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TOWN OF RINGGOLD
RINGGOLD, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1998

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

Release Date 8-11-99

TOWN OF RINGGOLD, LOUISIANA

General Purpose Financial Statements
As of and for the Year Ended December 31, 1998
With Supplemental Information Schedules

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December 31, 1998

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TOWN OF RINGGOLD, LOUISIANA
December 31, 1998

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INDEPENDENT AUDITORS' REPORT

The Honorable Robert P. Corley, Mayor
and the Council Members of the Town Council
Town of Ringgold, Louisiana

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

Except as discussed in the following paragraph, we 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. 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosures of certain matters regarding the Year 2000 Issue. Town of Ringgold, Louisiana, has included such disclosures in Note 16. Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Town of Ringgold, Louisiana's disclosures with respect to the Year 2000 Issue made in Note 16. Further, we do not provide assurance that Town of Ringgold, Louisiana, is or will be year 2000 ready, that Town of Ringgold, Louisiana's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which Town of Ringgold, Louisiana, does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined necessary had we been able to examine evidence regarding the Year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Ringgold, 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 July 9, 1999 on our consideration of the Town of Ringgold's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Town of Ringgold, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the general purpose financial statements of Town of Ringgold, Louisiana. Such information has been subjected to the auditing procedures applied in the audit 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.

Jamison Wise + Mot

Minden, Louisiana
July 9, 1999

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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 Robert P. Corley, Mayor
and the Council Members of the Town Council
Town of Ringgold, Louisiana

We have audited the general purpose financial statements of the Town of Ringgold, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated July 9, 1999, which was qualified because insufficient evidence exists to support the Town of Ringgold, Louisiana's disclosures with respect to the Year 2000 issue. Except as discussed in the preceding sentence, we 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 the Town of Ringgold, 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 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 which is described in the accompanying schedule of findings and questioned costs as items 98-1. We also noted certain immaterial instances of noncompliance that we have reported to management of Town of Ringgold, Louisiana in a separate letter dated July 9, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Ringgold, 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. However, we noted 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 judgment, could adversely affect Town of Ringgold, 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 98-2 and 98-3.

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 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. We also noted other matters involving the internal control over financial reporting that we have reported to management of Town of Ringgold, Louisiana, is a separate letter dated July 9, 1999.

This report is intended solely for the information of management, others within the organization, City Council, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jamieon Wise & Math

Minden, Louisiana
July 9, 1999

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Robert P. Corley, Mayor
and the Council Members of the Town Council
Town of Ringgold, Louisiana

Compliance

We have audited the compliance of Town of Ringgold, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1998. Town of Ringgold, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Town of Ringgold, Louisiana's management. Our responsibility is to express an opinion on Town of Ringgold, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Ringgold, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Town of Ringgold, Louisiana's compliance with those requirements.

In our opinion, Town of Ringgold, Louisiana, *complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.*

Internal Control Over Compliance

The management of Town of Ringgold, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Town of Ringgold, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, others within the organization, City Council, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Minden, Louisiana
July 9, 1999

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MANAGEMENT LETTER

The Honorable Robert P. Corley, Mayor
and the Council Members of the Town Council
Town of Ringgold, Louisiana

We have audited the financial statements of the Town of Ringgold, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated July 9, 1999.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the town. As a supplement to the reports, we submit for your consideration pertaining to the following observation which did not meet the criteria of being material to the general purpose financial statements.

Compliance considered non-material to general purpose financial statements.

98-1: Local Government Budget Laws

During our audit, we reviewed the budget process of the town. LSA-R.S. 39:1310 concerns budgetary control. The town is to amend the budget in accordance with R.S. 39 whenever there is a variance of 5% (five percent) or more between actual and remaining projections as compared to budget amounts for revenues, expenditures or beginning fund balance. For the year ended December 31, 1998, it was noted that the Town had made efforts to be in compliance with the Local Government Budget Laws, however, during our audit we noted that total expenditures of the General Fund were 10% over the amounts budgeted for total expenditures of the General Fund. For good internal control over expenditures and compliance with the state budget laws we recommend the town continue to periodically review the actual revenues, expenditures and beginning fund balances with the original approved budget amounts and make necessary formal budget amendments.

98-2: Code of Ethics for Public Employees

Per Louisiana Revised Statute (R.S.) 42:1112, no public servant shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity. During the fiscal year ended

December 31, 1998, payment was made to a public employee of the Town of Ringgold for contractor work performed on the Ringgold Nature Fitness Trail.

98-3: Required Reserve Deposits

Per review of the resolutions authorizing both Water Revenue Bonds and Sewer Revenue Bonds, the monthly deposits to the sinking funds, reserve funds, and depreciation and contingency funds are required to be made monthly in advance on or before the 20th day of each month of each year. We noted that some deposits were not made before the 20th of the month in each of the required bond accounts.

98-4: Retirement plans, Social Security

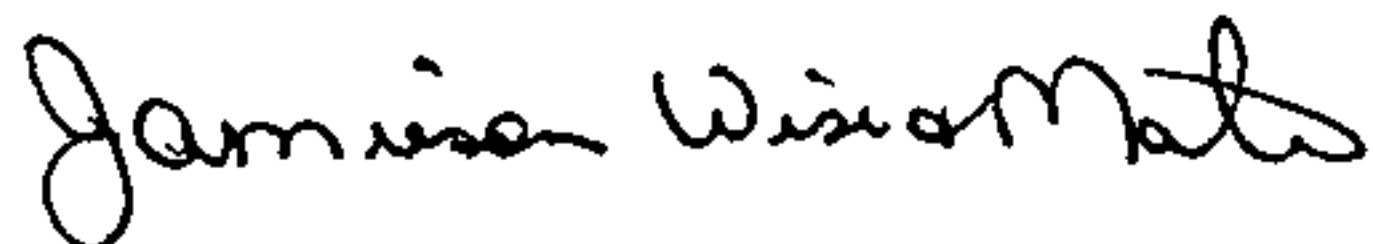
Per review of Section 3121(b)(7)(F) of the Internal Revenue Code, service as an employee of a State or local government, hired on or after April 1, 1986, is treated as employment for the purposes of the Medicare portion of FICA taxes. We noted that employees who did not qualify to participate in MERS or MPERS were allowed to participate in a Mainstay IRA plan. However, no withholdings for Medicare were noted from the participants in the Mainstay IRA plan as required by the above referenced section. We recommend that the Town of Ringgold check with the administrators of the Mainstay IRA plan to determine whether this plan qualifies as a retirement plan whereby the employees would not be subject to FICA. We also recommend that the Town verify with the Social Security Administration the requirement that employees hired after 03/31/86, are subject to Medicare and subsequently begin withholding these amounts as determined.

98-5: MPERS withholding

We noted that Municipal Police Employee Retirement System withholdings were incorrectly calculated and withheld for one member of the police department. Amounts withheld for retirement were in excess of the required amounts. We noted that the required monthly MPERS report was filed for the period of 7/16/98-12/31/98 on January 1, 1999 for the amounts to be remitted to MPERS.

Prior audit findings have been addressed by the town management unless included in the above comments. Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,



Jamieson, Wise & Martin
July 9, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS-OVERVIEW)**

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

ASSETS	Governmental Fund Types			Proprietary Fund Type	Account Group	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise Fund	General Fixed Assets	
Cash	\$ 37,030	58,579	88	34,621	-	130,318
Investments	90,384	79,060	-	9,161	-	178,605
Receivables -						
Taxes	9,792	-	-	4,585	-	14,377
Water and sewer	-	-	-	27,367	-	27,367
Due from other funds	2,309	-	-	-	-	2,309
Due from other governments	2,520	-	-	-	-	2,520
Restricted assets -						
Cash	-	-	-	99,688	-	99,688
Meter deposits	-	-	-	3,970	-	3,970
Investments - meter deposits	-	-	-	26,353	-	26,353
Land	-	-	-	-	29,713	29,713
Buildings	-	-	-	-	35,291	35,291
Improvements other than buildings	-	-	-	-	736,921	736,921
Equipment	-	-	-	-	142,012	142,012
Proprietary funds -						
Property, plant and equipment	-	-	-	3,157,165	-	3,157,165
Accumulated depreciation	-	-	-	(709,760)	-	(709,760)
Total assets	\$ 142,035	137,639	88	2,653,150	943,937	3,876,849

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

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

LIABILITIES AND FUND EQUITY	Governmental Fund Types			Proprietary Fund Type	Account Group	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise Fund	General Fixed Assets	
Liabilities:						
Accounts payable and accrued expenses	\$ 54,942	-	-	3,188	-	58,130
Due to other funds	-	-	-	2,309	-	2,309
Payable from restricted assets -						
Customers' deposits	-	-	-	20,992	-	20,992
Interest payable	-	-	-	75,749	-	75,749
Revenue bonds payable	-	-	-	15,961	-	15,961
Revenue bonds payable	-	-	-	1,252,812	-	1,252,812
Total liabilities	<u>54,942</u>	<u>-</u>	<u>-</u>	<u>1,371,011</u>	<u>-</u>	<u>1,425,953</u>
Fund equity:						
Contributed capital	-	-	-	1,783,144	-	1,783,144
Investment in general fixed assets	-	-	-	-	943,937	943,937
Retained earnings (deficit):						
Reserved for:						
Water revenue bond retirement	-	-	-	35,459	-	35,459
Sewer revenue bond retirement	-	-	-	11,863	-	11,863
Unreserved (deficit)	-	-	-	(548,327)	-	(548,327)
Fund balances (deficit):						
Unreserved:						
Designated for capital projects	-	-	88	-	-	88
Undesignated	<u>87,093</u>	<u>137,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,732</u>
Total fund equity	<u>87,093</u>	<u>137,639</u>	<u>88</u>	<u>1,282,139</u>	<u>943,937</u>	<u>2,450,896</u>
Total liabilities and fund equity	<u>\$ 142,035</u>	<u>137,639</u>	<u>88</u>	<u>2,653,150</u>	<u>943,937</u>	<u>3,876,849</u>

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

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

	General Fund	Special Revenue Fund	Capital Project Fund	Total (Memorandum Only)
Revenues:				
Taxes	\$ 49,847	194,164	-	244,011
Licenses and permits	24,093	-	-	24,093
Intergovernmental	36,195	-	-	36,195
Fines and forfeitures	4,790	-	-	4,790
Interest	4,665	4,060	-	8,725
Collection fee	20,591	-	-	20,591
Miscellaneous	16,081	-	-	16,081
Total revenues	<u>156,262</u>	<u>198,224</u>	<u>-</u>	<u>354,486</u>
Expenditures:				
General government	139,497	105,412	12	244,921
Public safety	148,351	-	-	148,351
Recreation	2,699	-	-	2,699
Total expenditures	<u>290,547</u>	<u>105,412</u>	<u>12</u>	<u>395,971</u>
Excess (deficiency) of revenues over expenditures	<u>(134,285)</u>	<u>92,812</u>	<u>(12)</u>	<u>(41,485)</u>
Other financing sources (uses):				
Proceeds from sale of assets	1,025	-	-	1,025
Operating transfers in	93,638	-	100	93,738
Operating transfers out	(100)	(75,224)	-	(75,324)
Total other financing sources (uses)	<u>94,563</u>	<u>(75,224)</u>	<u>100</u>	<u>19,439</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(39,722)</u>	<u>17,588</u>	<u>88</u>	<u>(22,046)</u>
Fund balances, beginning	<u>126,815</u>	<u>120,051</u>	<u>-</u>	<u>246,866</u>
Fund balances, ending	<u>\$ 87,093</u>	<u>137,639</u>	<u>88</u>	<u>224,820</u>

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

TOWN OF RINGGOLD
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (CASH BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
 For the Year Ended December 31, 1998

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 51,614	50,970	(644)	204,000	194,164	(9,836)
Licenses and permits	24,333	24,213	(120)	-	-	-
Intergovernmental	12,760	38,296	25,536	-	-	-
Fines and forfeitures	4,041	4,790	749	-	-	-
Interest	3,600	4,665	1,065	-	4,060	4,060
Collection fee	21,000	20,591	(409)	-	-	-
Miscellaneous	16,061	15,963	(98)	-	-	-
Total revenues	133,409	159,488	26,079	204,000	198,224	(5,776)
Expenditures:						
General government	85,609	77,064	8,545	102,000	105,412	(3,412)
Public safety	140,039	165,399	(25,360)	-	-	-
Recreation	1,000	6,620	(5,620)	-	-	-
Total expenditures	226,648	249,083	(22,435)	102,000	105,412	(3,412)
Excess (deficiency) of revenues over expenditures	(93,239)	(89,595)	3,644	102,000	92,812	(9,188)
Other financing sources (uses):						
Operating transfers in	82,000	94,663	12,663	-	-	-
Operating transfers out	-	(100)	(100)	(102,000)	(75,224)	26,776
Total other financing sources (uses)	82,000	94,563	12,563	(102,000)	(75,224)	26,776
Excess (deficiency) of revenues and other sources over expenditures and other uses	(11,239)	4,968	16,207	-	17,588	17,588
Fund balance-beginning	121,723	121,723	-	120,051	120,051	-
Fund balance - ending	\$ 110,484	126,691	16,207	120,051	137,639	17,588

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

TOWN OF RINGGOLD
 PROPRIETARY FUND TYPE
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS - ENTERPRISE FUND
 For the Year Ended December 31, 1998

Revenues:	
Water sales	\$ 174,790
Sewer fees	79,502
Connection fees	525
Re-connection fees	1,700
Ad valorem taxes	27,746
Miscellaneous income	12,722
Total revenues	<u>296,985</u>
Operating expenses:	
Salaries	66,618
Payroll taxes & retirement	5,424
Office supplies	4,154
Utilities	20,888
Professional fees	4,400
Uniform rental	1,783
Repairs and maintenance	31,572
Insurance	10,000
Vehicle	2,364
Education and travel	1,160
Miscellaneous expense	1,187
Materials - sewer	5,095
Chemicals - sewer	11,394
Depreciation	90,410
Utility tax	4,842
Total operating expense	<u>261,291</u>
Operating income	35,694
Nonoperating revenues (expenses):	
Interest income	3,989
Interest expense	<u>(125,947)</u>
Total nonoperating revenues and expenses	<u>(121,958)</u>
(Loss) before operating transfers	(86,264)
Operating transfers:	
Transfers from Sales Tax Fund	10,975
Transfers to General Fund	<u>(29,389)</u>
Net transfers	<u>(18,414)</u>
(Loss) after operating transfers	(104,678)
Retained earnings (deficit) - beginning	(492,961)
Decrease (increase) in reserves:	
Revenue bond retirement	<u>49,312</u>
Retained earnings (deficit) - ending	<u>\$ (548,327)</u>

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

TOWN OF RINGGOLD
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Year Ended December 31, 1998

<i>Cash flows from operating activities:</i>		
Operating income		\$ 35,694
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	\$ 90,410	
(Increase) decrease in -		
Accounts receivables	(6,915)	
Accounts receivables - Ad valorem taxes	968	
Increase (decrease) in:		
Accounts payable	(354)	
Due to other funds	<u>2,309</u>	
Total adjustments		<u>86,418</u>
Net cash provided by operating activities		122,112
<i>Cash flows from noncapital financing activities</i>		
Transfers in from other funds	10,975	
Transfers out to other funds	(29,389)	
Meter deposit proceeds	4,040	
Meter deposit returns & charges	<u>(1,920)</u>	
Net cash used by noncapital financing activities		(16,294)
<i>Cash flows from capital and related financing activities:</i>		
Principal payments - bonds	(27,058)	
Interest payments - bonds	<u>(128,657)</u>	
Net cash used by capital and related financing activities		(155,715)
<i>Cash flows from investing activities:</i>		
Receipts of interest	3,989	
Increase of investments	<u>(1,791)</u>	
Net cash provided from investing activities		<u>2,198</u>
Net increase in cash		(47,699)
Cash at beginning of the year		<u>185,978</u>
Cash at end of the year		<u>\$ 138,279</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

INTRODUCTION

The Town of Ringgold was incorporated under the provisions of the Lawrason Act (Louisiana Revised Statutes 33:321-463). The Town is located in the Parish of Bienville, being in the northwest corner of the State of Louisiana.

The Town operates under a Mayor-Board of Aldermen form of government. Members of the board are all elected and serve a term of 4 years.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Town of Ringgold 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

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Town of Ringgold includes all funds, account groups, et cetera, that are within the oversight responsibility of the Town of Ringgold.

Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, the parish school board, and independently elected parish officials are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Town of Ringgold.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

C. FUND ACCOUNTING

The Town of Ringgold 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 financial resources.

Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds account for all or most of the Town'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 obligations. Governmental funds include:

1. General fund - the general operating fund of the Town of Ringgold and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special revenue fund - account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specific purposes.
3. Capital projects fund - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reporting in the other governmental funds.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

Proprietary Fund:

Proprietary funds 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. The proprietary fund includes the:

Enterprise Fund - accounts for operation (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; 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.

D. BASIS OF ACCOUNTING

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

Revenues

Taxpayer assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of the 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

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 long-term debt which is recognized when due.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

Other financing sources (uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sales of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

E. BUDGETS

The Town of Ringgold uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each year.
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 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 of funds from one department, program or function to another or involving increases in expenditures which results from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. Budgetary appropriations lapse at the end of each fiscal year.

TOWN OF RINGGOLD, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 1998

7. Budgets for the General and Special Revenue Funds were not adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. The revenues and expenditures shown on Page 12 are reconciled with the amounts reflected on the budget comparison on page 13 as follows:

	<u>General Fund</u>	<u>Sales Tax Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP Basis)	\$ (39,722)	17,588
Adjustments:		
Receivable accruals	915	-
Expenditure accruals	<u>43,775</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Budget Cash Basis)	\$ <u>4,968</u>	<u>17,588</u>

F. ENCUMBRANCES

The Town of Ringgold does not employ encumbrance accounting in the governmental funds.

G. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Under state law, the Town of Ringgold may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

The Town of Ringgold participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by SEC.

The investment objective of the LAMP is the preservation of capital and the maintenance of liquidity and, to the extent consistent with such objective, current yield.

The LAMP was established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Board of Directors of LAMP provides certain management and administrative services to LAMP and, through a competitive bidding process, selects a custodial bank and an investment advisor. The custodial bank holds the assets of LAMP and the investment decisions are made by the investment advisor. Both the custodial bank and the investment advisor are subject to the review and oversight of LAMP.

An annual audit of LAMP is conducted annually by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

The LAMP may invest in US Government Securities. The LAMP is designed to comply with restriction on investment by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statutes 33:2955.

The LAMP seeks maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that LAMP will be able to achieve this objective. To facilitate this goal, the LAMP's portfolio securities are valued by the amortized cost method as permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs money market mutual funds (although the LAMP is not a money market fund and has no obligation to conform to this rule.) In addition, the LAMP will generally comply with other aspects of that rule, including the requirements that all portfolio securities acquired by the LAMP must have, at the time of purchase, a maximum remaining maturity of 397 days and meet certain addition quality standards and that the LAMP maintain a dollar-weighted average portfolio maturity of not more than 90 days.

The fair value of the position in the pool is the same as the value of the pool shares.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

I. FIXED ASSETS

All governmental fund type operations (general fixed assets) purchased after June 30, 1978 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. The Town has not capitalized all public domain or infrastructure fixed assets. Interest costs incurred during construction are not capitalized. All items of property, plant and equipment purchased prior to July 1, 1978 were charged to expense and no record was maintained of these capital expenditures. It is not feasible to estimate the historical cost of assets purchased prior to July 1, 1978, therefore, these assets are not accounted for in these statements. As of December 31, 1992 an inventory of equipment was taken. Actual cost was used for items known and estimated actual cost was used for all other items.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the proprietary fund with accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility	
Wells	40 years
Storage tanks	40 years
Purification plant	40 years
Lines and meters	40 years
Equipment	5-7 years
Sewerage Utility:	
Pump stations	40 years
Autos and trucks	3 years
Equipment	5-7 years

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

J. COMPENSATED ABSENCES

The Town of Ringgold has the following policy relating to vacation and sick leave:

The Town does not provide for unpaid vacation. If vacation is not taken by an employee during the year, the employee loses the right to that vacation. Sick pay may be carried over up to a maximum of 10 days. No payment is made for unused sick leave.

K. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

L. FUND EQUITY

Contributed Capital

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. TOTAL COLUMNS ON COMBINED STATEMENTS

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

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

2. FUND DEFICITS

The proprietary fund had a deficit balance of \$ 548,327 in unreserved retained earnings at December 31, 1998. The deficit retained earnings in the water and sanitation fund is the result of revenues inadequate to cover expenses including depreciation in fiscal years 1992 through 1998. Deficit retained earnings are offset by contributed capital and reserved retained earnings balances.

3. LEVIED TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Bienville Parish.

For the year ended December 31, 1998, the assessed value of property for the Town of Ringgold was 2,556,670 and were dedicated as follows:

General corporate purposes	7.10 mils
10-year water maintenance tax	5.51 mils
10-year sewer tax	5.51 mils

4. CASH AND CASH EQUIVALENTS

At December 31, 1998, the Town of Ringgold has cash and cash equivalents (book balances) totaling \$233,976 as follows:

Demand deposits	\$139,391
Interest-bearing deposits	<u>94,585</u>
Total	<u>\$233,976</u>

TOWN OF RINGGOLD, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 1998

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Town has \$306,349 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$680,554 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

Additional information concerning the accounting policies of cash and investments is located at Note 1, Part G in the notes to the financial statements.

5. INVESTMENTS

GASB 9, par. 8 states that for an investment to be considered a cash equivalent, it must mature no more than three months after the date it is purchased. For the year ended December 31, 1998, Town of Ringgold reported a one year certificate of deposit in the amount of \$9,161 as an investment. This Certificate of Deposit is secured from risk by \$685,554 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

The market value of the Certificate is equal to the carrying amount as stated above.

The Town of Ringgold has the following amounts invested with the Louisiana Asset Management Pool, Inc. as of December 31, 1998:

General Fund	\$ 90,384
Enterprise Fund	26,353
Sales Tax Fund	<u>79,060</u>
 Total investment	 \$ <u>195,797</u>

TOWN OF RINGGOLD, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 1998

6. FIXED ASSETS

The changes in general fixed assets follows:

	Balance, Jan. 1 <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance, Dec. 31 <u>1998</u>
Land	\$ 29,713	-	-	29,713
Buildings	35,291	-	-	35,291
Improvements other than buildings	736,921	-	-	736,921
Equipment	<u>147,854</u>	<u>22,905</u>	<u>28,747</u>	<u>142,012</u>
 Total General Fixed Assets	 \$ <u>949,779</u>	 <u>22,905</u>	 <u>28,747</u>	 <u>943,937</u>

A summary of fixed assets used in the proprietary funds follows:

	Balance, January <u>1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, 1998
Water utility system	\$ 1,280,780	-		1,280,780
Sewerage utility:				
Lift stations	25,065	-	-	25,065
Sewer system	1,770,476	-	-	1,770,476
Trucks	35,574	9,191	12,590	32,175
Equipment	<u>48,669</u>	<u>-</u>	<u>-</u>	<u>48,669</u>
 Total	 \$ <u>3,160,564</u>	 <u>9,191</u>	 <u>12,590</u>	 <u>3,157,165</u>

7. PENSION PLANS

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

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

A. Municipal Employees Retirement System of Louisiana (System)

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town of Ringgold is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Ringgold are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Ringgold's contributions to the System under Plan A for the years ending December 31, 1998, 1997, and 1996, were \$6,451, \$6,272, and \$6,948, respectively, equal to the required contributions for each year.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana, 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Ringgold, is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirement of plan members and the Town of Ringgold, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on results of the valuation for the prior fiscal year. The Town of Ringgold's contribution for the years ending December 31, 1998, 1997, and 1996, were \$7,043, \$7,355, and \$8,472, respectively, equal to the required contributions for each year.

TOWN OF RINGGOLD, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 1998

8. LEASES

The Town of Ringgold has operating leases of the following nature:

1. Century Telephone Company of North Louisiana, Inc. lease of telephone system equipment - The lease term is for 60 months. Payments of \$191.78 to be made for the first twelve months of the agreement, followed by payments of \$108.45 for the remainder of the contract.
2. Minolta Business Systems, Inc. lease of EP4233 copier - The lease term is for 48 months with monthly minimum rent of \$128.

The minimum annual commitments under noncancelable operating leases are as follows:

<u>Fiscal Year</u>	<u>Equipment</u>
1999	\$ 2,837
2000	2,325
2001	<u>868</u>
Total	\$ <u>6,030</u>

The following schedule shows the composition of total rental expenditures for all operating leases except those with terms of a month or less that were not renewed:

	<u>Century</u>	<u>Minolta</u>	<u>Total</u>
Minimum rentals	\$ <u>1,301</u>	\$ <u>1,536</u>	\$ <u>2,837</u>

9. CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of bond transactions of the Town of Ringgold for the year ended December 31, 1998:

	<u>Water Revenue Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Total</u>
Bonds payable	\$ 843,883	451,948	1,295,831
Bonds retired	<u>(22,447)</u>	<u>(4,611)</u>	<u>(27,058)</u>
Bonds payable, December 31, 1997	<u>\$821,436</u>	<u>447,337</u>	<u>1,268,773</u>

TOWN OF RINGGOLD, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 1998

Bonds payable at December 31, 1998, comprised of the following individual issues:

	<u>Principal Outstanding</u>	<u>Interest to Maturity</u>
\$908,000 Water Revenue Bonds, dated Jan. 1, 1988, bearing interest at 6 3/8% due in annual installments of \$64,005 through Jan. 1, 2028	\$ 821,436	944,506
\$459,000 Sewer Revenue Bonds, dated December 14, 1994, bearing interest at 5 1/4% due in monthly installments of \$2,309 through Dec. 14, 2034	<u>447,337</u>	<u>547,883</u>
	<u>\$1,268,773</u>	<u>1,492,389</u>

The annual requirements to amortize all debt outstanding as of December 31, 1998, including interest payments of \$ 1,492,389, are as follows:

<u>Year ended December 31,</u>	<u>Water Revenue Principal</u>	<u>Sewer Revenue Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 11,638	4,323	75,749	91,710
2000	12,380	4,556	74,774	91,710
2001	13,170	4,801	73,739	91,710
2002	14,009	5,059	72,642	91,710
2003	14,902	5,331	71,477	91,710
Thereafter	<u>755,337</u>	<u>423,267</u>	<u>1,124,008</u>	<u>2,302,612</u>
Total	<u>\$ 821,436</u>	<u>447,337</u>	<u>1,492,389</u>	<u>2,761,162</u>

TOWN OF RINGGOLD, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 1998

10. INTERFUND RECEIVABLE/PAYABLES AND TRANSFERS

	Operating Transfers		Interfund	
	<u>In</u>	<u>Out</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 93,638	100	2,309	-
Special Revenue Fund-	-	75,224	-	-
Proprietary Fund	10,975	29,389	-	2,309
Capital Projects Fund	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	\$ <u>104,713</u>	<u>104,713</u>	<u>2,309</u>	<u>2,309</u>

11. RESERVED AND DESIGNATED EARNINGS/FUND BALANCE

Under the terms of the various bond indentures on outstanding Water and Sewer Revenue Bond, all income and revenues earned or derived from the operation of the utility system are pledged and dedicated to the retirement of said bonds, and are to be maintained and administered in the following order of priority and for the following express purposes:

1. The payment of all reasonable and necessary expenses of operating and maintaining the System.
2. Establishment and maintenance of "Water Revenue Bond and Interest Sinking Fund," where monthly deposits shall be made on or before the 20th day of each month of each year a sum equal to one-twelfth (1/12th) of the total amount of principal and interest falling due on the next principal and interest payment date. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Establishment and maintenance of "Sewer Revenue Bond and Interest Sinking Fund," where monthly deposits shall be made on or before the 20th day of each month of each year a sum equal to one-twelfth (1/12th) the interest falling due on the next interest payment date during the first year of the Bond. Thereafter, a sum equal to the total amount of principal and interest falling due on the next principal and interest date.

During the year ended December 31, 1997, per discussion with officials of District Office I of Rural Economic and Community Development, the Town will not be required to set aside monthly payments for the "Sewer Bond and Interest

TOWN OF RINGGOLD, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 1998

Sinking Fund.” The bond is to be paid on a monthly basis, with the first principal and interest payment to be on January 14, 1996, and monthly thereafter.

3. There shall be set aside into “Revenue Bond Reserve Fund”, a sum at least equal to five per cent (5%) of the principal and interest payments required by paragraph (2) above, and shall continue until there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any year on the Bond. The money is to be retained solely for the purpose of paying principal of and interest on bonds payable from the Revenue Bond and Interest Sinking Fund as to which there would otherwise be default.
4. Funds shall be set aside into a “Revenue Bond Depreciation and Contingency Fund,” monthly the sum of \$325 for the Water Bond, and the sum of \$122 for the Sewer Bond. Money in the Depreciation and Contingency Fund shall be used to care for depreciation, extensions, additions, improvements, and replacements necessary to operate the system properly. Money shall also be used to pay the principal and interest on the bond for which there is not sufficient money in the Revenue Bond and Interest Sinking Fund or the Bond Reserve Fund and Interest Fund or the Bond Reserve Fund, but if so used, such money shall be replace by the Issuer as soon as possible thereafter.

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

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Bond and Interest Sinking Fund	\$ 8,119	-	8,119
Bonds Reserve Fund	36,700	5,686	42,386
Bond Depreciation & Contingency	<u>43,006</u>	<u>6,177</u>	<u>49,183</u>
Total for revenue bonds	<u>\$87,825</u>	<u>11,863</u>	99,688
Meter deposits - cash			3,970
Meter deposits - investment			<u>26,353</u>
Total restricted assets			<u>\$130,011</u>

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

12. SALES AND USE TAX OPERATIONS:

Proceeds of a 2% sales and use tax levied by the Town of Ringgold are dedicated to the following purposes:

Revenues derived from 1% sales and use tax are to be deposited in a special fund and dedicated and used for the purposes of economic development of the Town of Ringgold; opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks, bridges; acquiring, constructing, extending, improving renovation and/or maintaining street lighting facilities, waterworks, sewers and sewerage disposal works, public buildings, public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishings for the foregoing public buildings and facilities, the title to which shall be in the public or for anyone or more of said purpose.

Revenues derived from 1% sales and use tax are to be dedicated and used as follows:

25% - for acquiring, constructing, improving, operating and/or maintaining sewerage collection lines, including related equipment and facilities, for the Town, provided, however, that once sewerage collection lines have been constructed which will permit all residences within the Town to be connected with such collection lines, then said 25% is to be used for acquiring, constructing, improving, operating and/or maintaining sewerage collection lines and disposal works, including all related facilities and equipment, for the Town.

20% - for constructing, improving and/or maintaining public roads and drainage improvements within the Town, including any equipment required in connection therewith and the operation of such equipment:

5% - for constructing, acquiring, improving, operating and/or maintaining lands, buildings, equipment and facilities for recreation purposes for the Town, including the funding of youth recreational programs; and

50% - to be dedicated and used for any lawful corporate purposes of the Town.

ises of the Town

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

13. NET WORKING CAPITAL - ENTERPRISE FUND

The following shows the net working capital for the Proprietary fund - Enterprise fund at December 31, 1997:

Total current assets	\$ 205,745
Total current liabilities	<u>(118,199)</u>
Net working capital	<u>\$ 87,546</u>

14. CONTRIBUTED CAPITAL

Farmers Home Administration Grant	\$370,000
DOTD Grant	28,200
(LCDBG) Grant	747,072
LA Rural Development Grant	25,000
General Fund Revenues	86,989
Capital Projects Fund	<u>525,883</u>
Total Contributed Capital	<u>\$1,783,144</u>

15. PENDING LITIGATION

“David C. Wilson & Jimmy Woodard - vs - Town of Ringgold, “et al. Docket No. 03292: The lawsuit has been pending for several years. The plaintiffs are seeking damages for an incident which occurred due to the plaintiffs’ claim that the police failed to properly respond to a crowd. The last activity in this suit was a deposition on April 14, 1997, at 1:30 p.m. The Town Attorney feels that any liability, if any, is estimated to be minimal.

16. YEAR 2000 ISSUE

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the Year 2000 issue is expected to extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent on microchip technology.

TOWN OF RINGGOLD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998

The Town of Ringgold provides a variety of services to its citizens. These include safety, street, water, sewerage, sanitation and general administrative services. The effect of the Year 2000 issue upon the execution of these services which are automated in nature has not been determined. In addition, the effect of the Year 2000 issue upon the Commission's vendors, revenue providers, grantors, and other entities with which it interacts has not been entirely determined. As a result, the effect of any of these entities' noncompliance with the Year 2000 issue upon the Commission has also not been determined.

For the year ended December 31, 1998, the Town of Ringgold, Louisiana incurred no remediation costs concerning the Year 2000 issue. No significant loss due to impairment of equipment that is not Year 2000 compliant was recognized for the year ended December 31, 1998.

17. SUBSEQUENT EVENTS

Per a letter dated October 22, 1998, the Town of Ringgold was chosen as a recipient of potable water funds under the FY 1998 Louisiana Community Development Block Grant (LCDBG) Program. The grant award eligible to be received is in the amount of \$267,500.

FINANCIAL STATEMENT OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

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

TOWN OF RINGGOLD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (CASH BASIS) AND ACTUAL
For the Year Ended December 31, 1998

	Budget	1998 Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes -			
Ad valorem	\$ 18,148	18,694	546
Franchise	33,466	32,276	(1,190)
Licenses and permits -			
Occupational licenses	24,283	24,093	(190)
Permits	50	120	70
Intergovernmental -			
Parish and municipal beer tax	3,200	3,086	(114)
Tobacco tax and p.m. sales	9,560	9,655	95
State revenue sharing	-	555	555
Rural development grant	-	25,000	25,000
Fines and forfeitures	4,041	4,790	749
Interest	3,600	4,665	1,065
Collection fee	21,000	20,591	(409)
Miscellaneous -			
Other	961	888	(73)
Rent	15,100	15,075	(25)
Total revenues	<u>133,409</u>	<u>159,488</u>	<u>26,079</u>
Expenditures:			
General government	85,609	77,064	8,545
Public safety	140,039	165,399	(25,360)
Recreation	1,000	6,620	(5,620)
Total expenditures	<u>226,648</u>	<u>249,083</u>	<u>(22,435)</u>
(Deficiency) of revenues over expenditures	<u>(93,239)</u>	<u>(89,595)</u>	<u>3,644</u>
Other financing sources (uses):			
Proceeds from sale of assets	-	1,025	1,025
Operating transfers in -			
Enterprise fund	29,000	29,389	389
Sales tax fund	53,000	64,249	11,249
Operating transfers out -			
Capital projects fund	-	(100)	(100)
Total other financing sources (uses)	<u>82,000</u>	<u>94,563</u>	<u>12,563</u>
Excess of revenues and other sources over expenditures and other uses	(11,239)	4,968	16,207
Fund balance, beginning	<u>121,723</u>	<u>121,723</u>	<u>-</u>
Fund balance, ending	<u>\$ 110,484</u>	<u>126,691</u>	<u>16,207</u>

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

TOWN OF RINGGOLD
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET (CASH BASIS)
For the Year Ended December 31, 1998

	Budget	1998 Actual	Variance Favorable (Unfavorable)
General government:			
Salaries	\$ 22,200	18,592	3,608
Retirement and payroll taxes	10,750	7,657	3,093
Utilities and telephone	9,500	(2,793)	12,293
Office expense	4,000	3,707	293
Legal and accounting	3,500	400	3,100
Maintenance and repairs	5,000	(284)	5,284
Insurance	14,000	9,962	4,038
Dues and subscriptions	4,000	3,832	168
Tax roll preparation	540	795	(255)
Education and travel	2,800	3,893	(1,093)
Coroner expense	3,180	3,309	(129)
Publications	1,000	806	194
Miscellaneous	5,139	1,801	3,338
Capital outlay	-	25,387	(25,387)
Total general government	<u>85,609</u>	<u>77,064</u>	<u>8,545</u>
Public safety:			
Police department -			
Salaries	111,799	116,417	(4,618)
Retirement	5,725	8,733	(3,008)
Office expense	600	307	293
Vehicle expense	6,043	5,444	599
Fuel expense	6,505	5,330	1,175
Other expenses	7,867	7,405	462
Capital expenditures	1,500	21,763	(20,263)
Total police department	<u>140,039</u>	<u>165,399</u>	<u>(25,360)</u>
Recreation:			
Parks and recreation	<u>1,000</u>	<u>6,620</u>	<u>(5,620)</u>
Total expenditures	<u>\$ 226,648</u>	<u>249,083</u>	<u>(22,435)</u>

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

SPECIAL REVENUE FUND

Sales Tax Fund - To account for the receipt and use of proceeds of the Town's 2% sales and use tax. These taxes are dedicated for the purposes of economic development of the Town of Ringgold: opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks, bridges; acquiring, constructing, extending, improving renovation and/or maintaining street works, lighting facilities, waterworks, sewers and sewerage disposal works, public buildings, public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishings for the foregoing public buildings and facilities, the title to which shall be in the public or for anyone or more of said purposes: constructing, acquiring, improving, operating and/or maintaining lands, buildings, equipment and facilities for recreation purposes for the Town, including the funding of youth recreational programs; to be used for any lawful purposes of the town; acquiring, constructing, improving, operating and/or maintaining sewerage collection lines, including related equipment and facilities; and constructing, improving and/or maintaining public road and drainage improvements within the Town.

TOWN OF RINGGOLD
SALES TAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (CASH BASIS) AND ACTUAL
For the Year Ended December 31, 1998

	<u>Budget</u>	<u>1998 Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 204,000	194,164	(9,836)
Interest	-	4,060	4,060
Total revenues	<u>\$ 204,000</u>	<u>198,224</u>	<u>(5,776)</u>
Expenditures:			
General government	<u>102,000</u>	<u>105,412</u>	<u>(3,412)</u>
Excess of revenues over expenditures	<u>102,000</u>	<u>92,812</u>	<u>(9,188)</u>
Other financing (uses):			
Operating transfer to:			
Enterprise fund	(25,500)	(10,975)	14,525
General fund	<u>(76,500)</u>	<u>(64,249)</u>	<u>12,251</u>
Total other financing (uses)	<u>(102,000)</u>	<u>(75,224)</u>	<u>26,776</u>
Excess of revenues over expenditures and other financing uses	-	17,588	17,588
Fund balances, beginning	<u>120,051</u>	<u>120,051</u>	<u>-</u>
Fund balances, ending	<u>\$ 120,051</u>	<u>137,639</u>	<u>17,588</u>

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

TOWN OF RINGGOLD
SALES TAX FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET (CASH BASIS)
For the Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government			
Salaries	\$ 40,000	41,822	(1,822)
Payroll taxes & retirement	6,260	3,783	2,477
Collection expense	4,000	3,886	114
Utilities & telephone	22,000	31,956	(9,956)
Office	1,250	2,000	(750)
Legal & accounting	7,000	6,993	7
Insurance	15,000	9,972	5,028
Miscellaneous	6,490	5,000	1,490
	<u>\$ 102,000</u>	<u>105,412</u>	<u>(3,412)</u>

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

ENTERPRISE FUND

Utility Fund - 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.

TOWN OF RINGGOLD
ENTERPRISE FUND
Balance sheet
December 31, 1998

ASSETS

Current assets - unrestricted:	
Cash	\$ 34,621
Investments	9,161
Accounts receivable	27,367
Accounts receivable - ad valorem taxes	4,585
Current assets - unrestricted	<u>75,734</u>
Current assets - restricted:	
Cash in bank - checking	99,688
Bank-meter deposits	3,970
Investments - meter deposits	26,353
Current assets - restricted	<u>130,011</u>
Total current assets	<u>205,745</u>
Property, plant and equipment	3,157,165
Less: Accumulated depreciation	<u>(709,760)</u>
Total property, plant and equipment	<u>2,447,405</u>
Total assets	<u>\$ 2,653,150</u>

LIABILITIES AND FUND EQUITY

Current liabilities - payable from unrestricted assets:	
Accounts payable and accrued expenses	\$ 3,188
Due to other funds	2,309
Revenue bonds payable - current portion	15,961
Interest payable - revenue bonds	75,749
Total current liabilities payable from unrestricted assets	<u>97,207</u>
Current liabilities - payable from restricted assets:	
Meter deposits	<u>20,992</u>
Total current liabilities	<u>118,199</u>
Long-term liabilities - payable from restricted assets:	
Bonds payable - FmHA/Water	809,798
Bonds payable - FmHA/Sewer	443,014
Total long-term liabilities payable from restricted assets	<u>1,252,812</u>
Total liabilities	<u>1,371,011</u>
Fund equity:	
Contributed capital	1,783,144
Retained earnings	
Reserved-water revenue bond retirement	35,459
Sewer revenue bond retirement	11,863
Unreserved (deficit)	<u>(548,327)</u>
Total retained earnings (deficit)	<u>(501,005)</u>
Total fund equity	<u>1,282,139</u>
Total liabilities and fund equity	<u>\$ 2,653,150</u>

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

CAPITAL PROJECTS FUND

LCDBG Potable Water Grant(1998)

Fund used to account for receipts and disbursements for water improvements. Resources are provided by a \$267,500 block grant under the Louisiana Community Development Block Grant program.

TOWN OF RINGGOLD
 ALL CAPITAL PROJECTS FUNDS
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended December 31, 1998

	1998 LCDBG <u>Water Imp.</u>
REVENUES:	
Grants	\$ -
Total revenues	<u>-</u>
EXPENDITURES:	
Miscellaneous	<u>12</u>
Total expenditures	<u>12</u>
(Deficiency) of revenues over expenditures	(12)
Other financing sources:	
Operating transfers in -	
General fund	<u>100</u>
Total other financing sources	<u>100</u>
Excess (deficiency) of revenues over expenditures and other uses	88
Fund balance - beginning of year	<u>-</u>
Fund balance - end of year	<u>\$ 88</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF RINGGOLD
STATEMENT OF GENERAL FIXED ASSETS
December 31, 1998

General fixed assets, at cost:	
Land	\$ 29,713
Buildings	35,291
Improvements other than buildings	736,921
Equipment	<u>142,012</u>
 Total general fixed assets	 <u>\$943,937</u>
 Investment in general fixed assets:	
Capital project fund:	
Louisiana Community Development Block Grant	\$ 560,337
FEMA proceeds	109,210
General and special revenue funds	271,576
LCLE grant	<u>2,814</u>
 Total investment in general fixed assets	 <u>\$943,937</u>

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

TOWN OF RINGGOLD
 STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
 For the Year Ended December 31, 1998

	1998				Total
	Land	Buildings	Improvements Other than Buildings	Equipment	
General fixed assets, beginning of period	\$ 29,713	35,291	736,921	147,854	949,779
Additions:					
General fund revenues	-	-	-	20,105	20,105
LCLE grant revenues	-	-	-	2,800	2,800
Total additions	-	-	-	22,905	22,905
Deletions:					
General fund revenues	-	-	-	28,747	28,747
Total deletions	-	-	-	28,747	28,747
General fixed assets, end of period	<u>\$ 29,713</u>	<u>35,291</u>	<u>736,921</u>	<u>142,012</u>	<u>943,937</u>

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF RINGGOLD
 SCHEDULE OF COMPENSATION PAID TO TOWN COUNCIL
 For the years ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Robert P. Corley, Mayor	\$ 5,400	5,400
Council members:		
Larry Kennedy	1,200	1,200
John Hamilton	1,200	1,200
Bobby Guin	1,200	1,200
Jerry Thomas	1,200	1,200
Lloyd Scott	<u>1,200</u>	<u>1,200</u>
Total paid	<u>\$ 11,400</u>	<u>11,400</u>

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

TOWN OF RINGGOLD, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the Year Ended December 31, 1998

Auditors' results

We have audited the general-purpose financial statements of the Town of Ringgold, Louisiana as of and for the year ended December 31, 1998. As a result of our audit, we have issued a qualified opinion on the general-purpose financial statements and an unqualified opinion on the compliance requirements as described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Town's major programs. The major programs for the year ended December 31, 1998, were the Water and Sewer Revenue Bonds purchased by Farmers Home Administration. The dollar threshold of \$300,000 was used to distinguish between Type A and Type B programs.

Section I - Internal Control and Compliance Material to the Financial Statements**98-1: Late Filing of Report**

Fiscal Year Finding Initially Occurred: December 31, 1998

Description of Finding: State law (Louisiana Revised Statute (R.S.) 24:513) requires that the 1998 financial report be submitted to the Louisiana Legislative Auditor's office no later than June 30, 1999. Information necessary to complete the audit by June 30, 1999, was not submitted to the auditors in a timely manner. As a result, the 1998 financial report is filed late which violates state law.

98-2: Reconciliation of Police Tickets

Fiscal Year Finding Initially Occurred: December 31, 1998

Description of Finding: During the audit, we noted that in addition to regular traffic tickets, the Town issues tickets known as Summons to Appear. Summons to Appear are tickets which are usually written for other non-traffic violations. We noted the absence of a reconciliation of the Summons to Appear tickets issued to officers, Summons to Appear tickets written by officers, and receipts/settlements of fines by the mayor's court. The absence of a reconciliation process whereby the Summons to Appear tickets are accounted for from issuance to the docket for court and final settlement of the ticket could cause revenue due the town to not be collected.

TOWN OF RINGGOLD, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the Year Ended December 31, 1998

98-3: COPS Grant Acceptance*Fiscal Year Finding Initially Occurred:* December 31, 1998

Description of Finding: The Town of Ringgold was awarded a Universal Hiring Program grant in the amount of \$39,803.94 for additional officer positions on October 1, 1997. In order to accept the grant and begin to receive reimbursement for this grant, the Town was required to return the original copy of the signed award document to the COPS Office within a 45 day time period. We noted a letter dated December 23, 1998, notifying the Town of Ringgold that the COPS Office had not received the original copy of the signed award document. Per discussions on July 20, 1999, with the COPS grant advisor and Town of Ringgold officials, a re-print of the award will be sent to the Town to be signed and returned in order to demonstrate acceptance of the grant and have full access to the funds.

Section II - Internal Control and Compliance Material to Federal Awards

The results of our auditing procedures of the general purpose financial statements as of and for the year ended December 31, 1998, of the Town of Ringgold, Louisiana, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

Section III - Management Letter**98-1: Local Government Budget Laws***Fiscal Year Finding Initially Occurred:* December 31, 1992

Description of Finding: During our audit, we reviewed the budget process of the town. LSA-R.S. 39:1310 concerns budgetary control. The town is to amend the budget in accordance with R.S. 39 whenever there is a variance of 5% (five percent) or more between actual and remaining projections as compared to budget amounts for revenues, expenditures or beginning fund balance. For the year ended December 31, 1998, it was noted that the Town had made efforts to be in compliance with the Local Government Budget Laws, however, during our audit we noted that total expenditures of the General Fund were 10% over the amounts budgeted for total expenditures of the General Fund. For good internal control over expenditures and compliance with the state budget laws we recommend the town continue to periodically review the actual revenues, expenditures and beginning fund balances with the original approved budget amounts and make necessary formal budget amendments.

TOWN OF RINGGOLD, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the Year Ended December 31, 1998

98-2: Code of Ethics for Public Employees*Fiscal Year Finding Initially Occurred:* December 31, 1998

Description of Finding: Per Louisiana Revised Statute (R.S.) 42:1112, no public servant shall participate in a transaction in which he has a personal substantial economic interest of which he may be reasonable expected to know involving the governmental entity. During the fiscal year ended December 31, 1998, payment was made to a public employee of the Town of Ringgold for contractor work performed on the Ringgold Nature Fitness Trail.

98-3: Required Reserve Deposits*Fiscal Year Finding Initially Occurred:* December 31, 1998

Description of Finding: Per review of the resolutions authorizing both Water Revenue Bonds and Sewer Revenue Bonds, the monthly deposits to the sinking funds, reserve funds, and depreciation and contingency funds are required to be made monthly in advance on or before the 20th day of each month of each year. We noted that some deposits were not made before the 20th of the month in each of the required bond accounts.

98-4: Retirement Plans, Social Security*Fiscal Year Finding Initially Occurred:* December 31, 1998

Description of Finding: Per review of Section 3121(b)(7)(F) of the Internal Revenue Code, service as an employee of a State or local government, hired on or after April 1, 1986, is treated as employment for the purposes of the Medicare portion of FICA taxes. We noted that employees who did not qualify to participate in MERS or MPERS were allowed to participate in a Mainstay IRA plan. However, no withholdings for Medicare were noted from the participants in the Mainstay IRA plan as required by the above referenced section. We recommend that the Town of Ringgold check with the administrators of the Mainstay IRA plan to determine whether this plan qualifies as a retirement plan whereby the employees would not be subject to FICA. We also recommend that the Town verify with the Social Security Administration the requirement that employees hired after 03/31/86, are subject to Medicare and subsequently begin withholding these amounts as determined.

TOWN OF RINGGOLD, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the Year Ended December 31, 1998

98-5: MPERS withholding

Fiscal Year Finding Initially Occurred: December 31, 1998

Description of Finding: We noted that Municipal Police Employee Retirement System withholdings were incorrectly calculated and withheld for one member of the police department. Amounts withheld for retirement were in excess of the required amounts. We noted that the required monthly MPERS report was filed for the period of 7/16/98-12/31/98 on January 1, 1999 for the amounts to be remitted to MPERS.

TOWN OF RINGGOLD, LOUISIANA

CORRECTIVE ACTION PLAN
As of and for the Year Ended December 31, 1998**Section I - Internal Control and Compliance Material to the Financial Statements****98-1: Late Filing of Report**

RS 24:513 - Due to illness of parents of employees and subsequent death of one parent resulted in absenteeism, necessity of early vacations and other personal sick leave were the reason some documents were not prepared on a timely basis for the auditors. More delayed vacations and a revised sick leave policy should provide more time the first of the year for preparation of auditing reports in the future.

98-2: Reconciliation of Police Tickets

New "Summons to Appear" tickets are being reconciled effective January 1, 1999 by the Police Department in a separate ledger.

98-3: COPS Grant Acceptance

The latest letter from "COPS" assures us they are re-printing the "Award Acceptance Documents" which should be received shortly. A letter of acceptance has been mailed to the Justice Dept. in lieu of their documents. We are not in danger of losing this grant.

Section II - Internal Control and Compliance Material to Federal Awards

The results of our auditing procedures of the general purpose financial statements as of and for the year ended December 31, 1998, of the Town of Ringgold, Louisiana, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

Section III - Management Letter**98-1: Local Government Budget Laws**

RS: 39:1310 - budgetary control -- Quarterly amendments of the budget are discussed and monitored. A more diligent effort will be made to amend the budget the last month of the year, with an effort to consider adjustments auditors may make as a result of the January accounts payable. This should eliminate the excess variance.

TOWN OF RINGGOLD, LOUISIANA

CORRECTIVE ACTION PLAN
As of and for the Year Ended December 31, 1998**98-2: Code of Ethics for Public Employees**

RS 42:1112 – Prior to employing a public employee of the Town of Ringgold Police Dept., (not a publicly elected employee) to perform some dozer work on the property of the Ringgold Nature Fitness Trail, the Town Attorney, Paul Myers, conferred with Attorney General Richard Ieyoub for an opinion on allowing the above employee to perform work on his time off. We were instructed by Mr. Ieyoub's office that it would be permissible as long as the work was not in the Department of the public employee.

98-3: Required Reserve Deposits

The payments (2) which were made after the 20th but before the end of the month were an oversight which happened while the employee who normally makes the transfer was out of the office. At no time was it because of lack of funds. A close monitoring of these payments should eliminate this happening again.

98-4: Retirement Plans, Social Security

The New York Life Mainstay IRA Investment offered four employees who do not qualify for Municipal Police Retirement, or Municipal Employees Retirement actually are receiving more benefits than the Municipal Systems. An agent from the plan has agreed to send documents that outline their benefits vs. the municipal plans. It was our understanding that we were required to offer a comparable plan to those who did not qualify for the Municipal Retirements since we are not participants in the Social Security Program. We are checking into this again at this time.

98-5: MPERS withholding

All of the policemen received Supplemental Pay except one and the clerk mistakenly took the same amount of retirement from all of the officers' salary. The excess amount from the one was discovered before the end of the year and was discussed with the employee and credited correctly. The employee did not return his application to the office as required which was the reason the funds were late being filed.

TOWN OF RINGGOLD, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As of and for the Year Ended December 31, 1998

The prior year audit findings for the year ended December 31, 1997 were as follows:

Section I - Internal Control and Compliance Material to the Financial Statements:

The results of our auditing procedures of the general purpose financial statements as of and for the year ended December 31, 1998, of the Town of Ringgold, Louisiana, disclosed no items that are required to be reported in accordance with GAGAS.

Section II - Internal Control and Compliance Material to Federal Awards

The results of our auditing procedures of the general purpose financial statements as of and for the year ended December 31, 1998, of the Town of Ringgold, Louisiana, disclosed no items that are required to be reported in accordance with OMB A-133.

Section III - Management Letter

97-1: Local Government Budget Laws

Fiscal Year Finding Initially Occurred: December 31, 1992

Description of Finding: Noted where the actual expenditures exceeded budgeted amounts by more than 5%.

Corrective Action Taken: Partially.

Partial Corrective Action Taken: The Town of Ringgold has made efforts to review budgeted amounts during the year and make amendments as required.

TOWN OF RINGGOLD, LOUISIANA
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For the year ended December 31, 1997

Program	CFDA #	Beginning Cash	Federal Revenue Recognized	Federal Expenditure Recognized	Ending Cash
<i>US Department of Justice</i>					
Passed through State of Louisiana - Louisiana Commission on Law Enforcement and Administration of Criminal Justice					
Local Law Enforcement Block Grant Program FY 1997 Funds	16.592	-	2,520	2,520	-
Water Revenue Bonds of the Town of Ringgold, State of Louisiana, Series 1988, original \$908,000 purchased by Farmers Home Administration					
		Payable @ 12/31/97	Principal paid	Payable @ 12/31/98	Bond Interest paid
		\$ 843,883	22,447	821,436	105,563
Sewer Revenue Bonds of the Town of Ringgold, State of Louisiana, Note R-1, original \$459,000 purchased by Farmers Home Administration					
		451,948	4,611	447,337	23,094