



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 22, 2014

TO THE USERS OF THIS REPORT:

The Louisiana Legislative Auditor (LLA) is issuing the audit report of the Town of Ridgecrest for the fiscal year ended December 31, 2012.

The audit was performed by Silas Simmons, LLP. Silas Simmons signed the auditor's opinion on September 15, 2013, and submitted the audit report to LLA on October 25, 2013.

On December 4, 2013, LLA issued an investigative report regarding utility receipts that were not deposited into the Town's checking account. The report may be found on LLA's website at <http://lla-brdb01/Engagement/LLA/Audit.htm?ControlNumber=50130029&strReturnViewURL=back>

Information about this matter is not included in the audit report because the LLA report was issued after the date of the auditor's opinion and submission of the report to our office.

However, we feel that this matter should be disclosed in this letter, to be issued with the audit report, for the information of the users of the report.

If there are any questions, please call Joy Irwin, Director of Local Government Services, at (225) 339-3800.

Sincerely,

A handwritten signature in blue ink, which appears to read "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

DGP:lm

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 _____

TOWN OF RIDGECREST, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF RIDGECREST, LOUISIANA
Annual Financial Statements
As of and for the Year Ended December 31, 2012
With Supplemental Information Schedules

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TOWN OF RIDGECREST, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended December 31, 2012
With Supplemental Information Schedules**

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SILAS SIMMONS LLP

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INDEPENDENT AUDITOR'S REPORT

Honorable Dwayne T. Sikes, Mayor
and Members of the Board of Aldermen
Town of Ridgcrest, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ridgcrest, Louisiana as of and for the year ended December 31, 2012, which collectively comprise the Town's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ridgcrest, Louisiana as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and pages 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2013, on our consideration of the Town of Ridgcrest, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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



Natchez, Mississippi
September 15, 2013

SECTION 1
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF RIDGECREST, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

The management of the Town of Ridgcrest, Louisiana, offers readers of the Town of Ridgcrest, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended December 31, 2012 and 2011. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$1,136,628 and \$1,249,650 in 2012 and 2011, respectively
- Expenditures exceeded revenues by \$113,022 in 2012. In 2011 revenues exceeded expenditures by \$301,928
- The Town had total plant and equipment of \$1,016,456 and \$1,071,720 in 2012 and 2011, respectively
- The Town had payroll of \$94,692 and \$112,574 in 2012 and 2011, respectively

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 10-13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-25 of this report.

**TOWN OF RIDGECREST, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a condensed statement of the Town's net position

	Governmental Activities	Business-Type Activities	Totals	
			2012	2011
Current assets	\$ 99,096	\$ 56,864	\$ 155,960	\$ 234,319
Noncurrent assets – capital assets	700,970	315,486	1,016,456	1,071,720
Total assets	<u>\$ 800,066</u>	<u>\$ 372,350</u>	<u>\$ 1,172,416</u>	<u>\$ 1,306,039</u>
Current liabilities	\$ 10,465	\$ 4,664	\$ 15,129	\$ 35,779
Long-term liabilities	-	20,659	20,659	20,610
Total liabilities	<u>\$ 10,465</u>	<u>\$ 25,323</u>	<u>\$ 35,788</u>	<u>\$ 56,389</u>
Net position				
Invested in capital assets	\$ 700,970	\$ 315,486	\$ 1,016,456	\$ 1,071,720
Restricted for streets and drainage	88,159	-	88,159	169,146
Restricted for meter deposits	-	16,308	16,308	16,819
Unassigned	472	15,233	15,705	(8,035)
Total net position	<u>\$ 789,601</u>	<u>\$ 347,027</u>	<u>\$ 1,136,628</u>	<u>\$ 1,249,650</u>

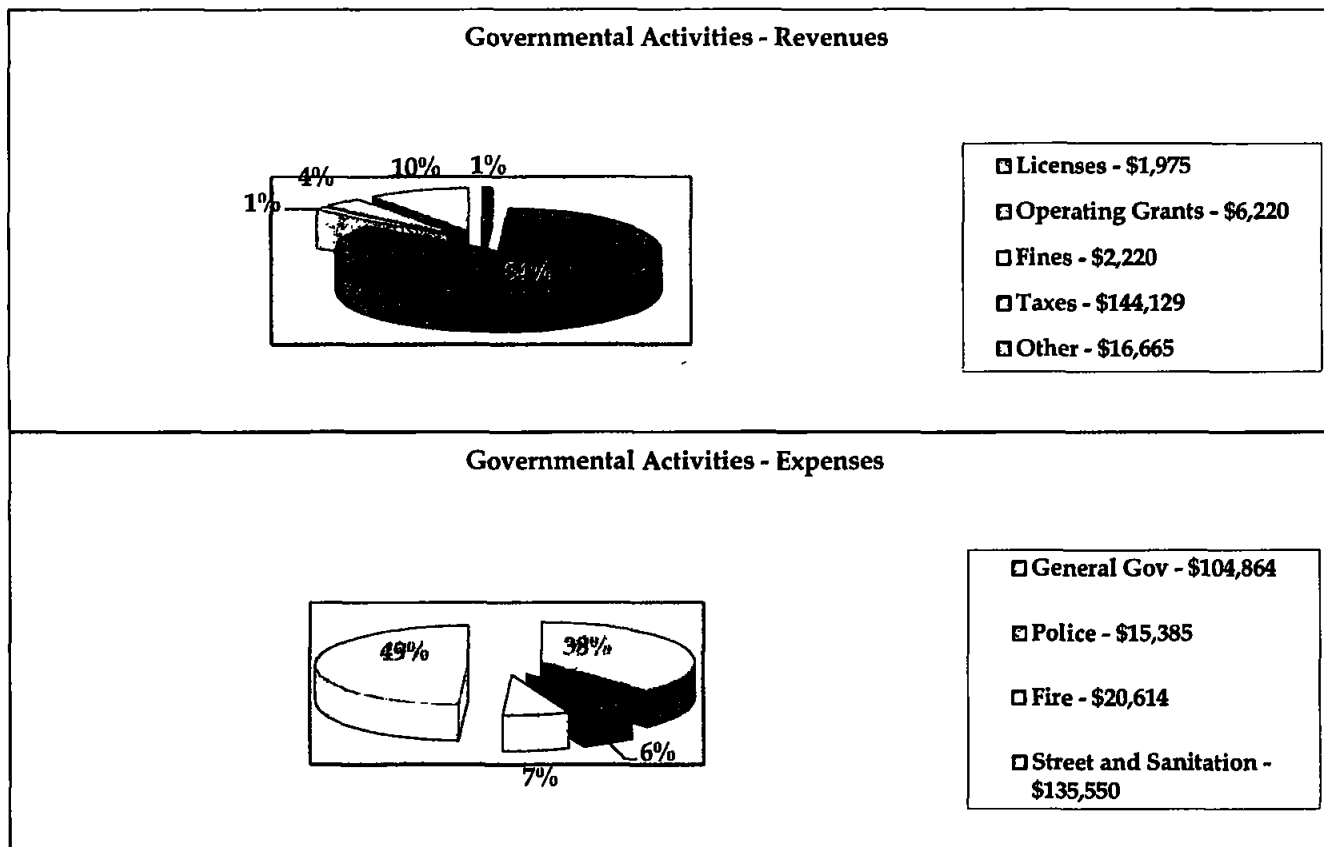
The following is a comparative summary of the statement of activities.

	Governmental Activities	Business-Type Activities	Totals	
			2012	2011
Revenues				
Program revenues	\$ 10,415	\$ 173,345	\$ 183,760	\$ 557,385
Transfers	8,830	(8,830)	-	-
Taxes and other	151,964	5	151,969	143,597
Total revenues and transfers	<u>\$ 171,209</u>	<u>\$ 164,520</u>	<u>\$ 335,729</u>	<u>\$ 700,982</u>
Expenses				
General and administrative	\$ 104,864	\$ -	\$ 104,864	\$ 136,326
Public safety	35,999	-	35,999	34,613
Street and sanitation	135,550	-	135,550	47,296
Utility operations	-	172,338	172,338	180,819
Total expenses	<u>\$ 276,413</u>	<u>\$ 172,338</u>	<u>\$ 448,751</u>	<u>\$ 399,054</u>
Increase (decrease) in net assets	\$ (105,204)	\$ (7,818)	\$ (113,022)	\$ 301,928
Net position, January 1	894,805	354,845	1,249,650	947,722
Net position, December 31	<u>\$ 789,601</u>	<u>\$ 347,027</u>	<u>\$ 1,136,628</u>	<u>\$ 1,249,650</u>

**TOWN OF RIDGECREST, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following are a graphical representation of information presented in the Statement of Activities for Governmental Activities for the year 2012:



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 and sewer) which are accounted for in the enterprise fund.

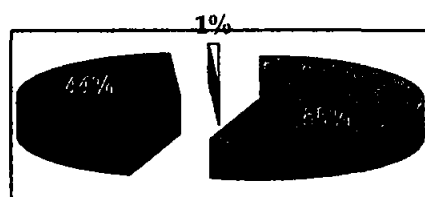
**TOWN OF RIDGECREST, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Business-Type Activities (continued)

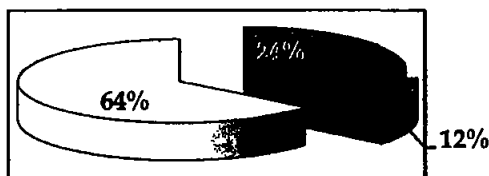
The following are graphical representations of information in the Statement of Activities for Business-type Activities

Business-Type Activities - Revenues



■ Water	- \$95,278
■ Sewer	- \$76,281
□ Other	- \$1,786

Business-Type Activities - Expenses



■ Salaries	- \$40,641
■ Depreciation	- \$20,902
□ Operating	- \$110,795

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

**TOWN OF RIDGECREST, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Comments on General Fund Budget Comparisons

The Town of Ridgcrest's budget was not amended during the last year. The budgeted expenditures were \$214,202 and the budgeted revenues were \$211,707.

Actual revenues were under budgeted amounts by \$49,581. Actual expenditures were over budgeted amounts by \$42,558.

CAPITAL ASSETS

As of December 31, 2012, the Town had \$700,970 invested in capital assets in the general fund and \$315,486 in the proprietary fund. This year the additions were as follows:

General government	
2009 Ford police car	\$ 19,000
Total	<u>\$ 19,000</u>

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

SECTION II
GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TOWN OF RIDGECREST, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 4,441	\$ 13,025	\$ 17,466
Receivables, net	3,756	27,531	31,287
Due from other governments	<u>2,740</u>	<u>-</u>	<u>2,740</u>
Total current assets	<u>\$ 10,937</u>	<u>\$ 40,556</u>	<u>\$ 51,493</u>
Noncurrent assets			
Restricted			
Cash and cash equivalents	\$ 84,859	\$ 16,308	\$ 101,167
Receivables, net	3,300	-	3,300
Capital assets	<u>700,970</u>	<u>315,486</u>	<u>1,016,456</u>
Total noncurrent assets	<u>\$ 789,129</u>	<u>\$ 331,794</u>	<u>\$ 1,120,923</u>
Total assets	<u>\$ 800,066</u>	<u>\$ 372,350</u>	<u>\$ 1,172,416</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts and other payables	\$ 10,465	\$ 4,664	\$ 15,129
Total current liabilities	<u>\$ 10,465</u>	<u>\$ 4,664</u>	<u>\$ 15,129</u>
Noncurrent liabilities			
Customer deposits	<u>\$ -</u>	<u>\$ 20,659</u>	<u>\$ 20,659</u>
Total liabilities	<u>\$ 10,465</u>	<u>\$ 25,323</u>	<u>\$ 35,788</u>
<u>NET POSITION</u>			
Invested in capital assets	\$ 700,970	\$ 315,486	\$ 1,016,456
Restricted for streets and drainage	88,159	-	88,159
Restricted for meter deposits	-	16,308	16,308
Unassigned	<u>472</u>	<u>15,233</u>	<u>15,705</u>
Total net position	<u>\$ 789,601</u>	<u>\$ 347,027</u>	<u>\$ 1,136,628</u>

The accompanying notes are an integral part of this financial statement

STATEMENT B

TOWN OF RIDGECREST, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

		<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>GOVERNMENTAL ACTIVITIES</u>						
General government	\$ 104,864	\$ 1,975	\$ 6,220	\$ (96,669)	\$ -	\$ (96,669)
Public safety						
Police	15,385	2,220	-	(13,165)	-	(13,165)
Fire	20,614	-	-	(20,614)	-	(20,614)
Sanitation	53,292	-	-	(53,292)	-	(53,292)
Road Maintenance	82,258	-	-	(82,258)	-	(82,258)
Total governmental activities	<u>\$ 276,413</u>	<u>\$ 4,195</u>	<u>\$ 6,220</u>	<u>\$ (265,998)</u>	<u>\$ -</u>	<u>\$ (265,998)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>						
Water and sewer	<u>\$ 172,338</u>	<u>\$ 173,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 1,007</u>
Total	<u>\$ 448,751</u>	<u>\$ 177,540</u>	<u>\$ 6,220</u>	<u>\$ (265,998)</u>	<u>\$ 1,007</u>	<u>\$ (264,991)</u>
General Revenues						
Taxes						
Property taxes				\$ 8,297	\$ -	\$ 8,297
Sales taxes				116,151	-	116,151
Beer taxes				676	-	676
Franchise taxes				18,005	-	18,005
Fire insurance taxes				1,000	-	1,000
Interest income				166	5	171
Miscellaneous				7,669	-	7,669
Transfers				8,830	(8,830)	-
Total general revenues and transfers				<u>\$ 160,794</u>	<u>\$ (8,825)</u>	<u>\$ 151,969</u>
Change in net position				<u>\$ (105,204)</u>	<u>\$ (7,818)</u>	<u>\$ (113,022)</u>
Net position - January 1, 2012				<u>894,805</u>	<u>354,845</u>	<u>1,249,650</u>
Net position - December 31, 2012				<u>\$ 789,601</u>	<u>\$ 347,027</u>	<u>\$ 1,136,628</u>

The accompanying notes are an integral part of this financial statement

SECTION III
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF RIDGECREST, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Public Works Fund</u>	<u>Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 4,441	\$ -	\$ 4,441
Cash - restricted	-	84,859	84,859
Receivables			
Ad valorem tax	3,756	-	3,756
Sales tax - restricted	-	3,300	3,300
Due from other governmental units	2,740	-	2,740
Total assets	<u>\$ 10,937</u>	<u>\$ 88,159</u>	<u>\$ 99,096</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts and other payables	\$ 10,465	\$ -	\$ 10,465
Total liabilities	<u>\$ 10,465</u>	<u>\$ -</u>	<u>\$ 10,465</u>
Fund balances			
Restricted for streets and drainage	\$ -	\$ 88,159	\$ 88,159
Unassigned	472	-	472
Total fund balances	<u>\$ 472</u>	<u>\$ 88,159</u>	<u>\$ 88,631</u>
Total liabilities and fund balances	<u>\$ 10,937</u>	<u>\$ 88,159</u>	<u>\$ 99,096</u>

The accompanying notes are an integral part of this financial statement

**TOWN OF RIDGECREST, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2012**

Total fund balances for governmental funds (Statement C)	\$	88,631
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Total net position reported for governmental activities in the statement of net position is different because

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

Land		1,700
Buildings, net of \$46,801 accumulated depreciation		16,201
Equipment, net of \$364,266 accumulated depreciation		67,561
Infrastructure, net of \$198,944 accumulated depreciation		<u>615,508</u>

Total net position of governmental activities (Statement A)	\$	<u>789,601</u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF RIDGECREST, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Public Works Fund</u>	<u>Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 78,896	\$ 65,233	\$ 144,129
Licenses and permits	1,975	-	1,975
Intergovernmental			
State funds	6,220	-	6,220
Fines and forfeitures	2,220	-	2,220
Interest income	51	115	166
Other	<u>7,669</u>	<u>-</u>	<u>7,669</u>
Total revenues	<u>\$ 97,031</u>	<u>\$ 65,348</u>	<u>\$ 162,379</u>
<u>EXPENDITURES</u>			
Current			
General government	\$ 100,205	\$ -	\$ 100,205
Public safety			
Police	5,856	-	5,856
Fire	1,732	-	1,732
Sanitation	33,000	-	33,000
Road Maintenance	-	82,258	82,258
Capital outlay	<u>19,000</u>	<u>-</u>	<u>19,000</u>
Total expenditures	<u>\$ 159,793</u>	<u>\$ 82,258</u>	<u>\$ 242,051</u>
(Excess) of expenditures over revenues	<u>\$ (62,762)</u>	<u>\$ (16,910)</u>	<u>\$ (79,672)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers in	\$ 72,907	\$ 169,146	\$ 242,053
Transfers (out)	<u>(169,146)</u>	<u>(64,077)</u>	<u>(233,223)</u>
Total other financing sources	<u>\$ (96,239)</u>	<u>\$ 105,069</u>	<u>\$ 8,830</u>
Net change in fund balances (deficit)	\$ (159,001)	\$ 88,159	\$ (70,842)
Fund balances, beginning of year	<u>159,473</u>	<u>-</u>	<u>159,473</u>
Fund balances, end of year	<u>\$ 472</u>	<u>\$ 88,159</u>	<u>\$ 88,631</u>

The accompanying notes are an integral part of this financial statement

**TOWN OF RIDGECREST, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Net change in fund balances, total governmental funds, (Statement E) \$ (70,842)

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 allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlay	\$	19,000	
Depreciation expense		<u>(53,362)</u>	<u>(34,362)</u>

Total change in net position per statement of activities, (Statement B) \$ (105,204)

PROPRIETARY FUNDS

**TOWN OF RIDGECREST, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012**

ASSETS

Current assets	<u>Utility Fund</u>
Cash and cash equivalents	\$ 13,025
Accounts receivable, net of allowance	<u>27,531</u>
Total current assets	<u>\$ 40,556</u>
Noncurrent assets	
Restricted assets	
Cash and cash equivalents	\$ 16,308
Capital assets, net of accumulated depreciation	<u>315,486</u>
Total noncurrent assets	<u>\$ 331,794</u>
Total assets	<u>\$ 372,350</u>

LIABILITIES

Current liabilities (payable from current assets)	
Accounts and other payables	<u>\$ 4,664</u>
Noncurrent liabilities (payable from restricted assets)	
Customers' deposits	<u>\$ 20,659</u>
Total liabilities	<u>\$ 25,323</u>

NET POSITION

Invested in capital assets, net of related debt	\$ 315,486
Restricted for meter deposits	16,308
Unassigned	<u>15,233</u>
Total net position	<u>\$ 347,027</u>

The accompanying notes are an integral part of this financial statement

TOWN OF RIDGECREST, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Major Fund</u>
	<u>Utility Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services	\$ 173,345
<u>OPERATING EXPENSES</u>	
Salaries	\$ 40,641
Operating expenses	110,795
Depreciation	<u>20,902</u>
Total operating expenses	\$ 172,338
Operating Income	\$ 1,007
Nonoperating Revenues	
Interest income	<u>5</u>
Income before transfers	\$ 1,012
Transfers out	<u>(8,830)</u>
Change in Net Position	\$ (7,818)
Net position, beginning of year	<u>354,845</u>
Net position, end of year	<u>\$ 347,027</u>

The accompanying notes are an integral part of this financial statement

**TOWN OF RIDGECREST, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Cash Flows from Operating Activities

Cash received from customers	\$ 172,926
Cash payments to suppliers for goods and services	(116,736)
Cash payments to employees for services	<u>(40,641)</u>
Net cash provided by operating activities	<u>\$ 15,549</u>

Cash Flows from Noncapital Financing Activities

Operating transfers from other funds	\$ (8,830)
Increase in consumer deposits	<u>49</u>
Net cash used for noncapital financing activities	<u>\$ (8,781)</u>

Cash Flows from Investing Activities

Interest income	\$ 70
Net cash provided by investing activities	<u>\$ 70</u>

Net increase in cash and cash equivalents	\$ 6,838
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Cash and cash equivalents, beginning of year	<u>22,495</u>
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Cash and cash equivalents, end of year	<u><u>\$ 29,333</u></u>
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**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

Operating income	\$ 1,007
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**Adjustments to Reconcile Operating Income
to Net Cash Provided by Operating Activities**

Depreciation	20,902
Change in assets and liabilities	
(Increase) in accounts receivable	(419)
(Decrease) in accounts payable	<u>(5,941)</u>

Net cash provided by operating activities	<u><u>\$ 15,549</u></u>
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The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

INTRODUCTION

- 1 The Town of Ridgecrest, Louisiana is a municipal corporation governed by an elected mayor
- 2 The Town of Ridgecrest, Louisiana was incorporated under the provisions of the Lawrason Act as a Town in 1962
- 3 The purpose of the municipality is to provide utility services, public safety (police and fire), streets, sanitation, and general administrative services
- 4 The Board of Aldermen consists of five elected members
- 5 The Town is located in the northeast portion of Concordia Parish, Louisiana Concordia Parish is located in east central Louisiana
- 6 The population of Ridgecrest, Louisiana is approximately 835 persons
- 7 The Town of Ridgecrest, Louisiana has three full time employees
- 8 The Town of Ridgecrest, Louisiana has approximately 300 utility customers

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

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 meeting 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 RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 and fiduciary 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. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current 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 Public Works Fund is a major fund that provides sales tax funds for construction and maintaining roads and streets in the Town.

The municipality reports the following major proprietary funds:

The Proprietary Fund accounts for all financial resources used in the water and sewer enterprises operated by the Town.

**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 payments-in-lieu of taxes and other charges between the government's 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. Operating expenses for enterprise funds and internal service 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.

C. Deposits and Investments

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

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectives. The allowance account is recorded when information is available indicating the uncollectibility of the particular receivable.

**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Receivables and Payables (continued)

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Taxes due for General alimony	5.48	5.48

The General Fund accounts for the 1% sales tax approved by the voters in 1977. The sales tax was renewed by the voters in January of 1988 and January of 2003 for 15 years. The tax is restricted to the operation of a solid waste program.

The General Fund also accounts for an additional 1 ½% tax passed in 2005, with collections beginning in 2006, with the proceeds to be used for repayment of construction and maintenance of roads and streets in the Town.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Restricted assets consist of cash deposited by utility customers as meter deposits and cash deposited by the Town for street maintenance.

G. 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. The municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Streets and parking areas	40 years
Buildings	40 years
Equipment	5 - 15 years

**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

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

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. At December 31, 2012, there was no liability for compensated absences recorded.

I. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact,
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation,
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint,
- Assigned fund balance - amounts a government intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority,
- Unassigned fund balance - amounts that are available for any purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes)

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

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

**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information - The municipality uses the following budget practices:

- 1 The Town prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than 15 days prior to the beginning of each fiscal year. The Town approves a budget for the general fund only.
- 2 A summary of the proposed budget is published and the public notified that the proposed budget is available for the public inspection. At the same time, a public hearing is called.
- 3 A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- 4 After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5 Budgetary amendments involving the transfer 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.

NOTE 3 - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 2012:

Demand deposits	\$ <u>118,633</u>
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**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

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

At December 31, 2012, the primary government has \$118,633 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance.

NOTE 4 - RECEIVABLES

The following is a summary of current receivables for December 31, 2012:

	Governmental Activities	Business- Type Activities	Total
Ad valorem taxes	\$ 7,056	\$ -	\$ 7,056
Utilities	-	27,531	27,531
Due from other governments	2,740	-	2,740
Less allowance for bad debts	-	-	-
Total	<u>\$ 9,796</u>	<u>\$ 27,531</u>	<u>\$ 37,327</u>

NOTE 5 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,700	\$ -	\$ -	\$ 1,700
Total capital assets not being depreciated	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700</u>
Capital assets being depreciated				
Buildings	\$ 63,002	\$ -	\$ -	\$ 63,002
Equipment	415,666	19,000	-	434,666
Streets	811,613	-	-	811,613
Total capital assets being depreciated	<u>\$ 1,290,281</u>	<u>\$ 19,000</u>	<u>\$ -</u>	<u>\$ 1,309,281</u>
Less accumulated depreciation for				
Buildings	\$ (46,076)	\$ (725)	\$ -	\$ (46,801)
Equipment	(331,921)	(32,345)	-	(364,266)
Streets	(178,652)	(20,292)	-	(198,944)
Total accumulated depreciation	<u>\$ (556,649)</u>	<u>\$ (53,362)</u>	<u>\$ -</u>	<u>\$ (610,011)</u>
Total capital assets being depreciated, net	<u>\$ 733,632</u>	<u>\$ (34,362)</u>	<u>\$ -</u>	<u>\$ 699,270</u>
Governmental activities capital assets	<u>\$ 735,332</u>	<u>\$ (34,362)</u>	<u>\$ -</u>	<u>\$ 700,970</u>

**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation expense of \$53,362 for 2012 was charged as follows

General government	\$ 4,659
Fire	18,882
Police	9,529
Streets	<u>20,292</u>
Total depreciation	<u>\$ 53,362</u>

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated				
Equipment	\$ 1,188,419	\$ -	\$ -	\$ 1,188,419
Less accumulated depreciation for				
Equipment	\$ (867,031)	\$ (20,902)	\$ -	\$ (887,933)
Total capital assets being	\$ 321,388	\$ (20,902)	\$ -	\$ 300,486
depreciated, net				
Total business-type activities assets	\$ 336,388	\$ (20,902)	\$ -	\$ 315,486

Depreciation expense of \$20,902 for the year ended December 31, 2012, was charged to the proprietary fund

NOTE 6 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in December and payable by June 15 of the following year. The Concordia Parish Assessor prepares a list of property taxes due the Town, but the Town is responsible for billings and collections. The Town's total millage is 5.48 mills and is dedicated to the general fund.

NOTE 7 - RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at December 31, 2012

Customer meter deposits	<u>\$ 16,308</u>
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**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 8 - ACCOUNTS AND OTHER PAYABLES

Accounts and other payables at June 30, 2012, are as follows

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Accounts	\$ 6,170	\$ 2,518	\$ 8,688
Payroll taxes	<u>4,295</u>	<u>2,146</u>	<u>6,441</u>
Total	<u>\$ 10,465</u>	<u>\$ 4,664</u>	<u>\$ 15,129</u>

NOTE 9 - RETIREMENT COMMITMENTS

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

NOTE 10 - RISK MANAGEMENT

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

NOTE 11 - COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the Town of Ridgcrest, Louisiana consists of a Mayor, who serves with no compensation, and five Aldermen. For the year ended December 31, 2012, the Aldermen's compensation was as follows:

Courtney Thompson, Alderperson	\$ 1,800
Wanda Smith, Alderperson	1,800
Robert Maples, Alderman	1,800
Cindy Halford, Alderperson	1,650
Jamie Harrison, Alderperson	1,800
Bobby Shepard, Alderman	<u>150</u>
Total	<u>\$ 9,000</u>

SECTION IV
ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF RIDGECREST, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 96,988	\$ 96,988	\$ 81,943	\$ (15,045)
Licenses and permits	1,750	1,750	1,975	225
Intergovernmental	38,002	38,002	6,220	(31,782)
Fines	1,200	1,200	2,220	1,020
Interest	50	50	51	1
Miscellaneous	3,360	3,360	7,669	4,309
Total revenues	<u>\$ 141,350</u>	<u>\$ 141,350</u>	<u>\$ 100,078</u>	<u>\$ (41,272)</u>
Expenditures				
General government	\$ 96,192	\$ 96,192	\$ 114,914	\$ (18,722)
Public safety:				
Police	7,975	7,975	5,856	2,119
Fire	8,402	8,402	1,732	6,670
Sanitation	14,400	14,400	33,000	(18,600)
Capital outlay	-	-	19,000	(19,000)
Total expenditures	<u>\$ 126,969</u>	<u>\$ 126,969</u>	<u>\$ 174,502</u>	<u>\$ (47,533)</u>
(Deficiency) of revenues over expenditures	<u>\$ 14,381</u>	<u>\$ 14,381</u>	<u>\$ (74,424)</u>	<u>\$ (88,805)</u>
Other financing sources				
Operating transfers in	\$ -	\$ -	\$ 72,907	\$ 72,907
Operating transfers out	(12,131)	(12,131)	(169,146)	(157,015)
Total other financing sources	<u>\$ (12,131)</u>	<u>\$ (12,131)</u>	<u>\$ (96,239)</u>	<u>\$ (84,108)</u>
Net changes in fund balances	\$ 2,250	\$ 2,250	\$ (170,663)	\$ (172,913)
Fund balance, beginning	<u>175,104</u>	<u>175,104</u>	<u>175,104</u>	<u>-</u>
Fund balance, ending	<u>\$ 177,354</u>	<u>\$ 177,354</u>	<u>\$ 4,441</u>	<u>\$ (172,913)</u>

See Independent Auditor's Report

TOWN OF RIDGECREST, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - PUBLIC WORKS FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 70,357	\$ 70,357	\$ 61,933	\$ (8,424)
Interest	-	-	115	115
Total revenues	<u>\$ 70,357</u>	<u>\$ 70,357</u>	<u>\$ 62,048</u>	<u>\$ (8,309)</u>
Expenditures				
Road maintenance	<u>\$ 87,233</u>	<u>\$ 87,233</u>	<u>\$ 82,258</u>	<u>\$ 4,975</u>
Total expenditures	<u>\$ 87,233</u>	<u>\$ 87,233</u>	<u>\$ 82,258</u>	<u>\$ 4,975</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (16,876)</u>	<u>\$ (16,876)</u>	<u>\$ (20,210)</u>	<u>\$ (3,334)</u>
Other financing sources				
Operating transfers in	\$ -	\$ -	\$ 169,146	\$ 169,146
Operating transfers (out)	-	-	(64,077)	(64,077)
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,069</u>	<u>\$ 105,069</u>
Net changes in fund balances	\$ (16,876)	\$ (16,876)	\$ 84,859	\$ 101,735
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ (16,876)</u>	<u>\$ (16,876)</u>	<u>\$ 84,859</u>	<u>\$ 101,735</u>

See Independent Auditor's Report

**TOWN OF RIDGECREST, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1 Basis of Presentation

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

2 Budget Amendments and Revisions

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

3 Budget/GAAP Basis Reconciliation

The differences 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:

	General Fund	Public Works Fund
Net changes in fund balance – budget basis (deficit)	\$ (170,663)	\$ 84,859
Increase (decrease)		
Net adjustment for revenue accruals	(3,047)	3,300
Net adjustments for expenditure accruals	14,709	-
Net change in fund balance – GAAP basis (deficit)	<u>\$ (159,001)</u>	<u>\$ 88,159</u>

See Independent Auditor's Report

SECTION V
REPORTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE



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

Honorable Dwayne T Sikes, Mayor
and Members of the Board of Aldermen
Town of Ridgcrest, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Ridgcrest, Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Town of Ridgcrest, Louisiana's basic financial statements and have issued our report thereon dated September 15, 2013

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. The findings we described are listed as 2012-1, 2012-2, and 2012-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Ridgecrest, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as items 2012-4, 2012-5, 2012-6, and 2012-7.

Town of Ridgecrest, Louisiana's Response to Findings

Town of Ridgecrest, Louisiana's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Ridgecrest, Louisiana's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Management of the Town of Ridgecrest, 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.



Natchez, Mississippi
September 15, 2013

**SECTION VI
SCHEDULE OF FINDINGS
AND
QUESTIONED COSTS**

**TOWN OF RIDGECREST, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial statements

- | | | |
|---|---|-------------|
| 1 | Type of auditor's report issued on the financial statements | Unqualified |
| 2 | Internal control over financial reporting | |
| a | Material weakness(es) identified? | Yes |
| b | Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3 | Material noncompliance relating to the financial statements? | Yes |

**TOWN OF RIDGECREST, LOUISIANA
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Ref No</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section I - Internal Control and Compliance Material to the Financial Statements				
2011-1	Years ago	<u>SEGREGATION OF DUTIES</u> We noted that the Town does not have adequate segregation of duties. The Town Clerk has duties that include billing customers, collecting and depositing all accounts receivable, compiling general ledgers and subsidiary ledgers, reconciling the bank accounts, and preparing the general ledgers. These duties should be broken up and given to more than one person.	No	N/A
2011-2	2011	<u>CONTROLS OVER FINANCIAL REPORTING</u> The Louisiana Legislative Auditor issued a "Compliance Audit Report" (LLAAS) on May 30, 2012, end of the fiscal year ended, detailing numerous compliance issues and recommendations for improvements in controls.	No	12-31-13
2011-3	2011	<u>ACCURACY OF FINANCIAL REPORTS</u> The general ledgers for 2011 were not correct. The beginning balances did not include accounts with credit balances and many adjustments had to be recommended and made in order to create a meaningful general ledger.	Yes	This finding has been corrected.

**TOWN OF RIDGECREST, LOUISIANA
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Ref No</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section I – Internal Control and Compliance Material to the Financial Statements. (continued)				
2011-4	2010	<u>RECONCILEMENT OF ACCOUNTS RECEIVABLE</u> Proprietary fund accounts receivable per the general ledger were not reconciled to the accounts receivable per the subsidiary ledger during the year. Also deposits recorded in the payment register do not agree with the deposits made to the bank. The differences were as follows: Deposits per payment register \$ 136,518 Deposits made to bank		

Section II – Internal Control and Compliance Material to Federal Awards

None

Section III – Management Letter

None

**TOWN OF RIDGECREST, LOUISIANA
CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Ref No</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I - Internal Control and Compliance Material to the Financial Statements				
2012-1	<u>SEGREGATION OF DUTIES</u> We noted that the Town does not have adequate segregation of duties. The Town Clerk has duties that include billing customers, collecting and depositing all accounts receivable, compiling general ledgers and subsidiary ledgers, reconciling the bank accounts, and preparing the general ledgers. These duties should be broken up and given to more than one person. <u>Recommendation</u> We recommend that an attempt be made to strengthen internal control problems created by having fewer employees.	Management indicated that it would not be cost efficient or feasible to increase the number of employees.	Dorothy Gatlin	N/A
2012-2	<u>CONTROLS OVER FINANCIAL REPORTING</u> The Louisiana Legislative Auditor issued a "Compliance Audit Report" (LLAAS) on May 30, 2012, detailing numerous compliance issues and recommendations for improvements in controls. <u>Recommendation</u> We recommend that the Town address all issues detailed in the Legislative Auditor's "Compliance Audit Report."	The Mayor and Board of Aldermen plan to correct all compliance issues and recommendations prior to the end of the fiscal year ended December 31, 2013.	Dorothy Gatlin	12-31-13

**TOWN OF RIDGECREST, LOUISIANA
CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Ref No</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>								
Section I – Internal Control and Compliance Material to the Financial Statements (continued)												
2012-3	<u>RECONCILEMENT OF ACCOUNTS RECEIVABLE</u> Utility fund accounts receivable per the general ledger was not reconciled to the subsidiary ledger during the year. The differences at year end before adjustments were as follows <table><tr><td>Balance per general ledger</td><td>\$ 29,041</td></tr><tr><td>Balance per subsidiary ledger</td><td><u>22,193</u></td></tr><tr><td>Unreconciled difference</td><td><u>\$ 6,848</u></td></tr></table> <u>Recommendation</u> We recommend that the accounts receivable reported in the general ledger be reconciled with the accounts receivable in the subsidiary ledger at least monthly	Balance per general ledger	\$ 29,041	Balance per subsidiary ledger	<u>22,193</u>	Unreconciled difference	<u>\$ 6,848</u>	The Town plans to reconcile in the future all accounts receivable	Dorothy Gatlin	12-31-13		
Balance per general ledger	\$ 29,041											
Balance per subsidiary ledger	<u>22,193</u>											
Unreconciled difference	<u>\$ 6,848</u>											
2012-4	<u>SALES TAX COVENANT – ROAD TAX</u> The Town of Ridgecrest has a 1 ½ % sales tax and the proceeds are dedicated for construction, hard surfacing, improving, and/or maintaining public roads and streets. Incidental drainage may also be provided with these funds. The sales tax provided \$65,233 in revenue this year and is reported in the public works fund During 2012, the Town made three transfers of these funds from the special revenue fund to the general fund. These transfers were as follows <table><tr><td>6/30/2012</td><td>\$ 27,667</td></tr><tr><td>11/29/2012</td><td>28,110</td></tr><tr><td>12/17/2012</td><td><u>8,300</u></td></tr><tr><td></td><td><u>\$ 64,077</u></td></tr></table> These transfers to the general fund appear to be violations of the sales tax proposition which is for construction, hard surfacing, improving, and/or maintaining roads and streets <u>Recommendation</u> We recommend that the Town review the covenants to the 1 ½% sales tax proposition and comply with the covenants in the future	6/30/2012	\$ 27,667	11/29/2012	28,110	12/17/2012	<u>8,300</u>		<u>\$ 64,077</u>	Management intends to comply with the sales tax covenants in the future	Dorothy Gatlin	12-31-13
6/30/2012	\$ 27,667											
11/29/2012	28,110											
12/17/2012	<u>8,300</u>											
	<u>\$ 64,077</u>											

**TOWN OF RIDGECREST, LOUISIANA
CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Ref No</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>								
Section I - Internal Control and Compliance Material to the Financial Statements (continued)												
2012-5	<u>SALES TAX COVENANTS - GARBAGE TAX</u> The Town of Ridgcrest has a 1% sales tax and the proceeds are dedicated for a solid waste collection and disposal program. The sales tax provided \$50,917 in revenue this year and is reported in the general fund. During 2012, the Town co-mingled these funds in the general fund. The summary of this solid waste operation is as follows: <table><tr><td>Sales tax collected</td><td>\$ 50,917</td></tr><tr><td>Garbage collection expenses</td><td><u>33,000</u></td></tr><tr><td>Excess restricted funds</td><td><u>\$ 17,917</u></td></tr></table> These excess funds were used in the general fund and thus appears to be a violation of the sales tax proposition. <u>Recommendation</u> We recommend that the Town review the 1% sales tax proposition and comply with the covenants in the future.	Sales tax collected	\$ 50,917	Garbage collection expenses	<u>33,000</u>	Excess restricted funds	<u>\$ 17,917</u>	Management intends to comply with the sales tax covenants in the future	Dorothy Gatlin	12-31-13		
Sales tax collected	\$ 50,917											
Garbage collection expenses	<u>33,000</u>											
Excess restricted funds	<u>\$ 17,917</u>											
2012-6	<u>BUDGET LAW VIOLATION</u> Louisiana Revised Statute 39:1311 requires that expenditures be no more than 5% greater than the amount budgeted. The general fund expenditures were 38% greater than the budget. The amounts budgeted and spent were as follows: <table><tr><td>Budgeted expenditures</td><td>\$ 126,969</td></tr><tr><td>Actual expenditures</td><td><u>174,502</u></td></tr><tr><td>Excess of actual over budget</td><td><u>\$ 47,533</u></td></tr><tr><td>Percent over budget</td><td>38%</td></tr></table> <u>Recommendation</u> We recommend that the Town adopts a budget and monitor its expenditures closely during the year and make amendments to the budget when changes are needed.	Budgeted expenditures	\$ 126,969	Actual expenditures	<u>174,502</u>	Excess of actual over budget	<u>\$ 47,533</u>	Percent over budget	38%	The Town plans to adopt and amend its budget when necessary in the future	Dorothy Gatlin	12-31-13
Budgeted expenditures	\$ 126,969											
Actual expenditures	<u>174,502</u>											
Excess of actual over budget	<u>\$ 47,533</u>											
Percent over budget	38%											

**TOWN OF RIDGECREST, LOUISIANA
CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Ref No</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Section I – Internal Control and Compliance Material to the Financial Statements (continued)				
2012-7	<u>LATE FILING OF AUDIT REPORT</u> The Town is required to submit and audit its financial statements to the Louisiana Legislative Auditor within six months of its year end. This December 31, 2012, audit was due to be filed no later than June 30, 2013, however, it is filed in October of 2013. The auditor was not engaged timely enough for the audit to be completed on time. <u>Recommendation</u> We recommend that the Town engage an auditor in time for the audit to be complete by the due date. Also the auditor must receive books and records timely.	The Mayor and the Board of Aldermen plan to assure that the year ended December 31, 2013, audit is timely filed with the Louisiana Legislative Auditor.	Dorothy Gatlin	12-31-13

Section II – Internal Control and Compliance Material to Federal Awards

None

Section III – Management Letter

None