two

certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgement could adversely affect Town of Ridgecrest's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding 98-02

We noted that the Town of Ridgecrest does not have adequate segregation of duties in accounting in the office. We recommend that an attempt be made to strengthen internal control problems created by having few employees.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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

Ferriday, Louisiana
June 30, 1999

Switzer, Hopkins & Munge

SECTION IV - SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

TOWN OF RIDGECREST, LOUISIANA

**Schedule of Findings and Questioned Costs
Year Ended December 31, 1998**

Summary of Audit Results

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

Findings – Financial Statement Audit

Reportable Conditions

1. Segregation of Duties

Condition: We noted that Town of Ridgcrest, Louisiana does not have adequate segregation of duties.

Criteria: To increase internal controls, we recommend adequate segregation of duties.

Effect: Because of lack of segregation of duties, internal controls are weakened.

Recommendation: We recommend that an attempt be made to strengthen internal control problems created by having few employees.

Response: Management indicated that it would not be cost efficient or feasible to increase the number of employees.

Schedule of Findings and Questions Costs
Page Two

2. Timeliness of audit

Condition: We noted that the audit was not completed within six months as required by Louisiana law.

Recommendation: To increase audit effectiveness, we recommend that annual audits be completed timely.

Response: Management indicated that it would comply with this audit requirement in future years.

SECTION V - REPSONSE

TOWN OF RIDGECREST
116 FOSTER DRIVE
RIDGECREST, LOUISIANA 71334

David Cobb, Mayor

Pauline Palmer, Clerk

Johnny Jones, Chief of Police

July 7, 1999

Switzer, Hopkins & Mange
P. O. Box 1518
Ferriday, LA 71334

Dear Mr. Hopkins:

In regard to the segregation of duties internal control problem discussed in our audit for the year ended December 31, 1998, there is nothing we cant do or plan to do about the problem. We have only one employee and do not plan to hire any additional employees at this time. There is no way to segregate duties when you have only one employee.

Also in the future years, we will have the audit completed by the due date of six months after the end our fiscal year.

Sincerely,



David Cobb
Mayor