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TOWN OF FERRIDAY, LOUISIANA

General Purpose Financial Statements With Independent Auditors' Report As of and for the Year Ended June 30, 1999 With Supplemental Information Schedules

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.

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Release Date MAR 0 8 2000

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SECTION I – GENERAL PURPOSE FINANCIAL STATEMENTS

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SWITZER, HOPKINS & MANGE Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Honorable Odcal J. Montgomery, Mayor and Members of the Board of Aldermen Ferriday, Louisiana

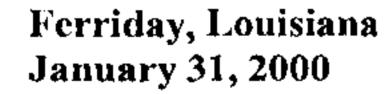
We have audited the accompanying general purpose financial statements of the Town of Ferriday, Louisiana as of June 30, 1999 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Town of Ferriday, Louisiana's management. 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 and *Government Auditing* Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that out 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 Town of Ferriday, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2000 on our consideration of the Town of Ferriday, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Town of Ferriday, Louisiana. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



Switzer, Hopkins & Mange

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	GROUPS
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	als	1um Only)	1998		\$ 130,754			128,331	5,000		371,352	2,756,876	9,741,647	(3,238,051)	198,795		2,134,205	\$ 12,228,909
	Totals	(Memorandum Only)	1999		S 60,121			123,459	12,500		351,494	2,813,853	9,741,647	(3,534,349)	176,439		2,029,561	\$ 11,774,725
Groups	General	Long-Term	Debt		י ⊮			ſ	P			J	·	F	176,439		2,029,561	\$ 2,206,000
Account Groups	General	Fixed	Assets		۱ ا			ı	ı			2,813,853	ı	·	ı		•	\$ 2,813,853
Proprietary	Fund	Type	Enterprise		\$ 14,273			99,504	•		219,140	·	9,741,647	(3,534,349)	I		•	\$ 6,540,215
	<u>Lypes</u>	Debt	Service		\$ 31,585			·	12,500		132,354	•	•	I	ı		•	\$ 176,439
	cnmental Fund Types	Capital	Projects		\$			ı	ı		•	1	ŀ	ı	1		•	2 2
	Gover		General		\$ 14,256			23,955	•		•	•	I	·	•		1	\$ 38,211
				HER DEBUTS		here applicable,	conecuoies) -		spur	te 6):			ipment (Note 3)	iation (Note 3)	debt service funds	led for retirement	n debt	

financial statements.

TOWN OF FERRIDAY, LOUISIA COMBINED BALANCE SHEET-ALL FUND TYPES A June 30, 1999

The accompanying notes are an integral part of these ή

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Utility plant and equipn Accumulated depreciati Amount available in del Amount to be provided Receivables, (net whe Dues from other fun Restricted assets (Note of allowance for unco ASSETS AND OTH General fixed assets **Fees and services** Cash Cash

of general long term Total assets ND ACCOUNT GROUPS

	Gove	Governmental Fund J	ind Types		Proprietary Fund	Account Groups General Gen	<u>Groups</u> General	Tot	Totals	
	-	Capital		Debt	Type	Fixed	Long-Term	ĝ	dum (Only)
FUND EQUITY	General	Projects		Service	Enterprise	Assets	Debt	1999	·	1998
icted scene (Nate 7)	\$ 70,493	1 649	6	I	\$ 33,841	ı 6∕9	•	\$ 104,334	6 93	73,912
payable		J		•	103.354	•	•	103.354		101.347
sits	•	3		·	43,523	1	ı	43.523		62.966
ed absences	19,542	I		ı	5,512	P	ı	25,054		28,552
	12,500	I		•	l	ı	I	12,500		5,000
bonds payable										
	•	•		1	1	•	2,206,000	2,206,000	2	2,333,000
able (Note 4)	•			,	3,902,820	•	4	3,902,820	4	4,021,068
	102,535			•	4,089,050	•	2,206,000	6,397,585		6,625,845
al (Note 12)	•	•		b	3,595,638	I	ſ	3,595,638	сл С	3,595,638
eral fixed assets	ſ	•		ı	ł	2,813,853	•	2,813,853	7	2,756,876
cit) (Note 13)	ı	I		I	(1,144,473)	ſ	l	(1,144,473)		(952,362)
service	•	•		176,439	I	I	J	176,439		198,795
al improvements	·	1		·	ı	I	ŀ			60
ignated (dencit)	(64,324)		-	•	•	,		(64,317)		4,057
ty (deficit)	(64,324)		-	176,439	2,451,165	2,813,853	3	5,377,140	"]	5,603,064
and fund equity	\$ 38,211	S	S	176,439	\$ 6,540,215	\$ 2,813,853	\$ 2,206,000	\$ 11,774,725	\$ 12	\$ 12,228,909

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TOWN OF FERRIDAY, LOUISIA BALANCE SHEET-ALL FUND TYPES A June 30, 1999
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The accompanying notes are an integral part of these financial statements.

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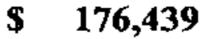
Payable from restrict Accrued interest pay Customers' deposits Accrued compensated Reserved for debt ser Reserved for capital i Unreserved-undesign Retained earnings -Unreserved (deficit) ANDF Total liabilities ar General obligation bo **Revenue bonds payał** Investment in gener Total fund equity **Contributed capital** Due to other funds Accounts payable **Total liabilities** Fund balances LIABILITIES Fund equity: (Note 13) (Note 4) Liabilities:

TOWN OF FERRIDAY, LOUISIANA COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES YEAR ENDED JUNE 30, 1999

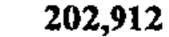
				То	tals
		Capital	Debt	(Memoran	dum Only)
	General	Projects	<u>Service</u>	<u>1999</u>	<u>1998</u>
Revenues:					
Taxes (Note 5)	\$ 1,026,687	\$ -	\$ 128,818	\$ 1,155,505	\$ 1,155,510
Licenses and permits	126,224	-		126,224	120,633
Intergovernmental	26,166	2,950	-	29,116	80,568
Charges for services	162,260	-	-	162,260	160,901
Fines	139,300	-	-	139,300	124,232
Miscellaneous	34,970			34,970	54,127
Total revenues	1,515,607	2,950	128,818	1,647,375	1,695,971
Expenditures:					
Current					
General government	342,877	53	-	342,930	444,162
Public safety-					
Police	312,329	-	-	312,329	354,154
Fire	102,921	-	-	102,921	89,262
Streets	176,126	-	-	176,126	192,442
Sanitation	186,079	-	-	186,079	193,883
Capital outlay	56,978	~	-	56,978	80,402
Debt service-					
Principal retirement	-	-	127,000	127,000	121,900
Interest and fiscal charges	<u></u>	<u> </u>	124,452	124,452	145,372
Total expenditures	1,177,310	53	251,452	1,428,815	1,620,677
Excess of revenues over					
(under) expenditures	338,297	2,897	(122,634)	218,560	75,294
Other financing sources (uses):			•		
Interest income	-	-	180	180	7,209
Unreconciled variance (Note 10)	(16,097)	-	(20,760)	(36,857)	-
Operating transfers in	2,950	-	120,858	123,808	80,040
Operating transfers (out)	(393,531)	(2,950)		(396,481)	(278,181)
Total other financing sources					
(uses)	(406,678)	(2,950)	100,278	(309,350)	(190,932)
Excess of revenues and other sources over (under)					
expenditures and other uses	(68,381)	(53)	(22,356)	(90,790)	(115,638)
Fund balance, beginning	4,057	60	198,795	202,912	318,550











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The accompanying notes are an integral part of these financial statements. --5--

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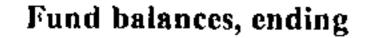
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TOWN OF FERRIDAY, LOUISIANA COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (GAAP BASIS) YEAR ENDED JUNE 30, 1999

		General Fund		Del	ot Service Fund T	vpes
			Variance-			Variance-
			Favorable			Favorable
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	Budget	<u>Actual</u>	(Unfavorable)
Revenues:						
Taxes	\$ 1,065,400	\$ 1,026,687	\$ (38,713)	\$ 128,000	\$ 128,818	\$ 818
Licenses and permits	108,800	126,224	17,424	-	-	-
Intergovernmental	5,000	26,166	21,166	-	-	-
Charges for services	164,000	162,260	(1,740)	-	-	-
Fines	126,000	139,300	13,300	-	-	-
Miscellaneous	57,000	34,970	(22,030)	-	ب	
Total revenues	1,526,200	1,515,607	(10,593)	128,000	128,818	818
Expenditures:						
Current -						
General government	363,723	342,877	20,846	-	-	-
Public safety						

310,200	312,329	(2,129)	-	-	-
86,500	102,921	(16,421)	-	-	-
182,800	176,126	6,674	-	-	-
165,000	186,079	(21,079)	-	-	-
46,000	56,978	(10,978)	-	•	-
-	-	-	127,000	127,000	-
-	-	-	131,138	124,452	6,686
1,154,223	1,177,310	(23,087)	258,138	251,452	6,686
371,977	338,297	(33,680)	(130,138)	(122,634)	7,504
_	-	-	300	180	(120)
-	(16,097)	(16,097)	-		(20,760)
-			137,180	· · ·	(16,322)
300,000	(393,531)	(93,531)	-	-	-
300,000	(406,678)	(106,678)	137,480	100,278	(37,202)
71,977	(68,381)	(140,358)	7,342	(22,356)	29,698
4,057	4,057	<u></u>	198,795	198,795	-
	86,500 182,800 165,000 46,000 - - - - - - - - - - - - - - - - - -	86,500 102,921 182,800 176,126 165,000 186,079 46,000 56,978	86,500 $102,921$ $(16,421)$ $182,800$ $176,126$ $6,674$ $165,000$ $186,079$ $(21,079)$ $46,000$ $56,978$ $(10,978)$	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$

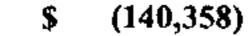


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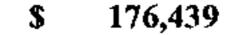
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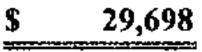
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The accompanying notes are an integral part of these financial statements.

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TOWN OF FERRIDAY, LOUISIANA PROPRIETARY FUND TYPE

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<u>COMPARATIVE STATEMENT OF REVENUES, EXPENSES</u> <u>AND CHANGES IN RETAINED EARNINGS</u> YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	(Memorandum Only) <u>1998</u>
Operating revenues:		
Charges for services -		
Water sales	\$ 439,248	\$ 432,669
Sewer sales	205,152	199,693
Miscellaneous revenues	17,425	17,858
Total operating revenues	661,825	650,220
Operating expenses:		
Water department expenses	502,253	543,485
Sewer department expenses	367,769	358,457
Total operating expenses	870,022	901,942

Operating income	(208,197)	(251,722)
Nonoperating revenues (expenses):		
Unreconciled variance (Note 10)	(34,113)	-
Interest expense	(228,440)	(235,384)
Interest income	5,966	9,558
Total non-operating revenues (expenses)	(256,587)	(225,826)
(Loss) before operating transfers	(464,784)	(477,548)
Operating transfers in:		
From general fund	272,673	198,141
Net (loss)	(192,111)	(279,407)
Retained earnings, beginning (deficit)	(952,362)	(672,955)
Retained earnings, ending (deficit)	\$ (1,144,473)	\$ (952,362)

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

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TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	(Memorandum Only) <u>1998</u>
Cash flows from operating activities: Cash received from customers Cash payments to suppliers for goods and services Cash payments to employees for services Net cash provided by operating activities	\$ 664,311 (440,158) (156,871) 67,282	\$ 634,968 (457,783) (147,778) 29,407
Cash flows from non-capital financing activities: Operating transfers from other funds (Decrease) increase in consumer deposits	272,673 (19,443)	198,141 25,483
Net cash provided by non-capital financing activities	253,230	223,624

Cash flows from capital and related financing

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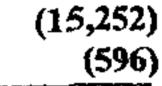
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activities:	(776 177)	(241,688)
Interest paid on notes	(226,433)	(102,993)
Principal paid on notes	(118,248)	(104,555)
Net cash (used) by capital and related		(244 (01)
financing activities	(344,681)	(344,681)
Cash flows from investing activities:		0 660
Investment income	5,966	9,558
Net (decrease) in cash and cash		
equivalents	(18,203)	(82,092)
Cash and cash equivalents at	A.C.1 (1)	222 709
July 1, 1998	251,616	333,708
Cash and cash equivalents at		
June 30, 1999	<u>\$ 233,413</u>	<u>\$ 251,616</u>
Reconciliation of operating (loss) to net		
cash provided (used) by operating activities:		
Operating (loss)	(242,310)	(251,722)
Adjustments to reconcile operating (loss)		
to net cash provided (used) by operating		
activities:		+ + F F -
Depreciation	296,298	296,977
Changes in assets and liabilities:	•	
	A 107	(1 6 363)

(Increase) decrease in accounts receivable Increase (decrease) in accounts payable

Net cash provided by operating activities

2,486 10,808





67,282

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The accompanying notes are an integral part of these financial statements. -8-

INTRODUCTION

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- 1. The Town of Ferriday, Louisiana was incorporated under provisions of the Lawrason Act as a Village in 1923.
- 2. The purpose of the municipality is to provide utility services, public safety (police and fire), streets, sanitation and general administrative services.
- 3. The Board of Aldermen consists of five elective members and they are paid \$200 per month.
- 4. The Town is located in the northern eastern portion of Concordia Parish, Louisiana. Concordia Parish is located in Northeast Louisiana.
- 5. The population of Ferriday, Louisiana is 4,111 persons.
- 6. The Town of Ferriday, Louisiana has forty-one full time employees.
- 7. The Town of Ferriday, Louisiana has approximately 1,475 utility customers.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

A. BASIS OF PRESENTATION

The accompanying financial statements of the Town of Ferriday, Louisiana 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 Ferriday, Louisiana 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 nature 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.



NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED</u>

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town of Ferriday, Louisiana 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 includes:

- 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 potentials for the organization to provide specific financial benefit 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 on the municipality.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is 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 Ferriday, Louisiana (the primary government) and its component units. There are no component units included in the accompanying financial statements as either blended with the municipality funds or discretely presented.

C. FUND ACCOUNTING

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The municipality uses funds and account groups 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 available financial resources.

Funds of the municipality are classified into two categories: governmental and proprietary.

In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:



NOTE 1 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED</u>

Governmental Funds

1.

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

- 1. General Fund the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
- 2. Debt Service Funds account for transactions relating to resources retained and used for the payment of principal and interest on those long term obligations recorded in the general long term obligations account group.
- 3. Capital Projects account for transactions relating to proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise funds—account for operations (a) 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, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

General Fixed Assets and Long Term Debt

The accounting and reporting treatment applied to the property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations 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.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. The Town has elected to not capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

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 in the proprietary fund is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Gas lines, Sewer lines and water plant40 yearsVehicles and equipment3 to 8 years

All fixed assets are stated a historical cost.

D. BASIS OF ACCOUNTING

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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 measurement 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, gross receipts and sales taxes are considered "measurable" when in the hands of collecting governments and are 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. An exception to this general rule is principal and

interest on general long-term debt which is recognized when due.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. Bad debts are recognized when they become uncollectable.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1. The Town prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The Town approves a budget for the general fund and debt service funds only.
- 2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- 3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- 4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5. Budgetary amendments involving the transfer to funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
- 6. All budgetary appropriations lapse at the end of each fiscal year.
- 7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

F. INVENTORIES

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Inventories or material and supplies are valued at lower of cost or market.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. FUND EQUITY

4.

Reserved for Debt Service

The Town records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves used by the Town:

Inne 30 1000

	June 30, 1777
Debt Service Fund:	
Reserved for debt service	\$ <u>176,439</u>

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

H. RESTRICTED ASSETS

Certain assets of the Town of Ferriday, Louisiana have been restricted for debt service and customers' deposits and these assets total \$351,494.

I. COMPARATIVE DATE

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been represented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

J. 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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the Unites States, or under the laws of the United States.

L. ENCUMBRANCES

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The Town of Ferriday does not use encumbrance accounting.

NOTE 2 - CHANGES IN GENERAL FIXED ASSETS ACCOUNT GROUP

	Balance					Balance
	<u>6/30/98</u>	A	<u>dditions</u>	De	letions	<u>6/30/99</u>
Land	\$ 427,518	\$	-	\$	-	\$ 427,518
Buildings	1,040,094		10,000		-	1,050,094
Equipment	 1,289,264		46,977		-	 1,336,241
Total	\$ 2,756,876	<u>\$</u>	56,977	\$	-	\$ 2,813,853

A summary of changes in general fixed assets follows:

NOTE 3 – PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment at June 30, 1999 follows:

Water system and equipment	\$ 4,581,250
Sewer system and equipment	5,160,397
Total	9,741,647
Less: accumulated depreciation	(3,534,349)
Net	\$ 6,207,298

NOTE 4 – <u>CHANGES IN LONG-TERM DEBT</u>

The following is a summary of bond transactions of the Town of Ferriday for the year ended

June 30, 1999:



NOTE 4 - <u>CHANGES IN LONG-TERM DEBT-CONTINUED</u>

		·····	General	
	Sales Tax	Town Tax	Obligation	
	Bonds	Bond	Bonds	<u>Total</u>
Bonds payable @ 6-30-98	\$ 1,190,000	\$ 3,000	\$ 1,140,000	\$ 2,333,000
Bonds retired	(65,000)	(2,000)	(60,000)	(127,000)
Bonds payable @ 6-30-99	\$ 1,125,000	\$ 1,000	\$ 1,080,000	\$ 2,206,000

DEBT SERVICE FUND

Bonds payable at June 30, 1999 are comprised of the following individual issues:

Town Tax Bonds:

1.

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\$250,000 in Industrial Park Bonds due in annual installments of \$1,000 through

March 1, 2000; interest at 6% \$ 1,000

Sales Tax Bonds:

\$1,300,000 in Public Improvement Bonds due in annual installments of \$70,000 to \$125,000 through February 1, 2011; interest at 4.80 - 10%

General Obligation Bonds

\$1,200,000 in General Obligation Bonds due in annual installments of \$65,000 to \$120,000 through March 1, 2011; interest at 6%

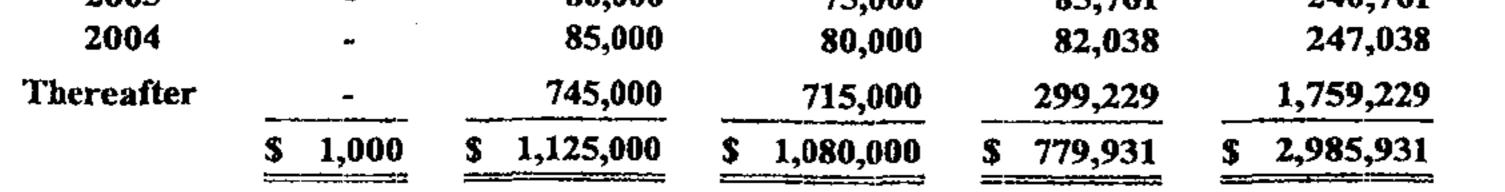
1,080,000

1,125,000

TOTAL \$ 2,206,000

The annual requirements to amortize all debt outstanding as of June 30, 1999 is as follows:

Year	Town	Sales	(General			
Ended	Tax	Tax	O	bligation			
<u>June 30</u>	<u>Bond</u>	Bonds	,	Bonds	2	<u>Interest</u>	<u>Total</u>
2000	\$ 1,000	\$ 70,000	\$	65,000	\$	116,475	\$ 252,475
2001	-	70,000		70,000		105,108	245,108
2002	-	75,000		75,000		91,320	241,320
2003	-	80,000		75.000		85.761	240.761



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NOTE 4 – CHANGES IN LONG-TERM DEBT-CONTINUED

Bond Indenture Restrictions

Sales tax bonds:

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- 1. The Town shall maintain a reserve fund with a balance of \$130,000 to \$135,520. The balance in the fund was \$97,266 at June 30, 1999 and the Town was not in compliance with the reserve fund requirements.
- 2. The Town shall deposit into a sinking fund \$11,210 monthly from February 1998 to January 1999 and \$11,085 February 1999 to January 2000. The Town was not in compliance with this covenant.

Proprietary Fund

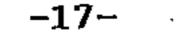
The following is a summary of enterprise revenues bond transactions of the Town of Ferriday for the year ended June 30, 1999:

	Water	Sewer	<u>Total</u>
Payable at June 30, 1998	\$ 2,468,710	\$ 1,552,358	\$ 4,021,068
Bonds retired	(90,715)	(27,533)	(118,248)
Payable at June 30, 1999	2,377,995	1,524,825	3,902,820
Less current portion	(97,546)	(28,953)	(126,449)
Long-term portion	\$ 2,280,449	\$ 1,495,872	\$ 3,776,321

Bonds payable at June 30, 1999 are comprised of the following individual issues:

Water Revenue Bonds:	
\$3,200,000 in revenue bonds due in annual	
installments of \$239,489 through October 29,	
2017; interest @ 5 3/4% - 6 1/2%	\$ 2,377,995
Sewer Revenue Bonds:	
\$1,800,000 in revenue bonds due in monthly	
installments totaling \$105,192 through	
June 14, 2033; interest @5%	1,524,825
	\$ 3,902,820

The annual requirements to amortize the bonds as of June 30, 1999 are as follows:



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NOTE 4 – <u>CHANGES IN LONG-TERM DEBT-CONTINUED</u>

Enuçu			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	Total
2000	\$ 97,546	\$ 141,943	\$ 239,489
2001	103,399	136,090	239,489
2002	109,603	129,886	239,489
2003	116,179	123,310	239,489
2004	122,755	116,734	239,489
Thereafter	1,828,513	679,612	2,508,125
Total	\$ 2,377,995	\$ 1,327,575	\$ 3,705,570

Water Fund

Year

4.1

Ended

Sewer Fund

Year

1 441						
Ended						
<u>June 30</u>	<u>P</u>	<u>rincipal</u>	<u>]</u>	<u>nterest</u>		<u>Total</u>
2000	\$	28,953	\$	76,239	\$	105,192
2001		30,400		74,792		105,192
2002		31,920		73,272		105,192
2003		33,516		71,676		105,192
2004		35,112		70,080		105,192
Thereafter		1,364,924		891,303		2,256,227
Total	\$	1,524,825	\$	1,257,362	\$	2,782,187
			<u>.</u>		نعمينتم	·····

The Town's proprietary fund bonds are governed by bond indenture, the terms of which are summarized as follows:

Water Fund Bonds

1. The Town shall maintain a reserve fund into which monthly deposits of \$997 will be made. The reserve fund balance was \$22,050 as of June 30, 1999. Deposits will be made until \$239,489 has accumulated in the fund.

At June 30, 1999 the Town was not in compliance with this covenant.

2. The Town shall maintain a depreciation and contingency fund into which monthly deposits of \$970 will be made. The depreciation fund balance as \$7,794 as of June 30, 1999. Annual deposits of \$11,640 will be required for each of the next five years.

At June 30, 1999 the Town was not in compliance with this covenant.

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NOTE 4 – <u>CHANGES IN LONG-TERM DEBT-CONTINUED</u>

3. The Town shall deposit into a sinking fund an amount sufficient to accumulate \$239,489 on October 29 of each year so that the installment of principal and interest can be made. The sinking fund balance was \$138,337 as of June 30, 1999.

At June 30, 1999 the Town as not in compliance with this covenant.

Sewer Fund Bonds

1. The Town shall maintain a reserve fund into which monthly payments of \$375 to \$439 shall be deposited until a balance of \$105,192 has been accumulated. The reserve fund balance was \$22,502 as of June 30, 1999.

At June 30, 1999 the Town is not in compliance with this covenant.

2. The Town shall maintain a contingency fund into which monthly payments of \$414 shall be deposited. The contingency fund balance was \$20,884 as of June 30, 1999.

At June 30, 1999 the Town is not in compliance with this covenant.

3. The Town shall maintain a sinking fund in which \$7,500 to \$8,766 monthly shall be deposited.

At June 30, 1999 the Town is in compliance with this covenant.

NOTE 5 – PROPERTY AND SALES TAX

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. The Concordia Parish Assessor prepares a list of property taxes due the Town, but the Town is responsible for billings and collections. The Town's total millage is 14.14 mills; 12.0 mills for the general fund and 5.14 mills for the tax bond sinking fund. Town property tax revenues are recognized as collected. At June 30, 1999 uncollected taxes were nominal amounts.

The Town has levied a 1 %% sales tax on sales within the legal limits of the Town. The proceeds of the sales tax are dedicated to (1) payment of sales tax bonds; (2) payment of general operating expenses of the Town; (3) payment of all or part of capital improvements; (4) maintenance or operation of capital improvements; or (5) any one or all of the aforementioned purposes.

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NOTE 6 – <u>RESTRICTED ASSETS</u>

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Certain assets are restricted for debt service, construction and customer deposits. These assets consist of the following as of June 30, 1999:

	De	bt Service	Pı	oprietary	
		Fund		<u>Fund</u>	<u>Total</u>
Customer deposits	\$	-	\$	4,583	\$ 4,583
Bond sinking fund		35,088		138,327	173,415
Bond depreciation fund		-		28,678	28,678
Bond reserve fund		97,266		47,552	144,818
	\$	132,354	\$	219,140	\$ 351,494

NOTE 7 – <u>RETIREMENT COMMITMENTS</u>

The Town of Ferriday 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.

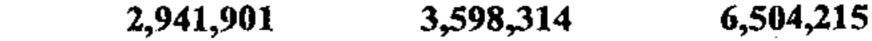
NOTE 8 – <u>CASH AND INVESTMENTS</u>

At year-end, the carrying amount of the Town's deposits (checking and savings accounts) was \$411,615 and the bank's balance was \$459,772. Of the bank balance, \$200,000 was covered by federal depository insurance and \$259,772 was covered by collateral held by its agent in the Town's name.

NOTE 9 – <u>SEGMENT INFORMATION FOR ENTERPRISE FUNDS</u>

	Water Fund	Sewer Fund	<u>Total</u>
Operating Revenues	\$ 454,343	\$ 207,482	\$ 661,825
Depreciation	114,724	181,574	296,298
Operating (loss)	(211,253)	(253,531)	(464,784)
Net (loss)	(46,272)	(145,839)	(192,111)
Plant, property & equipment net of accumulated depreciation	2,683,438	3,523,860	6,207,298
Net working capital	18,874	16,610	35,484

Total assets



Long-term liabilities payable from operating revenues Total equity

2,377,995	1,524,825	3,902,820
395,476	2,055,689	2,451,165



NOTE 10 - UNRECONCILED VARIANCE

Town personnel prepared receipts for certain revenues that were never deposited in the Town's bank accounts. These unreconciled variances were recorded as follows:

General fund - property taxes	\$ 6,242
General fund - garbage fees	9,855
Total general fund	16,097
Debt service fund - property taxes	20,760
Enterprise fund - water and sewer fees	34,113
Total all funds	\$ 70,970

NOTE 11 - THE YEAR 2000 ISSUE

The Year 2000 Issue is a result of shortcomings in many electronic data processing systems and other equipment that may adversely affect operations in the year 1999 and beyond if date sensitive coding is not corrected. The Town is aware of the year 2000 issue and is currently assessing all of its systems.

NOTE 12 - <u>CONTRIBUTED CAPITAL</u>

The proprietary fund has received contributions from State and Federal sources, and the contributed capital as of June 30, 1999 was as follows:

Enterprise Fund

\$ <u>3,595,638</u>

NOTE 13 -- DEFICIT RETAINED EARNINGS AND FUND BALANCE

The enterprise fund deficit in retained earnings of \$1,144,473 is the result of revenues inadequate to cover expenses including depreciation for several years.

The general fund deficit in fund balance of \$64,324 is the result of the general fund transferring cash to the enterprise fund to cover its expenses.



SECTION II - SUPPLEMENTAL INFORMATION SCHEDULES

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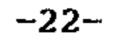
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GENERAL FUND

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

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TOWN OF FERRIDAY, LOUISIANA <u>GENERAL FUND</u>

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BALANCE SHEET JUNE 30, 1999

ASSETS	1999	(Memorandum Only) <u>1998</u>
Cash Receivables:	\$ 14,256	\$ 56,635
Fees and services	23,955	26,341
Total assets	38,211	82,976

LIABILITIES AND FUND BALANCE

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Liabilities:			
Accounts payable	70,493		52,352
Accrued compensated absences	19,542		21,567
Due to other funds	12,500		5,000
	102,535		78,919
Fund balance (deficit)	(64,324)		4,057
Total liabilities and fund balance	<u>\$ 38,211</u>	<u>\$</u>	82,976

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

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TOWN OF FERRIDAY, LOUISIANA <u>GENERAL FUND</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

Revenues:		<u>1999</u> <u>Budget</u> <u>Actual</u>			F	'ariance - 'avorable <u>(favorable)</u>	(Memorandum Only) 1998 <u>Actual</u>	
Taxes	\$	1,065,400	\$	1,026,687	\$	(38,713)	\$	1,035,525
Licenses and permits	Ŷ	108,800	ų.	126,224		17,424	4	120,633
Intergovernmental		5,000		26,166		21,166		27,213
Charges for services		164,000		162,260		(1,740)		160,901
Fines		126,000		139,300		13,300		124,232
Miscellaneous		57,000		34,970		(22,030)		54,127
Total revenues		1,526,200		1,515,607		(10,593)		1,522,631

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Expenditures:	
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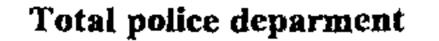
General government	378,723	367,873	10,850	444,162
Police department	341,200	344,311	(3,111)	354,154
Fire department	86,500	102,921	(16,421)	89,262
Street department	182,800	176,126	6,674	192,442
Sanitation	165,000	186,079	(21,079)	193,883
Total expenditures	1,154,223	1,177,310	(23,087)	1,273,903
Excess of revenues over				
expenditures	371,977	338,297	(33,680)	248,728
Other financing sources uses:				
(To) debt service fund	(135,000)	(120,858)	14,142	(79,335)
(To) utility fund	(165,000)	(272,673)	(107,673)	(198,141)
From capital projects fund	-	2,950	2,950	705
Unreconciled variance		(16,097)	(16,097)	■
Total	(300,000)	(406,678)	(106,678)	(276,771)
Excess of revenues and other sources over (under)				
expenditures	71,977	(68,381)	(140,358)	(28,043)
Fund balance, beginning	4,057	4,057		32,100
Fund balance, ending (deficit)	\$ 76,034	\$ (64,324)	\$ (140,358)	\$ 4,057

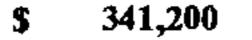
The accompanying notes are an integral part of these financial statements. -25-

TOWN OF FERRIDAY, LOUISIANA GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET YEAR ENDED JUNE 30, 1999 With Comparative Actual Amounts for Year Ended June 30, 1998

		<u>Budget</u> <u>Actual</u>		Fa	riance - vorable <u>(avorable)</u>	Only) 1998 <u>Actual</u>		
General government	æ	20 500	¢	37,408	\$	1,092	\$	39,100
Clerical salaries	\$	38,500	\$,		-		21,000
Mayor's salary		21,000		21,000		(4,611)		8,485
Payroll taxes		6,600		11,211		3,907		24,414
Legal and other professional		25,000		21,093		4,328		162,310
Insurance		137,000		132,672		r -		12,000
Aldermen's fees		12,000		12,000		- 518		9,230
Office supplies and postage		7,500		6,982				4,343
Repairs		3,500		886		2,614		17,683
Miscellaneous		13,623		29,662		(16,039)		_
Collection expense		28,000		11,732		16,268		36,743
Conventions and conferences		2,800		3,799		(999)		1,908
Utilities		20,000		14,636		5,364		19,918
Court Costs		36,000		16,848		19,152		36,497
Dues, ads and subscriptions		1,000		-		1,000		815
Publishing expense		2,000		2,094		(94)		1,229
Telephone		7,200		10,750		(3,550)		9,939
Summer youth program		-		-		-		5,440
Tax roll expense		2,000		10,104		(8,104)		4,343
Capital outlay		15,000		24,996		(9,996)		28,765
Total general government	*****	378,723		367,873		10,850	<u></u>	444,162
Police department:								
Salaries		240,000		235,800		4,200		245,629
Payroll taxes		17,000		16,571		429		16,177
Automobile expenses		19,000		19,591		(591)		20,239
Supplies - office		3,000		2,565		435		4,066
Repairs		3,000		3,160		(160)		2,197
Alcohol tests		500		150		350		557
Telephone		3,000		5,968		(2,968)		3,550
Utilities		11,000		11,146		(146)		11,452
Miscellaneous expense		1,000		2,220		(1,220)		2,007
Education and training		500		180		320		495
Uniforms & laundry		200		93		107		137
Field supplies		12,000		14,885		(2,885)		16,309
Capital outlay		31,000		31,982		(982)		31,339
- *						(111)	A	254 154







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(Memorandum

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

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TOWN OF FERRIDAY, LOUISIANA <u>GENERAL FUND</u>

STATEMENT OF EXPENDITURES COMPARED TO BUDGET YEAR ENDED JUNE 30, 1999 With Comparative Actual Amounts for Year Ended June 30, 1998

			<u>1999</u>			(M	emorandum
				V	ariance -		Only)
				F	avorable		1998
		Budget	<u>Actual</u>	<u>(Ur</u>	<u>ifavorable)</u>		Actual
Fire:							
Salaries	\$	69,000	\$ 76,196	\$	(7,196)	\$	69,731
Payroll taxes		6,500	7,896		(1,396)		6,740
Utilities		6,000	5,126		874		6,353
Truck expense		1,500	1,562		(62)		2,463
Work supplies		800	1,188		(388)		1,067
Repairs		1,000	5,008		(4,008)		1,269
Volunteer firemen		200	80		120		190
Miscellaneous expense		200	5,260		(5,060)		152
Oil and gas		1,100	605		495		1,187
Telephone		200	 -		200		110
Total fire	<u></u>	86,500	 102,921		(16,421)		89,262
Street:							
Salaries		110,000	90,214		19,786		111,537
Payroll taxes		9,000	8,137		863		9,378
Gravel, culverts, resurfacing		1,000	1,267		(267)		718
Repairs		18,000	27,068		(9,068)		21,585
Utilities		30,000	38,371		(8,371)		32,414
Gas and oil		6,000	5,606		394		6,661
Work supplies		5,000	4,459		541		5,371
Miscellaneous expense		3,200	944		2,256		3,838
Telephone		100	60		40		58
Capital outlay		500	-		500		882
Total street		182,800	 176,126		6,674		192,442
Sanitation:							
Trash pickup	<u>s</u>	165,000	\$ 186,079	<u>\$</u>	(21,079)	\$	193,883

The accompanying notes are an integral part of these financial statements. -27-

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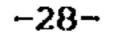
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DEBT SERVICE FUNDS

General Obligation Bonds - To accumulate monies for payment of 1996 \$1,200,000 General Obligation Bonds.

Town Tax Bonds -	To accumulate monies for payment of 1975 \$250,000 Public Improvement Bonds.
Sales Tax Bonds -	To accumulate monies for payment of 1990 \$900,000 General Obligation Bonds and 1996 \$1,300,000 Public Improvements Bonds.



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COMBINING BALANCE SHEET JUNE 30, 1999

<u>ASSETS</u>	O	General Obligation <u>Bonds</u>		Sales Tax <u>Bonds</u>		Town Tax <u>Bonds</u>		<u>Totals</u>	
Cash Due from other funds	\$	31,585 12,500	\$	35,088	\$	-	\$	66,673 12,500	
Reserve fund: Certificates of deposit				97,266				97,266	
Total assets		44,085	<u>=</u>	132,354		-		176,439	

LIABILITIES AND FUND BALANCE

Liabilities:

Fund Balances:

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Reserved for debt service		44,085		132,354	 -	 176,439
Total fund balance	·	44,085	<u> </u>	132,354	 	 176,439
Total liabilities and fund balance	\$	44,085	<u>\$</u>	132,354	\$ 	\$ 176,439

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The following notes are an integral part of these financial statements. -29-

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<u>COMBINING STATEMENT OF REVENUES, EXPENDITURES</u> <u>AND CHANGES IN FUND BALANCE</u> YEAR ENDED JUNE 30, 1999

	Ο	General Obligation <u>Bonds</u>		Sales Tax <u>Bonds</u>		Town Tax <u>Bonds</u>		<u>Total</u>
Revenues:								
Taxes	\$	128,818	\$	-	\$	-	\$	128,818
Miscellaneous - interest				180				180
Total revenues	- <u></u>	128,818	<u> </u>	180				128,998
Expenditures:								
Principal retirement		60,000		65,000		2,000		127,000
Interest and fiscal charges	<u>.</u>	61,507	<u></u>	62,765		180		124,452
Total expenditures		121,507		127,765		2,180		251,452

Excess revenues over (under) expenditures		7,311		(127,585)		(2,180)	 (122,454)
Other financing sources (uses):							
Unreconciled variance		(20,760)		-		-	(20,760)
From general fund		•		118,678		2,180	120,858
Total		(20,760)		118,678	······································	2,180	 100,098
(Deficiency) of revenues and							
other sources (over) expenditures		(13,449)		(8,907)		-	(22,356)
Fund balances, beginning		57,534		141,261		-	 198,795
Fund balances, ending	<u>\$</u>	44,085	\$	132,354	\$		\$ 176,439

The accompanying notes are an integral part of these financial statements. -30-

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 1999

	General Obligation Bonds			
	<u>Budget</u>	Actual	Variance - Favorable <u>(Unfavorable)</u>	
Revenues: Taxes				
	<u>\$ 128,000</u>	<u>\$ 128,818</u>	<u>\$ 818</u>	
Expenditures:				
Principal retirement	60,000	60,000	-	
Interest paid	61,438	61,507	(69)	
Total expenditures	121,438	121,507	(69)	
Excess of revenues over				
expenditures	6,562	7,311	749	

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Other uses:			
Unreconciled variance		(20,760)	(20,760)
Excess (deficiency) of revenues			
over expenditures	6,562	(13,449)	(20,011)
Fund balance, beginning	57,534	57,534	-
Fund balance, ending	<u>\$ 64,096</u>	\$ 44,085	<u>\$ 20,011</u>

The accompanying notes are an integral part of these financial statements. -31-

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Sales Tax Bonds</u> <u>Actual</u>	Variance - Favorable <u>(Unfayorable)</u>
Revenues:			
Interest income	<u>\$ 300</u>	<u>\$ 180</u>	<u>\$ (120)</u>
Expenditures:			
Principal retirement	65,000	65,000	-
Interest and fiscal charges	69,520	62,765	6,755
Total expenditures	134,520	127,765	6,755
Excess of revenues (under) expenditures	(134,220)	(127,585)	6,635

Other financing sources:			
Transfers from general fund	135,000	118,678	(16,322)
Excess of revenues and other			
sources over (under)			
expenditures	780	(8,907)	(9,687)
	700	(0,207)	(2,007)
Fund balances, beginning	141,261	141,261	
Fund balances, ending	<u>\$ 142,041</u>	\$ 132,354	\$ (9,687)

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The accompanying notes are an integral part of these financial statements. -32-

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 1999

	<u>Town Tax Bonds</u> Variance - Favorable			
	Budget	Actual	(Unfavorable)	
Revenues:	-			
Taxes	<u>\$</u>	<u>\$</u>	\$	
Expenditures:				
Principal retirement	2,000	2,000	-	
Interest and fiscal charges	180	180		
Total expenditures	2,180	2,180		
(Deficiency) of revenues				
over expenditures	(2,180)	(2,180)		

Other financing sources:			
Transfers from general fund	2,180	2,180	
Excess of revenues and other			
over (under) expenditures	-	-	~
Fund balances, beginning	یم مربعہ میں	- -	₽┩ ┲┧╴╴┯╴╴─────────────────────────────────
Fund balances, ending	S	\$	\$

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The accompanying notes are an integral part of these financial statements. --33--

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ENTERPRISE FUND

Utility Fund -

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To account for the provision of water and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

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TOWN OF FERRIDAY, LOUISIANA ENTERPRISE FUND UTILITY FUND

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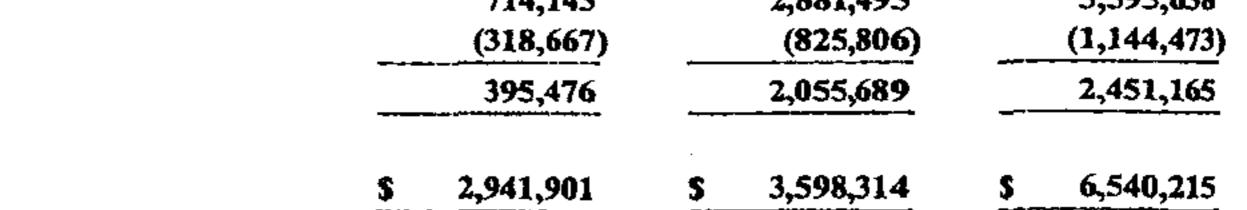
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COMBINING BALANCE SHEET JUNE 30, 1999

	Water		Sewer		<u>Total</u>	
ASSETS						
Current assets:						
Cash	\$	13,012	\$	1,261	\$	14,273
Accounts receivable						
(net of uncollectibles)		69,697		29,807		99,504
Total		82,709		31,068		113,777
Restricted assets:						
Meter deposits		4,583		-		4,583
Bond sinking fund		138,327		~		138,327
Bond depreciation fund		7,794		20,884		28,678
Bond reserve fund		25,050		22,502		47,552
Total restricted assets		175,754	. <u></u>	43,386		219,140

Plant & equipment, net of accumulated depreciation	2,683,438	3,523,860	6,207,298
Total assets	2,941,901	3,598,314	6,540,215
LIABILITIES AND FUND EQUITY			
Liabilities:			
Current liabilities: (payable from current assets)			
Accounts payable	20,636	13,205	33,841
Customer deposits	38,940	- -	38,940
Accrued compensated absences	4,259	1,253	5,512
	63,835	14,458	78,293
Current liabilities:(payable from restricted assets)			
Customer deposits	4,583	_	4,583
Revenue bonds payable	25,050	22,502	47,552
Accrued interest payable	100,012	3,342	103,354
	129,645	25,844	155,489
Long-term liabilities:			
Revenue bonds payable	2,352,945	1,502,323	3,855,268
Total liabilities	2,546,425	1,542,625	4,089,050
Fund equity:			
Contributed capital	714,143	2,881,495	3,595,638
Retained earnings (deficit)	(318,667)	(825,806)	(1,144,473)



Total llabilities and fund equity

Total fund equity

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

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TOWN OF FERRIDAY, LOUISIANA ENTERPRISE FUND UTILITY FUND

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COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED JUNE 30, 1999

	Water Sewer		Total	
Operating revenues:				
Charges for services -				
Water sales	\$	439,248	\$ -	\$ 439,248
Sewer sales		-	205,152	205,152
Miscellaneous revenues		15,095	 2,330	 17,425
Total operating revenues	 	454,343	 207,482	 661,825
Operating expenses:				
Water department expenses		502,253	-	502,253
Sewer department expenses		=	 367,769	 367,769
Total operating expenses		502,253	 367,769	 870,022

Operating (loss)	(47,910)	(160,287)	(208,197)
Nonoperating revenues (expenses):			
Unreconciled variance	(16,700)	(17,413)	(34,113)
Interest expense	(151,479)	(76,961)	(228,440)
Interest income	4,836	1,130	5,966
Total non-operating revenues			
(expenses)	(163,343)	(93,244)	(256,587)
(Loss) before operating transfers	(211,253)	(253,531)	(464,784)
Operating transfers:			
From general fund	164,981	107,692	272,673
Net (loss)	(46,272)	(145,839)	(192,111)
Retained earnings, beginning (deficit)	(272,395)	(679,967)	(952,362)
Retained earnings, ending (deficit)	<u>\$ 318,667</u>	\$ (825,806)	<u>\$ (1,144,473)</u>

The accompanying notes are an integral part of these financial statements. -36-

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TOWN OF FERRIDAY, LOUISIANA ENTERPRISE FUND UTILITY FUND

STATEMENT OF EXPENSES YEAR ENDED JUNE 30, 1999

	-	<u>1999</u>
Water Department		
Salaries	\$	111,385
Payroll taxes		9,234
Work supplies and chemicals		137,096
Insurance		21,433
Repairs		34,938
Utilities		45,636
Miscellaneous expense		12,078
Postage and supplies		3,693
Depreciation		114,724
Telephone		2,822
Truck expense		3,036
Legal and accounting	•	6,178
Total water department	······································	502,253

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Sewer Department	
Salaries	45,486
Payroll taxes	4,586
Work supplies and chemicals	27,300
Insurance	10,460
Repairs	27,410
Utilities	62,471
Depreciation	181,574
Testing	287
Legal and accounting	2,100
Miscellaneous	6,095
Total sewer department	\$ 367,769

The accompanying notes are an integral part of these financial statements. -37-

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GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.



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TOWN OF FERRIDAY, LOUISIANA STATEMENT OF GENERAL LONG-TERM DEBT JUNE 30, 1999

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AMOUNT AVAILABLE AND TO	O	General oligation <u>Bonds</u>		Sales Tax <u>Bonds</u>	_	own Tax <u>Bonds</u>	Total <u>1999</u>
PROVIDE FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT							
Amount available in debt service funds for debt retirement	\$	44,085	\$	132,354	\$	-	\$ 176,439
Amount to be provided for debt service	1	,035,915		992,646		1,000	 2,029,561
Total available and to be provided	1	,080,000		1,125,000		1,000	 2,206,000
GENERAL LONG-TERM DEBT PAYABLE							

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Bonds payable

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\$ 1,080,000	1,125,000	\$ 1,000	5	2,206,000	
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The accompanying notes are an integral part of these financial statements. -39-

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TOWN OF FERRIDAY, LOUISIANA SUPPLEMENTAL INFORMATION SCHEDULES For the Year Ended June 30, 1999

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COMPENSATION PAID ALDERMEN

The schedule of compensation paid to aldermen is presented in compliance with House concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the Legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:405 (G), the aldermen have passed an ordinance that sets their compensation at \$200 per month.

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TOWN OF FERRIDAY, LOUISIANA SCHEDULE OF COMPENSATION PAID ALDERMEN FOR THE YEAR ENDED JUNE 30, 1999

Mrs. Dorothy Johnson	\$ 2,400
Mr. William H. Rucker	2,400
Mrs. Gail Pryor	2,400
Mr. Sammy Davis	2,400
Mr. Robert Jones	2,400
TOTAL	\$ <u>12,000</u>

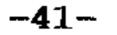
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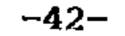


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SECTION III - COMPLIANCE/INTERNAL CONTROL

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SWITZER, HOPKINS & MANGE Certified Public Accountants

DENNIS R. SWEIZER, CPA H. MYLES HOPKINS, CPA SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

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

Honorable Odeal J. Montgomery, Mayor and Members of the Board of Aldermen Town of Ferriday, Louisiana

We have audited the general purpose financial statements of Town of Ferriday, Louisiana as of and for the year ended June 30, 1999, and have issued our report thereon dated January 31, 2000. We have conducted our 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 Ferriday, Louisiana'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 object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four 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 99-4, 99-5, 99-6 and 99-7.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Ferriday, Louisiana's internal 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted three certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 the Town of Ferriday, 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 as item 99-1, 99-2 and 99-3.

1840 NORTH E. E. WALLACE BLVD. P. O. BOX 478 FERRIDAY, LA 71334 (318) 757-6511 FAX (318) 757-7206 OFFICES IN NATCHEZ, MISSISSIPPI

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Honorable Odeal J. Montgomery, Mayor Town of Ferriday, Louisiana Page Two

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 none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of management of the district 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 January 31, 2000

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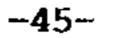
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SECTION IV – SCHEDULE OF FINDINGS AND QUESTIONED COSTS



TOWN OF FERRIDAY, LOUISIANA

Schedule of Findings and Questioned Costs Year Ended June 30, 1999

Summary of Audit Results

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- 1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.
- 2. Four 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. Three instances of noncompliance certain laws and regulations of the Town of Ferriday, Louisiana were disclosed during the audit.

<u>Findings – Financial Statement Audit</u>

Reportable Conditions

99-1 - Segregation of Duties

Condition: We noted that adequate segre Recommendation: We recommen

Response:

99-2 - Broken Water Meters

Condition:

Recommendation:

Response:

We noted that the Town of Ferriday, Louisiana does not have adequate segregation of duties.

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

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

We noted 173 of 1,475 water meters in the Town of Ferriday are out of order and those customers with broken meters are being billed the minimum rate each month for utilities.

We recommend that the Town of Ferriday replace all broken water meters on a continuing basis.

The Mayor of the Town of Ferriday concurs with the finding. This was a finding in the last audit and replacements have been

made of broken meters and this practice will continue.



Schedule of Findings and Questioned Costs Page Two

99-3 - Reconcilement of Utility Accounts Receivable and Property Taxes Collected

Condition:

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Recommendation:

Response:

We noted that property taxes deposited in the Town's bank account were recorded at \$27,002 less than the amounts shown on receipts prepared by Town personnel. In addition, water, sewer and garbage fees deposited in the Town's bank account were recorded at \$43,968 less than the amounts shown on receipts prepared by Town personnel. These amounts are unreconciled and variances from these figures are not material.

We recommend that the Town seek training from someone such as the software company that supports the computer program for utility billings in order to reconcile on a daily and monthly basis the collections with the accounts receivable.

The Mayor agrees with the finding and will make efforts to

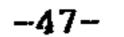
reconcile these accounts in the future.

99-4	Daily	Deposit	of R	leceipts
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Condition:	We noted those deposits of cash and checks collected are being made up to five days after the collections are made.
Recommendation:	We recommend that deposits always be made the same day as the collection was made.
Response:	The Mayor agrees that deposits should be made on a daily basis and that they will be made daily in the future.
99-5 – Inventory of Fixed Assets	
Condition:	The Town has a listing of land, furniture and equipment, but there has not been a physical inventory taken in several years as required by law.
Recommendation:	We recommend that the Town take a physical inventory as least once per year. Also each item that the Town owns should be marked with a numbered tag and that tag number should match the item number on the physical inventory listing.



The Mayor agrees with this and will see that the law is complied with.



Schedule of Findings and Questioned Costs Page Three

99-6 -- Compliance with Bond Indenture Restrictions

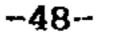
Condition:

We noted that the Town is not in compliance with certain deposit requirements of the Sales Tax Bond agreement. The requirements include minimum deposits and balances in the reserve fund and the sinking fund.

We noted that the Town is not in compliance with certain deposit requirements of the Water Fund Bond agreement. The requirements include minimum deposits and balances in the reserve fund, depreciation fund and the sinking fund.

We noted that the Town is not in compliance with certain deposit requirements of the Sewer Fund Bond agreement. The requirements include minimum deposits and balances in the reserve fund and the contingency fund.

Recommendation:	We recommend that the Town deposit the first funds available into these funds until they are in compliance with the bond agreements.
Response:	The Mayor stated that a new sales tax was passed and collections began on January 1 of this year. The funds produced by this tax will allow the Town to fill these various funds to the levels required by the agreements.
99-7 – Late Filing of Audit Report	
Condition:	We noted that the audit report was filed with the Legislative Auditor after the due date of December 31, 1999.
Recommendation:	We recommend that the audit be filed within six months after the closing date of the year being audited.
Response:	The Mayor responded that the CPA should have the audit completed in time for the Town to be in compliance with the law.



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TOWN OF FERRIDAY, LOUISIANA

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 1999

INTERNAL CONTROL FINDINGS

98-A -- Segregation of Duties

Condition:Due to the relative small size of the Town, the majority of
accounting functions are performed by one individual.Current status:This finding still applies and is noted in the current audit for the
year ended June 30, 1999. (See current finding 99-1)

98-B - Internal Control over Water Sold

Condition:	The Town is not systematically replacing broken water meters as they are discovered.
	We noted 379 of 1,457 water meters in the Town of Ferriday are out of order and those customers with broken meters are being billed the minimum rates each month. By our estimate the Town is losing \$117,000 per year in water and sewer charges because these meters are all indicating zero water usage when they are read each month.
Current status:	This finding still applies, however there has been some improvement in the number of broken water meters. (See current finding 99-2)

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