

TOWN OF FERRIDAY, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2014
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF FERRIDAY, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2014
With Supplemental Information Schedules

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TOWN OF FERRIDAY, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2014
With Supplemental Information Schedules

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SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce Street
P.O. Box 1027
Natchez, Mississippi 39121-1027
Telephone: 601.442.7411
Fax: 601.442.8551

www.silassimmons.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Gene T. Allen, Mayor
and the Board of Aldermen
Town of Ferriday, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business activities, each major fund, and the aggregate remaining fund information of the Town of Ferriday, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion

We were unable to determine the correct amounts of water consumed and the related correct amounts that should have been billed to the utility customers in the business-type activities of the water and sewer funds. Approximately 40% of the water meters in the Town are not functioning properly and do not register the correct amount of water consumed. Most of these meters do not register any water usage each month.

Qualified Opinion

In our opinion, except for the effects of the broken water meters explained in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Town of Ferriday, Louisiana as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. *Members: American Institute of CPAs, Mississippi Society of CPAs, Louisiana Society of CPAs*

In addition, in our opinion, the basic government financial statements referred to above present fairly, in all material respects, the respective position of the governmental activities, the general fund, the general obligation bond fund, the street construction fund, the LCDBG water intake fund, the sewer treatment fund, and the aggregate remaining fund information of the Town of Ferriday as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 33 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ferriday, Louisiana's basic financial statements. The schedule of compensation paid the Board of Aldermen and the schedule of insurance coverage described in the accompanying table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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 basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

This report is intended for the information of the Mayor and members of the Board of Aldermen of the Town of Ferriday, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
January 30, 2015

**SECTION I
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

As management of the Town of Ferriday, Louisiana, we offer readers of the Town of Ferriday, Louisiana's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2014 and 2013. 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 2014 and 2013, the Town of Ferriday's net position increased in 2014, which resulted in ending net position of \$6,716,372 and increased in 2013 and resulted in ending net position of \$6,505,807.

1. The beginning cash balance at June 30, 2013, for the Town of Ferriday was \$661,502. The ending cash balance was \$1,302,179 as of June 30, 2013, and \$1,424,135 at June 30, 2014.
2. The governmental activities had \$3,028,633 in revenues in 2014 and \$3,089,912 in revenues for 2013, which primarily consisted of sales taxes, property taxes, occupational license taxes, franchise taxes, and fines. There was \$2,605,137 in governmental expenses in 2014, and \$2,212,319 in 2013.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Ferriday'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 position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position 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 are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8-9 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 10-17 of this report.

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 18-32 of this report.

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$6,716,372 as of June 30, 2014.

Net Position for the Periods Ending June 30, 2014 and 2013

The current year's and the year's just previous financial statements are dramatically different from past years as a result of implementing GASB 34. Comparative statements are presented below.

	Governmental	Business-Type	Totals	
	Activities	Activities	2014	2013
Current assets	\$ 1,094,261	\$ 667,487	\$ 1,761,748	\$ 1,595,409
Noncurrent assets	<u>2,628,830</u>	<u>5,910,038</u>	<u>8,538,868</u>	<u>8,491,553</u>
Total assets	<u>\$ 3,723,091</u>	<u>\$ 6,577,525</u>	<u>\$ 10,300,616</u>	<u>\$ 10,086,962</u>
Current liabilities	\$ 1,069,507	\$ 348,820	\$ 1,418,327	\$ 1,920,525
Noncurrent liabilities	<u>172,910</u>	<u>1,993,007</u>	<u>2,165,917</u>	<u>1,660,630</u>
Total liabilities	<u>\$ 1,242,417</u>	<u>\$ 2,341,827</u>	<u>\$ 3,584,244</u>	<u>\$ 3,581,155</u>
Net position				
Investment in capital assets, net of related debt	\$ 2,373,830	\$ 3,921,940	\$ 6,295,770	\$ 6,406,094
Restricted for customer deposits	-	80,884	80,884	66,147
Restricted for debt service	136,960	202,631	339,591	320,674
Restricted for capital projects	100,341	14,734	115,075	294,750
Unrestricted (deficit)	<u>(130,457)</u>	<u>15,509</u>	<u>(114,948)</u>	<u>(581,858)</u>
Total net position	<u>\$ 2,480,674</u>	<u>\$ 4,235,698</u>	<u>\$ 6,716,372</u>	<u>\$ 6,505,807</u>

The following is a comparative summary of the statement of activities:

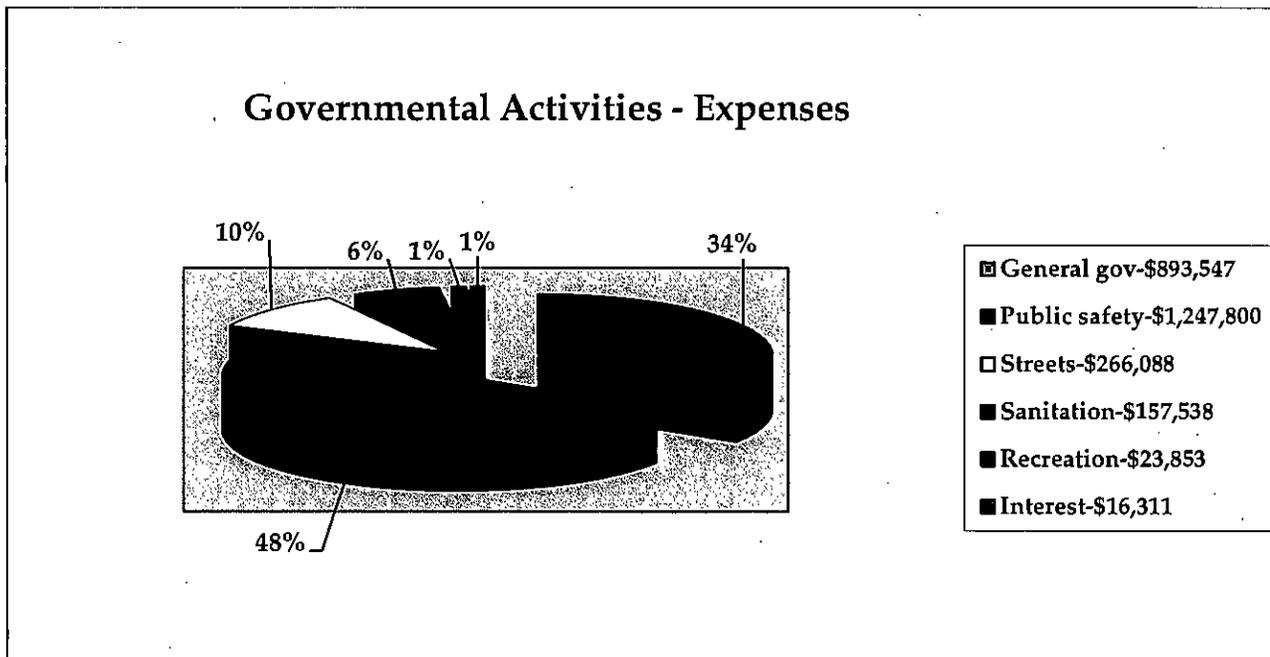
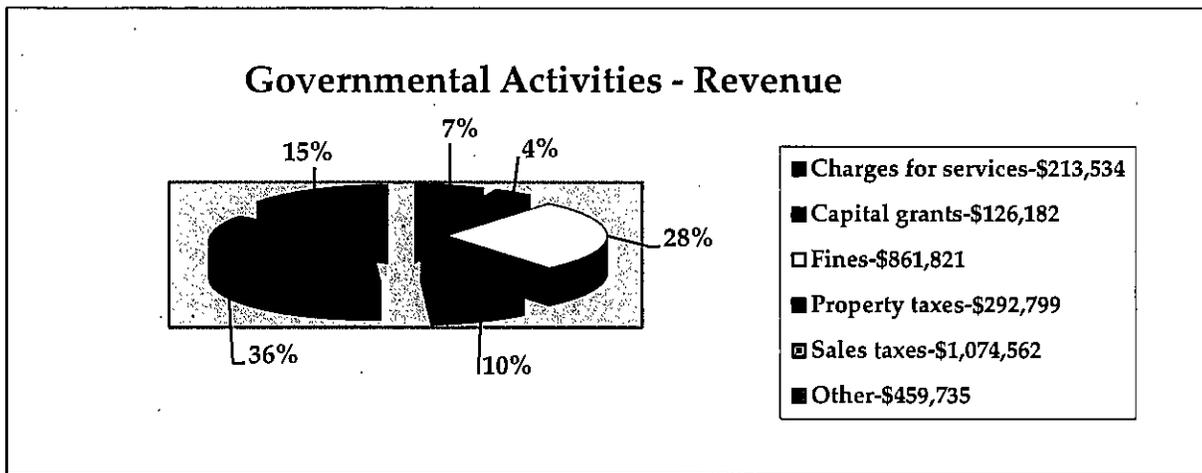
	Governmental	Business-Type	Totals	
	Activities	Activities	2014	2013
Revenue:				
Program revenue	\$ 3,028,633	\$ 1,152,017	\$ 4,180,650	\$ 4,327,977
Transfers	<u>(77,292)</u>	<u>77,292</u>	<u>-</u>	<u>-</u>
Total revenue and transfers	<u>\$ 2,951,341</u>	<u>\$ 1,229,309</u>	<u>\$ 4,180,650</u>	<u>\$ 4,327,977</u>
Expenses:				
General and administrative	\$ 893,547	\$ -	\$ 893,547	\$ 924,072
Public safety	1,247,800	-	1,247,800	859,139
Streets	266,088	-	266,088	202,882
Sanitation	157,538	-	157,538	171,153
Recreation	23,853	-	23,853	23,433
Interest expense	16,311	81,281	97,592	31,640
Utility operations	<u>-</u>	<u>1,283,667</u>	<u>1,283,667</u>	<u>1,545,963</u>
Total expenses	<u>\$ 2,605,137</u>	<u>\$ 1,364,948</u>	<u>\$ 3,970,085</u>	<u>\$ 3,758,282</u>
(Decrease) increase in net position	\$ 346,204	\$ (135,639)	\$ 210,565	\$ 569,695
Net position, July 1	\$ 2,134,470	\$ 4,371,337	\$ 6,505,807	\$ 6,285,863
Prior period adjustment	-	-	-	(349,751)
Net position, July 1 - restated	<u>\$ 2,134,470</u>	<u>\$ 4,371,337</u>	<u>\$ 6,505,807</u>	<u>\$ 5,936,112</u>
Net position, June 30	<u>\$ 2,480,674</u>	<u>\$ 4,235,698</u>	<u>\$ 6,716,372</u>	<u>\$ 6,505,807</u>

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following are graphical representations of information presented in the statement of activities for governmental 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.

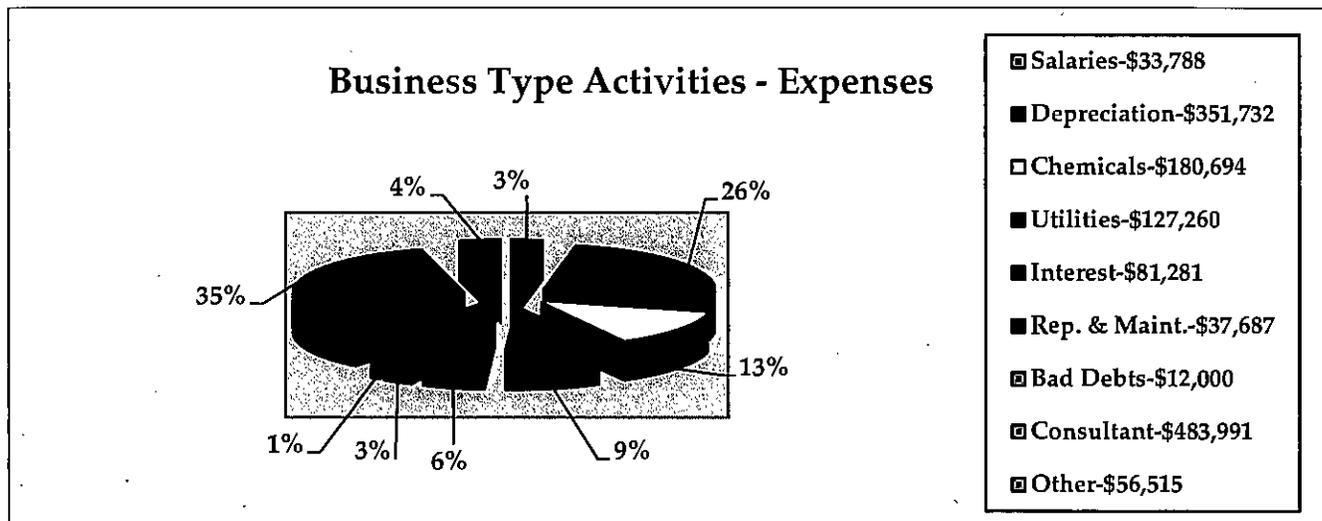
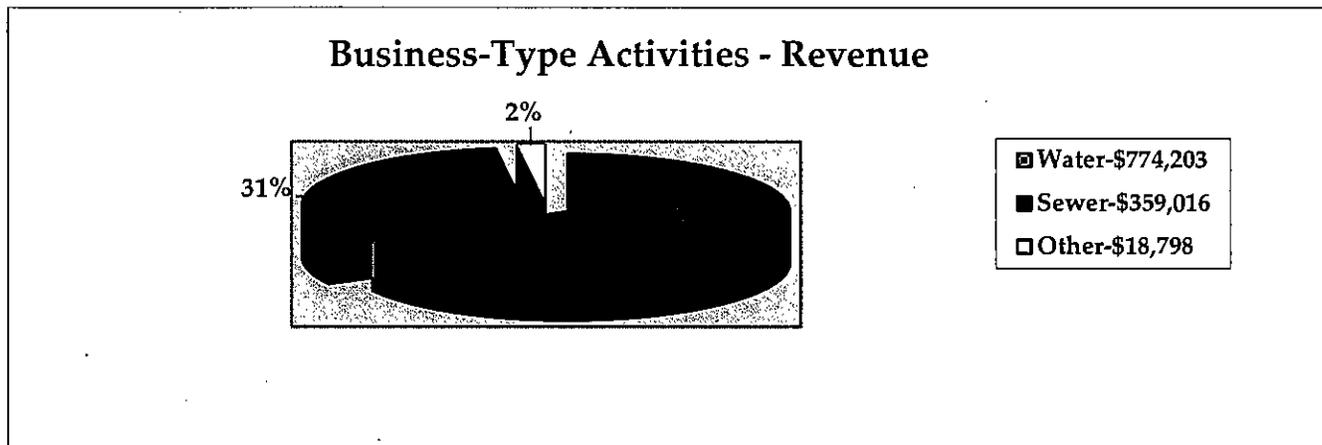
TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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 and 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.

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Comments on General Fund Budget Comparisons

The Town's budget was not amended during the last year. Expenditures were budgeted at \$2,000,750 and revenue was budgeted at \$2,282,155.

Actual expenditures were more than budgeted amounts by \$551,021 and actual revenue was \$582,702 more than the budgeted amounts.

CAPITAL ASSETS

As of June 30, 2014, the Town had a net of \$2,628,830 invested in capital assets in the general government fund and \$5,910,038 in the proprietary fund. This year there were additions of \$27,623 in the general government fund and \$562,813 in the proprietary fund. The following capital assets were purchased in the fiscal year ended June 30, 2014:

General government additions:	
Land - Haney's Big House	\$ 20,000
Lores camera	<u>7,623</u>
Total	<u>\$ 27,623</u>
Proprietary fund	
Water plant construction	<u>\$ 562,813</u>
Sewer system	<u>\$ 7,500</u>

MANAGEMENT'S REPORT

The Town of Ferriday has closed fiscal year ending June 30, 2014, with a great sense of accomplishment. The Town has worked diligently to meet the necessary criteria in gaining funding for the much anticipated water system improvements. The Town looks forward to continuing this momentum during the 2015 fiscal year. We will strive to continue to adopt practices and procedures vital to billing and collection within the water system as well as accurate accounting practices and procedures within every department managed by the Town of Ferriday. As Mayor, I feel that the Town has employed individuals in vital positions who are capable of ensuring that these procedures are carried out and can be positively reflected in the findings of the Town's audit.

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 Tamiko Hines, Town Clerk, 1116 Second Street, Ferriday, Louisiana 71334, (318) 757-3411.

SECTION II
BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 709,930	\$ 202,196	\$ 912,126
Receivables (net of allowances for uncollectible amounts)	170,571	167,042	337,613
Restricted assets	213,760	298,249	512,009
Capital assets (net)	<u>2,628,830</u>	<u>5,910,038</u>	<u>8,538,868</u>
Total assets	<u>\$ 3,723,091</u>	<u>\$ 6,577,525</u>	<u>\$ 10,300,616</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 941,341	\$ 296,518	\$ 1,237,859
Accrued compensated absences	42,910	4,909	47,819
Customer deposits	-	38,175	38,175
Accrued interest payable	3,166	14,127	17,293
Long-term liabilities			
Due within one year	125,000	62,609	187,609
Due in more than one year	<u>130,000</u>	<u>1,925,489</u>	<u>2,055,489</u>
Total liabilities	<u>\$ 1,242,417</u>	<u>\$ 2,341,827</u>	<u>\$ 3,584,244</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 2,373,830	\$ 3,921,940	\$ 6,295,770
Restricted for:			
Customer deposits	-	80,884	80,884
Debt service	136,960	202,631	339,591
Capital projects	100,341	14,734	115,075
Unrestricted (deficit)	<u>(130,457)</u>	<u>15,509</u>	<u>(114,948)</u>
Total net position	<u>\$ 2,480,674</u>	<u>\$ 4,235,698</u>	<u>\$ 6,716,372</u>

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

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		Net (Expenses), Revenues and Changes		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<u>GOVERNMENTAL ACTIVITIES</u>						
General government	\$ 893,547	\$ 213,534	\$ 126,182	\$ (553,831)	\$ -	\$ (553,831)
Public safety	1,247,800	861,821	-	(385,979)	-	(385,979)
Streets	266,088	-	-	(266,088)	-	(266,088)
Sanitation	157,538	-	-	(157,538)	-	(157,538)
Recreation	23,853	-	-	(23,853)	-	(23,853)
Interest on long-term debt	16,311	-	-	(16,311)	-	(16,311)
Total governmental activities	<u>\$ 2,605,137</u>	<u>\$ 1,075,355</u>	<u>\$ 126,182</u>	<u>\$ (1,403,600)</u>	<u>\$ -</u>	<u>\$ (1,403,600)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>						
Water	\$ 954,617	\$ 791,989	\$ -	\$ -	\$ (162,628)	\$ (162,628)
Sewer	410,331	359,016	-	-	(51,315)	(51,315)
Total business-type activities	<u>\$ 1,364,948</u>	<u>\$ 1,151,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (213,943)</u>	<u>\$ (213,943)</u>
Total	<u>\$ 3,970,085</u>	<u>\$ 2,226,360</u>	<u>\$ 126,182</u>	<u>\$ (1,403,600)</u>	<u>\$ (213,943)</u>	<u>\$ (1,617,543)</u>
General Revenues:						
Taxes						
Property taxes				\$ 292,799	\$ -	\$ 292,799
Sales taxes				1,074,562	-	1,074,562
Other taxes				130,852	-	130,852
Interest income				932	1,012	1,944
Other				327,951	-	327,951
Transfers				(77,292)	77,292	-
Total general revenues and transfers				<u>\$ 1,749,804</u>	<u>\$ 78,304</u>	<u>\$ 1,828,108</u>
Change in net position				<u>\$ 346,204</u>	<u>\$ (135,639)</u>	<u>\$ 210,565</u>
Net position - beginning of year				<u>\$ 2,134,470</u>	<u>\$ 4,371,337</u>	<u>\$ 6,505,807</u>
Net position - end of year				<u>\$ 2,480,674</u>	<u>\$ 4,235,698</u>	<u>\$ 6,716,372</u>

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

SECTION III
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF FERRIDAY, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2014

	Major Funds				Total
	General Fund	General Obligation Bond Fund	Street Construction Fund	LCDBG Water Intake Fund	
ASSETS					
Cash	\$ 709,930	\$ -	\$ -	\$ -	\$ 709,930
Cash - restricted	-	113,419	100,329	12	213,760
Accounts receivable (net of allowance for uncollectibles)	170,571	-	-	-	170,571
Due from other funds	-	23,541	-	-	23,541
Total assets	<u>\$ 880,501</u>	<u>\$ 136,960</u>	<u>\$ 100,329</u>	<u>\$ 12</u>	<u>\$ 1,117,802</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, salaries, and other payables	\$ 941,341	\$ -	\$ -	\$ -	\$ 941,341
Due to other funds	23,541	-	-	-	23,541
Total liabilities	<u>\$ 964,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 964,882</u>
Fund balances:					
Restricted for:					
Debt service	\$ -	\$ 136,960	\$ -	\$ -	\$ 136,960
Capital projects	-	-	100,329	12	100,341
Unassigned, reported in:					
General fund (deficit)	(84,381)	-	-	-	(84,381)
Total fund balances	<u>\$ (84,381)</u>	<u>\$ 136,960</u>	<u>\$ 100,329</u>	<u>\$ 12</u>	<u>\$ 152,920</u>
Total liabilities and fund balances	<u>\$ 880,501</u>	<u>\$ 136,960</u>	<u>\$ 100,329</u>	<u>\$ 12</u>	<u>\$ 1,117,802</u>

The accompanying notes are an integral part of this financial statement

TOWN OF FERRIDAY, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

JUNE 30, 2014

Fund balances – total governmental funds (Statement C) (deficit)	\$	152,920
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Amounts reported for governmental activities in the statement of net position (Statement A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets are:

Land, buildings, and equipment	\$	5,578,571	
Less accumulated depreciation		<u>(2,949,741)</u>	2,628,830

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Long-term liabilities	(297,910)
Accrued interest on bonds	<u>(3,166)</u>

Net position of governmental activities (Statement A)	\$	<u>2,480,674</u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds				Total
	General Fund	General Obligation Bond Fund	Street Construction Fund	LCDBG Water Intake Fund	
REVENUE					
Taxes	\$ 1,370,405	\$ 127,808	\$ -	\$ -	\$ 1,498,213
Licenses and permits	142,056	-	-	-	142,056
Intergovernmental					
State funds	126,182	-	-	-	126,182
Charges for services	213,534	-	-	-	213,534
Fines	861,821	-	-	-	861,821
Interest income	640	292	-	-	932
Miscellaneous	185,895	-	-	-	185,895
Total revenue	<u>\$ 2,900,533</u>	<u>\$ 128,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,028,633</u>
EXPENDITURES					
Current:					
General government and administration	\$ 811,694	\$ 408	\$ -	\$ -	\$ 812,102
Public safety					
Police	935,844	-	-	-	935,844
Fire	238,853	-	-	-	238,853
Streets	204,115	-	-	-	204,115
Sanitation	157,538	-	-	-	157,538
Recreation	23,259	-	-	-	23,259
Capital outlays	27,623	-	-	-	27,623
Debt service					
Principal	41,721	115,000	-	-	156,721
Interest	2,901	14,790	-	-	17,691
Total expenditures	<u>\$ 2,443,548</u>	<u>\$ 130,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,573,746</u>

- continued -

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds				Total
	General Fund	General Obligation Bond Fund	Street Construction Fund	LCDBG Water Intake Fund	
Excess of revenue over (under) expenditures	\$ 456,985	\$ (2,098)	\$ -	\$ -	\$ 454,887
Other financing sources and uses					
Transfers out	\$ (77,292)	\$ -	\$ -	\$ -	\$ (77,292)
Total other financing sources and (uses)	\$ (77,292)	\$ -	\$ -	\$ -	\$ (77,292)
Net changes in fund balances	\$ 379,693	\$ (2,098)	\$ -	\$ -	\$ 377,595
Fund balances - beginning of year	(464,074)	139,058	100,329	12	(224,675)
Fund balances - end of year (deficit)	\$ (84,381)	\$ 136,960	\$ 100,329	\$ 12	\$ 152,920

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

TOWN OF FERRIDAY, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances, total governmental funds, (Statement E) \$ 377,595

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. Thus, the change in net position differs from the change in fund balances by which depreciation exceeded capital outlays in the period:

Capital outlay	\$ 27,623	
Depreciation expense	<u>(198,889)</u>	(171,266)

Repayment of debt principal is an expenditure in the governmental funds, and borrowing is an income item, but the repayment reduces long-term liabilities in the statement of net assets. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments.

Repayment of debt principal		156,720
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

Increase in accrued compensated absences	\$ (18,225)	
Decrease in accrued interest on long-term liabilities	<u>1,380</u>	<u>(16,845)</u>

Changes in net position governmental funds, (Statement B)		<u>\$ 346,204</u>
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The accompanying notes are an integral part of this financial statement.

PROPRIETARY FUNDS

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2014

ASSETS	Major Funds		Total
	Water Fund	Sewer Fund	
Current assets			
Cash	\$ 33,517	\$ 168,679	\$ 202,196
Accounts receivable, utility sales (net of allowance of \$14,000 and \$1,000, respectively)	107,033	60,009	167,042
Total current assets	\$ 140,550	\$ 228,688	\$ 369,238
Noncurrent assets			
Restricted assets:			
Plant construction	\$ 14,734	\$ -	\$ 14,734
Bond debt service reserve fund	34,795	106,178	140,973
Bond sinking fund	168	-	168
Depreciation fund	37,768	23,722	61,490
Consumer deposits	80,884	-	80,884
Total restricted assets	\$ 168,349	\$ 129,900	\$ 298,249
Noncurrent assets			
Capital assets:			
Property, plant, and equipment	\$ 7,387,866	\$ 7,220,744	\$ 14,608,610
Less accumulated depreciation	(4,100,940)	(4,597,632)	(8,698,572)
Total capital assets	\$ 3,286,926	\$ 2,623,112	\$ 5,910,038
Total assets	\$ 3,595,825	\$ 2,981,700	\$ 6,577,525
LIABILITIES			
Current liabilities (payable from current assets)			
Accounts, salaries, and other payables	\$ 291,801	\$ 4,717	\$ 296,518
Accrued compensated absences	-	4,909	4,909
Total current liabilities (payable from current assets)	\$ 291,801	\$ 9,626	\$ 301,427
Current liabilities (payable from restricted assets)			
Customer deposits	\$ 38,175	\$ -	\$ 38,175
Notes payable, current portion	-	62,609	62,609
Accrued interest payable	12,079	2,048	14,127
Total current liabilities (payable from restricted assets)	\$ 50,254	\$ 64,657	\$ 114,911
Long-term liabilities			
Notes payable	\$ 1,107,981	\$ 817,508	\$ 1,925,489
Total liabilities	\$ 1,450,036	\$ 891,791	\$ 2,341,827
NET POSITION			
Invested in capital assets, net of related debt	\$ 2,178,945	\$ 1,742,995	\$ 3,921,940
Restricted for capital projects	14,734	-	14,734
Restricted for customer deposits	80,884	-	80,884
Restricted for debt service	72,731	129,900	202,631
Unrestricted (deficit)	(201,505)	217,014	15,509
Total net position	\$ 2,145,789	\$ 2,089,909	\$ 4,235,698

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

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds		Total
	Water Fund	Sewer Fund	
Operating revenue			
Utility sales	\$ 770,941	\$ 359,016	\$ 1,129,957
Tap fees	2,250	-	2,250
Other income	18,798	-	18,798
Total operating revenue	<u>\$ 791,989</u>	<u>\$ 359,016</u>	<u>\$ 1,151,005</u>
Operating expenses			
Salaries	\$ -	\$ 31,757	\$ 31,757
Payroll taxes and retirement	-	2,031	2,031
Utilities	83,857	43,403	127,260
Chemicals and supplies	170,233	10,461	180,694
Repairs and maintenance	22,550	15,137	37,687
Consultant fees	466,510	17,481	483,991
Bad debts	10,000	2,000	12,000
Office expense and postage	17,914	16	17,930
Depreciation	151,806	199,926	351,732
Other operating expenses	1,007	37,578	38,585
Total operating expenses	<u>\$ 923,877</u>	<u>\$ 359,790</u>	<u>\$ 1,283,667</u>
Net (loss) from operations	<u>\$ (131,888)</u>	<u>\$ (774)</u>	<u>\$ (132,662)</u>
Nonoperating revenue and expenses			
Interest income	\$ 584	\$ 428	\$ 1,012
Interest expense	(30,740)	(50,541)	(81,281)
Total nonoperating revenue and expenses	<u>\$ (30,156)</u>	<u>\$ (50,113)</u>	<u>\$ (80,269)</u>
Income (loss) before transfers	<u>\$ (162,044)</u>	<u>\$ (50,887)</u>	<u>\$ (212,931)</u>
Other financing sources (uses)			
Transfers out	\$ -	\$ (43,860)	\$ (43,860)
Transfers in	121,152	-	121,152
Total other financing sources (uses)	<u>\$ 121,152</u>	<u>\$ (43,860)</u>	<u>\$ 77,292</u>
Change in net position (loss)	<u>\$ (40,892)</u>	<u>\$ (94,747)</u>	<u>\$ (135,639)</u>
Total net position - beginning of year	<u>2,186,681</u>	<u>2,184,656</u>	<u>4,371,337</u>
Total net position - end of year	<u>\$ 2,145,789</u>	<u>\$ 2,089,909</u>	<u>\$ 4,235,698</u>

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

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds		Total
	Water Fund	Sewer Fund	
<u>Cash Flows From Operating Activities</u>			
Cash received from customers	\$ 774,217	\$ 355,441	\$ 1,129,658
Cash paid to suppliers and employees	(761,594)	(152,497)	(914,091)
Net cash provided by operating activities	\$ 12,623	\$ 202,944	\$ 215,567
<u>Cash Flows From Noncapital Financing Activities</u>			
Transfers from (to) other funds	\$ 121,152	\$ (43,860)	\$ 77,292
Decrease in customer deposits	(75,077)	-	(75,077)
Net cash provided by (used for) noncapital financing activities	\$ 46,075	\$ (43,860)	\$ 2,215
<u>Cash Flows From Capital And Related Financing Activities</u>			
Purchase of fixed assets	\$ (562,813)	\$ (7,500)	\$ (570,313)
Principal paid on notes payable	(380,570)	(54,653)	(435,223)
Interest paid on notes payable	(29,226)	(50,541)	(79,767)
Interest income	584	428	1,012
Funds borrowed	754,129	-	754,129
Net cash (used for) financing activities	\$ (217,896)	\$ (112,266)	\$ (330,162)
Net (decrease) increase in cash	\$ (159,198)	\$ 46,818	\$ (112,380)
Cash at beginning of year	361,064	251,761	612,825
Cash at end of year	\$ 201,866	\$ 298,579	\$ 500,445
<u>Reconciliation of Operating (Loss) to Net Cash Provided by:</u>			
Operating (loss)	\$ (131,888)	\$ (774)	\$ (132,662)
<u>Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities</u>			
Depreciation	151,806	199,926	351,732
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(7,772)	(1,575)	(9,347)
Increase (decrease) in accounts payable	477	1,778	2,255
Increase in accrued compensated absences	-	3,589	3,589
Net cash provided by operating activities	\$ 12,623	\$ 202,944	\$ 215,567

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

INTRODUCTION

The Town of Ferriday is a municipal corporation governed by an elected mayor.

1. The Town of Ferriday, Louisiana was incorporated under provisions of the Lawrason Act as a Town in 1923.
2. The purpose of a municipality is to provide utility services, public safety (police and fire), streets, sanitation, and general administrative services.
3. The Board of Aldermen consists of five elected members that are paid \$500 per month for regular meetings and \$100 for each special meeting.
4. The Town of Ferriday is located in the northeastern portion of Concordia Parish, Louisiana.
5. The population of Ferriday was 3,698 on July 1, 2005, according to Louisiana Tech University.
6. The Town of Ferriday had 39 employees as of June 30, 2014.
7. The Town of Ferriday had approximately 1,500 utility customers as of June 30, 2014. The customers consisted of 1,350 residential customers and 150 commercial customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The General Obligation Bond Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations created by the issuing of \$1,280,000 general obligation bonds.

The Street Construction Fund accounts for transactions relating to proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The LCDBG Water Intake Fund accounts for emergency construction of repairs to the water intake facility connected to the water treatment plant. This construction is funded by a grant under LCDBG contract No. 698535.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B: Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The municipality reports the following major proprietary funds:

The Water Fund is used to account for operations where the intent of the governing body is that costs (expenses, including depreciation) of providing water services to the general public on a continuing basis be financed (or recovered primarily) through user charges.

The Sewer Fund is used to account for operations where the intent of the governing body is that costs (expenses, including depreciation) of providing sewer services to the general public on a continuing basis be financed (or recovered primarily) through user charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government enterprise operations. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds is the sales of water and sewer services to both residential and commercial customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Deposits

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Revenue

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

General Fund	14.01 mills
General Obligation Bond Fund	12 mills

The following is the only principal taxpayer paying more than 5% of the total ad valorem tax:

	Assessed Valuation	Assessed Valuation	Ad Valorem Tax
Concordia Bank	\$ 576,670	5.3%	\$ 15,008

The Town has levied a 2 ½% sales tax on sales within the legal limits of the Town. The proceeds of the sales tax are dedicated to:

1. Payment of general operating expenses of the Town;
2. Payment of all or part of capital improvements;
3. Maintenance or operation of capital improvements; and
4. Any one or all of the aforementioned purposes.

E. Restricted Assets

At June 30, 2014, certain assets of the Town of Ferriday, Louisiana, have been restricted for debt service and customers' deposits as follows:

	Major Funds		Proprietary Funds	
	General Obligation Bond Fund	Street Construction Fund	Water Fund	Sewer Fund
Restricted for construction	\$ -	\$ -	\$ 14,734	\$ -
Restricted for debt service	113,431	-	72,731	129,900
Restricted for customer deposits	-	100,329	80,884	-
	<u>\$ 113,431</u>	<u>\$ 100,329</u>	<u>\$ 168,349</u>	<u>\$ 129,900</u>

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Under the provisions of GASB Statement No. 34 as a Phase III government, the Town has elected not to retroactively capitalize certain infrastructure assets such as roads and streets.

The costs of normal maintenance and repairs that do not add to the value of the assets 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. There was no interest incurred or capitalized during the year.

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

Gas lines, sewer lines, and water plant	40 years
Vehicles and equipment	3 to 10 years
Buildings	40 years
Other	5 to 20 years

G. Compensated Absences

The municipality has the following policy relating to vacation and sick leave:

Annual Leave - For the first five years of full-time employment, each employee shall be credited with eighty hours of annual leave on his or her employment anniversary date. Each employee with more than five and less than ten years of service as a full-time employee shall be credited with 96 hours of annual leave on his or her anniversary date. Each employee with ten or more years of service as a full-time employee shall be credited with 120 hours of annual leave on his or her employment anniversary date. The maximum hours accumulated can be no more than 240 hours.

Sick Leave - Each full-time employee shall earn sick leave at the rate of eight hours for each month worked. However, no employee may accumulate more than 80 hours of sick leave per year nor accumulate more than 240 hours of sick leave overall.

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences (continued)

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent that it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

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 noncurrent portion of the liability is not reported.

H. Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

I. Measurement Focus/Basis of Accounting

Fund Equity

Beginning with fiscal year 2012, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Measurement Focus/Basis of Accounting (continued)

Fund Equity (continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority
- Unassigned fund balance - amounts that are available for any purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes)

The Town establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Town through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

Government-Wide Financial Statements

The page labeled Statement of Net Position (Statement A) and the page labeled Statement of Activities (Statement B) display information about the Town as a whole. These statements include all the financial activities of the Town. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Town's general revenues.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information - The municipality uses the following budget practices:

1. The Town prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than 15 days prior to the beginning of each fiscal year. The Town approves a budget for the general fund only.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for the public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenue exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a cash basis.

NOTE 3 - TOTAL EXPENDITURES - BUDGET AND ACTUAL

The general fund actual expenditures of \$2,551,771 were more than budgeted expenditures of \$2,000,750 by \$551,021. General fund revenues were \$582,702 more than the budget.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 2014, the Town has cash and cash equivalents (book balances) as follows:

Demand deposits	\$	767,212	
Interest bearing demand deposits		358,674	
Time deposits		<u>298,249</u>	
	\$	<u>1,424,135</u>	

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

At June 30, 2014, the municipality had \$1,441,885 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$941,885 in pledged securities.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 2, R.S. 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 municipality that the fiscal agent has failed to pay deposited funds on demand.

NOTE 5 - RECEIVABLES

The receivables of \$337,613 at June 30, 2014, are as follows:

Governmental funds			
Garbage collection fees		\$	35,750
Sales tax			93,411
Fines			42,410
Less allowance for doubtful accounts			<u>(1,000)</u>
Total governmental funds		\$	170,571
Proprietary funds			
Water billings	\$	118,033	
Less allowance for doubtful accounts		<u>(11,000)</u>	107,033
Sewer billings	\$	63,009	
Less allowance for doubtful accounts		<u>(3,000)</u>	<u>60,009</u>
Total		\$	<u>337,613</u>

An allowance for bad debts has been established which estimates the amount of uncollectible accounts receivable. The Town writes off accounts receivable by reducing accounts receivable and the allowance for bad debts as they are identified as uncollectible.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2014, is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 173,954	\$ 20,000	\$ -	\$ 193,954
Total capital assets not being depreciated	<u>\$ 173,954</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 193,954</u>
Capital assets being depreciated				
Buildings	\$ 2,686,127	\$ -	\$ -	\$ 2,686,127
Machinery and equipment	1,654,496	7,623	(75,127)	1,586,992
Streets	<u>1,111,498</u>	<u>-</u>	<u>-</u>	<u>1,111,498</u>
Total capital assets being depreciated	<u>\$ 5,452,121</u>	<u>\$ 7,623</u>	<u>\$ (75,127)</u>	<u>\$ 5,384,617</u>
Less accumulated depreciation for				
Buildings	\$ (1,030,638)	\$ (80,075)	\$ -	\$ (1,110,713)
Machinery and equipment	(1,368,367)	(59,441)	75,127	(1,352,681)
Streets	<u>(426,974)</u>	<u>(59,373)</u>	<u>-</u>	<u>(486,347)</u>
Total accumulated depreciation	<u>\$ (2,825,979)</u>	<u>\$ (198,889)</u>	<u>\$ 75,127</u>	<u>\$ (2,949,741)</u>
Total capital assets being depreciated, net	<u>\$ 2,626,142</u>	<u>\$ (191,266)</u>	<u>\$ -</u>	<u>\$ 2,434,876</u>
Governmental activities capital assets, net	<u>\$ 2,800,096</u>	<u>\$ (171,266)</u>	<u>\$ -</u>	<u>\$ 2,628,830</u>
Business-type activities:				
Capital assets being depreciated				
Water systems lines and equipment	\$ 6,825,053	\$ 562,813	\$ -	\$ 7,387,866
Sewer systems lines and equipment	<u>7,213,244</u>	<u>7,500</u>	<u>-</u>	<u>7,220,744</u>
Total capital assets being depreciated	<u>\$ 14,038,297</u>	<u>\$ 570,313</u>	<u>\$ -</u>	<u>\$ 14,608,610</u>
Less accumulated depreciation:				
Water systems lines and equipment	\$ (3,949,134)	\$ (151,806)	\$ -	\$ (4,100,940)
Sewer systems lines and equipment	<u>(4,397,706)</u>	<u>(199,926)</u>	<u>-</u>	<u>(4,597,632)</u>
Total accumulated depreciation	<u>\$ (8,346,840)</u>	<u>\$ (351,732)</u>	<u>\$ -</u>	<u>\$ (8,698,572)</u>
Business-type activities capital assets, net	<u>\$ 5,691,457</u>	<u>\$ 218,581</u>	<u>\$ -</u>	<u>\$ 5,910,038</u>
Depreciation expense was charged to governmental functions as follows:				
General government	\$ 80,075			
Police	38,697			
Fire	20,744			
Streets	<u>59,373</u>			
Total depreciation	<u>\$ 198,889</u>			

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 7 - INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund transfers at June 30, 2014:

<u>Transfers in</u>	<u>Transfers out</u>	
General fund	Sewer fund	\$ (43,860)
Water fund	General fund	<u>121,152</u>
		<u>\$ 77,292</u>

NOTE 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables at June 30, 2014, are as follows:

	<u>Proprietary Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
Accounts	\$ 903,209	\$ 291,801	\$ 1,989	\$ 1,196,999
Payroll taxes	14,114	-	-	14,114
Salaries	24,018	-	2,728	26,746
Total	<u>\$ 941,341</u>	<u>\$ 291,801</u>	<u>\$ 4,717</u>	<u>\$ 1,237,859</u>

NOTE 9 - LONG-TERM LIABILITIES

The following is a summary of changes in governmental activities long-term liabilities in the statement of net position for the year ended June 30, 2014:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2013</u>			<u>June 30, 2014</u>	<u>One Year</u>
Capital leases	\$ 41,720	\$ -	\$ (41,720)	\$ -	\$ -
General obligation					
Bonds	370,000	-	(115,000)	255,000	125,000
Compensated absences	24,685	18,225	-	42,910	42,910
Total	<u>\$ 436,405</u>	<u>\$ 18,225</u>	<u>\$ (156,720)</u>	<u>\$ 297,910</u>	<u>\$ 167,910</u>

Bonds payable at June 30, 2014, are comprised of the following:

General Obligation Bonds - \$1,280,000 in General Obligation	
Bonds due in annual installments of \$105,000 to \$130,000 through	
March 1, 2016, bearing interest at a rate of 4.5%.	<u>\$ 255,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2014, are as follows:

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 125,000	\$ 9,500	\$ 134,500
2016	130,000	4,875	134,875
	<u>\$ 255,000</u>	<u>\$ 14,375</u>	<u>\$ 269,375</u>

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 9 - LONG-TERM LIABILITIES (continued)

The following is a summary of the business-type activities long-term liabilities for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Water	\$ 734,422	\$ 754,129	\$ (380,570)	\$ 1,107,981	\$ -
Sewer	934,770	-	(54,653)	880,117	62,609
Total	<u>\$ 1,669,192</u>	<u>\$ 754,129</u>	<u>\$ (435,223)</u>	<u>\$ 1,988,098</u>	<u>\$ 62,609</u>

Bonds payable at June 30, 2014, are comprised of the following:

Series 2002:

Water Revenue Bonds - \$1,503,000 in revenue bonds, interest only due through September 24, 2018, and loan to be combined with USDA note listed below when construction of water plant is complete. \$ 353,852

USDA:

Water Revenue Bonds - \$1,384,000 in revenue bonds due in monthly installments of \$4,540, beginning April 17, 2015 thru 2054, bearing interest at a rate of 2.365% 754,129

Sewer Revenue Bonds - \$1,800,000 in revenue bonds due in monthly installments totaling \$105,192 annually through June 14, 2033, bearing interest at a rate of 5%. 880,117

Total \$ 1,988,098

Annual debt service requirements to maturity for the following debt reported in the business-type activities are as follows:

Year Ended	Series 2002 \$1,503,000		Series 2009 \$750,000		\$1,800,000	
	Water Revenue Bonds Principal	Interest	Water Revenue Bonds Principal	Interest	Sewer Revenue Bonds Principal	Interest
2015	\$ -	\$ 15,923	\$ 6,347	\$ 42,729	\$ 62,609	\$ 42,583
2016	-	15,923	25,776	39,048	65,811	39,380
2017	-	15,923	26,403	38,421	69,179	36,013
2018	353,852	15,923	27,048	37,776	72,718	32,474
2019	-	-	27,708	37,116	76,439	28,753
2020-2024	-	-	149,012	175,108	445,012	80,948
2025-2029	-	-	168,095	156,025	88,349	1,732
2030-2034	-	-	189,926	134,194	-	-
2035-2039	-	-	133,814	84,791	-	-
	<u>\$ 353,852</u>	<u>\$ 63,692</u>	<u>\$ 754,129</u>	<u>\$ 745,208</u>	<u>\$ 880,117</u>	<u>\$ 261,883</u>

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

NOTE 9 - LONG-TERM LIABILITIES (continued)

The Town of Ferriday's proprietary fund bonds are governed by the terms of an indenture agreement, under the following terms:

WATER FUND BONDS - Series 2002 and 2014

"Operation and Maintenance Reserve Fund"

1. The Town shall maintain a "Operation and Maintenance Reserve Fund" equal to 25% of the annual operation and maintenance cost estimated to be \$709,440, which is \$177,360. This \$177,360 balance must be created over a 60 month period by depositing \$2,935 per month.

"Depreciation Reserve Fund"

2. The Town shall maintain a "Depreciation Reserve Fund" by depositing \$3,434 monthly in addition to the debt service reserve.

At June 30, 2104, the Town had reserves of the following:

A/C 1160 Water Reserve Fund	\$	2,008
A/C 1170 WW Contingency Fund		37,768
A/C 1180 WW Sinking Fund		168
A/C 1195 Water Reserve CD		<u>32,786</u>
	<u>\$</u>	<u>72,730</u>

These reserve requirements begin when the loan is complete.

The Town of Ferriday is in compliance with these covenants.

SEWER FUND BONDS

1. The Town shall maintain a "Reserve Fund" into which monthly payments of \$439 to \$475 shall be deposited until a balance of \$105,192 has been accumulated. The reserve fund balance was \$106,178 as of June 30, 2014. At June 30, 2014, the Town was in compliance with this covenant.
2. The Town shall maintain a "Contingency Fund" into which monthly payments of \$441 shall be deposited. The contingency fund balance was \$23,722 as of June 30, 2014. At June 30, 2014, the Town was not in compliance with this covenant.
3. The Town had a requirement to maintain a "Sinking Fund" into which \$8,766 shall be deposited monthly. The Town now pays the note on a monthly basis, therefore, no sinking fund is required.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 10 - RETIREMENT SYSTEM

Substantially all employees of the Town of Ferriday are members of the Municipal Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a board of trustees. Pertinent information relative to the plan follows:

Municipal Employees Retirement Systems 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 B.

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 B, employees who retire at or after age 60 with at least 10 years of creditable service in this plan or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless they have at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary.

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 B, members are required by state statute to contribute 5.0% of their annual covered salary, and the Town of Ferriday is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (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 of the Town of Ferriday are established and may be amended by state statute. As provided by R.S. 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 Ferriday's contributions to the System under Plan B for the year ending June 30, 2014, was \$17,285 equal to the required contribution for those years.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - CONTINGENT LIABILITIES

Federal Grants - The Town of Ferriday has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town.

Litigation - At June 30, 2014, the Town of Ferriday was involved in 1 lawsuit for a claim totaling \$133,000. Counsel for the Town does not estimate the range of possible loss.

NOTE 12 - DEFICIT FUND BALANCE/NET POSITION

A fund balance deficit of \$84,381 exists in the General Fund. It is expected that replacing out of service water meters will provide cash in the proprietary funds in future years and transfers to the water and sewer funds will no longer be necessary.

NOTE 13 - WATER PLANT CONSTRUCTION IN PROGRESS

The Town has begun construction of a new water plant and replacement of all the water meters on the water system. The construction will cost approximately \$7,000,000. Construction in progress as of June 30, 2014, of \$562,813 is included in utility fund capital assets in the proprietary fund.

Funding for this project will be a Federal grant of \$5,000,000 and a USDA loan of \$2,000,000. Construction is expected to be completed in year 2016.

SECTION IV
ADDITIONAL REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF FERRIDAY, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	June 30, 2014 Budget Note 1		Actual Amounts (Budget Basis) Actual	Variance With Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<u>REVENUE</u>				
Taxes	\$ 1,317,200	\$ 1,317,200	\$ 1,356,932	\$ 39,732
Licenses and permits	89,300	89,300	142,056	52,756
Intergovernmental				
State funds	-	-	126,182	126,182
Charges for services	225,000	225,000	212,542	(12,458)
Fines	490,000	490,000	841,250	351,250
Miscellaneous	160,655	160,655	185,895	25,240
	<u>\$ 2,282,155</u>	<u>\$ 2,282,155</u>	<u>\$ 2,864,857</u>	<u>\$ 582,702</u>
<u>EXPENDITURES</u>				
Current:				
General government and administration	\$ 664,606	\$ 664,606	\$ 842,814	\$ (178,208)
Public safety				
Police	766,259	766,259	935,502	(169,243)
Fire	195,570	195,570	238,853	(43,283)
Streets	167,127	167,127	204,115	(36,988)
Sanitation	128,990	128,990	234,983	(105,993)
Recreation	19,044	19,044	23,259	(4,215)
Capital outlay	22,617	22,617	27,623	(5,006)
Debt service				
Principal	34,162	34,162	41,721	(7,559)
Interest	2,375	2,375	2,901	(526)
	<u>\$ 2,000,750</u>	<u>\$ 2,000,750</u>	<u>\$ 2,551,771</u>	<u>\$ (551,021)</u>
Excess of revenue over expenditures	<u>\$ 281,405</u>	<u>\$ 281,405</u>	<u>\$ 313,086</u>	<u>\$ 31,681</u>
Other financing sources and (uses)				
Interest income	\$ -	\$ -	\$ 640	\$ 640
Transfers out	-	-	(84,112)	(84,112)
Total other financing sources and (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,472)</u>	<u>\$ (83,472)</u>
Net changes in fund balances	\$ 281,405	\$ 281,405	\$ 229,614	\$ (51,791)
Fund balances - beginning of year	<u>480,316</u>	<u>480,316</u>	<u>480,316</u>	<u>-</u>
Fund balances - end of year	<u>\$ 761,721</u>	<u>\$ 761,721</u>	<u>\$ 709,930</u>	<u>\$ (51,791)</u>

See Independent Auditor's Report.

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2014

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 cash basis, and variances between the final budget and the actual data.

2. Budget Adoption and Amendments

Preliminary budgets for the ensuing year are prepared by the Town Clerk prior to June 30 of each year. The availability of the proposed budget for public inspection and the date of the public hearing on the proposed budgets are advertised in the official journal. During its June meeting, the Town holds a public hearing on the proposed budgets in order to receive comments from residents of the Town. Changes are made to the proposed budgets based on the public hearing and the desires of the Board of Aldermen. The budgets are then adopted during the Town's regular June meeting.

The Town Clerk presents necessary budget amendments to the Board of Aldermen during the year when, in her judgment, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the Town reviews the proposed amendments, makes changes as it deems necessary, and formally adopts the amendments. The adoption of the amendments is included in the Town's minutes published in the official journal.

The Town exercises budgetary control at the functional level. Within functions, the Town Clerk has the discretion to make changes as she deems necessary for proper control. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended.

Appropriations lapse at year end and must be reappropriated for the following year to be expended. All changes in the budgets must be approved by the Board and the grantor agencies.

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

Net change in fund balance - budget basis	\$ 229,614
Increase (decrease)	
Net adjustments for revenue accruals	35,036
Net adjustments for expenditure accruals	<u>115,043</u>
Net change in fund balance - GAAP basis	<u>\$ 379,693</u>

See Independent Auditor's Report.

**SECTION V
OTHER SUPPLEMENTAL INFORMATION**

TOWN OF FERRIDAY, LOUISIANA
COMPENSATION OF THE GOVERNING BOARD
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

Gene T. Allen, Mayor	\$ 42,968
Elija Banks	7,200
Johnnie Brown	7,200
Somer L. Lance	7,200
Sandra G. Pryor	7,200
Gloria Lloyd	<u>7,200</u>
	<u>\$ 78,968</u>

See Independent Auditor's Report.

TOWN OF FERRIDAY, LOUISIANA
 SUPPLEMENTAL INFORMATION SCHEDULES
 SCHEDULE OF INSURANCE COVERAGE
 FOR THE YEAR ENDED JUNE 30, 2014

Below is a listing of insurance policies in force as of December 31, 2014:

<u>Policy Type</u>	<u>Number</u>	<u>Company</u>	<u>Coverage</u>	<u>Expiration</u>
1. General liability	NNP-06223599	Acord		9-26-2014
General aggregate			\$ 1,000,000	
Each occurrence limit			1,000,000	
Personal injury			1,000,000	
Damages to premises rented			50,000	
Products - comp/op			1,000,000	
2. Crime - directors	61397872	Acord		7-1-2014
Employee theft			\$ 500,000	
3. Workmen's compensation	143254-B	Acord		12-31-2014
Each accident			\$ 100,000	
Disease - each employee			100,000	
Disease - policy limit			500,000	
4. Property insurance	LAL2005666	Acord	\$ 8,753,265	7-1-2014
5. Auto liability	0656630566-1	Acord		3-12-2015
Combined limit			\$ 500,000	

SECTION VI
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE



209 N. Commerce Street
P.O. Box 1027
Natchez, Mississippi 39121-1027
Telephone: 601.442.7411
Fax: 601.442.8551

www.silassimmons.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Gene T. Allen, Mayor
and Members of the Board of Aldermen
Town of Ferriday, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ferriday, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Ferriday, Louisiana's basic financial statements, and have issued our report thereon dated January 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Ferriday, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ferriday, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ferriday, Louisiana's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, recommendations, and corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings, recommendations, and corrective action plan to be material weaknesses. Those deficiencies are described as 2014-1 and 2014-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ferriday, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2014-2, 2014-3, 2014-4, and 2014-5.

Town of Ferriday, Louisiana's Response to Findings

The Town of Ferriday, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations, and corrective action plan. We did not audit the Town of Ferriday, Louisiana's response and, accordingly, we express no opinion on it.

Purpose of This Report

This report is intended for the information and use of management, the Board of Aldermen, 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. However, this report is a matter of public record and its distribution is not limited.



Natchez, Mississippi
January 30, 2015



209 N. Commerce Street
 P.O. Box 1027
 Natchez, Mississippi 39121-1027
 Telephone: 601.442.7411
 Fax: 601.442.8551

www.silassimmons.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
 MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
 COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Honorable Gene T. Allen, Mayor
 and the Board of Aldermen
 Town of Ferriday, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Town of Ferriday, Louisiana's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2014. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the Town'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Ferriday, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Town of Ferriday, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine that auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a deferral program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended for the use of management of the Town of Ferriday, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
January 30, 2015

SECTION VII
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TOWN OF FERRIDAY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

The following summarize the audit results in accordance with OMB Circular A-133:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unqualified
Business-type activities	Qualified
Major funds:	
General funds	Unqualified
General obligation bond fund	Unqualified
Street construction fund	Unqualified
LCDBG water intake fund	Unqualified
Sewer treatment fund	Unqualified
Water fund	Qualified
Sewer fund	Qualified

2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes

 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? No

3. Noncompliance material to the financial statements? Yes

4. The audit did not disclose a significant deficiency in internal control over major programs.

5. An unqualified opinion was issued on compliance for major programs.

6. Audit findings that are required to be reported in accordance with Sections 510(a) of OMB Circular A-133 are reported in this schedule.

7. The following programs were considered major for the year ended June 30, 2014:

USDA
Community Facilities Grant (CFDA 10.766)

8. \$300,000 was the threshold used to distinguish Type A from Type B programs.

9. The Town of Ferriday, Louisiana did not qualify as a low-risk auditee.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no current year findings in accordance with OMB Circular A-133.

TOWN OF FERRIDAY, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>MAJOR FEDERAL AWARDS</u>		
USDA Community Facilities Loan	10.766	\$ 562,813

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards was prepared on the modified basis of accounting.

See Independent Auditor's Report.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

1. General

The schedule of expenditures of federal awards presents the activity of all federal award programs of the Town of Ferriday, Louisiana. The Town is defined in Note 1 to the Town's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to the Town of Ferriday, Louisiana's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of, the basic financial statements.

TOWN OF FERRIDAY, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I – Internal Control and Compliance Material to the Financial Statements:				
2013-1	6-30-2006	<p><u>Utility Accounts Receivable Subsidiary Maintenance</u> Records of accounts receivable from utility customers are not reconciled periodically to the computer system or to the general ledger. The general ledger balance of accounts receivable at June 30, 2013, was \$153,271 while the balance of accounts receivable according to the month-end computer system status report was \$141,229, a difference of \$12,048.</p> <p><u>Recommendation</u> We recommend the Town implement a system of reconciling between the subsidiary ledger and the general ledger any changes in the accounts receivable balance.</p>	Yes	This finding has been corrected.
2013-2	6-30-2009	<p><u>Out-of-Service Water Meters</u> As has been reported in prior years, many of the Town’s water meters are broken or out of service. Our test of utility billings indicates that 40% of the water meters are broken.</p> <p><u>Recommendation</u> We recommend that the Town replace all old and broken water meters.</p>	Partially	The Town is in the process of replacing all water meters.

TOWN OF FERRIDAY, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements: (continued)				
2013-3	6-30-2010	<p><u>Compliance with Reserve Requirements of Bond Issue</u> Pages 30 and 31 of the report dated 6-30-2013 details reserve, depreciation, and sinking funds that are required to be funded. There are seven covenants listed and the Town is not in compliance with four of the seven.</p> <p><u>Recommendation</u> We recommend that deposits be made in order for the Town to be in compliance as soon as possible.</p>	Partially	The Town is now in compliance with all reserve requirements except one sewer bond "contingency fund" listed on page 30.
2013-4	6-30-2013	<p><u>Deficiency of Meter Deposit Cash</u> The cash balance in the meter deposit bank account in the utility fund is \$66,147. The liability for meter deposits is \$113,252. The cash balance in the meter deposit account should be equal to the meter deposit liability.</p> <p><u>Recommendation</u> We recommend that the Town add to the meter deposit cash until it reaches the liability owed to customers for meter deposits.</p>	Yes	This finding has been corrected.
2013-5	6-30-2013	<p><u>Budget</u> The budget for this year was not advertised or adopted. This compliance issue was the responsibility of the previous Mayor and Board of Aldermen.</p> <p><u>Recommendation</u> We recommend that the Town comply with Louisiana budget law.</p>	Yes	This finding has been corrected.

TOWN OF FERRIDAY, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I – Internal Control and Compliance Material to the Financial Statements (continued):				
2013-6	6-30-2013	<p><u>Legislative Auditor Recommendations</u> On November 28, 2012, the Louisiana Legislative Auditor issued an advisory letter which listed the following issues and weaknesses:</p> <ul style="list-style-type: none"> • Lack of written policies and procedures • Compliance with Louisiana audit law • Compliance with local government Budget Act • Need for timely and accurate monthly financial statements • Town’s financial status discussed monthly with Board of Aldermen • Elimination of deficit fund balances in utility and general fund • Improvement of contracting processes • Compliance with all bond/loan payment covenants • Improvement of grant administration • Improvement of records retention processes <p><u>Recommendation</u> We recommend that the Town address and correct each of these items by June 30, 2014.</p>	Partially	Some of these findings have been corrected.

Section II – Internal Control and Compliance Material to Federal Awards:

None

Section III – Management Letter:

None

TOWN OF FERRIDAY, LOUISIANA

STATUS OF CURRENT YEAR FINDINGS, RECOMMENDATIONS,
AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2014

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I – Internal Control and Compliance Material to the Financial Statements:				
2014-1	<p><u>Out-of-Service Water Meters</u> As has been reported in prior years, many of the Town’s water meters are broken or out of service. Our test of utility billings indicates that 40% of the water meters are broken.</p> <p><u>Recommendation</u> We recommend that the Town replace all old and broken water meters.</p>	Plans are in place to replace all meters in conjunction with construction of a new water plant. Construction began this year and will be complete in 2016.	The Mayor	6-30-2015
2014-2	<p><u>Compliance with Bond Covenants</u> Note 9 on page 30 details the requirements the Town is obligated to comply with concerning sewer fund bonds. The “contingency fund” is required to have a monthly deposit of \$441. The Town made no deposits during the year and the cash balance on June 30, 2014, in this fund was \$23,722.</p> <p><u>Recommendation</u> We recommend that the Town begin depositing \$441 per month into this fund this year.</p>	The Town plans to comply with all bond covenants.	The Mayor	6-30-2015
2014-3	<p><u>Budget Law Violation</u> We noted that the Town had budgeted expenditures of \$2,000,750 and actual expenditures of \$2,551,771 in the general fund. This variance was 27% in excess of the budgeted amount. Louisiana Revised Statute 39:1311 requires that expenditures be no more than 5% greater than the budgeted amount.</p> <p><u>Recommendation</u> We recommend the Town monitor its spending during the year and comply with the Louisiana budget law.</p>	The Town plans to comply with the budget law next year.	The Mayor	6-30-2015

TOWN OF FERRIDAY, LOUISIANA

STATUS OF CURRENT YEAR FINDINGS, RECOMMENDATIONS,
AND CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2014

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I – Internal Control and Compliance Material to the Financial Statements: (continued)				
2014-4	<p><u>Legislative Auditor Recommendations</u> On November 28, 2012, the Louisiana Legislative Auditor issued an advisory letter which listed the following issues and weaknesses that have not yet been corrected:</p> <ul style="list-style-type: none"> • Compliance with local government Budget Act • Elimination of deficit fund balances in utility and general fund • Compliance with all bond/loan payment covenants <p><u>Recommendation</u> We recommend that the Town address and correct each of these items by June 30, 2015:</p>	These items are being addressed by the Town.	The Mayor	6-30-2015
2014-5	<p><u>Late Filing of Audit Report</u> Louisiana Revised Statute 24:513 requires all audit engagements be completed and transmitted to the Louisiana Legislative Auditor within six months of the close of the entity's year. Accordingly, this audit report was due to be filed no later than December 31, 2014, and was filed in February, 2015.</p>	This will be corrected next year.	The Mayor	6-30-2015

Section II – Internal Control and Compliance Material to Federal Awards:

None

Section III – Management Letter:

None