

TOWN OF WATERPROOF, LOUISIANA  
SCHEDULE OF COMPENSATION PAID ALDERMEN  
FOR THE YEAR ENDED JUNE 30, 1996

<u>NAME</u>	<u>TITLE</u>	<u>COMPENSATION</u>
Albert Brown	Alderman	\$ 1,600
Bobby Wilkerson	Alderman	1,525
Robert Rushing	Alderman	1,400
Edna Cooper	Alderwoman	1,575
Herbert Williams	Alderman	<u>1,725</u>
Total		<u>\$ 7,825</u>

TOWN OF WATERPROOF, LOUISIANA  
ENTERPRISE FUND-UTILITY FUND

COMPARATIVE STATEMENT OF OPERATING EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>1996</u>	(Memorandum Only) <u>1995</u>
<b>Sewer department:</b>		
Depreciation	\$ 16,072	\$ 16,020
Utilities and telephone	4,862	5,416
Repairs	1,869	3,018
Office salaries	4,071	3,179
Insurance	1,558	1,966
Salaries	6,250	3,389
Tests	1,110	1,352
Office supplies	397	206
Payroll taxes	819	611
Truck expenses	155	214
Bad debts	446	266
Supplies	1,076	1,185
Chemicals	-	678
Permits	157	620
Miscellaneous	66	115
Total sewer expenses	<u>38,908</u>	<u>38,235</u>
 <b>Garbage department:</b>		
Depreciation	2,939	2,761
Salaries	21,782	18,123
Insurance	5,291	11,169
Truck expenses	727	2,768
Office salaries	3,926	3,047
Payroll taxes	2,007	2,056
Office supplies	397	369
Bad debts	362	209
Repairs	377	2,907
Supplies	4,937	2,650
Legal and accounting	1,350	355
Utilities	124	49
Miscellaneous	215	34
Total garbage expenses	<u>44,434</u>	<u>46,497</u>
 <b>Backhoe and mowing department:</b>		
Truck expenses	-	372
Repairs	1,999	2,637
Depreciation	51	310
Supplies	676	454
Miscellaneous	-	106
Total backhoe and mowing expenses	<u>\$ 2,726</u>	<u>\$ 3,879</u>

The accompanying notes are an integral part of this statement.

The Honorable Mary T. Owen, Mayor  
and Members of the Board of Aldermen  
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of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

General Requirements

Political activity  
Civil rights  
Cash management  
Federal financial reports  
Allowable costs  
Drug free Workplace Act  
Administrative requirements

Specific Requirements

Types of services allowed/unallowed  
Matching  
Special reporting requirements  
Special tests and provisions

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Town of Waterproof, Louisiana expended 98% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the Town of Waterproof's major Federal Financial Assistance program which is identified in the accompanying schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control policies and procedures used in administering federal financial assistance, would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

SECTION III - INTERNAL CONTROL

# SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA  
H. MYLES HOPKINS, CPA  
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mary T. Owen, Mayor  
And Members of the Board of Aldermen  
Town of Waterproof, Louisiana

We have audited the general purpose financial statements of the Town of Waterproof, Louisiana for the year ended June 30, 1996, and have issued our report thereon dated September 4, 1996.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Town of Waterproof, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Waterproof, Louisiana for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

The Honorable Mary T. Owen, Mayor  
And Members of the Board of Aldermen  
Town of Waterproof, Louisiana  
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We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

A. Segregation of Duties

Due to the relatively small size of the Town, the majority of accounting functions are performed by one individual. Since a segregation of duties, desired for a strong system of internal control, cannot be achieved, we suggest that the Town's Mayor and Board of Aldermen continue to perform an active role in the accounting process.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the use of management 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  
September 4, 1996

*Switzer, Hopkins & Marge*

SECTION IV - COMPLIANCE

# SWITZER, HOPKINS & MANGE

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED  
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mary T. Owen, Mayor  
And Members of the Board of Aldermen  
Waterproof, Louisiana

We have audited the general purpose financial statements of the Town of Waterproof, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated September 4, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, Audit of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Waterproof, Louisiana, is the responsibility of the Town of Waterproof, Louisiana management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Ferriday, Louisiana  
September 4, 1996

*Switzer, Hopkins & Mange*



SECTION V - SINGLE AUDIT REPORTS

# SWITZER, HOPKINS & MANGE

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## INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Honorable Mary T. Owen, Mayor  
and Members of the Board of Aldermen  
Waterproof, Louisiana

We have audited the general purpose financial statements of Town of Waterproof, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 4, 1996. These general purpose financial statements are the responsibility of Town of Waterproof, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Waterproof, Louisiana taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Ferriday, Louisiana  
September 4, 1996

*Switzer, Hopkins & Mange*

TOWN OF WATERPROOF, LOUISIANA  
ENTERPRISE FUND-UTILITY FUND

COMPARATIVE STATEMENT OF OPERATING EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>1996</u>	(Memorandum Only) <u>1995</u>
Gas department:		
Gas purchases	\$ 57,026	\$ 63,263
Depreciation	31,352	31,587
Salaries	4,614	4,379
Insurance	2,268	335
Office salaries	8,179	5,428
Meter reading	-	907
Repairs	5,457	3,373
Utilities and telephone	983	950
Payroll taxes	1,010	864
Truck expenses	1,331	1,482
Office supplies	517	809
Gas leak survey	1,458	1,690
Bad debts	1,046	1,464
Supplies	3,990	762
Chemicals	352	-
Legal and accounting	1,350	-
Dues	38	90
Miscellaneous	484	100
Total gas expense	<u>121,455</u>	<u>117,483</u>
Water department:		
Depreciation	90,453	62,362
Salaries	23,128	16,034
Chemicals	19,440	11,524
Utilities and telephone	8,904	10,474
Repairs	1,449	2,960
Office salaries	8,424	8,239
Insurance	9,844	8,000
Meter reading	-	2,830
Payroll taxes	2,605	2,159
Supplies	3,689	9,390
Office supplies	701	977
Truck expenses	779	1,411
Permits and inspections	305	603
Bad debts	2,213	920
Drug tests	202	168
Travel	121	382
Consultant fees	2,206	1,570
Legal and accounting	3,558	400
Advertising	137	1,695
Dues	223	380
Miscellaneous	4,235	868
Total water expenses	<u>\$ 182,616</u>	<u>\$ 143,346</u>

The accompanying notes are an integral part of this statement.

# SWITZER, HOPKINS & MANGE

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mary T. Owen, Mayor  
and Members of the Board of Aldermen  
Waterproof, Louisiana

We have audited the general purpose financial statements of the Town of Waterproof, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 4, 1996. We have also issued the compliance of the Town of Waterproof, Louisiana with requirements applicable to major federal financial assistance programs and have issued our report thereon dated September 4, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether Town of Waterproof complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of the Town of Waterproof, Louisiana, to determine our auditing procedures for the purpose of expressing our opinion of Town of Waterproof, Louisiana's general purpose financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated September 4, 1996.

The management of the Town of Waterproof, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that financial assistance programs are managed in compliance with applicable laws and regulations. Because

CAPITAL PROJECTS FUND

LA Public Development Grant #2 - To account for funds from \$574,000 grant for construction of water treatment plant.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mary T. Owen, Mayor  
and Members of the Board of Aldermen  
Waterproof, Louisiana

We have audited the general purpose financial statements of Town of Waterproof, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 4, 1996.

We have applied procedures to test Town of Waterproof, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs
- Drug free Workplace Act
- Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Town of Waterproof, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Town of Waterproof, Louisiana had not complied, in all material respects, with those requirements.

This report is intended for the information of the board of aldermen, management, and Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana  
September 4, 1996

*Switzer, Hopkins & Mange*

TOWN OF WATERPROOF, LOUISIANA  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 1996

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Program Amount</u>	<u>Beginning Balance July 1, 1994</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Balance July 30, 1995</u>
FinHA Water/Waste Disposal Systems for Rural Communities	10.418	4505	\$ <u>1,148,778</u>	\$ -	\$ <u>1,148,778</u>	\$ <u>1,122,382</u>	\$ <u>26,396</u>

TOWN OF WATERPROOF, LOUISIANA  
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1996

	<u>Governmental Fund Types</u>		Proprietary Fund Type	<u>Account Groups</u>		<u>Totals</u>	
	<u>General</u>	<u>Debt Service</u>		<u>Capital Projects</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only) 1996</u>	<u>1995</u>
<b>ASSETS AND OTHER DEBITS</b>							
Cash	\$ 41,174	\$ 4,284	\$ -	\$ 29,175	\$ -	\$ 74,633	\$ 63,602
Certificates of deposit Receivables, (net, where applicable, of allowance for uncollectables)-	-	-	-	44,670	-	44,670	42,506
Utility customers (Note A)	-	-	-	-	-	-	-
Others	662	-	-	23,890	-	23,890	17,832
Due from other funds	-	-	-	666	-	1,328	7,389
Prepaid expenses	-	-	-	2,000	-	2,000	2,000
Inventory	-	-	-	925	-	925	1,028
Restricted assets (Note A):	-	-	-	3,040	-	3,040	3,346
Cash	-	-	-	51,261	-	77,657	28,618
General fixed assets	-	-	-	-	152,525	152,525	149,525
Utility plant and equip- ment (Note D)	-	-	-	4,379,792	-	4,379,792	3,257,410
Accumulated Depreciation (Note D)	-	-	-	-	-	(1,401,002)	(1,260,135)
<b>Total assets</b>	<u>\$ 41,836</u>	<u>\$ 4,284</u>	<u>\$ 26,396</u>	<u>\$ 3,134,417</u>	<u>\$ 152,525</u>	<u>\$ 3,359,458</u>	<u>\$ 2,313,121</u>

The accompanying notes are an integral part of this statement.



TOWN OF WATERPROOF, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Gas lines	40 years
Water lines and plant	25 to 40 years
Sewer lines	40 years
Vehicles and equipment	2 to 10 years

All fixed assets are stated at historical cost.

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at the time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when incurred. Bad debts are recognized when they become uncollectable.

5. Budgets and Budgetary Accounting

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

1. The Town prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

TOWN OF WATERPROOF, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital projects fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

PROPRIETARY FUND TYPE

Enterprise fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

3. Property, Plant and Equipment and Long-Term Liabilities

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

All governmental fund type operations are accounted for on a spending of "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Town has elected to not capitalize public domain "infrastructure" fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets.

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

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

TOWN OF WATERPROOF, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Waterproof, Louisiana was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

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

The following is a summary of certain significant accounting policies.

1. Financial Reporting Entity

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

2. Fund Accounting

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

GOVERNMENTAL FUND TYPES

General fund

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

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

TOWN OF WATERPROOF, LOUISIANA  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1996

	<u>1996</u>	(Memorandum Only) <u>1995</u>
Cash flows from operating activities:		
Cash received from customers	\$ 291,474	\$ 243,997
Cash payments to suppliers for goods and services	(173,557)	(171,063)
Cash payments to employees for services	<u>(80,374)</u>	<u>(61,818)</u>
Net cash provided by operating activities	<u>37,543</u>	<u>11,116</u>
Cash flows from non-capital financing activities:		
Loans to other funds	-	6,485
Operating transfers to other funds	(585,229)	(14,458)
Increase (decrease) in consumer deposits	<u>(21)</u>	<u>1,072</u>
Net cash (used) by non-capital financing activities	<u>(585,250)</u>	<u>(6,901)</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of revenue bonds	566,100	-
Acquisition of capital assets	<u>-</u>	<u>(9,680)</u>
Net cash provided (used) by capital and related financing activities	<u>566,100</u>	<u>(9,680)</u>
Cash flows from investing activities:		
Investment income	<u>3,459</u>	<u>3,254</u>
Net increase (decrease) in cash and cash equivalents	21,852	(2,211)
Cash and cash equivalents at July 1, 1995	<u>103,254</u>	<u>105,465</u>
Cash and cash equivalents at June 30, 1996	<u>\$ 125,106</u>	<u>\$ 103,254</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (92,509)	\$(105,547)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	140,867	113,040
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,157)	104
Decrease in other assets	409	1,205
Increase (decrease) in accounts payable	<u>(5,067)</u>	<u>2,314</u>
Net cash provided by operating activities	<u>\$ 37,543</u>	<u>\$ 11,116</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
ENTERPRISE FUND  
UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 1996

	<u>1996</u>	(Memorandum Only) <u>1995</u>
Operating revenues:		
Charges for services-		
Gas sales	\$ 148,360	\$ 123,404
Water sales	104,651	72,242
Sewer sales	20,656	20,988
Garbage sales	10,532	18,030
Backhoe and mowing charges	254	135
Miscellaneous revenues	13,178	9,094
Total operating revenues	<u>297,631</u>	<u>243,893</u>
Operating expenses:		
Gas department expenses	121,455	117,483
Water department expenses	182,616	143,346
Sewer department expenses	38,908	38,235
Garbage department expenses	44,434	46,497
Backhoe and mowing expenses	2,727	3,879
Total operating expenses	<u>390,140</u>	<u>349,440</u>
Operating (loss)	(92,509)	(105,547)
Nonoperating revenues (expenses):		
Interest earned	3,459	3,254
Interest expense	(21,352)	-
Total nonoperating revenues (expenses):	<u>(17,893)</u>	<u>3,254</u>
(Loss) before operating transfers	(110,402)	(102,293)
Operating transfers:		
Transfer to capital projects fund	(585,229)	(14,458)
Net (loss)	(695,631)	(116,751)
Retained earnings, beginning	<u>268,602</u>	<u>385,353</u>
Retained earnings, ending	<u>\$ (427,029)</u>	<u>\$ 268,602</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES-BUDGET AND ACTUAL-(GAAP BASIS)  
 GENERAL, DEBT SERVICE, AND CAPITAL PROJECTS  
 FOR THE YEAR ENDED JUNE 30, 1996

	General Fund Type			Debt Service Fund Type			Capital Projects Fund Type		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>									
Taxes (Note E)	\$ 20,000	\$ 19,766	\$ (234)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	14,000	15,895	1,895	-	-	-	-	-	-
Intergovernmental	35,190	36,188	998	-	-	-	563,000	563,000	-
Fines	20,000	4,632	(15,368)	-	-	-	-	-	-
Miscellaneous	1,650	8,427	6,777	-	-	-	566,100	566,100	-
Total revenues	<u>90,840</u>	<u>84,908</u>	<u>(5,932)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129,100</u>	<u>1,129,100</u>	<u>-</u>
<b>Expenditures:</b>									
<b>Current-</b>									
General government	41,712	40,236	1,476	-	-	-	-	-	-
Public safety-									
Police	32,125	21,185	10,940	-	-	-	-	-	-
Fire	6,500	2,840	3,660	-	-	-	-	-	-
Capital outlay	7,000	3,000	4,000	-	-	-	1,122,382	1,122,382	-
Interest and fiscal charges	-	-	-	1,308	1,308	-	-	-	-
Total expenditures	<u>87,337</u>	<u>67,261</u>	<u>20,076</u>	<u>1,308</u>	<u>1,308</u>	<u>-</u>	<u>1,122,382</u>	<u>1,122,382</u>	<u>-</u>
Excess of revenues over (under) expenditures	3,503	17,647	14,144	(1,308)	(1,308)	-	6,718	6,718	-
Other financing sources:									
Operating transfers in (out)	<u>21,500</u>	<u>(548)</u>	<u>(22,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,678</u>	<u>19,678</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	25,003	17,099	(7,904)	(1,308)	(1,308)	-	26,396	26,396	-
Fund balances, beginning	<u>22,254</u>	<u>22,254</u>	<u>-</u>	<u>5,592</u>	<u>5,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ 47,257</u>	<u>\$ 39,353</u>	<u>\$ (7,904)</u>	<u>\$ 4,284</u>	<u>\$ 4,284</u>	<u>\$ -</u>	<u>\$ 26,396</u>	<u>\$ 26,396</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 1996

	<u>Grant 4505 Water System Improvement Fund</u>
Revenues:	
Grant income	\$ <u>563,000</u>
Expenditures:	
Construction cost	1,003,381
Engineering	108,731
Legal	10,270
Total expenditures	<u>1,122,382</u>
Excess (deficiency) of revenues over (under) expenditures	(559,382)
Other financing sources in (out):	
Transfers from General Fund	549
Transfers from Utility Fund	<u>585,229</u>
Total other financing sources	<u>585,778</u>
Excess of revenues and other sources over expenditures	<u>26,396</u>
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u>\$ 26,396</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
 COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1996

	Governmental Fund Types		Proprietary Fund Type Enterprise	Account Groups		Totals	
	General	Debt Service Capital Projects		General Fixed Assets	(Memorandum Only)	1995	1996
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>							
Liabilities:							
Accounts payable	\$ 483	\$ -	\$ 4,466	\$ -	\$ 4,949	\$ 9,911	
Due to other funds	2,000	-	-	-	2,000	2,000	
Payable from restricted assets	-	-	49,949	-	49,949	28,618	
Matured interest coupons	-	-	-	-	-	2,070	
General obligation bonds & notes (Note B)	-	-	566,100	-	566,100	6,000	
<b>Total liabilities</b>	<b>2,483</b>	<b>-</b>	<b>620,515</b>	<b>-</b>	<b>622,998</b>	<b>48,599</b>	
Fund equity:							
Contributed capital	-	-	2,940,931	-	2,940,931	1,818,549	
Investment in general fixed assets	-	-	-	152,525	152,525	149,525	
Retained earnings- Unreserved	-	-	(427,029)	-	(427,029)	268,602	
Fund balances- Reserved for capital improvements Unreserved- undesignated	-	-	-	-	-	-	
	39,353	4,284	-	-	43,637	27,846	
<b>Total fund equity</b>	<b>39,353</b>	<b>4,284</b>	<b>2,513,902</b>	<b>152,525</b>	<b>2,736,460</b>	<b>2,264,522</b>	
<b>Total liabilities and fund equity</b>	<b>\$ 41,836</b>	<b>\$ 4,284</b>	<b>\$ 3,134,417</b>	<b>\$ 152,525</b>	<b>\$ 3,359,458</b>	<b>\$ 2,313,121</b>	

The accompanying notes are an integral part of this statement.



TOWN OF WATERPROOF, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1996

NOTE C - PROPRIETARY FUND BOND INDENTURE RESTRICTIONS

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

1. The Town shall deposit into a sinking fund \$2,122 monthly to \$2,598.40 monthly for the payment of principal and interest due on bonds.
2. Commencing with the month following completion of improvements financed with the proceeds of the bonds, a reserve fund shall be maintained. For the period August 20, 1995 through July 20, 1997, \$107 must be deposited monthly into this fund. For the period August 20, 1997 through July 20, 2035, \$130 must be deposited into this fund until \$31,180 has been accumulated.
3. Commencing with the month following completion of improvements financed with the proceeds of the bonds, a contingency fund shall be maintained. For the period August 20, 1995 through July 20, 2035, \$129 must be deposited monthly.

The Town is in compliance with these restrictions.

NOTE D - CHANGES IN GENERAL FIXED ASSETS ACCOUNT GROUP

A summary of changes in general fixed assets follows:

	Balance July 1, 1995	Additions	Balance June 30, 1996
Equipment	\$ 130,525	\$ 3,000	\$ 133,525
Buildings	19,000	-	19,000
Total	<u>\$ 149,525</u>	<u>\$ 3,000</u>	<u>\$ 152,525</u>

NOTE E - PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund's plant and equipment at June 30, 1996 follows:

Water	\$ 3,004,854
Sewer	450,495
Gas	803,896
Garbage	117,755
Backhoe/Moving	2,792
Plant & equipment	<u>4,379,792</u>
Less accumulated depreciation	<u>(1,401,002)</u>
Net	<u>\$ 2,978,790</u>

NOTE F - AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the Town in September or October and are billed to the taxpayers in November. Billed taxes become delinquent on January 1, of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

# SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA  
H. MYLES HOPKINS, CPA  
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ROXANNE B. JAMES, CPA

JOHN M. JONES, CPA 1921 - 1983

## INDEPENDENT AUDITORS' REPORT

Honorable Mary T. Owen, Mayor  
and Members of the Board of Aldermen  
Town of Waterproof, Louisiana

We have audited the accompanying general purpose financial statements, as listed in the table of contents, as of June 30, 1996 and for the year then ended. These general purpose financial statements are the responsibility of the Town of Waterproof, Louisiana management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Waterproof, Louisiana, as of June 30, 1996, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued reports dated September 4, 1996 on our consideration of the Town of Waterproof's internal control structure and on its compliance with laws and regulations.

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

Ferriday, Louisiana  
September 4, 1996

*Switzer, Hopkins & Mange*

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TOWN OF WATERPROOF, LOUISIANA  
YEAR ENDED JUNE 30, 1996  
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**TOWN OF WATERPROOF, LOUISIANA**

**General Purpose Financial Statements  
With Independent Auditors' Report  
As of and for the Year Ended June 30, 1996  
With Supplemental Information Schedules**

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

Release Date ~~1006~~ 13 1996  
**NOV 13 1996**

# SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA  
B. MYLES HOPKINS, CPA  
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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mary T. Owen, Mayor  
and Members of the Board of Aldermen  
Waterproof, Louisiana

We have audited the general purpose financial statements of Town of Waterproof, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 4, 1996.

We have also audited the Town of Waterproof's compliance with the requirements governing types of services allowed or unallowed; matching; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance for the year ended June 30, 1996. The management of the Town of Waterproof is responsible for the Town of Waterproof, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town of Waterproof, Louisiana's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, the Town of Waterproof, Louisiana complied, in all material respects, with the requirements governing types of services allowed or unallowed; matching; reporting; special tests and provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of the board of aldermen, management, and Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana  
September 4, 1996

*Switzer, Hopkins & Mange*

TOWN OF WATERPROOF, LOUISIANA  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 1996**

	<u>Governmental Fund Types</u>			<u>Totals</u> (Memorandum Only)	
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>1996</u>	<u>1995</u>
<b>Revenues:</b>					
Taxes	\$ 19,766	\$ -	\$ -	\$ 19,766	\$ 17,351
Licenses and permits	15,895	-	-	15,895	15,106
Intergovernmental	36,188	-	563,000	599,188	150,331
Fines	4,632	-	-	4,632	19,358
Miscellaneous	8,427	-	-	8,427	22,195
Total revenues	<u>84,908</u>	<u>-</u>	<u>563,000</u>	<u>647,908</u>	<u>224,341</u>
<b>Expenditures:</b>					
Current-					
General government	40,236	-	1,122,382	1,162,618	180,530
Public safety-					
Police	21,185	-	-	21,185	31,669
Fire	2,840	-	-	2,840	7,180
Capital outlay	3,000	-	-	3,000	45,000
Debt service-					
Principal retirement	-	-	-	-	6,000
Interest and fiscal charges	-	1,308	-	1,308	249
Total expenditures	<u>67,261</u>	<u>1,308</u>	<u>1,122,382</u>	<u>1,190,951</u>	<u>270,628</u>
Excess of revenues (under) expenditures	17,647	(1,308)	(559,382)	(543,043)	(46,287)
<b>Other financing sources:</b>					
Operating transfers	<u>(548)</u>	<u>-</u>	<u>585,778</u>	<u>585,230</u>	<u>14,457</u>
Excess of revenues and other sources over (under) expenditures and other uses	17,099	(1,308)	26,396	42,187	(31,830)
Fund balances, beginning	<u>22,254</u>	<u>5,592</u>	<u>-</u>	<u>27,846</u>	<u>59,676</u>
Fund balances, ending	<u>\$ 39,353</u>	<u>\$ 4,284</u>	<u>\$ 26,396</u>	<u>\$ 70,033</u>	<u>\$ 27,846</u>

The accompanying notes are an integral part of this statement.



TOWN OF WATERPROOF, LOUISIANA  
GENERAL FUND  
STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)  
YEAR ENDED JUNE 30, 1996  
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance- Favorable (Unfavorable)	(Memorandum)
	<u>Budget</u>	<u>Actual</u>		Only) 1995 <u>Actual</u>
<b>General government:</b>				
Salaries	\$ 6,252	\$ 6,068	\$ 184	\$ 9,541
Aldermen fees	7,200	7,825	(625)	7,350
Professional services	6,500	2,463	4,037	2,358
Insurance	2,400	3,478	(1,078)	2,447
Utilities and telephone	13,200	15,142	(1,942)	13,271
Publication of minutes	1,000	330	670	895
Office supplies	300	529	(229)	259
Dues and subscriptions	280	741	(461)	285
Repairs	100	431	(331)	99
Supplies	300	608	(308)	317
Payroll taxes	1,650	1,019	631	1,573
Tax roll preparation	305	305	-	306
Miscellaneous	1,425	1,091	334	1,106
Street repairs	-	-	-	22
Drug testing	800	206	594	634
<b>Total general government</b>	<u>41,712</u>	<u>40,236</u>	<u>1,476</u>	<u>40,463</u>
<b>Public safety - police:</b>				
Salaries	16,200	8,125	8,075	15,660
Payroll taxes	1,400	622	778	1,326
Gas, oil and repairs	10,100	2,034	8,066	8,555
Insurance	3,600	-	3,600	3,594
Miscellaneous	825	2,586	(1,761)	-
Bad debts	-	7,818	(7,818)	2,534
<b>Total public safety</b>	<u>32,125</u>	<u>21,185</u>	<u>10,940</u>	<u>31,669</u>
<b>Fire department</b>				
Utilities	1,050	372	678	958
Repairs	200	948	(748)	186
Supplies	250	229	21	174
Insurance	2,200	437	1,763	2,235
Fuel, oil and grease	400	266	134	223
Professional services	-	250	(250)	1,323
Miscellaneous	2,400	338	2,062	2,081
<b>Total fire department</b>	<u>6,500</u>	<u>2,840</u>	<u>3,660</u>	<u>7,180</u>
Capital outlay	<u>7,000</u>	<u>3,000</u>	<u>4,000</u>	<u>45,000</u>
<b>Total expenditures</b>	<u>\$ 87,337</u>	<u>\$ 67,261</u>	<u>\$ 20,076</u>	<u>\$ 124,312</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
ENTERPRISE FUND  
UTILITY FUND

COMPARATIVE BALANCE SHEET  
JUNE 30, 1996

	<u>1996</u>	<u>(Memorandum Only) 1995</u>		<u>1996</u>	<u>(Memorandum Only) 1995</u>
<u>ASSETS</u>					
Current assets:			<u>LIABILITIES AND FUND EQUITY</u>		
Cash	\$ 29,175	\$ 32,130	Liabilities:		
Certificates of deposit	44,670	42,506	Current liabilities		
Accounts receivable:			(Payable from current assets):		
Customers-net of allowance			Accounts payable	\$ 4,466	\$ 9,533
for uncollectables			Current liabilities (payable from		
Others	23,890	17,832	restricted assets)		
Due from other funds	666	567	Customer deposits	28,597	28,618
Prepaid expenses	2,000	2,000	Accrued interest payable	21,352	-
Inventory	925	1,028	Total current liabilities	<u>54,415</u>	<u>38,151</u>
Total current assets	<u>3,040</u>	<u>3,346</u>	Long-term liabilities:		
	<u>104,366</u>	<u>99,409</u>	Bonds payable	566,100	-
			Total liabilities	<u>620,515</u>	<u>38,151</u>
Restricted assets:					
Consumer deposits-cash	3,672	4,889	Fund equity:		
Consumer deposits-investments	24,925	23,729	Contributed capital	2,940,931	1,818,549
Sinking fund	21,229	-	Retained earnings-		
Contingency fund	1,177	-	Unreserved	(427,029)	268,602
Reserve fund	258	-	Total fund equity	<u>2,513,902</u>	<u>2,087,151</u>
Total restricted assets	<u>51,261</u>	<u>28,618</u>			
Plant & equipment, at cost, net of			Total liabilities and fund	<u>\$ 3,134,417</u>	<u>\$ 2,125,302</u>
accumulated depreciation			equity		
(1996 \$1,401,002; 1995 \$1,260,135)	<u>2,978,790</u>	<u>1,997,275</u>			
Total assets	<u>\$ 3,134,417</u>	<u>\$ 2,125,302</u>			

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND

Utility Fund - To account for the provision of water, gas, sewer and sanitation services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, maintenance, financing and related debt service, and billings and collection.

TOWN OF WATERPROOF, LOUISIANA  
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Grant income	\$ 563,000	\$ 563,000	\$ -
Expenditures:			
Construction cost	1,003,381	1,003,381	-
Engineering	108,731	108,731	-
Administration	10,270	10,270	-
Total expenditures	<u>1,122,382</u>	<u>1,122,382</u>	<u>-</u>
Excess of revenues over expenditures	<u>(559,382)</u>	<u>(559,382)</u>	<u>-</u>
Other financing sources			
Transfers	585,778	585,778	-
Excess of revenues and other sources over expenditures	<u>26,396</u>	<u>26,396</u>	<u>-</u>
Fund balance, beginning	-	-	-
Fund balance, ending	<u>\$ 26,396</u>	<u>\$ 26,396</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
CAPITAL PROJECTS FUND

BALANCE SHEET  
JUNE 30, 1996

	<u>Grant 4505 Water System Improvement Fund</u>
<u>ASSETS</u>	
Cash - Restricted	\$ 26,396
Total assets	<u>26,396</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities	<u>-</u>
Fund equity:	
Reserved for capital improvements	<u>\$ 26,396</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
DEBT SERVICE FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL (GAAP BASIS)  
 YEAR ENDED JUNE 30, 1996  
 With Comparative Totals for June 30, 1995

	1965 Sewer Bond Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues	\$ <u>      -</u>	\$ <u>      -</u>	\$ <u>      -</u>
Expenditures:			
Interest and fiscal charges	<u>      1,308</u>	<u>      1,308</u>	<u>      1,308</u>
Excess of revenues (under) expenditures	(1,308)	(1,308)	-
Fund balance, beginning	<u>      5,592</u>	<u>      5,592</u>	<u>      -</u>
Fund balance, ending	<u>\$ 4,284</u>	<u>\$ 4,284</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1996  
With Comparative Totals for June 30, 1995

	1965 Sewer Bonds	<u>Totals</u> (Memorandum Only)	
		<u>1996</u>	<u>1995</u>
<b>Revenues:</b>			
Interest income	\$ -	\$ -	\$ 939
<b>Expenditures:</b>			
Principal retirement	-	-	6,000
Interest & fiscal charges	<u>1,308</u>	<u>1,308</u>	<u>249</u>
Total expenditures	<u>1,308</u>	<u>1,308</u>	<u>6,249</u>
<b>Excess revenues</b> (under) expenditures	(1,308)	(1,308)	(5,310)
<b>Other financing (uses):</b> Operating transfers - General Fund	<u>-</u>	<u>-</u>	<u>(30,381)</u>
<b>Excess of revenues</b> (under) expenditures and other uses	(1,308)	(1,308)	(35,691)
<b>Fund balances, beginning</b>	<u>5,592</u>	<u>5,592</u>	<u>41,283</u>
<b>Fund balances, ending</b>	<u>\$ 4,284</u>	<u>\$ 4,284</u>	<u>\$ 5,592</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

NOTES A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from 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 for the General, Debt Service and Capital Projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

6. Inventories

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

7. Amounts due from other funds

Amounts reflected as due from other funds represent short-term operating loans and are considered "available spendable resources".

8. Allowance for uncollectable accounts

Allowance for uncollectable accounts receivable at June 30, 1996 is \$8,041.

9. Restricted assets

Certain assets of the Town of Waterproof, Louisiana have been restricted for customers' deposits and bond payments and these assets total \$77,657.

10. Total columns on combined statements - overview

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in



DEBT SERVICE FUNDS

1965 Sewer Bonds Fund - to accumulate monies for payment of the \$60,000  
3.9 percent General Obligation Sewer Bonds.

TOWN OF WATERPROOF, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1996

NOTES A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions for the Town of Waterproof Louisiana for the fiscal year ended June 30, 1996:

Debt Service Fund

Bonds payable at June 30, 1995	\$ 6,000
Principal retirements	<u>(6,000)</u>
Total bonds and notes payable at June 30, 1996	<u>          -</u>

Proprietary Fund

The following is a summary of bond transactions of the Town of Waterproof for the year ended June 30, 1996:

Bonds payable at June 30, 1995	\$ -
Funds borrowed year ended June 30, 1996	<u>566,100</u>
Payable at June 30, 1996	566,100
Less: current portion	<u>          -</u>
Long-term portion	<u>\$ 566,100</u>

Bonds payable at June 30, 1996 are comprised of the following issue:

Water Revenue Bonds:

\$566,100 in revenue bonds due in annual installments of \$31,180 through July of 2035; interest at 4.5%.

The annual requirements to amortize the bonds as of June 30, 1996 are as follows:

Year Ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ -	\$ 25,475	\$ 25,475
1998	5,706	25,475	31,181
1999	5,963	25,218	31,181
2000	6,231	24,949	31,180
2001	6,512	24,669	31,181
Thereafter	<u>541,688</u>	<u>561,440</u>	<u>1,103,128</u>
Total	<u>\$ 566,100</u>	<u>\$ 687,226</u>	<u>\$ 1,253,326</u>

TOWN OF WATERPROOF, LOUISIANA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)

YEAR ENDED JUNE 30, 1996

With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance- Favorable (Unfavorable)	(Memorandum Only) 1995 Actual
	<u>Budget</u>	<u>Actual</u>		
<b>Revenues:</b>				
Taxes	\$ 20,000	\$ 19,766	\$ (234)	\$ 17,351
Licenses and permits				
Occupational licenses	14,000	15,895	1,895	15,106
Intergovernmental				
Grant-state	25,000	25,000	-	
Tobacco tax	5,600	5,619	19	5,628
Fire insurance tax	3,500	3,835	335	3,542
Beer tax	1,090	1,734	644	1,094
Fines	20,000	4,632	(15,368)	19,358
Miscellaneous	1,650	8,427	6,777	21,256
Total revenues	<u>90,840</u>	<u>84,908</u>	<u>(5,932)</u>	<u>83,335</u>
<b>Expenditures:</b>				
General government	41,712	40,236	1,476	40,463
Public safety-				
Police	32,125	21,185	10,940	31,669
Fire	6,500	2,840	3,660	7,180
Capital outlay	7,000	3,000	4,000	45,000
Total expenditures	<u>87,337</u>	<u>67,261</u>	<u>20,076</u>	<u>124,312</u>
Excess of revenues over (under) expenditures	3,503	17,647	14,144	(40,977)
Other financing sources in (out)				
Operating transfers	<u>21,500</u>	<u>(548)</u>	<u>(22,048)</u>	<u>51,899</u>
Excess of revenues and other sources over (under) expenditures	25,003	17,099	(7,904)	10,922
Fund balance, beginning	<u>22,254</u>	<u>22,254</u>	<u>-</u>	<u>11,332</u>
Fund balance, ending	<u>\$ 47,257</u>	<u>\$ 39,353</u>	<u>\$ (7,904)</u>	<u>\$ 22,254</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
GENERAL FUND

COMPARATIVE BALANCE SHEET  
YEAR ENDED JUNE 30, 1996

<u>ASSETS</u>	<u>1996</u>	(Memorandum Only) <u>1995</u>
Cash	\$ 41,174	\$ 17,810
Accounts receivable	662	6,822
Total assets	<u>41,836</u>	<u>24,632</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	483	378
Due to utility fund	2,000	2,000
Total liabilities	<u>2,483</u>	<u>2,378</u>
Fund balance-unreserved	<u>39,353</u>	<u>22,254</u>
Total liabilities and fund balance	<u>\$ 41,836</u>	<u>\$ 24,632</u>

The accompanying notes are an integral part of this statement.

GENERAL FUND

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

SECTION II - SUPPLEMENTAL INFORMATION SCHEDULES

TOWN OF WATERPROOF, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1996

NOTE J - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - CONTINUED

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage Fund</u>	<u>Backhoe and Mowing Fund</u>	<u>Total</u>
Plant, property & equipment, net additions	-	1,122,382	-	-	-	1,122,382
Net working capital	25,975	18,482	3,497	1,997	-	49,952
Total assets	1,629,897	1,159,734	219,409	125,377	-	3,134,417
Long-term liabilities payable from operating revenues	-	566,100	-	-	-	566,100
Total equity	<u>\$ 1,307,229</u>	<u>\$ 930,143</u>	<u>\$ 175,974</u>	<u>\$ 100,556</u>	<u>\$ -</u>	<u>\$ 2,513,902</u>

NOTE K - FUND EQUITY - CONTRIBUTED CAPITAL

Enterprise Fund:

Contributed capital June 30, 1995	\$ 1,818,549
Capital contributions - Federal government	<u>556,282</u>
Contributed capital June 30, 1996	<u>\$ 2,374,831</u>

TOWN OF WATERPROOF, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1996

NOTE F - AD VALOREM TAXES - CONTINUED

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Tensas Parish.

For the year ended June 30, 1996 taxes of 6.49 mills were levied on property with assessed valuations totaling \$1,264,452 and were dedicated to general corporate purposes.

Total taxes levied were \$8,206.

NOTE G - RETIREMENT COMMITMENTS

All employees are members of the social security system. The expense of the social security is reflected in payroll taxes in the various statements of income.

NOTE H - CASH AND CASH EQUIVALENTS

Under state law, the city may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 1996, the town had cash and cash equivalents according to the bank's balances totaling \$198,113 as follows:

Demand deposits	\$ 120,855
Time deposits	77,258
Total	<u>\$ 198,113</u>

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. Cash and cash equivalents bank balances at June 30, 1996 are secured 100% by insurance.

NOTE I - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The Town does not accrue unpaid vacation pay or sick pay in its financial statements. The Town's policy concerning compensation for unpaid vacation pay or sick pay is that upon termination of an employee, vacation days and sick days not previously used by the employee are not reimbursed.

NOTE J - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

	Gas <u>Fund</u>	Water <u>Fund</u>	Sewer <u>Fund</u>	Garbage <u>Fund</u>	Backhoe and Mowing <u>Fund</u>	<u>Total</u>
Operating Revenues	\$ 155,213	\$ 109,527	\$ 21,578	\$ 11,059	\$ 254	\$ 297,631
Depreciation	31,352	90,453	16,072	2,939	51	140,867
Operating income (loss)	33,758	(73,089)	(17,330)	(33,375)	(2,473)	(92,509)
Net (loss)	(57,409)	(626,078)	(7,728)	(4,416)	-	695,631



TOWN OF WATERPROOF, LOUISIANA  
ENTERPRISE FUND  
UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 1996

	<u>1996</u>	(Memorandum Only) <u>1995</u>
Operating revenues:		
Charges for services-		
Gas sales	\$ 148,360	\$ 123,404
Water sales	104,651	72,242
Sewer sales	20,656	20,988
Garbage sales	10,532	18,030
Backhoe and mowing charges	254	135
Miscellaneous revenues	13,178	9,094
Total operating revenues	<u>297,631</u>	<u>243,893</u>
Operating expenses:		
Gas department expenses	121,455	117,483
Water department expenses	182,616	143,346
Sewer department expenses	38,908	38,235
Garbage department expenses	44,434	46,497
Backhoe and mowing expenses	2,727	3,879
Total operating expenses	<u>390,140</u>	<u>349,440</u>
Operating (loss)	(92,509)	(105,547)
Nonoperating revenues (expenses):		
Interest earned	3,459	3,254
Interest expense	(21,352)	-
Total nonoperating revenues (expenses):	<u>(17,893)</u>	<u>3,254</u>
(Loss) before operating transfers	(110,402)	(102,293)
Operating transfers:		
Transfer to capital projects fund	<u>(585,229)</u>	<u>(14,458)</u>
Net (loss)	(695,631)	(116,751)
Retained earnings, beginning	<u>268,602</u>	<u>385,353</u>
Retained earnings, ending	<u>\$ (427,029)</u>	<u>\$ 268,602</u>

The accompanying notes are an integral part of this statement.

TOWN OF WATERPROOF, LOUISIANA  
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1996

With Comparative Totals for June 30, 1995

	<u>1965</u> <u>Sewer</u> <u>Bonds</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
		<u>1996</u>	<u>1995</u>
<u>ASSETS</u>			
Cash	\$ 4,284	\$ 4,284	\$ 5,441
Cash with paying agent	-	-	8,221
Total assets	<u>4,284</u>	<u>4,284</u>	<u>13,662</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Matured bonds payable	-	-	6,000
Matured interest payable	-	-	2,070
Total liabilities	<u>-</u>	<u>-</u>	<u>8,070</u>
Fund Balances:			
Unreserved-undesignated	4,284	4,284	5,592
Total fund balance	<u>4,284</u>	<u>4,284</u>	<u>5,592</u>
Total liabilities and fund balances	<u>\$ 4,284</u>	<u>\$ 4,284</u>	<u>\$ 13,662</u>

The accompanying notes are an integral part of this statement.

The Honorable Mary T. Owen, Mayor  
and Members of the Board of Aldermen  
Page Three

Our consideration of the internal control structure policies and procedures used in administering Federal Financial Assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of the board of aldermen, management, and Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana  
September 4, 1996

*Switzer, Hopkins & Marge*