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TOWN OF FERRIDAY, LOUISIANA

Annual Financial Statements
and Independent Auditors' Reports
as of June 30, 2007
With Supplemental Information Schedules

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

Release Date 3/5/08

Town of Ferriday, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2007
With Supplemental Information Schedules

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report		1-2
Section I - Required Supplemental Information		3
Management's Discussion and Analysis		4-9
Section II - Government-Wide Financial Statements:		10
Statement of Net Assets	A	11
Statement of Activities	B	12
Section III - Fund Financial Statements		13
Governmental Funds:		
Balance Sheet	C	14
Reconciliation of the Balance Sheet to the Statement of Net Assets	D	15
Statement of Revenues, Expenditures and Changes in Fund Balance	E	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	17
Proprietary Funds:		
Statement of Net Assets	G	18
Statement of Revenues, Expenses and Changes in Net Assets	H	19
Statement of Cash Flows	I	20
Notes to the Financial Statements		21-37

**Town of Ferriday, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2007
With Supplemental Information Schedules**

	<u>Statement</u>	<u>Page</u>
Section IV - Additional Required Supplemental Information		38
Budgetary Comparison Schedule - General Fund		39
Notes to the Required Supplementary Information		40
Section V - Other Reports		41
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		42-43
Section VI - Schedule of Findings		44
Schedule of Findings		45
Schedule of Prior Audit Findings		46
Current Year Findings, Recommendations and Corrective Action Plan		47-49

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Town of Ferriday, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We were unable to determine the correct amount of water consumption for the year and the related water and sewer billings that should have been made in the business-type activities and the water and sewer funds. The mathematical calculations that the Town of Ferriday uses in its computation of water consumption does not allow for the billing of correct utility fees according to the water and sewer rate schedule approved by the Town. The amount by which these calculations would affect the assets, net assets and revenues in the business activities and the water and sewer funds is not reasonably determinable.

In our opinion, except for the effects, if any, of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the water and sewer funds of the Town of Ferriday, Louisiana, as of June 30, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the basic government financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the General Fund, the Sales Tax Bond Fund, the General Obligation Bond Fund, the Street Construction Fund and the aggregate remaining fund information of the Town of Ferriday as of June 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2008 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on Page 4 through 9 and Pages 39 and 40 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Ferriday, Louisiana
February 14, 2008

Switzer, Hopkins & Mang

SECTION I
REQUIRED SUPPLEMENTAL INFORMATION

**TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

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, 2007 and 2006. 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 2007 and 2006, the Town of Ferriday's net assets increased in 2007, which resulted in ending net assets of \$6,536,329 and increased in 2006 and resulted in ending net assets of \$5,511,907.

1. The beginning cash balance at July 1, 2005 for the Town of Ferriday was \$1,197,079. The ending cash balance was \$1,538,663 as of June 30, 2006 and \$1,790,772 at June 30, 2007.
2. The governmental activities had \$2,862,247 in revenue in 2007 and \$3,551,051 in revenues for 2006, which primarily consisted of sales taxes, property taxes, occupational license taxes, franchise taxes and fines. There were \$2,102,200 in governmental expenses in 2007 and \$1,909,398 in 2006.

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

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

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

The government-wide financial statements can be found on pages 11-12 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 14-20 of this report.

**TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

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 21-37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$6,536,329 as of June 30, 2007.

Net Assets for the period ending June 30, 2007 and 2006

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	2007 <u>Total</u>	2006 <u>Total</u>
Current Assets	\$ 1,182,612	\$ 178,706	\$ 1,361,318	\$ 1,150,644
Noncurrent Assets	<u>2,713,209</u>	<u>6,567,916</u>	<u>9,281,125</u>	<u>9,464,308</u>
Total Assets	<u>3,895,821</u>	<u>6,746,622</u>	<u>10,642,443</u>	<u>10,614,952</u>
Current Liabilities	340,843	257,677	598,520	1,369,424
Noncurrent Liabilities	<u>1,364,257</u>	<u>2,143,337</u>	<u>3,507,594</u>	<u>3,733,621</u>
Total Liabilities	<u>1,705,100</u>	<u>2,401,014</u>	<u>4,106,114</u>	<u>5,103,045</u>
Net Assets				
Investment in capital assets, net of related debt	950,733	3,748,374	4,699,107	4,200,447
Restricted for customer deposits		39,323	39,323	34,256
Restricted for debt service	328,027	481,484	809,511	716,524
Restricted for capital projects	41,992		41,992	
Unrestricted	<u>869,969</u>	<u>76,427</u>	<u>946,396</u>	<u>560,680</u>
Total Net Assets	<u>\$ 2,190,721</u>	<u>\$ 4,345,608</u>	<u>\$ 6,536,329</u>	<u>\$ 5,511,907</u>

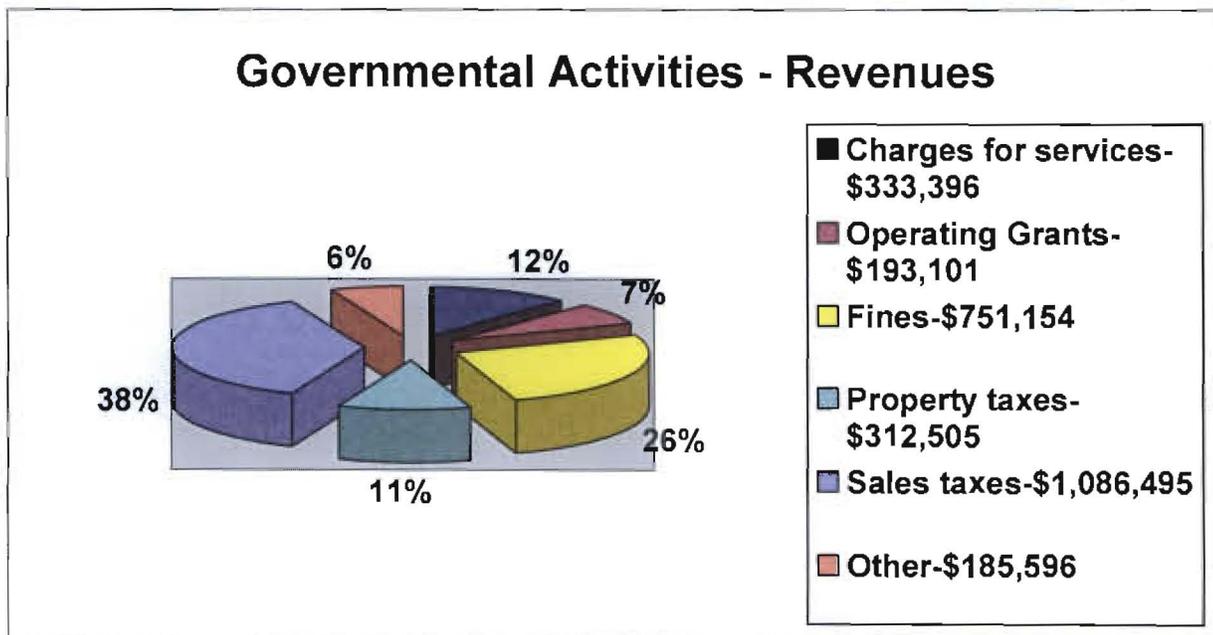
The following is a summary of the statement of activities:

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	2007 <u>Total</u>	2006 <u>Total</u>
Revenues				
Program revenues	\$ 1,277,651	\$ 740,129	\$ 2,017,780	\$ 2,482,318
Extraordinary income	-	580,676	580,676	-
General revenues and transfers	<u>1,368,011</u>	<u>225,601</u>	<u>1,593,612</u>	<u>1,867,373</u>
Total revenues and transfers	<u>2,645,662</u>	<u>1,546,406</u>	<u>4,192,068</u>	<u>4,349,691</u>

TOWN OF FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED JUNE 30, 2007

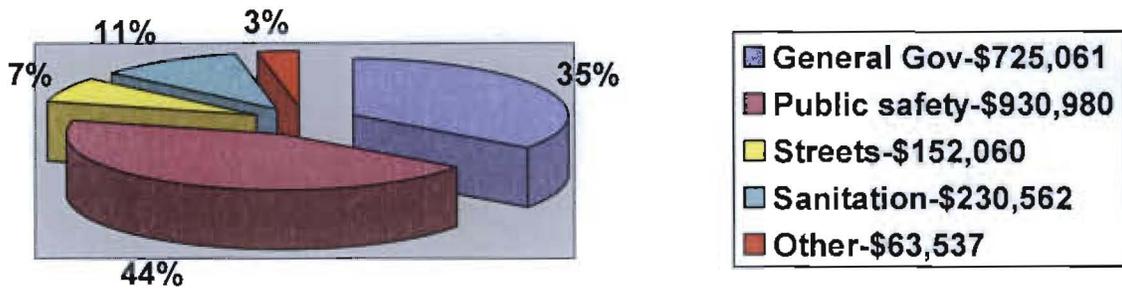
	Governmental Activities	Business Type Activities	2007 Total	2006 Total
Expenses:				
General and administrative	\$ 725,061	\$ -	\$ 725,061	\$ 595,696
Public safety	930,980	-	930,980	884,544
Streets	152,060	-	152,060	136,350
Sanitation	230,562	-	230,562	220,341
Interest expense	63,537	-	63,537	72,467
Utility operations	-	1,102,427	1,102,427	1,261,758
Total expenses	<u>2,102,200</u>	<u>1,102,427</u>	<u>3,204,627</u>	<u>3,171,156</u>
Increase in net assets	543,462	443,979	987,441	1,178,535
Net assets July 1	1,543,356	3,968,551	5,511,907	4,333,372
Prior period adjustments	103,903	(66,922)	36,981	-
Net assets June 30	<u>\$ 2,190,721</u>	<u>\$ 4,345,608</u>	<u>\$ 6,536,329</u>	<u>\$ 5,511,907</u>

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



TOWN OF FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED JUNE 30, 2007

Governmental Activities - Expenses



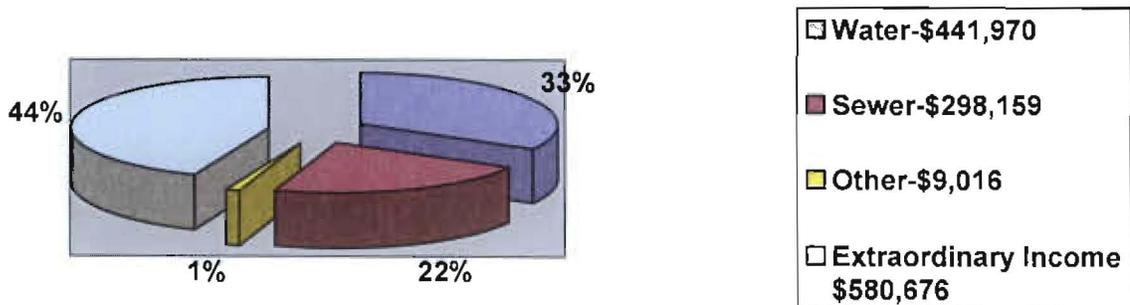
The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

Business Type Activities

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

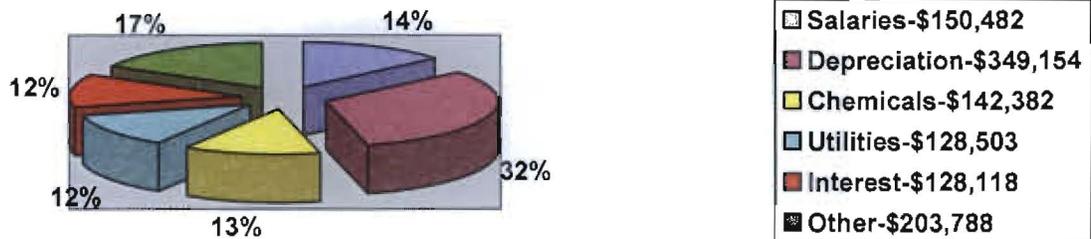
The following are graphical representations of information in the Statement of Activities for Business Type Activities:

Business Type Activities - Revenues



TOWN OF FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED JUNE 30, 2007

Business Type Activities - Expenses



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

Comments on General Fund Comparisons

The Town's budget was amended once during the last year. The changes were made to show the effects of cost cutting and revenue increases from changes in operations. Expenditures were \$2,059,300 in the budget and revenues were budgeted at \$2,668,850.

Actual expenditures exceeded the budgeted amounts by \$36,302 and actual revenue was \$13,241 less than the budgeted amounts.

CAPITAL ASSETS

As of June 30, 2007, the Town had a net of \$2,562,492 invested in capital assets in the governmental activities and \$6,047,109 in the business-type activities. This year there were additions of \$243,068 in the governmental activities and \$14,976 in the business-type activities. The following capital assets were purchased in the fiscal year ended June 30, 2007:

Governmental activities:	
Street Construction	\$ 44,365
Community Center	159,382
737 Mower	7,204
1998 Crown Vic Police Vehicle	1,755
1999 Crown Vic Police Vehicle	1,980
Police Cars - Property Assistance	7,582
2007 Crown Vic Police Vehicle	20,800
	<u>\$ 243,068</u>
Business-type activities:	
Four Module Lamps	\$ 13,359
Air Dryer	1,617
	<u>\$ 14,976</u>

**TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

MANAGEMENT REPORT

During the past year, the Town of Ferriday paid off the debt on the water plant with funds from a settlement in a class action lawsuit regarding the plant construction. The Town also added to and upgraded the fleet of police cars, with some funding from grant sources for the addition.

Funds were received in early 2008 from Wal Mart, Inc. to supplement the Town budget for the decrease in sales tax revenue due to the closing of the Wal Mart store here. This supplement will continue for ten years.

The Legislative Auditor has been in the process of an operational audit of the Town and will issue their own report in the near future. Their suggestions will be studied and implemented as soon as possible after the report is received.

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 Shannon Beatty, Town Clerk, 1116 Second Street, Ferriday, LA 71334, (318) 757-3411.

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

TOWN OF FERRIDAY, LOUISIANA
Statement of Net Assets
June 30, 2007

Statement A

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,032,057	\$ 87,191	\$ 1,119,248
Receivables (net of allowances for uncollectible amounts)	150,555	91,515	242,070
Restricted assets	150,717	520,807	671,524
Capital assets (net)	<u>2,562,492</u>	<u>6,047,109</u>	<u>8,609,601</u>
Total assets	<u>3,895,821</u>	<u>6,746,622</u>	<u>10,642,443</u>
<u>LIABILITIES</u>			
Accounts, salaries and other payables	75,932	15,525	91,457
Customer deposits	-	83,188	83,188
Accrued interest payable	24,043	2,720	26,763
Long-term liabilities -			
Due within one year	240,868	156,244	397,112
Due in more than one year	<u>1,364,257</u>	<u>2,143,337</u>	<u>3,507,594</u>
Total liabilities	<u>1,705,100</u>	<u>2,401,014</u>	<u>4,106,114</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	950,733	3,748,374	4,699,107
Restricted for:			
Customer deposits	-	39,323	39,323
Debt service	328,027	481,484	809,511
Capital project	41,992	-	41,992
Unrestricted	<u>869,969</u>	<u>76,427</u>	<u>946,396</u>
Total net assets	<u>\$ 2,190,721</u>	<u>\$ 4,345,608</u>	<u>\$ 6,536,329</u>

See accompanying notes to the financial statements.

TOWN OF FERRIDAY, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2007

Statement B

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
			<u>Grants and Contributions</u>			
<u>Governmental Activities:</u>						
General government	\$ 725,061	\$ 333,396	\$ 118,737	\$ (272,928)	\$ -	\$ (272,928)
Public safety	930,980	751,154	15,000	(164,826)	-	(164,826)
Streets	152,060	-	59,364	(92,696)	-	(92,696)
Sanitation	230,562	-	-	(230,562)	-	(230,562)
Interest on long-term debt	63,537	-	-	(63,537)	-	(63,537)
Total governmental activities	<u>2,102,200</u>	<u>1,084,550</u>	<u>193,101</u>	<u>(824,549)</u>	<u>-</u>	<u>(824,549)</u>
<u>Business-type Activities:</u>						
Water	629,913	441,970	-	-	(187,943)	(187,943)
Sewer	472,514	298,159	-	-	(174,355)	(174,355)
Total business-type activities	<u>\$ 1,102,427</u>	<u>\$ 740,129</u>	<u>\$ -</u>	<u>-</u>	<u>(362,298)</u>	<u>(362,298)</u>
<u>General Revenues</u>						
Taxes						
Property taxes				312,505	-	312,505
Sales taxes				1,086,495	-	1,086,495
Other taxes				139,857	-	139,857
Interest income				12,983	9,016	21,999
Other				32,756	-	32,756
Extraordinary income - class action lawsuit related to water plant				-	580,676	580,676
Transfers				(216,585)	216,585	-
Total general revenues and transfers				<u>1,368,011</u>	<u>806,277</u>	<u>2,174,288</u>
Change in net assets				543,462	443,979	987,441
Net assets, July 1, 2007				1,543,356	3,968,551	5,511,907
Prior period adjustment				103,903	(66,922)	36,981
Net Assets, June 30, 2007				<u>\$ 2,190,721</u>	<u>\$ 4,345,608</u>	<u>\$ 6,536,329</u>

See accompanying notes to the financial statements.

SECTION III
FUND FINANCIAL STATEMENTS (FFS)

TOWN OF FERRIDAY, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2007

Statement C

	<u>General Fund</u>	<u>Sales Tax Bond Fund</u>	<u>General Obligation Bond Fund</u>	<u>Street Construction Fund</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 788,712	\$ 54,892	\$ 146,461	\$ 41,992	\$ 1,032,057
Accounts receivable (net of allowance for uncollectibles)	150,555	-	-	-	150,555
Restricted assets	-	150,717	-	-	150,717
Total Assets	939,267	205,609	146,461	41,992	1,333,329
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts, salaries and other payables	75,932	-	-	-	75,932
Accrued interest payable	-	9,453	14,590	-	24,043
Total Liabilities	75,932	9,453	14,590	-	99,975
<u>FUND BALANCES</u>					
Reserved for:					
Debt service	-	196,156	131,871	-	328,027
Capital projects	-	-	-	41,992	41,992
Unreserved, reported in:					
General fund	863,335	-	-	-	863,335
Total Fund Balances	863,335	196,156	131,871	41,992	1,233,354
Total Liabilities and Fund Balance	\$ 939,267	\$ 205,609	\$ 146,461	\$ 41,992	\$ 1,333,329

See accompanying notes to the financial statements.

TOWN OF FERRIDAY, LOUISIANA
Reconciliation of the Balance Sheet
To the Statement of Net Assets
June 30, 2007

Statement D

Fund Balances - total governmental funds (Statement C) \$ 1,233,354

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the governmental funds

Capital assets	\$ 4,448,234	
Less accumulated depreciation	<u>(1,885,742)</u>	2,562,492

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

Accrued compensated absences	(17,409)	
Capital leases payable	(157,716)	
General obligation bonds	(970,000)	
Public improvement bonds	<u>(460,000)</u>	<u>(1,605,125)</u>

Net Assets of Governmental Activities (Statement A) \$ 2,190,721

TOWN OF FERRIDAY, LOUISIANA
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 2007

Statement E

	<u>General Fund</u>	<u>Sales Tax Bond Fund</u>	<u>General Obligation Bond Fund</u>	<u>Street Construction Fund</u>	<u>Total</u>
<u>REVENUES</u>					
Taxes	\$ 1,403,970	\$ -	\$ 134,887	\$ -	\$ 1,538,857
Licenses and permits	123,914	-	-	-	123,914
Intergovernmental					
Federal grants	102,652	-	-	44,364	147,016
State funds	31,085	-	-	15,000	46,085
Charges for services	209,482	-	-	-	209,482
Fines	751,154	-	-	-	751,154
Miscellaneous	32,756	-	-	-	32,756
Total Revenues	<u>2,655,013</u>	<u>-</u>	<u>134,887</u>	<u>59,364</u>	<u>2,849,264</u>
<u>EXPENDITURES</u>					
Current					
General government and administration	662,164	-	-	-	662,164
Public Safety					
Police	668,476	-	-	-	668,476
Fire	193,967	-	-	-	193,967
Streets	97,662	-	-	-	97,662
Sanitation	230,562	-	-	-	230,562
Capital outlays	177,904	-	-	65,164	243,068
Debt Service					
Principal	-	100,000	85,000	-	185,000
Interest	-	25,945	37,592	-	63,537
Total Expenditures	<u>2,030,735</u>	<u>125,945</u>	<u>122,592</u>	<u>65,164</u>	<u>2,344,436</u>
Excess of Revenues Over (Under) Expenditures	624,278	(125,945)	12,295	(5,800)	504,828
Other Financing Sources and (Uses)					
Interest income	1,282	11,701	-	-	12,983
Transfers in	-	117,104	-	5,800	122,904
Transfer out	(339,489)	-	-	-	(339,489)
Capital leases	(26,951)	-	-	-	(26,951)
Total Other Financing Sources and (Uses)	<u>(365,158)</u>	<u>128,805</u>	<u>-</u>	<u>5,800</u>	<u>(230,553)</u>
Net changes in fund balances	259,120	2,860	12,295	-	274,275
Fund balances - July 1, 2006	500,312	193,296	119,576	41,992	855,176
Prior period adjustment	103,903	-	-	-	103,903
Fund balances - June 30, 2007	<u>\$ 863,335</u>	<u>\$ 196,156</u>	<u>\$ 131,871</u>	<u>\$ 41,992</u>	<u>\$ 1,233,354</u>

See accompanying notes to the financial statements.

TOWN OF FERRIDAY, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balance
To the Statement of Activities – Governmental Funds
For the Year Ended June 30, 2007

Statement F

Net Change in Fund Balances - Total Government Funds (Statement E) \$ 274,275

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:

Expenditures for capital assets	\$ 243,068	
Less current year depreciation	<u>(185,477)</u>	57,591

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

Principal portion of capital leases	26,951	
Repayment of debt	<u>185,000</u>	211,951

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued compensated absences		<u>(355)</u>
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Changes in Net Assets of Governmental Funds (Statement B) \$ 543,462

TOWN OF FERRIDAY, LOUISIANA
Proprietary Funds
Statement of Net Assets
June 30, 2007

	Water Fund	Sewer Fund	Statement G Total
ASSETS			
Current Assets			
Cash	\$ 61,951	\$ 25,240	\$ 87,191
Accounts receivable, utility sales (Net of allowance of \$80,900 and \$61,600 respectively)	<u>55,689</u>	<u>35,826</u>	<u>91,515</u>
Total current assets	<u>117,640</u>	<u>61,066</u>	<u>178,706</u>
Non-Current Assets - Restricted Assets			
Bond Debt Service Fund	121,151	114,138	235,289
Bond Sinking Fund	81,017	-	81,017
Depreciation Fund	56,756	108,422	165,178
Consumer Deposits	<u>39,323</u>	<u>-</u>	<u>39,323</u>
Total non-current assets - restricted assets	<u>298,247</u>	<u>222,560</u>	<u>520,807</u>
Non-Current Assets - Capital Assets			
Property, plant and equipment	5,839,493	6,371,698	12,211,191
Less accumulated depreciation	<u>(2,984,433)</u>	<u>(3,179,649)</u>	<u>(6,164,082)</u>
Total non-current assets - capital assets	<u>2,855,060</u>	<u>3,192,049</u>	<u>6,047,109</u>
TOTAL ASSETS	<u>3,270,947</u>	<u>3,475,675</u>	<u>6,746,622</u>
LIABILITIES			
Current Liabilities (Payable from current assets)			
Accounts, salaries and other payables	14,501	1,024	15,525
Accrued compensated absences	<u>2,937</u>	<u>629</u>	<u>3,566</u>
Total current liabilities (payable from current assets)	<u>17,438</u>	<u>1,653</u>	<u>19,091</u>
Current Liabilities (Payable from restricted assets)			
Customer deposits	83,188	-	83,188
Notes payable, current portion	108,359	44,319	152,678
Accrued interest payable	<u>-</u>	<u>2,720</u>	<u>2,720</u>
Total current liabilities (payable from restricted assets)	<u>191,547</u>	<u>47,039</u>	<u>238,586</u>
Long Term Liabilities			
Notes payable	<u>946,810</u>	<u>1,196,527</u>	<u>2,143,337</u>
TOTAL LIABILITIES	<u>1,155,795</u>	<u>1,245,219</u>	<u>2,401,014</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,799,891	1,948,483	3,748,374
Restricted for customer deposits	39,323	-	39,323
Restricted for debt service	258,924	222,560	481,484
Unrestricted	<u>17,014</u>	<u>59,413</u>	<u>76,427</u>
TOTAL NET ASSETS	<u>\$ 2,115,152</u>	<u>\$ 2,230,456</u>	<u>\$ 4,345,608</u>

See accompanying notes to the financial statements.

TOWN OF FERRIDAY, LOUISIANA
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2007

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Statement H Total</u>
Operating Revenues			
Utility sales	\$ 425,629	\$ 293,967	\$ 719,596
Tap fees	1,105	-	1,105
Other income	15,236	4,192	19,428
Total operating revenues	<u>441,970</u>	<u>298,159</u>	<u>740,129</u>
Operating Expenses			
Salaries	134,346	16,136	150,482
Payroll taxes and retirement	14,172	1,985	16,157
Utilities	74,955	53,548	128,503
Chemicals and supplies	124,484	17,898	142,382
Repairs and maintenance	12,054	39,476	51,530
Consultant fees	7,025	19,575	26,600
Telephone	5,859	1,575	7,434
Truck and fuel	13,245	4,330	17,575
Office expense and postage	4,826	-	4,826
Bad debts	30,000	30,000	60,000
Depreciation	143,614	205,540	349,154
Other operating expense	491	19,175	19,666
Total operating expenses	<u>565,071</u>	<u>409,238</u>	<u>974,309</u>
Net (loss) from operations	<u>(123,101)</u>	<u>(111,079)</u>	<u>(234,180)</u>
Non operating Revenues and (Expenses)			
Interest income	5,174	3,842	9,016
Interest expense	(64,842)	(63,276)	(128,118)
Total nonoperating revenues and expenses	<u>(59,668)</u>	<u>(59,434)</u>	<u>(119,102)</u>
(Loss) before extraordinary item and transfers	(182,769)	(170,513)	(353,282)
Extraordinary income - class action lawsuit related to water plant	580,676	-	580,676
Transfers in	<u>193,101</u>	<u>23,484</u>	<u>216,585</u>
Change in Net Assets (loss)	591,008	(147,029)	443,979
Total Net Assets - July 1, 2006	1,563,182	2,405,369	3,968,551
Prior period adjustment	<u>(39,038)</u>	<u>(27,884)</u>	<u>(66,922)</u>
Total Net Assets - June 30, 2007	<u>\$ 2,115,152</u>	<u>\$ 2,230,456</u>	<u>\$ 4,345,608</u>

See accompanying notes to the financial statements.

TOWN OF FERRIDAY, LOUISIANA
Proprietary Funds
Statement Cash Flows
For the Year Ended June 30, 2006

	Water Fund	Sewer Fund	Statement I Total
Cash flows from operating activities			
Cash received from customers	\$ 411,466	\$ 265,825	\$ 677,291
Cash paid to suppliers and employees	<u>(471,503)</u>	<u>(182,197)</u>	<u>(653,700)</u>
Net cash (used) provided by operating activities	<u>(60,037)</u>	<u>83,628</u>	<u>23,591</u>
Cash flows from noncapital financing activities			
Extraordinary income	580,676	-	580,676
Increase in customer deposits	4,493	-	4,493
Transfers from other funds	<u>193,101</u>	<u>23,484</u>	<u>216,585</u>
Net cash provided by noncapital financial activities	<u>778,270</u>	<u>23,484</u>	<u>801,754</u>
Cash flows from capital and related financing activities			
Purchase of fixed assets	(1,618)	(13,358)	(14,976)
Principal paid on notes payable	(527,677)	(41,999)	(569,676)
Interest paid on notes payable	(82,589)	(63,192)	(145,781)
Interest income	<u>5,174</u>	<u>3,842</u>	<u>9,016</u>
Total cash (used) for financing activities	<u>(606,710)</u>	<u>(114,707)</u>	<u>(721,417)</u>
Net increase (decrease) in cash	111,523	(7,595)	103,928
Cash at beginning of year	<u>248,675</u>	<u>255,395</u>	<u>504,070</u>
Cash at end of year	<u>360,198</u>	<u>247,800</u>	<u>607,998</u>
Reconciliation of operating income to net cash provided by			
Operating (loss)	(123,101)	(111,079)	(234,180)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	143,614	205,540	349,154
Changes in assets and liabilities:			
(Increase) in accounts receivable	(504)	(2,334)	(2,838)
(Decrease) in accounts payable	<u>(80,046)</u>	<u>(8,499)</u>	<u>(88,545)</u>
Net cash (used) provided by operating activities	<u>\$ (60,037)</u>	<u>\$ 83,628</u>	<u>\$ 23,591</u>

See accompanying notes to the financial statements.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

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 \$200 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. Concordia Parish is located in northeastern Louisiana.
5. The population of Ferriday was 3,698 on July 1, 2005 according to Louisiana Tech University.
6. The Town of Ferriday had 44 employees as of June 30, 2007.
7. The Town of Ferriday has 1,640 utility customers at June 30, 2007. The customers consist of 1,410 residential customers and 230 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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 revenues, 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 revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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 meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

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. Revenues are 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 revenues 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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 revenues 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 Sales Tax 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 \$1,300,000 sales tax bonds.

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 municipality reports the following major proprietary funds:

Water Fund – 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.

Sewer Fund – 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.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

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 revenues reported for the various functions concerned.

Amounts reported as program revenues 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 revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the proprietary funds are 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 revenues and expenses not meeting this definition are reported as nonoperating revenues 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.

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 deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Revenues

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

Property taxes attach as an enforceable lien as of January 1 of each year. Taxes are levied in December and payable by March 31 of the following year. The following is a summary of authorized and levied ad valorem taxes:

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

General fund 14.11 mills

General Obligation Bond Fund 12.00 mills

The following are the principal taxpayers and related property tax revenue for the municipality:

	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax</u>
Bell South	\$ 596,080	6%	\$ 15,568
Concordia Bank	1,467,440	13%	38,351

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 sales tax bonds;
2. Payment of general operating expenses of the town;
3. Payment of all or part of capital improvements;
4. Maintenance or operation of capital improvements; and
5. Any one or all of the aforementioned purposes.

E. Restricted Assets

Certain assets of the Town of Ferriday, Louisiana, have been restricted for debt service and customers' deposits and these assets are as follows:

	<u>Sales Tax Bond Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Restricted for debt service	\$ 150,717	\$ 258,924	\$ 222,560
Restricted for customer deposits	-	39,323	-
	<u>\$ 150,717</u>	<u>\$ 298,247</u>	<u>\$ 222,560</u>

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 34 as a Phase III government, the Town has elected not to retroactively capitalize certain infrastructure assets such as roads and streets.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. 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 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 not 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.

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 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.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

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 assets.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

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.

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 fifteen 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 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.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer to funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a cash basis.
8. There was one amendment to the budget during the year ended June 30, 2007.

3. CASH AND CASH EQUIVALENTS

At June 30, 2007, the Town has cash and cash equivalents (book balances) as follows:

Demand deposits	\$ 1,103,680
Interest bearing demand deposits	525,578
Time deposits	<u>161,514</u>
	<u>\$ 1,790,772</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, 2007, the municipality had \$1,916,929 in deposits (collected bank balances). These deposits are secured from risk by \$400,000 of federal deposit insurance and \$1,516,929 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

4. RECEIVABLES

The receivables of \$242,070 at June 30, 2007 are as follows:

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

General Fund:		
Garbage billings	\$ 47,089	
Less allowance for doubtful accounts	<u>(30,500)</u>	\$ 16,589
Sales tax		91,739
Fines		<u>42,227</u>
Total general fund		<u>150,555</u>
Proprietary Funds:		
Water billings	\$ 136,589	
Less allowance for doubtful accounts	<u>(80,900)</u>	55,689
Sewer billings	97,426	
Less allowance for doubtful accounts	<u>(61,600)</u>	<u>35,826</u>
Total utility enterprise fund		<u>91,515</u>
Total		<u>\$ 242,070</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.

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 173,954	\$ -	\$ -	\$ 173,954
Capital assets being depreciated				
Buildings	1,520,992	159,383	-	1,680,375
Vehicles	995,818	39,321	-	1,035,139
Machinery and Equipment	574,642	-	-	574,642
Streets	<u>939,760</u>	<u>44,364</u>	-	<u>984,124</u>
Total capital assets being depreciated	<u>4,031,212</u>	<u>243,068</u>	-	<u>4,274,280</u>

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

Less accumulated depreciation				
Buildings	\$ (646,749)	\$ (42,833)	\$ -	\$ (689,582)
Vehicles	(475,029)	(76,085)	-	(551,114)
Machinery and Equipment	(537,039)	(9,383)	-	(546,422)
Streets	(41,448)	(57,176)	-	(98,624)
Total Accumulated Depreciation	<u>(1,700,265)</u>	<u>(185,477)</u>	<u>-</u>	<u>(1,885,742)</u>

Governmental Activities Capital Assets, Net	<u>2,504,901</u>	<u>57,591</u>	<u>-</u>	<u>2,562,492</u>
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Business Type Activities

Capital assets being depreciated				
Water systems lines and equipment	5,837,875	1,618	-	5,839,493
Sewer system lines and equipment	<u>6,358,340</u>	<u>13,358</u>	<u>-</u>	<u>6,371,698</u>
Total Capital Assets Being Depreciated	<u>12,196,215</u>	<u>14,976</u>	<u>-</u>	<u>12,211,191</u>

Less Accumulated Depreciation

Water systems lines and equipment	(2,840,819)	(143,614)	-	(2,984,433)
Sewer system lines and equipment	<u>(2,974,109)</u>	<u>(205,540)</u>	<u>-</u>	<u>(3,179,649)</u>
Total Accumulated Depreciation	<u>(5,814,928)</u>	<u>(349,154)</u>	<u>-</u>	<u>(6,164,082)</u>

Business Type Activities Capital

Assets, Net	<u>\$ 6,381,287</u>	<u>\$ (334,178)</u>	<u>\$ -</u>	<u>\$ 6,047,109</u>
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Depreciation Expense was charged to governmental functions as follows:

General	\$ 62,897
Police	33,486
Fire	34,696
Streets	<u>54,398</u>
Total	<u>\$ 185,477</u>

6. INTERFUND TRANSERS

Operating transfers for the year ended June 30, 2007 were as follows and are used primarily to cover operating expenses:

<u>Transfers in</u>	<u>Transfers out</u>	
Water Fund	General Fund	\$ 193,101
Sewer Fund	General Fund	23,484
Sales Tax Bond Fund	General Fund	117,104
Street Construction Fund	General Fund	<u>5,800</u>
		<u>\$ 339,489</u>

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

7. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$91,457 at June 30, 2007 are as follows:

	General Fund	Proprietary Funds		Total
		Water Fund	Sewer Fund	
Salaries	\$ 1,475	\$ 234	\$ 29	\$ 1,738
Withholdings	1,471	-	-	1,471
Accounts	41,795	14,267	995	57,057
Other	31,191	-	-	31,191
Total	\$ 75,932	\$ 14,501	\$ 1,024	\$ 91,457

8. CAPITAL LEASES

The municipality records items under capital leases as an asset and obligation in the accompanying financial statements. The net book value of equipment recorded under capital leases in governmental activities in the statement of net assets is \$192,077.

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2007:

<u>Year Ended</u>	
2008	\$ 36,752
2009	36,752
2010	36,752
2011	18,933
2012	18,933
Thereafter	<u>37,867</u>
Net minimum lease payments	185,989
Less amounts representing interest	<u>(28,273)</u>
Present value of minimum lease payments	<u>\$ 157,716</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of the governmental activities long-term obligations transactions of the Town of Ferriday for the year ended June 30, 2007:

	Capital Leases	Sales Tax Bonds	General Obligation Bonds	Compensated Absences	Total
Obligations at beginning of year	\$ 184,667	\$ 560,000	\$ 1,055,000	\$ 17,054	\$ 1,816,721
Additions	-	-	-	355	355
Deductions	<u>(26,951)</u>	<u>(100,000)</u>	<u>(85,000)</u>	-	<u>(211,951)</u>
Obligations at end of year	<u>\$ 157,716</u>	<u>\$ 460,000</u>	<u>\$ 970,000</u>	<u>\$ 17,409</u>	<u>\$ 1,605,125</u>

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

The following is a summary of the current (due in one year or less) and the long-term obligations as of June 30, 2007 for governmental activities:

	Capital Leases	Sales Tax Bonds	General Obligation Bonds	Compensated Absences	Total
Current portion	\$ 28,459	\$ 105,000	\$ 90,000	\$ 17,409	\$ 240,868
Long-term portion	<u>129,257</u>	<u>355,000</u>	<u>880,000</u>	<u>-</u>	<u>1,364,257</u>
Total	<u>\$157,716</u>	<u>\$ 460,000</u>	<u>\$ 970,000</u>	<u>\$ 17,409</u>	<u>\$ 1,605,125</u>

Bonds payable at June 30, 2007 are comprised of the following:

Sales Tax Bonds - \$1,300,000 in Public Improvement Bonds due in annual installments of \$105,000 to \$125,000 through February 1, 2011, bearing interest at a rate of 4.8% to 5%	\$ 460,000
General Obligations Bonds - \$1,280,000 in General Obligations Bonds due in annual installments of \$90,000 to \$130,000 through March 1, 2016 bearing interest at a rate of 4.5%	<u>970,000</u>
Total	<u>\$ 1,430,000</u>

The annual requirements to amortize the sales tax bonds and the general obligations bonds as of June 30, 2007 are as follows:

Year Ended	Sales Tax Bonds		General Obligation Bonds		Total
	Principal	Interest	Principal	Interest	
2008	\$ 105,000	\$ 23,000	\$ 90,000	\$ 34,620	\$ 252,620
2009	110,000	17,750	95,000	31,020	253,770
2010	120,000	12,250	100,000	28,075	260,325
2011	125,000	6,250	100,000	24,675	255,925
2012	-	-	105,000	21,275	126,275
Thereafter	<u>-</u>	<u>-</u>	<u>480,000</u>	<u>45,615</u>	<u>525,615</u>
	<u>\$ 460,000</u>	<u>\$ 59,250</u>	<u>\$ 970,000</u>	<u>\$ 185,280</u>	<u>\$ 1,674,530</u>

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

Bond Indenture Restrictions – Sales Tax Bonds

1. The Town shall maintain a reserve fund with a balance of \$130,000. The balance in the fund was \$150,717 at June 30, 2007 and the Town was in compliance with the reserve fund requirements.
2. The Town shall deposit into a sinking fund the amount of \$10,541 per month. The Town was in compliance with this covenant.

The following is a summary of the business-type activities long-term obligations transactions of the Town of Ferriday for the year ended June 20, 2007:

	Water	Sewer	Total
Bonds payable at June 30, 2006	\$ 1,582,846	\$ 1,282,845	\$ 2,865,691
Bonds retired	(527,677)	(41,999)	(569,676)
Bonds payable at June 30, 2007	\$ 1,055,169	\$ 1,240,846	\$ 2,296,015

The following is a summary of the current (due in one year or less) and the long-term obligations as of June 30, 2007 for business-type activities:

	Water Bonds	Sewer Bonds	Compensated Absences	Total
Current portion	\$ 108,359	\$ 44,319	\$ 3,566	\$ 156,244
Long-term portion	946,810	1,196,527	-	2,143,337
Total	\$ 1,055,169	\$ 1,240,846	\$ 3,566	\$ 2,299,581

Bonds payable at June 30, 2007 are comprised of the following:

Water Revenue Bonds - \$1,503,000 in revenue bonds due in monthly installments totaling \$163,524 annually through June 14, 2015 bearing interest at a rate of 5.5%	\$ 1,055,169
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%	1,240,846
Total	\$ 2,296,015

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

The annual requirements to amortize the water revenue bonds outstanding as of June 30, 2007 are as follows:

Year <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 108,359	\$ 55,165	\$ 163,524
2009	114,454	49,070	163,524
2010	120,535	42,989	163,524
2011	127,672	35,852	163,524
2012	134,761	28,763	163,524
Thereafter	<u>449,388</u>	<u>42,547</u>	<u>491,935</u>
	<u>\$ 1,055,169</u>	<u>\$ 254,386</u>	<u>\$ 1,309,555</u>

The annual requirements to amortize the sewer revenue bonds outstanding as of June 30, 2007 are as follows:

Year <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 44,319	\$ 60,873	\$ 105,192
2009	46,580	58,612	105,192
2010	48,487	56,705	105,192
2011	51,430	53,762	105,192
2012	53,904	51,288	105,192
Thereafter	<u>996,126</u>	<u>366,108</u>	<u>1,362,234</u>
	<u>\$ 1,240,846</u>	<u>\$ 647,348</u>	<u>\$ 1,888,194</u>

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

WATER FUND BONDS

1. The Town shall maintain a reserve fund into which monthly deposits of \$977 will be made. The reserve fund balance was \$121,151 at June 30, 2007. Deposits shall be made into the fund until a balance of \$239,489 has been accumulated. At June 30, 2007, the Town was in compliance with this covenant.
2. The Town shall maintain a depreciation fund into which monthly deposits of \$970 will be made. The depreciation fund balance was \$56,756 at June 30, 2007. Annual deposits of \$11,640 will be required for each of the next four years. At June 30, 2007, the Town was in compliance with this covenant.
3. The Town shall deposit into a sinking fund an amount sufficient to accumulate \$67,184 on October 29 of each year so that the installment of principal and interest can be made. The sinking fund balance was \$81,017 as of June 30, 2007. At June 30, 2007 the Town was in compliance with this covenant.

SEWER FUND BONDS

1. The Town shall maintain a reserve fund into which monthly payments of \$375 to \$439 shall be deposited until a balance of \$105,192 has been accumulated. The reserve fund balance was \$114,138 as of June 30, 2007. At December 31, 2007, the Town was in compliance with this covenant.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

2. The Town shall maintain a depreciation and contingency fund into which monthly payments of \$414 shall be deposited. The contingency fund balance was \$108,422 as of June 30, 2007. At June 30, 2007, the Town was in compliance with this covenant.
3. The Town had a requirement to maintain a sinking fund in which \$8,766 monthly shall be deposited monthly. The Town now pays the note on a monthly basis so no sinking fund is required.

10. RETIREMENT SYSTEMS

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

A. 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 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 in this plan, 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, 2007 was \$29,201, equal to the required contribution for those years.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

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

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

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

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary, and the Town of Ferriday is required to contribute at an actuarially determined rate. The current rate is 13.75% annual covered payroll. 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 for the year ending June 30, 2007 was \$31,803, equal to the required contributions for those years.

11. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES

Net assets of the business-type activities were restricted in the amount of \$481,484 to represent amounts set aside as required by debt service covenants. Net assets of the governmental activities were restricted in the amount of \$150,717 to represent amounts set aside as required by bond covenants.

12. 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, 2007, the Town of Ferriday was involved in seventeen (17) lawsuits for various claims totaling unknown amounts. Some of these suits are covered by insurance and those that are not covered are estimated by the Town's legal advisor to not materially affect the financial statements. It is unknown if any of the suites will result in damages that will be paid by the Town.

13. EXTRAORDINARY INCOME

Final judgment was awarded the Town and its citizens on October 6, 2006 in a class action lawsuit related to the planning and construction of the Town's water plant. The Town's share of the settlement was \$137,500 for improvements to the water plant and \$467,000 for the retirement of principal and interest owned on Water Revenue Bonds shown in note 9 with an outstanding balance of \$417,710.

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

14. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2007, the Town discovered errors in the receivables recorded in the general fund and the water and sewer funds at June 30, 2006.

The following financial statement line items as of and for the year ended June 30, 2006 were affected by these corrections:

	As Previously Stated	As Restated	Effect of Correction
Statement of Net Assets:			
Governmental Activities:			
Accounts receivable, net of allowance for uncollectible amounts	\$ 34,502	\$ 138,405	\$ 103,903
Total Net Assets	1,543,356	1,647,259	103,903
Business-Type Activities:			
Accounts receivable, net of allowance for uncollectible amounts	155,599	88,677	(66,922)
Total Net Assets	3,968,551	3,901,629	(66,922)
Statement of Activities:			
Governmental Activities:			
Change in Net Assets	1,159,347	1,160,039	692
Business-Type Activities:			
Change in Net Assets	19,188	(47,734)	(66,922)
Balance Sheet, Governmental Funds:			
General Fund:			
Accounts receivable, net of allowance for uncollectible amounts	34,502	138,405	103,903
Total Fund Balances	500,312	604,215	103,903
Statement of Net Assets, Proprietary Funds:			
Water Fund:			
Accounts receivable, net of allowance for uncollectible amounts	94,223	55,185	(39,038)
Total Net Assets	1,563,182	1,524,144	(39,038)
Sewer Fund:			
Accounts receivable, net of allowance for uncollectible amounts	61,376	33,492	(27,884)
Total Net Assets	2,405,369	2,377,485	(27,884)
Statement of Revenues, Expenses, and Changes in Fund Balances, Governmental Funds:			
General Fund:			
Net Change in Fund Balance	261,046	261,738	692
Statement of Revenues, Expenses and Changes in Net Assets, Proprietary Funds:			
Water Fund:			
Change in Net Assets	148,594	109,556	(39,038)
Sewer Fund:			
Change in Net Assets	\$ (129,406)	\$ (157,290)	\$ (27,884)

TOWN OF FERRIDAY, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended June 30, 2007

15. SUBSEQUENT EVENTS

- A. The Louisiana Legislative Auditor is presently conducting a compliance audit of the Town of Ferriday, Louisiana. The effect of the audit is not known.

- B. In January 2008 the Town of Ferriday received \$300,000 from a national retail establishment that had closed operations in the Town. This payment is part of a settlement scheduled to pay \$300,000 annually for ten years to compensate the Town for lost sales tax resulting from the store closing.

NOTE 16 – COMPENSATION OF THE GOVERNING BOARD

Gene T. Allen, Mayor	\$ 30,000
Johnnie Brown	3,200
Robin Charpentier	3,100
Jerome Harris	3,100
Glen Henderson	3,100
Gloria Lloyd	<u>3,200</u>
	<u>\$ 45,700</u>

SECTION IV

ADDITIONAL REQUIRED SUPPLEMENTAL INFORMATION

Required Supplementary Information
TOWN OF FERRIDAY
 Budgetary Comparison Schedule – General Fund
 for the Year Ended June 30, 2007

	-----Budgeted Amounts-----		Actual Amounts (Budget Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Note B)</u>	<u>Positive (Negative)</u>
Revenues:				
Taxes	\$ 1,594,000	\$ 1,442,000	\$ 1,428,880	\$ (13,120)
Licenses and permits	124,200	124,200	123,914	(286)
Intergovernmental				
Federal grants	100,000	100,000	102,652	2,652
State funds	-	3,500	31,085	27,585
Charges for services	200,000	200,000	206,435	6,435
Fines	500,000	750,000	729,887	(20,113)
Miscellaneous	48,000	49,150	32,756	(16,394)
Total Revenues	<u>2,566,200</u>	<u>2,668,850</u>	<u>2,655,609</u>	<u>(13,241)</u>
Expenditures:				
General government	647,000	713,800	736,663	(22,863)
Public Safety				
Police	631,400	673,200	644,138	29,062
Fire	153,800	172,800	192,294	(19,494)
Streets	108,200	112,500	99,192	13,308
Sanitation	210,000	220,000	245,411	(25,411)
Capital outlays	160,000	167,000	177,904	(10,904)
Total Expenditures	<u>1,910,400</u>	<u>2,059,300</u>	<u>2,095,602</u>	<u>(36,302)</u>
Excess of revenues over expenditures	<u>655,800</u>	<u>609,550</u>	<u>560,007</u>	<u>(49,543)</u>
Other financing sources (uses):				
Interest income	1,500	900	1,282	382
Transfers out	(650,000)	(650,000)	(339,489)	310,511
Capital leases	-	-	(26,951)	(26,951)
Total Other Financing Sources and (uses)	<u>(648,500)</u>	<u>(649,100)</u>	<u>(365,158)</u>	<u>283,942</u>
Net change in fund balance	7,300	(39,550)	194,849	234,399
Fund balance - July 1, 2006	445,813	445,813	445,813	-
Pror period adjustment	103,903	103,903	103,903	-
Fund Balance - July 1, 2007	<u>\$ 557,016</u>	<u>\$ 510,166</u>	<u>\$ 744,565</u>	<u>\$ 234,399</u>

TOWN OF FERRIDAY
Notes to the Required Supplementary Information
for the Year Ended June 30, 2007

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

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

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the General Fund consistent with accounting principles accepted in the United States of America.

3. Budget/GAAP Reconciliation

The major difference between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

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	\$ 194,849
Increase (decrease)	
Net adjustments for revenue accruals	(596)
Net adjustments for expenditure accruals	<u>64,867</u>
Net change in fund balance - GAAP Basis	<u>\$ 259,120</u>

SECTION V
OTHER REPORTS

SWITZER, HOPKINS & MANGE

Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the 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, 2007, which collectively comprise the Town of Ferriday, Louisiana's basic primary government financial statements and have issued our report thereon dated February 14, 2008. The report on the business-type activities and the water and sewer funds was qualified because we could not determine that the correct amount of water consumption and related water and sewer billings that should have been made during the year. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Ferriday, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Ferriday, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affect the Town of Ferriday, Louisiana's ability to initiate, authorize record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement detected by the Town of Ferriday, Louisiana's internal control. We consider the deficiencies referenced as 2007-1, 2007-2, 2007-3, 2007-4 and 2007-5 in the accompanying schedule of findings, recommendations and corrective action plan to be significant deficiencies in internal control over financial reporting.

Honorable Gene T. Allen, Mayor
Town of Ferriday, Louisiana
Page Two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1, 2007-3 and 2007-4 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of current year finding as 2007-4 and 2007-6.

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

Ferriday, Louisiana
February 14, 2008

Switzer, Hopkins & Marge

SECTION VI
SCHEDULE OF FINDINGS

**TOWN OF FERRIDAY, LOUISIANA
SCHEDULE OF FINDINGS**

Section 1: Summary of Auditors' Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors' report issued on the primary government financial statements: | |
| Governmental Activities | Unqualified |
| Business-Type Activities | Qualified |
| Major Funds: | |
| General Funds | Unqualified |
| Sales Tax Bond fund | Unqualified |
| General Obligation Bond Fund | Unqualified |
| Street Construction Fund | Unqualified |
| Water Fund | Qualified |
| Sewer Fund | Qualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Reportable condition(s) identified that are not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to the primary government financial statements? | Yes |

TOWN OF FERRIDAY, LOUISIANA

Schedule of Prior Audit Findings
For the Year Ended June 30, 2007

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:				
2006-1	6/30/2006	<p><u>Accounts Receivable Subsidiary Maintenance</u> Individual accounts receivable that are known to be uncollectible have not been written off during the year. Utility accounts receivable totaled \$236,178 as of June 30, 2006 according to the subsidiary ledger. Collections of \$68,659 were made on accounts receivable during the subsequent month of July 2006. An allowance for bad debts of \$113,000 has been established to justify the fairness of the accounts receivable balance.</p> <p>The accounts receivable subsidiary ledger contains utility customers that can not be located or collected from. These customers balances should be written off to reduce accounts receivable and the allowance for bad debts</p>	No	To be corrected in 2008
2006-2	6/30/2003	<p><u>Meter Deposits Subsidiary Ledger</u> The Town of Ferriday has not loaded all of its customers into the computerized system for the subsidiary ledger of customer meter deposits. At the present time, some customer deposits are loaded on the system and some are kept in a hand prepared system. The dual system makes control over the meter deposits more difficult because all records are not kept in the same place.</p>	No	To be corrected in 2008
2006-3	6/30/2006	<p><u>Reconciliation of Fines Income</u> We noted during our audit that the reconciliation of fines collections and cash deposited was not being done on a daily basis. During the year the reconciliations were not done on 12 days and the net amounts unaccounted for totaled \$893.</p>	Yes	Corrected in 2007
2006-4	6/30/2006	<p><u>Utility Billings</u> Our sample of utility billings indicated that approximately 89% of the customers billed received minimum bills. We reviewed specific bills for reasonableness considering the size of the house or number of employees in the business and found that the consumption of water was unreasonably low for many customers. Our conclusion is that either the water meters are broken or they are being read incorrectly.</p>	No	To be corrected in 2008
Section II - Internal Control and Compliance Material to Federal Awards				
	None		N/A	N/A
Section III - Management Letter:				
	None		N/A	N/A

TOWN OF FERRIDAY, LOUISIANA
Current Year Findings, Recommendations and
Corrective Action Plan
For the Year Ended June 30, 2007

Ref No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
Section I - Internal Control and Compliance Material to the Financial Statements:				
2007-1	<p><u>Accounts Receivable Subsidiary Maintenance</u> Individual accounts receivable that are known to be uncollectible have not been written off during the year. Utility accounts receivable totaled \$239,391 as of June 30, 2007 according to the subsidiary ledger. Collections of \$71,203 were made on accounts receivable during the subsequent month of July 2007. An allowance for bad debts of \$173,000 has been established to justify the fairness of the accounts receivable balance.</p> <p>The accounts receivable subsidiary ledger contains utility customers that can not be located or collected from. These customers balances should be written off to reduce accounts receivable and the allowance for bad debts</p> <p><u>Recommendation</u> We recommend that the accounts receivable subsidiary ledger be reviewed monthly and those that are inactive should be written off against their utility deposits.</p>	Upon completion of an audit by the Louisiana Legislative Auditor, we will consider the findings of their report and this report and make necessary changes.	Shannon Beatty Town Clerk	6/30/2008
2007-2	<p><u>Meter Deposits Subsidiary Ledger</u> The Town of Ferriday has not loaded all of its customers into the computerized system for the subsidiary ledger of customer meter deposits. At the present time, some its customer have their deposit balances in the computer subsidiary ledger and some are kept in a hand prepared subsidiary. The customer deposits are not reconciled to the general ledger.</p> <p><u>Recommendation</u> We recommend that all customer deposit information be loaded into the computer system and that the subsidiary ledger of customer deposits be reconciled to the general ledger each month.</p>	Upon completion of an audit by the Louisiana Legislative Auditor, we will consider the findings of their report and this report and make necessary changes.	Shannon Beatty Town Clerk	6/30/2008
2007-3	<p><u>Internal Control - Utility Accounts Receivable</u> Credits to customer accounts receivable records were made for approximately \$55,400 during the year that were for other than cash deposits. These credits could not be identified as to what their purpose was. They were not supported by authorizations for the credits and the source of the credits could not be identified.</p> <p><u>Recommendation</u> We recommend that no credits be made to customers accounts without authorization of the Town Clerk. A listing of credits given should be maintained on a daily basis.</p> <p>Also the accounts receivable subsidiary ledger should be reconciled to the accounts receivable balance at the end of each month.</p>	Upon completion of an audit by the Louisiana Legislative Auditor, we will consider the findings of their report and this report and make necessary changes.	Shannon Beatty Town Clerk	6/30/2008

TOWN OF FERRIDAY, LOUISIANA
Current Year Findings, Recommendations and
Corrective Action Plan
For the Year Ended June 30, 2007

Ref No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
2007-4	<p><u>Utility Billings</u> Our sample of utility billings indicated that 56 of 60 customers sampled received minimum bills. Eighteen of the customers used from zero to 10 gallons of water for the month. Our sample included houses and businesses that we believe are large consumers of water. We believe the consumptions recorded by the Town are unreasonably low in almost every case that we reviewed.</p> <p>We believe that the water consumptions used are incorrect across the board and the result is that the Town is under billing the water and sewer charges by substantial amounts that are material to the financial statements. The Town is providing customers water and they are not being billed for the correct consumption.</p> <p>This is a violation of Article VII, Section 14 of the State of Louisiana constitution which prohibits the use of public assets for private purpose.</p> <p><u>Recommendation</u> We recommend the Town input water consumption using arithmetic that allows the water bills to be computed using the the correct water consumption.</p>	<p>Upon completion of an audit by the Louisiana Legislative Auditor, we will consider the findings of their report and this report and make necessary changes.</p>	<p>Shannon Beatty Town Clerk</p>	<p>6/30/2008</p>
2007-5	<p><u>Segregating of Duties - Utility Clerk</u> There is a lack of segregation of duties in the utility clerk's position. The utility clerk has the following duties:</p> <ol style="list-style-type: none"> a. Inputs water meter readings into computer b. Receives payments from customers c. Makes adjustments to customer accounts d. Prepares deposit slips e. Reconciles deposit slips to the Z tapes <p><u>Recommendation</u> We recommend the Town Clerk prepare the deposit slips and reconcile the deposits to the Z tapes and computer transaction register on a daily basis.</p>	<p>Upon completion of an audit by the Louisiana Legislative Auditor, we will consider the findings of their report and this report and make necessary changes.</p>	<p>Shannon Beatty Town Clerk</p>	<p>6/30/2008</p>

TOWN OF FERRIDAY, LOUISIANA
Current Year Findings, Recommendations and
Corrective Action Plan
For the Year Ended June 30, 2007

Ref No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
2007-6	<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, 2007 and was filed in February 2008.</p> <p><u>Recommendation</u> We recommend the Town comply with Revised Statute 24:513 in the future.</p>	The Town had its books and records ready on time. The auditor was delayed. Next year the audit will be filed on time.	Shannon Beatty Town Clerk	6/30/2008

Section II - Internal Control and Compliance Material to Federal Awards

None	N/A	N/A		N/A
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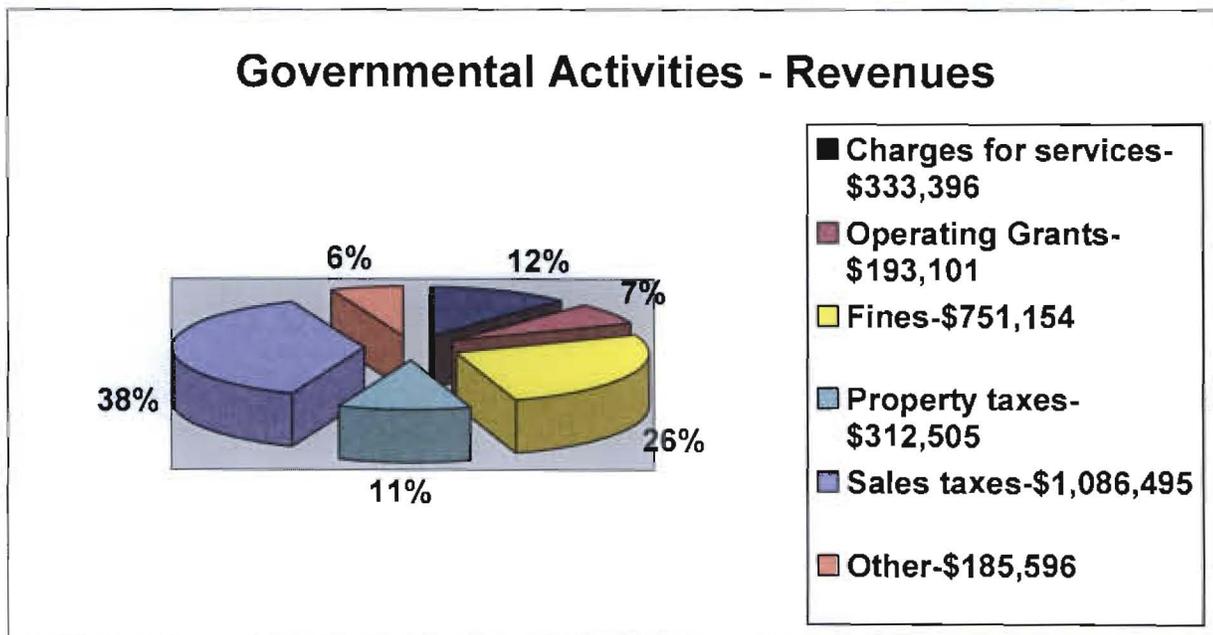
Section III - Management Letter:

None	N/A	N/A		N/A
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TOWN OF FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED JUNE 30, 2007

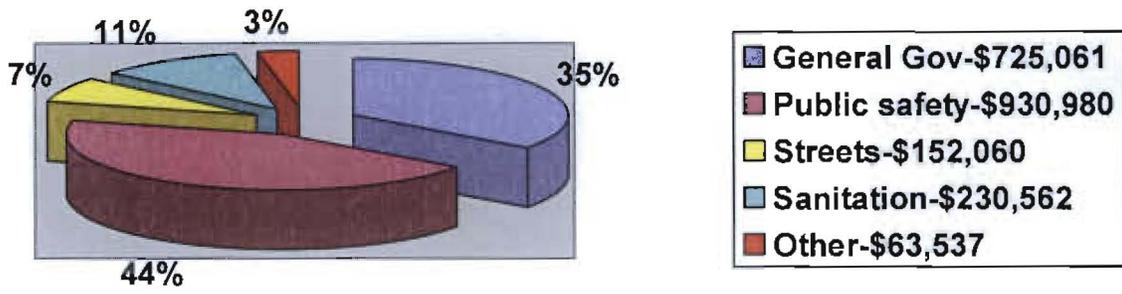
	Governmental Activities	Business Type Activities	2007 Total	2006 Total
Expenses:				
General and administrative	\$ 725,061	\$ -	\$ 725,061	\$ 595,696
Public safety	930,980	-	930,980	884,544
Streets	152,060	-	152,060	136,350
Sanitation	230,562	-	230,562	220,341
Interest expense	63,537	-	63,537	72,467
Utility operations	-	1,102,427	1,102,427	1,261,758
Total expenses	<u>2,102,200</u>	<u>1,102,427</u>	<u>3,204,627</u>	<u>3,171,156</u>
Increase in net assets	543,462	443,979	987,441	1,178,535
Net assets July 1	1,543,356	3,968,551	5,511,907	4,333,372
Prior period adjustments	103,903	(66,922)	36,981	-
Net assets June 30	<u>\$ 2,190,721</u>	<u>\$ 4,345,608</u>	<u>\$ 6,536,329</u>	<u>\$ 5,511,907</u>

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



TOWN OF FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED JUNE 30, 2007

Governmental Activities - Expenses



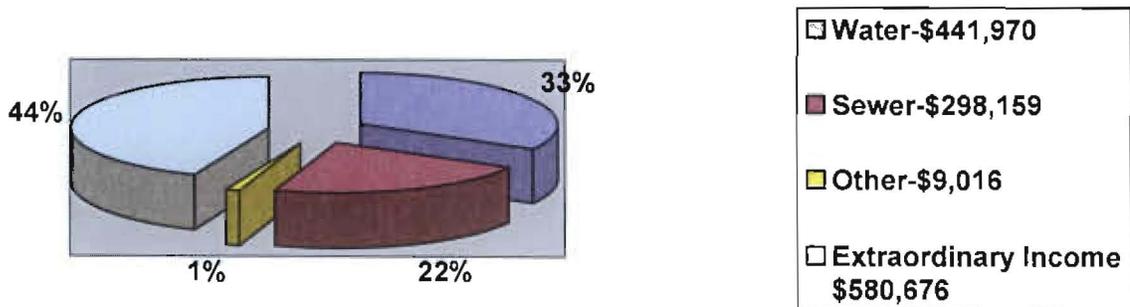
The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

Business Type Activities

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

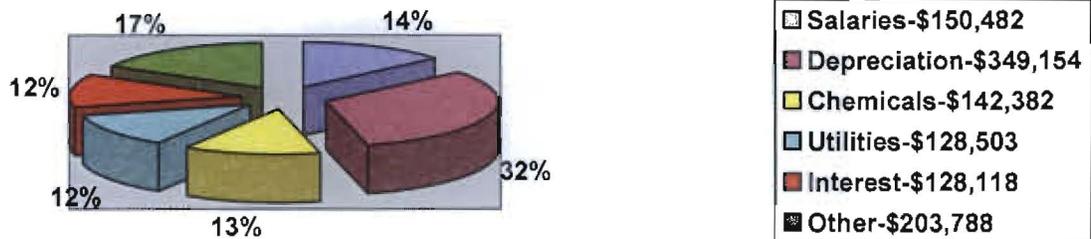
The following are graphical representations of information in the Statement of Activities for Business Type Activities:

Business Type Activities - Revenues



TOWN OF FERRIDAY, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED JUNE 30, 2007

Business Type Activities - Expenses



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

Comments on General Fund Comparisons

The Town's budget was amended once during the last year. The changes were made to show the effects of cost cutting and revenue increases from changes in operations. Expenditures were \$2,059,300 in the budget and revenues were budgeted at \$2,668,850.

Actual expenditures exceeded the budgeted amounts by \$36,302 and actual revenue was \$13,241 less than the budgeted amounts.

CAPITAL ASSETS

As of June 30, 2007, the Town had a net of \$2,562,492 invested in capital assets in the governmental activities and \$6,047,109 in the business-type activities. This year there were additions of \$243,068 in the governmental activities and \$14,976 in the business-type activities. The following capital assets were purchased in the fiscal year ended June 30, 2007:

Governmental activities:	
Street Construction	\$ 44,365
Community Center	159,382
737 Mower	7,204
1998 Crown Vic Police Vehicle	1,755
1999 Crown Vic Police Vehicle	1,980
Police Cars - Property Assistance	7,582
2007 Crown Vic Police Vehicle	20,800
	<u>\$ 243,068</u>
Business-type activities:	
Four Module Lamps	\$ 13,359
Air Dryer	1,617
	<u>\$ 14,976</u>