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

YEAR ENDED DECEMBER 31, 2003
With
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7-21-04

TOWN OF RIDGECREST, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedules**

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INDEPENDENT AUDITORS' REPORT

Honorable Guy R. Lain, Mayor
and Members of the Board of Aldermen
Town of Ridgecrest, Louisiana

We have audited the accompanying financial statements of the governmental activities and the business type activities of the Town of Ridgecrest Louisiana as of and for the year ended December 31, 2003, which collectively comprise the Town's basic financial statements of the Town's primary government as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business type activities for the primary government of the Town of Ridgecrest, Louisiana, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This result is a change in the format and content of the basic financial statements.

Honorable Guy R. Lain, Mayor
and Members of the Board of Aldermen
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2004 on our consideration of the Town of Ridgecrest, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on Page 3 through 6 and Pages 32 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Ferriday, Louisiana
June 26, 2004

Switzer, Hopkins & Margo

TOWN OF RIDGECREST – RIDGECREST, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2003

As management of the Town of Ridgecrest, Louisiana, we offer readers of the Town of Ridgecrest, Louisiana's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2003, the Town of Ridgecrest's net assets increased and resulted in ending net assets of \$1,045,620.

1. The beginning cash balance for the Town of Ridgecrest was \$51,108. The ending cash balance was \$62,385.
2. The general fund had \$128,624 in revenues, which primarily consisted of the property taxes, local occupational license taxes, franchise taxes and sales tax. There was \$144,328 in general fund expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Ridgecrest's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Town that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 12 – 18 of this report.

TOWN OF RIDGECREST – RIDGECREST, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2003

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$1,045,620 as of December 31, 2003.

Net Assets for the period ending December 31, 2003

The current year's financial statements are dramatically different from past years as a result of implementing GASB 34. Attempting to compare this year's data with last year would be misleading to the reader; however the town looks forward to offering comparative data in the future.

| | Governmental Activities | Business Type Activities | Total |
|------------------------------|----------------------------|-----------------------------|---------------------|
| Current Assets | \$ 32,613 | \$ 41,892 | \$ 74,505 |
| Noncurrent Assets | 522,518 | 486,753 | 1,009,271 |
| Total Assets | <u>555,131</u> | <u>528,645</u> | <u>1,083,776</u> |
| | | | |
| Current Liabilities | 13,049 | 4,307 | 17,356 |
| Noncurrent Liabilities | 7,683 | 13,117 | 20,800 |
| Total Liabilities | <u>20,732</u> | <u>17,424</u> | <u>38,156</u> |
| | | | |
| Net Assets | | | |
| Investment in capital assets | 522,518 | 473,636 | 996,154 |
| Unrestricted | 11,881 | 37,585 | 49,466 |
| Total Net Assets | <u>\$ 534,399</u> | <u>\$ 511,221</u> | <u>\$ 1,045,620</u> |

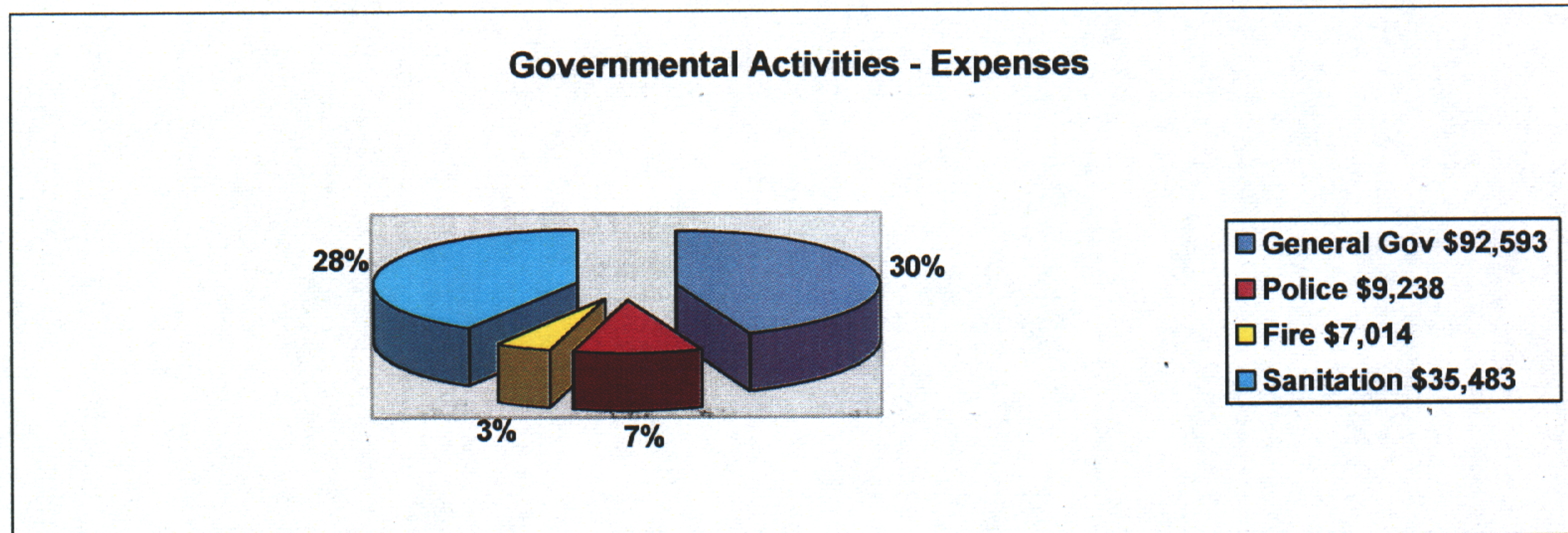
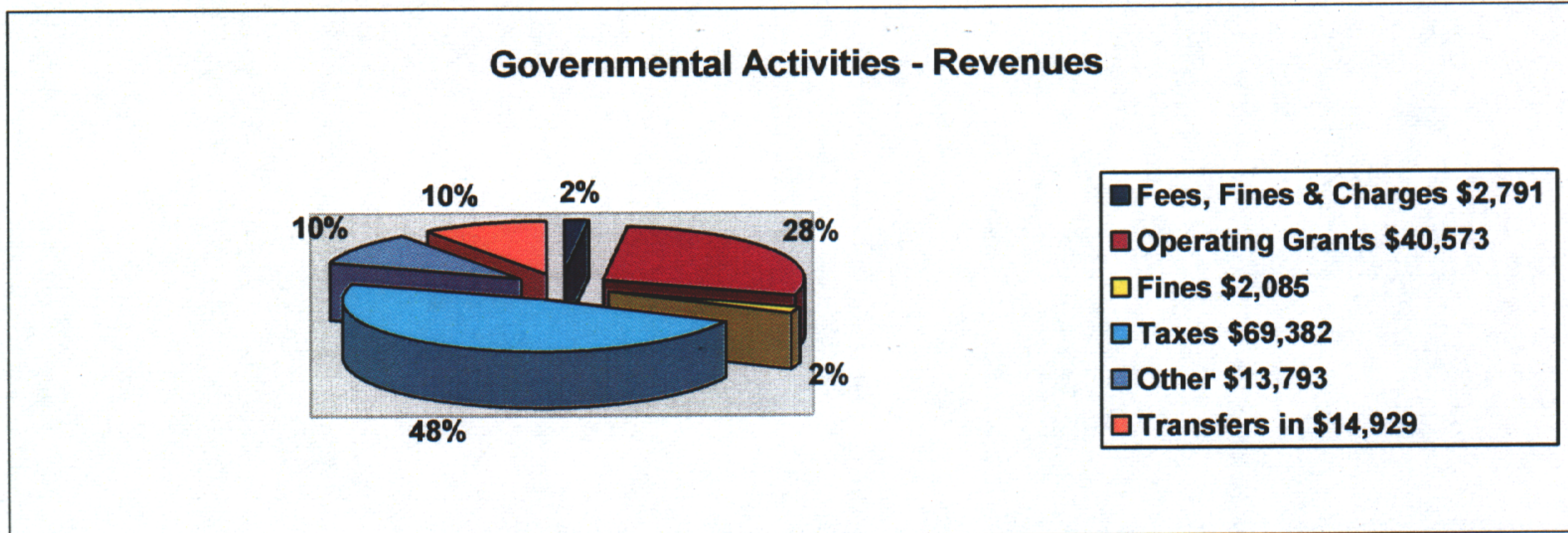
The following is a summary of the statement of activities:

| | Governmental Activities | Business Type Activities | Total |
|------------------------------|----------------------------|-----------------------------|-------------------|
| Revenues: | | | |
| Program revenues | \$ 128,624 | \$ 148,441 | \$ 277,065 |
| Transfers | 14,929 | (14,929) | - |
| Total revenues and transfers | <u>\$ 143,553</u> | <u>\$ 133,512</u> | <u>\$ 277,065</u> |

TOWN OF RIDGECREST – RIDGECREST, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED DECEMBER 31, 2003

| | <u>Governmental Activities</u> | <u>Business Type Activities</u> | <u>Total</u> |
|-----------------------------------|------------------------------------|-------------------------------------|---------------------|
| Expenses: | | | |
| General and administrative | \$ 92,593 | \$ - | \$ 92,593 |
| Public safety | | | |
| Police | 9,238 | - | 9,238 |
| Fire | 7,014 | - | 7,014 |
| Street and sanitation | 35,483 | - | 35,483 |
| Utility operations | - | 143,487 | 143,487 |
| Total expenses | <u>144,328</u> | <u>143,487</u> | <u>287,815</u> |
| | | | |
| Increase (decrease) in net assets | (775) | (9,975) | (10,750) |
| | | | |
| Net assets December 31, 2002 | <u>535,174</u> | <u>521,196</u> | <u>1,056,370</u> |
| Net assets December 31, 2003 | <u>\$ 534,399</u> | <u>\$ 511,221</u> | <u>\$ 1,045,620</u> |

The following are a graphical representation of information presented in the Statement of Activities for Governmental Activities.



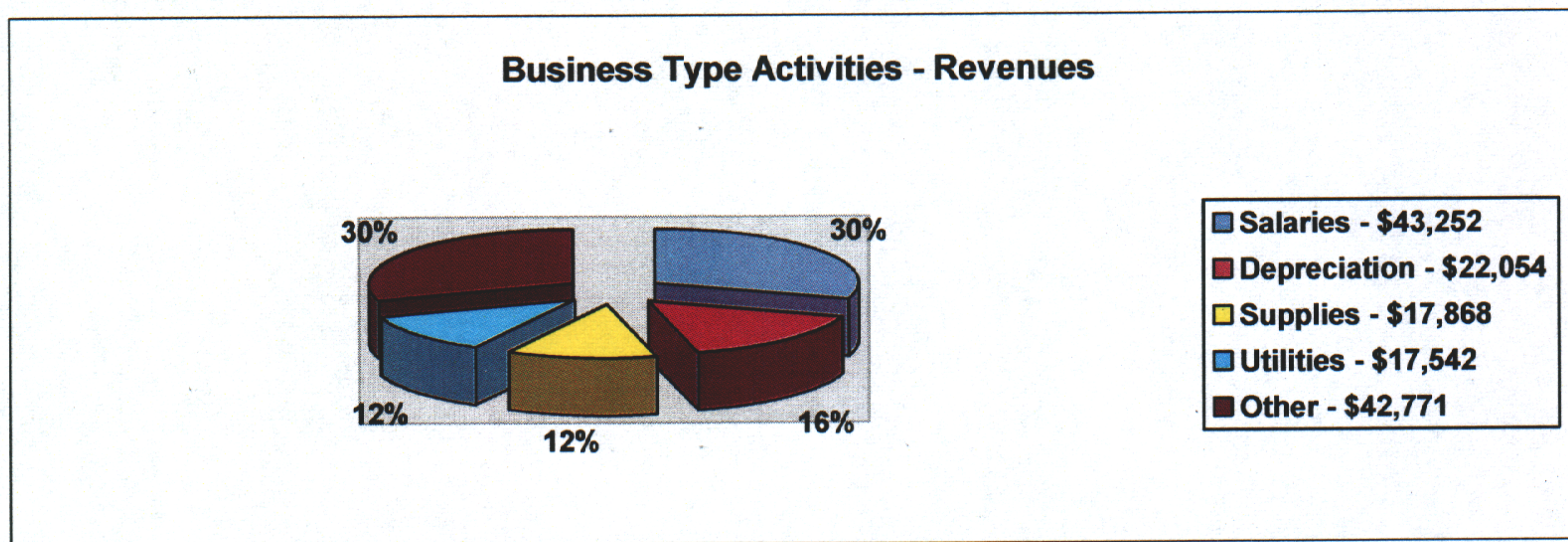
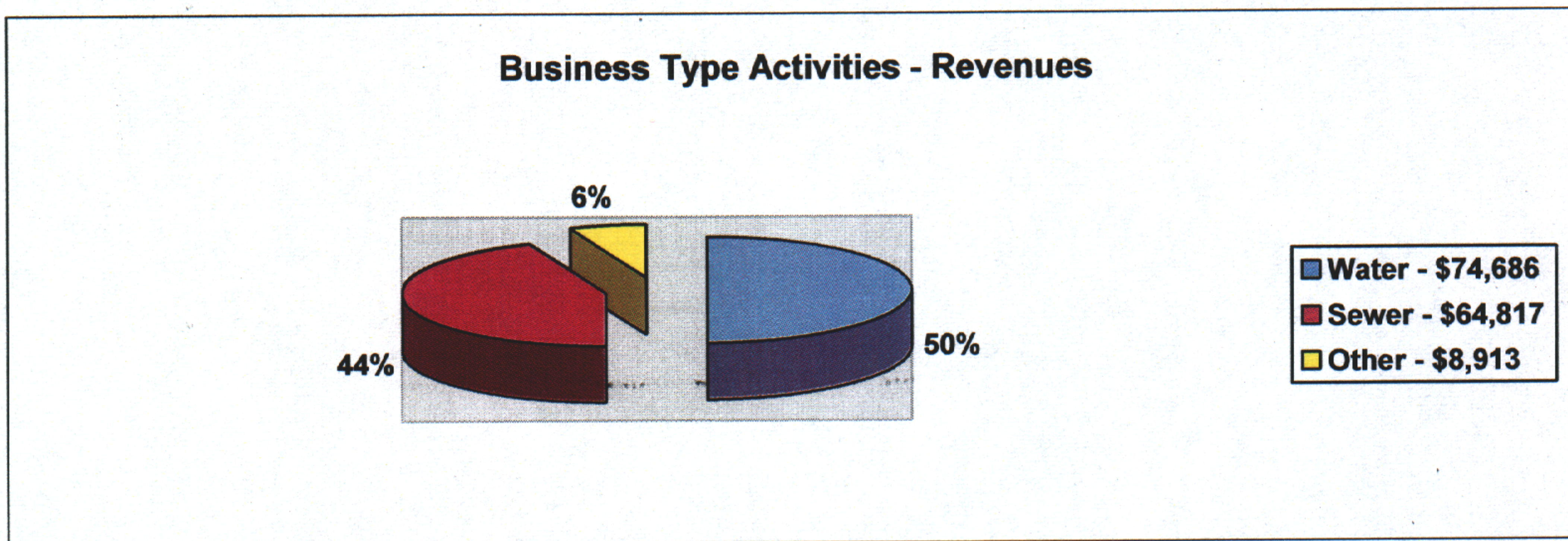
TOWN OF RIDGECREST – RIDGECREST, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED DECEMBER 31, 2003

The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

Business Type Activities

The Business-Type Activities of the Town are those that charge a fee to customers for the services provided. The Town has two Business-Type Activities, (water & sewer) which are accounted for in enterprise funds.

The following are graphical representations of information in the Statement of Activities for Business Type Activities:



The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

Comments on General Fund Comparisons

The Town's budget was revised once during the last year. The budgeted expenditures were \$132,049 in the final budgeted amounts.

Resources available for expenditures were \$133,697 in the final budget amounts.

TOWN OF RIDGECREST – RIDGECREST, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2003

CAPITAL ASSETS

As of December 31, 2003, the Town had \$522,518 invested in capital assets in the general fund and \$473,636 in the proprietary fund. This year there were additions of \$17,320 in the general fund and \$912 in the proprietary fund. The following capital assets were purchased in 2003:

General fund:

| | |
|--------------------------|------------------|
| 1. Aeratar blower | \$ 9,526 |
| 2. Suction pump | 1,315 |
| 3. Steam pressure washer | 2,280 |
| 4. 6' cutting deck | 1,499 |
| 5. Mosquito sprayer | <u>2,700</u> |
| | <u>\$ 17,320</u> |

Enterprise fund:

| | |
|-------------|---------------|
| 6. Computer | <u>\$ 912</u> |
|-------------|---------------|

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Judy Massey, Town Clerk, 116 Foster Drive, Ridgecrest, LA 71334.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF RIDGECREST, LOUISIANA

Statement of Net Assets
December 31, 2003

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|-----------------------------------|------------------------------------|-------------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 27,273 | \$ 21,995 | \$ 49,268 |
| Receivables, net | 1,983 | 15,729 | 17,712 |
| Prepaid items | - | 4,168 | 4,168 |
| Due from other governments | 3,357 | - | 3,357 |
| Total current assets | <u>32,613</u> | <u>41,892</u> | <u>74,505</u> |
| Non-Current Assets: | | | |
| Restricted: | | | |
| Cash and cash equivalents | - | 13,117 | 13,117 |
| Capital assets: | | | |
| Land | 1,700 | 15,000 | 16,700 |
| Buildings | 63,002 | - | 63,002 |
| Equipment | 337,430 | 1,127,773 | 1,465,203 |
| Infrastructure | 391,870 | - | 391,870 |
| Less accumulated depreciation | <u>(271,484)</u> | <u>(669,137)</u> | <u>(940,621)</u> |
| Total non-current assets | <u>522,518</u> | <u>486,753</u> | <u>1,009,271</u> |
| Total assets | <u>555,131</u> | <u>528,645</u> | <u>1,083,776</u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accounts and other payables | 4,709 | 4,307 | 9,016 |
| Current portion - loans payable | 8,340 | - | 8,340 |
| Total current liabilities | <u>13,049</u> | <u>4,307</u> | <u>17,356</u> |
| Non-Current Liabilities: | | | |
| Customer deposits | - | 13,117 | 13,117 |
| Long-term portion - loans payable | 7,683 | - | 7,683 |
| Total non-current liabilities | <u>7,683</u> | <u>13,117</u> | <u>20,800</u> |
| Total liabilities | <u>20,732</u> | <u>17,424</u> | <u>38,156</u> |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets | 522,518 | 473,636 | 996,154 |
| Unrestricted | 11,881 | 37,585 | 49,466 |
| Total net assets | <u>\$ 534,399</u> | <u>\$ 511,221</u> | <u>\$ 1,045,620</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

Statement of Activities
December 31, 2003

| Activities | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | | |
|--|-------------------|---|---------------------|--|-----------------------------|------------------|
| | Expenses | Fees, Fines and Charges for Services | Operating Grants | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | |
| General government | \$ 92,593 | \$ 2,791 | \$ 40,573 | \$ (49,229) | \$ - | \$ (49,229) |
| Public safety: | | | | | | |
| Police | 9,238 | 2,085 | - | (7,153) | - | (7,153) |
| Fire | 7,014 | - | - | (7,014) | - | (7,014) |
| Street and sanitation | 35,483 | - | - | (35,483) | - | (35,483) |
| Total governmental activities | 144,328 | 4,876 | 40,573 | (98,879) | - | (98,879) |
| Business-type activities: | | | | | | |
| Water and sewer | 143,487 | 140,194 | - | - | (3,293) | (3,293) |
| Total | \$ 287,815 | \$ 145,070 | \$ 40,573 | (98,879) | (3,293) | (102,172) |
| General revenues: | | | | | | |
| Taxes - | | | | | | |
| Property taxes | | | | 8,501 | - | 8,501 |
| Sales taxes | | | | 45,624 | - | 45,624 |
| Beer taxes | | | | 668 | - | 668 |
| Franchise taxes | | | | 14,589 | - | 14,589 |
| Interest income | | | | 308 | 25 | 333 |
| Miscellaneous | | | | 13,485 | 8,222 | 21,707 |
| Transfers | | | | 14,929 | (14,929) | - |
| Total general revenues and transfers | | | | 98,104 | (6,682) | 91,422 |
| Change in net assets | | | | (775) | (9,975) | (10,750) |
| Net assets - January 1, 2003, restated | | | | 535,174 | 521,196 | 1,056,370 |
| Net assets - December 31, 2003 | | | | \$ 534,399 | \$ 511,221 | \$ 1,045,620 |

The accompanying notes are an integral part of these statements.

FUND FINANCIAL STATEMENTS (FSS)

TOWN OF RIDGECREST, LOUISIANA

Balance Sheet
 Governmental Funds
 December 31, 2003
 With Comparative Actual Amounts for December 31, 2002

| ASSETS | <u>2003</u> | <u>2002</u> |
|-------------------------------------|------------------|------------------|
| Cash | \$ 22,273 | \$ 10,833 |
| Interest-bearing deposits | 5,000 | 10,000 |
| Receivables: | | |
| Ad valorem tax | 1,983 | 2,313 |
| Due from other governmental units | 3,357 | 2,574 |
| Total assets | <u>32,613</u> | <u>25,720</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts and other payables | 4,709 | 6,941 |
| Notes payable | 16,023 | 24,129 |
| Total liabilities | <u>20,732</u> | <u>31,070</u> |
| Fund balances: | | |
| Unreserved, undesignated (deficit) | <u>11,881</u> | <u>(5,350)</u> |
| Total liabilities and fund balances | <u>\$ 32,613</u> | <u>\$ 25,720</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
December 31, 2003

| | |
|---|-------------------|
| Total fund balances for governmental funds at December 31, 2003 | \$ 11,881 |
| Total net assets reported for governmental activities in the statement of net assets is different because: | |
| Capital assets used governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | |
| Land | 1,700 |
| Buildings, net of \$34,326 accumulated depreciation | 28,676 |
| Equipment net of \$141,469 accumulated depreciation | 195,961 |
| Infrastructure, net of \$95,689 accumulated depreciation | <u>296,181</u> |
| Total net assets of governmental activities at December 31, 2003 | <u>\$ 534,399</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances –
 Governmental Funds
 For the Year Ended December 31, 2003
 With Comparative Actual Amounts for the Year Ended December 31, 2002

| | | |
|---|------------------|-------------------|
| Revenues: | | |
| Taxes | \$ 33,332 | \$ 30,040 |
| Licenses and permits | 2,525 | 2,900 |
| Intergovernmental | 86,197 | 43,109 |
| Fines and forfeits | 2,085 | - |
| Interest income | 308 | 458 |
| Other | 4,177 | 4,300 |
| Total revenues | <u>128,624</u> | <u>80,807</u> |
| Expenditures: | | |
| Current - | | |
| General government | 57,282 | 38,565 |
| Public Safety | | |
| Police | 9,238 | 5,475 |
| Fire | 7,014 | 4,567 |
| Street and sanitation | 35,483 | 34,285 |
| Capital outlays | 17,320 | - |
| Total expenditures | <u>126,337</u> | <u>82,892</u> |
| Excess (deficiency) of revenues over expenditures | 2,287 | (2,085) |
| Other financing sources: | | |
| Transfers in | <u>14,929</u> | <u>5,200</u> |
| Net changes in fund balances | 17,216 | 3,115 |
| Fund balances, beginning | <u>(5,335)</u> | <u>(8,450)</u> |
| Fund balances, ending (deficit) | <u>\$ 11,881</u> | <u>\$ (5,335)</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2003

| | |
|---|-----------------|
| Total net changes in fund balances at December 31, 2003 per Statement of Revenues, Expenditures and Changes in Fund Balances | \$ 17,216 |
| The change in net assets reported for governmental activities in the statement of activities is different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances | 17,320 |
| Depreciation expense for the year ended December 31, 2003 | <u>(35,311)</u> |
| Total changes in net assets at December 31, 2003 per Statement of Activities | <u>\$ (775)</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

Proprietary Fund
 Comparative Statement of Net Assets
 December 31, 2003 and 2002

| ASSETS | Enterprise Fund | |
|---|-------------------|-------------------|
| | 2003 | 2002 |
| Current assets: | | |
| Cash and cash equivalents | \$ 21,995 | \$ 17,813 |
| Accounts receivable, net of allowance | 10,840 | 10,765 |
| Unbilled utility receivables | 4,800 | 4,800 |
| Accrued interest receivable | 89 | 86 |
| Prepaid expenses | 4,168 | - |
| Total current assets | <u>41,892</u> | <u>33,464</u> |
| Noncurrent assets: | | |
| Restricted assets - | | |
| Cash and cash equivalents | 10,000 | 10,000 |
| Interest bearing deposits | 3,117 | 2,462 |
| Capital assets, net of accumulated depreciation | <u>473,636</u> | <u>494,778</u> |
| Total noncurrent assets | <u>486,753</u> | <u>507,240</u> |
| Total assets | <u>528,645</u> | <u>540,704</u> |
| | | |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts and other payables | 4,307 | 6,996 |
| Noncurrent liabilities: | | |
| Customers' deposits | <u>13,117</u> | <u>12,542</u> |
| Total liabilities | <u>17,424</u> | <u>19,538</u> |
| | | |
| NET ASSETS | | |
| Investment in capital assets | 473,636 | 494,778 |
| Unrestricted | <u>37,585</u> | <u>26,418</u> |
| Total net assets | <u>\$ 511,221</u> | <u>\$ 521,196</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

Proprietary Fund
 Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets
 Year Ended December 31, 2003 and 2002

| | Business-Type Activities Enterprise Fund | |
|--------------------------------|---|-------------------|
| | <u>2003</u> | <u>2002</u> |
| Operating revenues: | | |
| Charges for services | \$ 148,416 | \$ 134,892 |
| Operating expenses: | | |
| Water and sewer department | 121,433 | 118,772 |
| Depreciation | <u>22,054</u> | <u>28,701</u> |
| Total operating expenses | <u>143,487</u> | <u>147,473</u> |
| Operating income (loss) | 4,929 | (12,581) |
| Non operating revenues: | | |
| Interest income | <u>25</u> | <u>243</u> |
| Income (loss) before transfers | 4,954 | (12,338) |
| Transfers (out): | <u>(14,929)</u> | <u>(14,529)</u> |
| Change in net assets | (9,975) | (26,867) |
| Net assets, beginning | <u>521,196</u> | <u>548,063</u> |
| Net assets, ending | <u>\$ 511,221</u> | <u>\$ 521,196</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

Proprietary Fund
 Comparative Statement of Cash Flows
 For the Years Ended December 31, 2003 and 2002

| | <u>2003</u> | (Memorandum <u>Only</u>) <u>2002</u> |
|--|------------------|---|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 148,341 | \$ 138,090 |
| Cash payments to suppliers for goods and services | (85,008) | (75,955) |
| Cash payments to employees for services | (43,252) | (42,083) |
| Net cash provided by operating activities | <u>20,081</u> | <u>20,052</u> |
| Cash flows from non-capital financing activities: | | |
| Operating transfers (to) other funds | (14,929) | (14,529) |
| Increase in consumer deposits | 575 | 660 |
| Net cash (used) by non-capital financing activities | <u>(14,354)</u> | <u>(13,869)</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition of capital assets | <u>(912)</u> | <u>(1,200)</u> |
| Cash flows from investing activities: | | |
| Investment income | <u>22</u> | <u>337</u> |
| Net increase in cash and cash equivalents | 4,837 | 5,320 |
| Cash and cash equivalents at January 1, 2003 | <u>30,275</u> | <u>24,955</u> |
| Cash and cash equivalents at December 31, 2003 | <u>\$ 35,112</u> | <u>\$ 30,275</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | 4,929 | (12,581) |
| Adjustments to reconcile operating (loss) to net cash provided by operating activities: | | |
| Depreciation | 22,054 | 28,701 |
| Changes in assets and liabilities: | | |
| (Increase) in prepaid expenses | (4,168) | - |
| (Increase) decrease in accounts receivable | (75) | 3,198 |
| Increase (decrease) in accounts payable | <u>(2,659)</u> | <u>734</u> |
| Net cash provided by operating activities | <u>\$ 20,081</u> | <u>\$ 20,052</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA

Notes to Financial Statements
December 31, 2003

INTRODUCTION

The Town of Ridgcrest, Louisiana was incorporated under the provisions of the Lawrason Act as a Town in 1962.

The purpose of the municipality is to provide utility services, public safety (police and fire), streets, sanitation and general administrative services.

The Board of Aldermen consists of five elected members.

The Town is located in the north east portion of Concordia Parish, Louisiana. Concordia Parish is located in east central Louisiana.

The population of Ridgcrest, Louisiana is approximately 835 persons.

The Town of Ridgcrest, Louisiana has three full time and one part time employee.

The Town of Ridgcrest, Louisiana has approximately 300 utility customers.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Fund Accounting

The accounts of the Town of Ridgcrest are organized on the basis of funds and account groups each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into two generic fund types as follows:

Governmental Funds –

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF RIDGECREST, LOUISIANA

Notes to Financial Statements
December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Proprietary Fund –

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust 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, expendable trust funds, and agency funds. The governmental funds and expendable trust funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures

Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Other Financing Sources (Uses)

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

D. Budgets and Budgetary Accounting

The Town has total revenues of less than \$250,000 and does not have the same budgetary process that is required of municipalities with total revenues of greater than \$250,000. The Town's budget is prepared by the Town Clerk and is adopted at a regular meeting of the Board of Aldermen. The Board of Aldermen may amend it during the year. All budgetary appropriations lapse at the end of each fiscal year.

TOWN OF RIDGECREST, LOUISIANA

Notes to Financial Statements
December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. 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 United States, or under the laws of the United States.

F. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|---------------------------|------------------------|
| Streets and Parking areas | 40 Years |
| Buildings | 40 Years |
| Equipment | 5 – 15 Years |

G. Compensated Absences

The Town has implemented GASB Statement No. 16, *Accounting for Compensated Absences*. Under GASB Statement No. 16, a liability for unpaid vacation that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits.

TOWN OF RIDGECREST, LOUISIANA

Notes to Financial Statements
December 31, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

H. Bad Debts

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

I. 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.

NOTE 2 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 2003:

| | | |
|-----------------|----|---------------|
| Demand deposits | \$ | 42,864 |
| Time deposits | | <u>19,521</u> |
| Total | \$ | <u>62,385</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the primary government has \$66,344 in deposits (collected bank balances). These deposits are secured from risk by \$66,344 of federal deposit insurance.

TOWN OF RIDGECREST, LOUISIANA

Notes to Financial Statements
December 31, 2003

NOTE 3 – RECEIVABLES

The following is a summary of receivables for December 2003:

| Class of Receivables | Governmental Activities | Business Type Activities |
|----------------------|----------------------------|--------------------------------|
| Taxes: | | |
| Ad valorem | \$ 1,983 | \$ - |
| Utilities | - | 17,623 |
| Interest | - | 89 |
| Intergovernmental | <u>3,357</u> | <u>-</u> |
| Total | <u>\$ 5,340</u> | <u>\$ 17,712</u> |

NOTE 4 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2003, is as follows:

| | Beginning Balance | Increase | Decrease | Ending Balance |
|---|----------------------|--------------------|-------------|-------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | <u>\$ 1,700</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,700</u> |
| Total capital assets not being depreciated | <u>1,700</u> | <u>-</u> | <u>-</u> | <u>1,700</u> |
| Capital assets being depreciated | | | | |
| Buildings | 63,002 | - | - | 63,002 |
| Equipment | 320,110 | 17,320 | - | 337,430 |
| Streets | <u>391,870</u> | <u>-</u> | <u>-</u> | <u>391,870</u> |
| Total capital assets being depreciated | <u>774,982</u> | <u>17,320</u> | <u>-</u> | <u>792,302</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 32,751 | 1,575 | - | 34,326 |
| Equipment | 117,530 | 23,939 | - | 141,469 |
| Streets | <u>85,892</u> | <u>9,797</u> | <u>-</u> | <u>95,689</u> |
| Total accumulated depreciation | <u>236,173</u> | <u>35,311</u> | <u>-</u> | <u>271,484</u> |
| Total capital assets being depreciated, net | <u>\$ 538,809</u> | <u>\$ (17,991)</u> | <u>\$ -</u> | <u>\$ 520,818</u> |

TOWN OF RIDGECREST, LOUISIANA

Notes to Financial Statements
December 31, 2003

NOTE 4 – CAPITAL ASSETS – continues

| | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------|-----------------|---------------------------|
| <u>Business-type activities:</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 15,000 | \$ - | \$ - | \$ 15,000 |
| | | | | |
| Capital assets being depreciated | | | | |
| Equipment | 1,137,701 | 912 | (10,840) | 1,127,773 |
| | | | | |
| Less accumulated depreciation for: | | | | |
| Equipment | 657,923 | 22,054 | (10,840) | 669,137 |
| | | | | |
| Total capital assets being depreciated, net | \$ 479,778 | \$ (21,142) | \$ - | \$ 458,636 |

Depreciation expense of \$35,311 for the year ended December 31, 2003, was charges to general governmental.

NOTE 5 – LONG-TERM DEBT

The following is a summary of long-term debt at December 31, 2003:

| | |
|--|------------------|
| General Long Term Debt | |
| 6% note due bank, payable in equal monthly installments of principal and interest of approximately \$777 thru 2005 | <u>\$ 16,023</u> |

The annual requirements to amortize all debt as of December 31, 2003 are as follows:

| <u>Year Ended December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|------------------|-----------------|------------------|
| 2004 | \$ 8,341 | \$ 988 | \$ 9,329 |
| 2005 | 7,682 | 488 | 8,170 |
| | <u>\$ 16,023</u> | <u>\$ 1,476</u> | <u>\$ 17,499</u> |

NOTE 6 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in December and payable by June 15, of the following year. 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 6.03 mills and is dedicated to the general fund.

TOWN OF RIDGECREST, LOUISIANA

Notes to Financial Statements
December 31, 2003

NOTE 7 – RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at December 31, 2003:

| | |
|-------------------------|----------|
| Customer meter deposits | \$13,117 |
|-------------------------|----------|

NOTE 8 – RETIREMENT COMMITMENTS

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

NOTE 9 – RISK MANAGEMENT

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

NOTE 10 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For the fiscal year ended December 31, 2003 the Town implemented Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

At December 31, 2003, there was no effect on fund balances as a result of implementing GASB Statements 37 and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the Town's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and governmental fund financial statements prepared on the modified accrual basis of accounting, which present information for individual major funds rather than by fund type. All funds in the Town were major funds.

The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2003, caused by the conversion to GASB Statement No. 34.

The prior year net assets has been restated as follows to recognize capital assets abandoned prior to December 31, 2002 and to recognize the implementation of GASB 34 discussed in Note 1:

TOWN OF RIDGECREST, LOUISIANA

Notes to Financial Statements
December 31, 2003

NOTE 10 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE - continued

| | |
|---|------------------|
| Fund Balance, beginning of year as previously reported | \$ 18,779 |
| Adjustments: | |
| Write-off abandoned assets | (62,148) |
| GASB 34: | |
| Investments in Capital Assets, beginning of year | 446,959 |
| Accumulated depreciation, beginning of year | (150,281) |
| Infrastructure, beginning of year | 391,870 |
| Accumulated depreciation, infrastructure, beginning of year | (85,892) |
| Notes payable, beginning of year | (24,113) |
| Total GASB 34 adjustments | <u>578,543</u> |
| Net Assets, beginning of year restated | <u>\$535,174</u> |

NOTE 11 – COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the Town of Ridgcrest, Louisiana consists of a Mayor and five Aldermen. For the year ended December 31, 2003, their compensation was as follows:

| | |
|---------------------------|-----------------|
| Guy R. Lain, Mayor | \$ 1,200 |
| Kevin Graham, Alderman | 1,200 |
| Ronald Barnhill, Alderman | 100 |
| James Cowan, Alderman | 600 |
| Michael Roberts, Alderman | 600 |
| Jimmy Harper, Alderman | 600 |
| Robert Maples, Alderman | <u>500</u> |
| Total | <u>\$ 4,800</u> |

REQUIRED
SUPPLEMENTARY INFORMATION
(PART II)

TOWN OF RIDGECREST, LOUISIANA
GENERAL FUND

BUDGET COMPARISON SCHEDULE
Year Ended December 31, 2003
With Comparative Totals for Year Ended December 31, 2002

| | -----2003----- | | | Variance Favorable (Unfavorable) | (Memorandum Only) 2002 Actual |
|--|------------------|-----------------|------------------|--|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | | |
| Revenues: | | | | | |
| Taxes | \$ 35,816 | \$ 33,551 | \$ 33,332 | \$ (219) | \$ 30,040 |
| Licenses and permits | 2,300 | 2,525 | 2,525 | - | 2,900 |
| Intergovernmental | 55,000 | 84,223 | 86,197 | 1,974 | 43,109 |
| Fines | 3,600 | 4,606 | 2,085 | (2,521) | - |
| Interest | 460 | 356 | 308 | (48) | 458 |
| Miscellaneous | 7,600 | 8,436 | 4,177 | (4,259) | 4,300 |
| Total revenue | <u>104,776</u> | <u>133,697</u> | <u>128,624</u> | <u>(5,073)</u> | <u>80,807</u> |
| Expenditures: | | | | | |
| General government | 47,405 | 76,781 | 57,282 | 19,499 | 38,565 |
| Public safety | | | | | |
| Police | 13,640 | 9,209 | 9,238 | (29) | 5,475 |
| Fire | 4,090 | 7,326 | 7,014 | 312 | 4,567 |
| Street and sanitation | 34,200 | 38,233 | 35,483 | 2,750 | 34,285 |
| Capital outlay | 500 | 500 | 17,320 | (16,820) | - |
| Total expenditures | <u>99,835</u> | <u>132,049</u> | <u>126,337</u> | <u>5,712</u> | <u>82,892</u> |
| Excess (deficiency) of revenues over expenditures | 4,941 | 1,648 | 2,287 | 639 | (2,085) |
| Other financing sources: | | | | | |
| Operating transfers in | <u>5,700</u> | <u>-</u> | <u>14,929</u> | <u>14,929</u> | <u>5,200</u> |
| Excess of revenues and other sources over expenditures and other uses | <u>\$ 10,641</u> | <u>\$ 1,648</u> | <u>\$ 17,216</u> | <u>\$ 15,568</u> | <u>\$ 3,115</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the General fund consistent with accounting principles generally accepted in the United States of America. There were no non-major funds.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF RIDGECREST, LOUISIANA

Comparative Balance Sheet
 Governmental Funds
 December 31, 2003

| ASSETS | 2003 | 2002 |
|---|----------------------|----------------------|
| Cash | \$ 22,273 | \$ 10,833 |
| Interest-bearing deposits | 5,000 | 10,000 |
| Receivables: | | |
| Ad valorem tax | 1,983 | 2,313 |
| Due from other governmental units | <u>3,357</u> | <u>2,574</u> |
| Total assets | <u>32,613</u> | <u>25,720</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts and other payables | 4,709 | 6,941 |
| Notes payable | <u>16,023</u> | <u>24,129</u> |
| Total liabilities | <u>20,732</u> | <u>31,070</u> |
| Fund balances: | | |
| Unreserved, undesignated (deficit) | <u>11,881</u> | <u>(5,350)</u> |
| Total fund balances (deficit) | <u>11,881</u> | <u>(5,350)</u> |
| Total liabilities and fund balances | <u>\$ 32,613</u> | <u>\$ 25,720</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA
GENERAL FUND

Statement of Revenues and Expenditures
 Budget (GAAP Basis) and Actual
 Year Ended December 31, 2003
 With Comparative Total for Year Ended December 31, 2002

| | -----2003----- | | | (Memorandum Only) 2002 Actual |
|--|-----------------|------------------|--|--|
| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | <u>Actual</u> |
| Revenues: | | | | |
| Taxes | \$ 33,551 | \$ 33,332 | \$ (219) | \$ 3,040 |
| Licenses and permits | 2,525 | 2,525 | - | 2,900 |
| Intergovernmental | 84,223 | 86,197 | 1,974 | 43,109 |
| Fines | 4,606 | 2,085 | (2,521) | - |
| Interest | 356 | 308 | (48) | 458 |
| Miscellaneous | 8,436 | 4,177 | (4,259) | 4,300 |
| Total revenue | <u>133,697</u> | <u>128,624</u> | <u>(5,073)</u> | <u>53,807</u> |
| Expenditures: | | | | |
| General government | 76,781 | 57,282 | 19,499 | 38,565 |
| Public safety | | | | |
| Police | 9,209 | 9,238 | (29) | 5,475 |
| Fire | 7,326 | 7,014 | 312 | 4,567 |
| Street and sanitation | 38,223 | 35,483 | 2,740 | 34,285 |
| Capital outlay | 500 | 17,320 | (16,820) | - |
| Total expenditures | <u>132,039</u> | <u>126,337</u> | <u>5,702</u> | <u>82,892</u> |
| Excess (deficiency) of revenues over expenditures | 1,658 | 2,287 | 629 | (2,085) |
| Other financing sources: | | | | |
| Operating transfers in | <u>-</u> | <u>14,929</u> | <u>14,929</u> | <u>5,200</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | <u>\$ 1,658</u> | <u>\$ 17,216</u> | <u>\$ 15,558</u> | <u>\$ 3,115</u> |

The accompanying notes are an integral part of these statements.

TOWN OF RIDGECREST, LOUISIANA
GENERAL FUND

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended December 31, 2003
With Comparative Total for Year Ended December 31, 2002

| | -----2003----- | | | (Memorandum |
|------------------------------|-------------------|------------------|--|--------------------------------|
| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | Only) 2002 <u>Actual</u> |
| General government: | | | | |
| Salaries | \$ 20,600 | \$ 19,673 | \$ 927 | \$ 22,665 |
| Legal and other professional | 900 | 760 | 140 | 640 |
| Interest expense | - | 1,240 | (1,240) | - |
| Insurance | 550 | 548 | 2 | 1,637 |
| Publication expense | 1,350 | 1,240 | 110 | 586 |
| Payroll taxes | - | 1,863 | (1,863) | 2,422 |
| Other expenses | 45,478 | 18,213 | 27,265 | 5,382 |
| Supplies | 1,566 | 6,881 | (5,315) | 1,830 |
| Repairs | 3,277 | 3,311 | (34) | 255 |
| Utilities and telephone | 3,060 | 3,553 | (493) | 3,148 |
| Total general government | <u>76,781</u> | <u>57,282</u> | <u>19,499</u> | <u>38,565</u> |
| Police: | | | | |
| Salaries | 5,400 | 5,400 | - | 5,400 |
| Other expenses | 3,809 | 3,838 | (29) | 75 |
| Total police department | <u>9,209</u> | <u>9,238</u> | <u>(29)</u> | <u>5,475</u> |
| Fire: | | | | |
| Utilities | 1,906 | 1,627 | 279 | 1,844 |
| Repairs | 1,047 | 307 | 740 | 418 |
| Salaries | 600 | 600 | - | 600 |
| Payroll taxes | - | 46 | (46) | 46 |
| Other expenses | 3,773 | 4,434 | (661) | 1,659 |
| Total fire department | <u>7,326</u> | <u>7,014</u> | <u>312</u> | <u>4,567</u> |
| Capital outlay | <u>500</u> | <u>17,320</u> | <u>(16,820)</u> | <u>-</u> |
| Street and sanitation: | | | | |
| Garbage collection | <u>38,233</u> | <u>35,483</u> | <u>2,750</u> | <u>34,285</u> |
| Total expenditures | <u>\$ 132,049</u> | <u>\$126,337</u> | <u>\$ 5,712</u> | <u>\$ 82,892</u> |

The accompanying notes are an integral part of these statements.

ENTERPRISE FUNDS

Utility Fund

To account for the provision of water utilities and sewer services to residents of the Town and some residents of the Parish. 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 collection.

TOWN OF RIDGECREST, LOUISIANA

Proprietary Fund
 Comparative Statement of Net Assets
 December 31, 2003 and 2002

| ASSETS | Business-type Activities Enterprise Fund | |
|---|---|-------------------|
| | <u>2003</u> | <u>2002</u> |
| Current assets: | | |
| Cash and cash equivalents | \$ 21,995 | \$ 17,813 |
| Accounts receivable, net of allowance | 10,840 | 10,765 |
| Unbilled utility receivables | 4,800 | 4,800 |
| Accrued interest receivable | 89 | 86 |
| Prepaid expenses | 4,168 | - |
| Total current assets | <u>41,892</u> | <u>33,464</u> |
| Noncurrent assets: | | |
| Restricted assets - | | |
| Cash and cash equivalents | 10,000 | 10,000 |
| Interest bearing deposits | 3,117 | 2,462 |
| Capital assets, net of accumulated depreciation | <u>473,636</u> | <u>494,778</u> |
| Total noncurrent assets | <u>486,753</u> | <u>507,240</u> |
| Total assets | <u>528,645</u> | <u>540,704</u> |
| | | |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts and other payables | 4,307 | 6,996 |
| Noncurrent liabilities: | | |
| Customers' deposits | <u>13,117</u> | <u>12,542</u> |
| Total liabilities | <u>17,424</u> | <u>19,538</u> |
| | | |
| NET ASSETS | | |
| Investment in capital assets | 473,636 | 494,778 |
| Unrestricted | <u>37,585</u> | <u>26,418</u> |
| Total net assets | <u>511,221</u> | <u>521,196</u> |
| | | |
| Total liabilities and net assets | <u>\$ 528,645</u> | <u>\$ 540,704</u> |

The following notes are an integral part of this statement.

TOWN OF RIDGECREST, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

Comparative Statement of Revenues and Expenses
Year Ended December 31, 2003

| | <u>2003</u> | Only) <u>2002</u> |
|--|-------------------|----------------------|
| Operating revenues: | | |
| Charges for services | \$ 148,416 | \$ 134,892 |
| Operating expenses: | | |
| Salaries | 43,252 | 42,083 |
| Chemicals and supplies | 17,868 | 9,298 |
| Depreciation | 22,054 | 28,700 |
| Utilities and telephone | 17,542 | 17,037 |
| Insurance | 16,990 | 15,608 |
| Office supplies | 1,589 | 1,706 |
| Payroll taxes | 4,458 | 3,480 |
| Repairs | 4,378 | 7,670 |
| Other expenses | 12,856 | 19,275 |
| Accounting | 2,500 | 2,616 |
| Total operating expenses | <u>143,487</u> | <u>147,473</u> |
| Operating income (loss) | <u>4,929</u> | <u>(12,581)</u> |
| Non-operating income (expenses): | | |
| Interest earned | <u>25</u> | <u>243</u> |
| Income (loss) before operating transfers | 4,954 | (12,338) |
| Other financing (uses): | | |
| Transfer (out) in | <u>(14,929)</u> | <u>14,529</u> |
| Net (loss) | <u>\$ (9,975)</u> | <u>\$ (26,867)</u> |

The following notes are an integral part of this statement.

Reports on Compliance and Internal Control

SWITZER, HOPKINS & MANGE

Certified Public Accountants

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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 Guy R. Lain, Mayor
and Members of the Board of Aldermen
Town of Ridgecrest, Louisiana

We have audited the financial statements of Town of Ridgecrest, Louisiana as of and for the year ended December 31, 2003, and have issued our report thereon dated June 26, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Ridgecrest, Louisiana's 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 no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Ridgecrest, 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.

Honorable Guy R. Lain, Mayor
Town of Ridgecrest, Louisiana
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However, we noted a certain matter 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 Ridgecrest, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs are item 2003-1.

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

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
June 26, 2004

Switzer, Hopkins & Mange

TOWN OF RIDGECREST, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.
2. One reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance with certain laws and regulations of Town of Ridgecrest, Louisiana were disclosed during the audit.

Findings – Financial Statement Audit

Reportable Conditions

2003-1 – Segregation of Duties

We noted that the Town of Ridgecrest, Louisiana does not have adequate segregation of duties. To increase internal controls, we recommend adequate segregation of duties. Because of lack of segregation of duties, internal controls are weakened.

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

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

TOWN OF RIDGECREST, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2002

INTERNAL CONTROL FINDINGS

2002-1 – Segregation of Duties

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

Current status: This finding still applies and is noted in the current audit for the year ended December 31, 2003. (See current finding 2003-1)