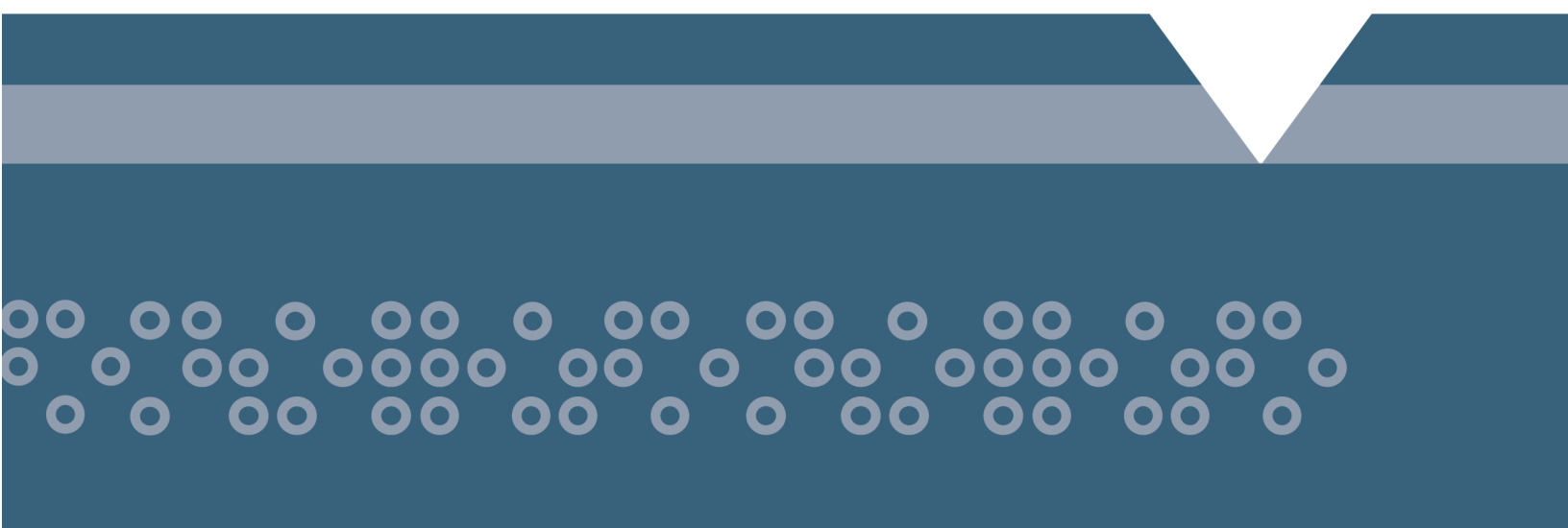


**Town of Rayville, Louisiana**  
Annual Financial Statements

As of June 30, 2023 and for the Year then Ended



**HMV**  
CERTIFIED PUBLIC  
ACCOUNTANTS

**TOWN OF RAYVILLE, LOUISIANA**  
**ANNUAL FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**  
**WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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**TOWN OF RAYVILLE, LOUISIANA**  
**ANNUAL FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**  
**WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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REGIONS TOWER  
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
318.429.1525 (P) | 318.429.2124 (F)

To the Honorable Mayor Harry Lewis  
and the Members of the Town Council  
Town of Rayville, Louisiana

### **Independent Auditor's Report**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Rayville, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, and each major fund of the Town of Rayville, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Rayville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Rayville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Rayville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Rayville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 –11, budgetary comparison information on pages 51 – 53, schedule of Town's proportionate share of net position liability on page 54, and schedule of Town's contributions on page 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rayville's basic financial statements. The accompanying schedule of compensation and benefits on page 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report, dated December 29, 2023, on our consideration of the Town of Rayville'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Rayville's 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 of Rayville's internal control over financial reporting and compliance.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana  
December 29, 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2023

The management of the Town of Rayville, Louisiana offers readers of the Town of Rayville, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

### **Overview of the Financial Statements**

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

### **Government-Wide Financial Statements**

Government-wide financial statements are designed to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seeks to give the user of the financial statements a broad overview of the Town's financial condition and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the Police and Fire Departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Departments.

## Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial condition. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$12,503,349 (net position); this represents an increase of \$224,309 from last fiscal year. Of this total net position amount, (\$789,853) is negative unrestricted net position. The Town's net position is comprised of \$5,486,068 from governmental activities and \$7,017,281 from business-type activities.

The following is a condensed statement of the Town of Rayville's net position as of June 30, 2023:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current and other assets	2,241,722	1,814,777	4,056,499
Capital assets (net)	<u>5,786,074</u>	<u>13,559,857</u>	<u>19,345,931</u>
Total assets	8,027,796	15,374,634	23,402,430
Deferred outflows of resources	<u>857,279</u>	<u>209,244</u>	<u>1,066,523</u>
Total assets and deferred outflows of resources	8,885,075	15,583,878	24,468,953
<b>Liabilities</b>			
Other liabilities	311,934	774,347	1,086,281
Long-term liabilities	<u>2,463,122</u>	<u>7,772,677</u>	<u>10,235,799</u>
Total liabilities	2,775,056	8,547,024	11,322,080
Deferred inflows of resources	<u>623,951</u>	<u>19,573</u>	<u>643,524</u>
Total liabilities and deferred inflows of resources	3,399,007	8,566,597	11,965,604
<b>Net position</b>			
Net invested in capital assets	5,383,094	6,892,602	12,275,696
Restricted	740,841	276,665	1,017,506
Unrestricted	<u>(637,867)</u>	<u>(151,986)</u>	<u>(789,853)</u>
Total net position	<u><u>5,486,068</u></u>	<u><u>7,017,281</u></u>	<u><u>12,503,349</u></u>

By far the largest portion of the Town's net position (\$12,275,696 or 98%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining balance, (8% or \$1,017,506) is restricted net positions and (-6% or -\$789,853) is unrestricted net positions.

The Town has total outstanding debt of \$7,734,227, which was used to finance some of the \$19,345,931 capital assets. Total liabilities of \$11,322,080 are equal to 91% of the total net positions.



The Town's governmental activities decreased net positions by \$93,050 while the business type activities increased net positions by \$317,359.

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Revenue:</u>			
Program revenue	1,320,832	2,066,678	3,387,510
General revenue	<u>2,892,488</u>	<u>14,532</u>	<u>2,907,020</u>
Total revenue	4,213,320	2,081,210	6,294,530
<u>Expenses:</u>			
General and administrative	1,120,219	-	1,120,219
Public safety	1,517,809	-	1,517,809
Public works	1,212,025	-	1,212,025
Recreation	95,677	-	95,677
Airport	187,596	-	187,596
Utility	<u>-</u>	<u>1,936,895</u>	<u>1,936,895</u>
Total expenses	<u>4,133,326</u>	<u>1,936,895</u>	<u>6,070,221</u>
<u>Excess (deficiency) of revenues over expenditures</u>	79,994	144,315	224,309
Transfers	<u>(173,044)</u>	<u>173,044</u>	<u>-</u>
<u>Increase (decrease) in net positions</u>	(93,050)	317,359	224,309
<u>Net positions June 30, 2022</u>	<u>5,579,118</u>	<u>6,699,922</u>	<u>12,279,040</u>
<u>Net positions June 30, 2023</u>	<u>5,486,068</u>	<u>7,017,281</u>	<u>12,503,349</u>

Governmental revenues in the current and prior fiscal year are comprised of the following:

	<u>Year End</u> <u>June 30, 2023</u>	<u>Year End</u> <u>June 30, 2022</u>
<u>Program revenues:</u>		
Rents and fees	17,480	21,355
Fines	134,514	137,392
User fees	409,008	372,682
Operating grants	731,673	70,388
Capital grants	<u>28,157</u>	<u>579,493</u>
Total program revenue	<u>1,320,832</u>	<u>1,181,310</u>
<u>General revenues:</u>		
Property taxes	336,176	337,045
Sales taxes	2,002,207	1,908,474
Franchise and insurance taxes	145,328	135,974
Other tax and licenses	198,501	183,908
Investment earnings	11,450	3,385
Other general revenues	47,239	63,111
Intergovernmental	<u>151,587</u>	<u>137,035</u>
Total general revenues	<u>2,892,488</u>	<u>2,768,932</u>

### **Governmental Activities**

The governmental activities of the Town include General Government, Public Safety, Public Works, Recreation, Airport, and Industrial Development. Revenues normally associated with municipal operations are sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants.

### **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 one business-type activity which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenues and expenses related to the provision of water and sewer services.

**Fund Financial Statements – Town of Rayville – All Funds**

An analysis of the individual funds of the Town for the fiscal year is outlined below:

	Governmental Funds				
	General Fund	Sales Tax Fund	Industrial Park Fund	Capital Projects Fund	Water & Sewer Fund
Revenues	2,163,031	2,002,589	208	-	1,439,363
Expenditures	4,274,822	15,246	-	47,970	1,750,062
Excess (deficiency) of revenues	(2,111,791)	1,987,343	208	(47,970)	(310,699)
Operating loss	-	-	-	-	-
Other financial sources (uses)	2,018,439	(1,852,046)	-	47,970	809,333
Non-operating revenue (expenses)	-	-	-	-	(181,275)
Net change	(93,352)	135,297	208	-	317,359
Beginning fund balance or net position	1,003,625	330,791	43,224	-	6,699,922
Ending fund balance or net position	910,273	466,088	43,432	-	7,017,281

**Fund Financial Statements – Governmental Funds**

The fund financial statements provide more detailed information about the Town’s most significant funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains three individual governmental funds (General Fund, Special Revenue – Sales Tax, Special Revenue – Economic Development, and Capital Projects Fund). Each fund is considered a major fund. Information is presented separately for each fund as outlined in the table of contents.

The Town adopts an annual budget for the General Fund, the Special Revenue – Sales Tax Fund, the Special Revenue – Economic Development Fund, and the Capital Projects Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund, the Special Revenue – Sales Tax Fund, and the Special Revenue – Economic Development Fund are presented in the Required Supplemental Information (Part II), which compares actual revenues and expenditures to the budget figures.

**Financial Analysis of the Town’s Governmental Funds**

The Town of Rayville’s governmental funds (General Fund, Special Revenue – Sales Tax, Special Revenue – Economic Development, and Capital Projects Fund) reported an ending fund balance of \$1,419,793, which is an increase of \$42,153. \$742,853 of the fund balance is restricted. \$466,088 of the fund balance is Unrestricted - Assigned. The remaining amount \$210,852 is Unrestricted – Unassigned.

## **Fund Financial Statements – Proprietary Funds**

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (the first type of proprietary fund) to account for its Combined Water and Sewer Operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

### **Financial Analysis of the Town’s Proprietary Fund**

The Town’s proprietary fund shows an increase in total net position of \$317,359. The operating loss in the Water and Sewer Departments totaled \$310,699.

The financial statements of the enterprise funds are presented on the same basis of accounting as in both the government-wide financial statements and the individual funds statements. All comments and analysis made under business-type activities also apply to these funds.

### **General Fund Budgetary Highlights**

Actual revenues were \$53,991 more than the budgeted amounts. Expenditures were greater than budget by \$1,076,922. Other financing sources were more than budget by \$888,439.

### **Capital Asset and Debt Administration**

The total investment in net capital assets as of June 30, 2023 is \$12,275,696, which is an increase of \$376,317 from the amount of \$11,899,379 at June 30, 2022.

New major capital assets purchased or constructed in fiscal year 2023 are:

#### **Governmental activities:**

- |                                     |            |
|-------------------------------------|------------|
| 1. Equipment & Improvements         | \$ 277,477 |
| 2. Airport Improvements in Progress | 27,004     |
| 3. Right to Use Assets              | 412,407    |
| 4. Utility Improvements in Progress | 47,970     |

#### **Proprietary activities:**

- |                                    |           |
|------------------------------------|-----------|
| 1. System Improvements in Progress | \$ 5,280  |
| 2. Equipment and Machinery         | 38,136    |
| 3. System Improvements             | 1,015,800 |

#### **Proprietary Debt:**

The Town of Rayville used cash, grants and loans to acquire the current year capital assets. Through the USDA RDC, and co-operative endeavors the Town has grant/loan projects committed for funding that have not yet been started.

Through a Co-operative Endeavor with the State of LA, the Town has planned a project to construct new water service facilities. The total project budget is \$27,926,690 and consists of several small projects. The funding that has been committed includes \$2,000,000 in state funding and \$2,000,000 in loans to the Town. As of June 30, 2023, two of the projects have been completed for \$856,490 in state funding and one other project has been started for \$238,400 in state funding. The total amount of state funding used is \$1,094,890.

**General Governmental Debt:**

Various capital assets were purchased by the Town through capital leases.

The following is a summary of General Government and Proprietary debt transactions of the Town for the fiscal year ended June 30, 2023:

	<u>Proprietary Debt</u>		
	<u>USDA</u>	<u>2022</u>	
	<u>WWTP</u>	<u>Refund</u>	
Payable at July 1, 2022	3,373,381	4,230,000	
New loans	-	-	
Loans retired	<u>(80,874)</u>	<u>(105,000)</u>	
Payable at June 30, 2023	<u>3,292,507</u>	<u>4,125,000</u>	
	<u>Governmental Debt</u>		
	<u>Fire</u>	<u>Police</u>	<u>Lease</u>
	<u>Vehicle</u>	<u>Vehicle</u>	<u>Obligations</u>
Payable at July 1, 2022	4,527	20,716	12,191
New lease/loan	-	-	387,407
Capital lease/loan retired	<u>(4,527)</u>	<u>(7,715)</u>	<u>(10,305)</u>
Payable at June 30, 2023	<u>=====</u>	<u>13,001</u>	<u>389,293</u>

**COVID-19 Relief Grants**

On June 24, 2021, the Town signed a grant agreement for Federal assistance from funds from the American Rescue Plan Act of 2021. As of the date of this report, \$1,286,960 has been awarded and will be recognized as revenue as eligibility requirements for the agreement are met.

For the year ended June 30, 2023, all funds have been advanced. In the prior year, \$65,813 had been recognized in revenue. In the current year ended June 30, 2023, \$672,655 has been recognized in revenue. The remaining \$548,492 of the funds are deferred inflows of resources. Revenue will be recognized as Operating Grants on the Statement of Activities and in Intergovernmental revenues on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**Current Financial Factors**

With the exception of changes in Capital Grants and Operating Grants, revenues for the upcoming fiscal year are expected to remain relatively constant. On July 1, 2023, the 1 percent Sales Tax assessment expired, and was not scheduled for renewal until January 1, 2024. This will cause a reduction in the amount of Sales Tax collected for the year ended June 30, 2024.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Rayville's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Deborah Nealon, Town Clerk, Post Office Box 878, Rayville, Louisiana, 71269.

**Government-Wide Financial Statements**

**TOWN OF RAYVILLE, LOUISIANA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2023**

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	1,034,602	301,032	1,335,634
Receivables (net of allowances for uncollectibles)	466,279	199,564	665,843
Total current assets	<u>1,500,881</u>	<u>500,596</u>	<u>2,001,477</u>
Non-current assets:			
Right to Use Asset	-	-	-
Restricted assets:			
Cash and cash equivalents	713,831	1,198,275	1,912,106
Grant receivable	27,010	115,906	142,916
Capital assets (net)	<u>5,786,074</u>	<u>13,559,857</u>	<u>19,345,931</u>
Total non-current assets	<u>6,526,915</u>	<u>14,874,038</u>	<u>21,400,953</u>
Total assets	<u>8,027,796</u>	<u>15,374,634</u>	<u>23,402,430</u>
Deferred outflows of resources	263,284	58,726	322,010
Deferred outflows - pensions	593,995	150,518	744,513
Total deferred outflows of resources	<u>857,279</u>	<u>209,244</u>	<u>1,066,523</u>
Total assets and deferred outflows	<u>8,885,075</u>	<u>15,583,878</u>	<u>24,468,953</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts, salaries and other payables	231,598	437,892	669,490
Payable from restricted assets	41,839	147,077	188,916
Current portion of capital leases payable	30,402	-	30,402
Current portion of notes payable	8,095	189,378	197,473
Total current liabilities	<u>311,934</u>	<u>774,347</u>	<u>1,086,281</u>
Non-current liabilities:			
Lease Obligation	358,891	-	358,891
Capital lease payable after one year	-	-	-
Notes payable after one year	4,906	7,142,555	7,147,461
Net pension liability	<u>2,099,325</u>	<u>630,122</u>	<u>2,729,447</u>
Total non-current liabilities	<u>2,463,122</u>	<u>7,772,677</u>	<u>10,235,799</u>
Total liabilities	<u>2,775,056</u>	<u>8,547,024</u>	<u>11,322,080</u>
Deferred inflows of resources	623,951	19,573	643,524
Total liabilities and deferred inflows	<u>3,399,007</u>	<u>8,566,597</u>	<u>11,965,604</u>
<u>Net Position</u>			
Net invested in capital assets	5,383,094	6,892,602	12,275,696
Restricted for:			
Renewal and replacement	-	276,665	276,665
Economic development and grant restrictions	740,841	-	740,841
Unrestricted	<u>(637,867)</u>	<u>(151,986)</u>	<u>(789,853)</u>
Total net position	<u>5,486,068</u>	<u>7,017,281</u>	<u>12,503,349</u>

The accompanying notes are an integral part of the financial statements.



TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues			Net (Expenses), Revenues, and Changes				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue	Governmental Activities	Business-Type Activities	Total
<u>GOVERNMENTAL ACTIVITIES</u>								
General government	1,120,219	17,480	672,655	-	(430,084)	(430,084)	-	(430,084)
Public Safety -Police	1,305,189	134,514	-	-	(1,170,675)	(1,170,675)	-	(1,170,675)
Public Safety - Fire	212,620	-	-	-	(212,620)	(212,620)	-	(212,620)
Public Works - Streets	764,266	-	57,107	-	(707,159)	(707,159)	-	(707,159)
Public Works - Sanitation	416,641	409,008	-	-	(7,633)	(7,633)	-	(7,633)
Public Works- Utility	31,118	-	-	-	(31,118)	(31,118)	-	(31,118)
Recreation	95,677	-	-	-	(95,677)	(95,677)	-	(95,677)
Airport	187,596	-	1,911	28,157	(157,528)	(157,528)	-	(157,528)
Total Governmental Activities	4,133,326	561,002	731,673	28,157	(2,812,494)	(2,812,494)	-	(2,812,494)
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer	1,936,895	1,439,363	-	627,315	129,783	-	129,783	129,783
Total Business-Type Activities	1,936,895	1,439,363	-	627,315	129,783	-	129,783	129,783
Total	6,070,221	2,000,365	731,673	655,472	(2,682,711)	(2,812,494)	129,783	(2,682,711)
General Revenues:								
Property Taxes						336,176	-	336,176
Sales Taxes						2,002,207	-	2,002,207
Franchise & Insurance Taxes						145,328	-	145,328
Beer Taxes						2,863	-	2,863
Occupational & Other Licenses						195,638	-	195,638
Investment Earnings						11,450	5,558	17,008
Other General Revenues						47,239	-	47,239
Intergovernmental						151,587	8,974	160,561
Transfers						(173,044)	173,044	-
Total general revenues and transfers						2,719,444	187,576	2,907,020
Change in Net Position						(93,050)	317,359	224,309
Net position - beginning						5,579,118	6,699,922	12,279,040
Net position - ending						5,486,068	7,017,281	12,503,349

The accompanying notes are an integral part of the financial statements.

## **Fund Financial Statements**

## **Governmental Funds**

TOWN OF RAYVILLE, LOUISIANA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2023

	<u>Governmental Fund Types</u>				Total Governmental Funds
	General Fund	Sales Tax Fund	Special Revenue Fund	Capital Projects Fund	
<u>ASSETS</u>					
Cash and cash equivalents	347,251	276,078	-	-	623,329
Restricted cash and cash equivalents	670,411		43,420	-	713,831
Investments	404,365	6,908	-	-	411,273
Receivables (net of allowance for uncollectibles):					-
License and permits	8,631	-	-	-	8,631
Taxes, including penalty, interest and fees	16,120	184,345	-	-	200,465
Services	1,900				1,900
Fines and forfeits	152,954	-	-	-	152,954
Other	8,971	-	-	-	8,971
Intergovernmental	119,627	-	-	-	119,627
Accrued interest	725	4	12	-	741
 Total assets	<u>1,730,955</u>	<u>467,335</u>	<u>43,432</u>	<u>-</u>	<u>2,241,722</u>
 <u>Liabilities</u>					
Accounts payable	197,319	1,247	-	-	198,566
Accrued expenditures	14,353	-	-	-	14,353
Estimated compensated absences	60,518	-	-	-	60,518
Total liabilities	<u>272,190</u>	<u>1,247</u>	<u>-</u>	<u>-</u>	<u>273,437</u>
 <u>Deferred Inflows of Resources</u>					
Deferred inflows - American Rescue Plan Act Funds	548,492	-	-	-	548,492
Total liabilities	<u>548,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,492</u>
 <u>Fund Balance</u>					
Non-spendable fund balance	-	-	-	-	-
Restricted fund balance	699,421	-	43,432	-	742,853
Unrestricted fund balance					
Assigned fund balance	-	466,088	-	-	466,088
Unassigned fund balance	210,852	-	-	-	210,852
Total fund balance	<u>910,273</u>	<u>466,088</u>	<u>43,432</u>	<u>-</u>	<u>1,419,793</u>
 Total liabilities and fund balance	<u>1,730,955</u>	<u>467,335</u>	<u>43,432</u>	<u>-</u>	<u>2,241,722</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF RAYVILLE, LOUISIANA**

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2023**

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

Total fund balances for governmental funds at June 30, 2023		1,419,793
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consists of:		
Capital not being depreciated or amortized	1,225,834	
Capital and right-to-use assets being depreciated and amortized	4,560,240	5,786,074
Retirement payments are reported as expenditures in the governmental funds. In the government-wide statements the payments represent deferred outflow of resources.		
		263,284
Long-term leases used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		
		(389,293)
Long-term pension obligations are not payable from current resources and therefore are not reported in the governmental funds.		
Long-term liabilities consist of:		
Equipment Notes Payable		(13,001)
Net Pension Liability		(2,099,325)
Deferred outflows of resources and deferred inflows of resources are not available to pay current period expenditures and, therefore are not reported in the government funds.		
Deferred outflows related to pension systems	593,995	
Deferred inflows related to pension systems	(75,459)	518,536
Net Position of Governmental Activities		5,486,068

The accompanying notes are an integral part of the financial statements.

**TOWN OF RAYVILLE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue	Capital Projects	Total Governmental Funds
<u>Revenues</u>				
Taxes	484,366	2,002,207	-	2,486,573
Licenses and permits	195,638	-	-	195,638
Intergovernmental revenues	863,928	-	-	863,928
Charges for services	426,489	-	-	426,489
Fines and forfeits	134,514	-	-	134,514
Interest	10,859	590	-	11,449
Other	47,237	-	-	47,237
Total revenues	<u>2,163,031</u>	<u>2,002,797</u>	<u>-</u>	<u>4,165,828</u>
<u>Expenditures</u>				
General government	1,010,141	15,246	-	1,025,387
Fire	179,724	-	-	179,724
Police	1,139,800	-	-	1,139,800
Highways and streets	718,550	-	-	718,550
Sanitation	416,641	-	-	416,641
Recreation	78,063	-	-	78,063
Airport	15,015	-	-	15,015
Capital outlay	716,888	-	47,970	764,858
Total expenditures	<u>4,274,822</u>	<u>15,246</u>	<u>47,970</u>	<u>4,338,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,111,791)</u>	<u>1,987,551</u>	<u>(47,970)</u>	<u>(172,210)</u>
Other financing sources (uses):				
Capital leases	387,407	-	-	387,407
Operating transfers in (out)	1,852,046	-	47,970	1,900,016
Operating transfers in ( out)	<u>(221,014)</u>	<u>(1,852,046)</u>	<u>-</u>	<u>(2,073,060)</u>
Total other financing sources and uses	<u>2,018,439</u>	<u>(1,852,046)</u>	<u>47,970</u>	<u>214,363</u>
Net Change in Fund Balance	(93,352)	135,505	-	42,153
Fund balances - beginning	<u>1,003,625</u>	<u>374,015</u>	<u>-</u>	<u>1,377,640</u>
Fund balances - ending	<u><u>910,273</u></u>	<u><u>509,520</u></u>	<u><u>-</u></u>	<u><u>1,419,793</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF RAYVILLE, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
JUNE 30, 2023**

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

Net Changes in Fund Balances, Total Governmental Funds	\$	42,153
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The government-wide statements also reflect the effect of disposals of assets during the year.		764,858
Changes due to capital outlay, depreciation, and disposal of capital assets.		(397,757)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of long-term leases	(387,407)	
Equipment Note Payments	12,291	(375,116)
Governmental funds report lease payments as expenditures. However, in the statement of activities, the payments reported as a decrease in lease obligation and interest expense. In the statement of activities, the right to use asset for the leased asset is amortized.		
Expenditures for Lease Payments	10,305	
Amortization of Right to Use Asset	(33,450)	(23,145)
Governmental funds report expenditures as payment is remitted and revenue when it is received. However, in the government-wide statement of activities, some pension expenses are reported that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Additionally, the non-employer pension contributions are not reported in the governmental fund statements, but are reported in the government-wide statement of activities.		
Pension Expense not requiring current resources	(414,818)	
Non-employer contributions not providing current resources	47,491	(367,327)
Employer pension contributions made subsequent to the measurement date are reported in the governmental funds as expenditures, but are deferred and recognized as pension expense in the subsequent year.		
		263,284
Change in Net Position of Governmental Activities		(93,050)

**Proprietary Funds**



**TOWN OF RAYVILLE, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**WATER AND SEWER ENTERPRISE FUND**  
**JUNE 30, 2023**

ASSETS

Current assets:	
Cash and cash equivalents	301,032
Customer accounts receivable (net of allowances for uncollectibles of \$47,417)	132,078
Grants receivable	115,906
Unbilled accounts receivable	67,486
Total current assets	616,502
Restricted assets: (cash and investments)	
Construction accounts	8,549
Customer deposits	219,849
Sewer bond funds	685,052
Water bond funds	284,825
Total restricted assets	1,198,275
Capital assets:	
Land	51,925
Improvements	24,099,073
Less accumulated depreciation	(10,591,141)
Net capital assets	13,559,857
Total non-current assets	14,758,132
Deferred outflows	
Deferred outflows of resources	58,726
Deferred pension outflows	150,518
Total deferred outflows	209,244
Total assets and deferred outflows	15,583,878

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	365,460
Other accrued expenses	65,235
Estimated compensated absences	7,197
Restricted:	
Customer meter deposits	147,077
Current portion of revenue bonds & notes payable	189,378
Total current liabilities	<u>774,347</u>
 Non-current liabilities:	
Revenue bonds payable	7,142,555
Net pension liability	630,122
Total non-current liabilities	<u>7,772,677</u>
Total liabilities	8,547,024
Deferred inflows of resources	19,573
	<u>8,566,597</u>
 <u>NET POSITION</u>	
Net invested in capital assets	6,892,602
Restricted net position	276,665
Unrestricted net position	<u>(151,986)</u>
 Total net position	<u>7,017,281</u>
 Total liabilities and net position	<u><u>15,583,878</u></u>

**TOWN OF RAYVILLE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION-ALL PROPRIETARY FUND TYPES  
WATER AND SEWER ENTERPRISE FUND**

**FOR THE YEAR ENDED JUNE 30, 2023**

<u>Operating revenues:</u>	
Charges for services	1,324,325
Lease revenue	115,038
Total operating revenues	1,439,363
 <u>Operating expenses:</u>	
Bad debts	34,162
Depreciation expense	742,967
Employee benefits	59,384
Fuel	9,038
Insurance	89,702
Professional	77,505
Repairs and equipment	199,986
Salaries	225,080
Supplies	160,902
Telephone and utilities	151,336
Total operating expenses	1,750,062
<u>Operating income (loss)</u>	(310,699)
 <u>Non-operating revenues (expenses):</u>	
Interest income	5,558
Interest	(186,833)
Total non-operating revenues (expenses)	(181,275)
Income (loss) before contributions and transfers	(491,974)
 <u>Other financing sources (uses):</u>	
Grants	627,315
Supplemental LA support	8,974
Transfers in (out):	
General fund	221,014
Capital Projects	(47,970)
Total other financing sources	809,333
<u>Change in net position</u>	317,359
<u>Total net position at beginning of year</u>	6,699,922
<u>Total net position at end of year</u>	7,017,281

The accompanying notes are an integral part of the financial statements.

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF CASH FLOWS. PROPRIETARY FUND TYPES  
WATER AND SEWER ENTERPRISE FUND

FOR THE YEAR ENDED JUNE 30, 2023

<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	1,380,945
Payments to suppliers	(585,266)
Payments to employees	(298,410)
Net Cash Provided (Used) by Operating Activities	<u>497,269</u>
<u>Cash Flows From Non-Capital Financing Activities</u>	
Transfers to other funds	<u>173,044</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	173,044
<u>Cash Flows From Capital and Related Financing Activities</u>	
Capital Grants	551,970
Capital Assets	(924,317)
Principal paid on capital debt	(185,874)
Interest paid on capital debt	(125,187)
Net Cash (Used) by Capital and Related Financing Activities	<u>(683,408)</u>
<u>Cash Flows From Investing Activities</u>	
Interest on temporary investments	<u>5,558</u>
Net Cash Provided (Used) by Investing Activities	<u>5,558</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,537)
Cash and Cash Equivalents, Beginning of Year	<u>1,506,844</u>
Cash and Cash Equivalents, End of Year	<u><u>1,499,307</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF CASH FLOWS. PROPRIETARY FUND TYPES  
WATER AND SEWER ENTERPRISE FUND

FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of operating income to net cash provided (used)

by operating activities:

Operating Income	(312,733)
Adjustments to reconcile operating income to net cash	
Used by operating activities:	
Depreciation	742,967
Supplemental LA support - pension	
Retirement expense - GASB No. 68	(2,181)
Change in assets and liabilities:	
(Decrease) in account receivables	(26,566)
Increase in accounts payables	101,824
(Decrease) in accrued liabilities	(8,352)
Increase in customer deposits	2,310
Total adjustments	<u>810,002</u>
Net cash provided (used) by operating activities	<u>497,269</u>

Schedule of cash and cash equivalents

Current assets

Cash and cash equivalents 301,032

Restricted assets

Cash and cash equivalents 1,198,275

Total cash and cash equivalents 1,499,307

The accompanying notes are an integral part of the financial statements.

## **Notes to the Financial Statements**

**TOWN OF RAYVILLE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**I. Summary of Significant Accounting Policies**

The Town of Rayville, Louisiana was incorporated in 1911, under the provisions of the Lawrason Act. The Town operates under a Town Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town of Rayville conform to generally accepted accounting principles as applicable to governments. The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The proprietary fund unit applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies:

**A. SCOPE OF REPORTING ENTITY**

This report contains all of the funds of the Town of Rayville. There are no significant additional organizations, functions, or activities over which the Town has manifestations of oversight and accountability, or for which the scope of public service or special financial arrangements may require them to be included in this report as per NCGA Statement 1 and GASB 14.

The Town of Rayville appoints the board of directors of the Rayville Housing Authority but has no financial accountability for the Rayville Housing Authority. There is no related-party activity between the Town and the Rayville Housing Authority. The Rayville Housing Authority submits its own financial statements which are a matter of public record. Because there is no financial accountability/obligation between the Town and the Housing Authority, those financial statements are not included in the Town's financial reports.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to

## I. Summary of Significant Accounting Policies (Continued)

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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Management considers each of its funds (General Fund, Special Revenue – Sales Tax Fund, Special Revenues – Industrial Park Fund, and Proprietary Fund) to be a major fund.

### C. BASIS OF PRESENTATION

#### FUND CATEGORIES

The accounts of the Town are organized on the basis of funds, 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 comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into two generic fund types and two broad fund categories as follows:

#### 1. GOVERNMENTAL FUNDS

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds – Capital Project Funds are used to account for the construction, rehabilitation, and acquisition of capital assets, such as buildings, equipment, and roads.

#### 2. PROPRIETARY FUNDS

Enterprise Funds - 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 that periodic



## I. Summary of Significant Accounting Policies (Continued)

determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Their reported fund equity (net total position) is segregated into Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

### D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

#### 1. GOVERNMENTAL FUNDS

Revenues are recognized when they become measurable and available as current assets. Available is generally defined as within 60 days. The revenue recognition is determined for each primary revenue source as detailed below:

Sales Tax - Sales Tax revenue is recorded when taxpayer liability is established and collectibility is reasonably assured using the modified accrual basis of accounting.

Fines – Based on the criteria of legal requirements, measurability, and collectibility, fines are recorded on the accrual basis of accounting.

Property Taxes - Property tax revenue is recorded when the taxes are levied as they become measurable and available at that time. Property taxes are levied on November 1 and are due and payable at that time. An enforceable lien attaches to the property on January 1, as taxes become delinquent after December 31. The Town bills and collects its own property taxes. Property taxes receivable are accrued. Property taxes are reduced by an allowance for uncollectible taxes receivable when determinable by management.

The Louisiana Municipal Finance Law permits the Town to levy taxes of \$20 per \$100 of assessed valuation. The tax for the current period was 12.64 mills.

Taxpayer Assessed Revenues - Revenues from taxpayer assessment is recognized when cash is received as that is generally the earliest point that income is measurable and collectible. If taxpayer collectibility and liability are clearly established, as when tax returns are filed but payment while assured is not made, revenue is accrued prior to actual payment. Any refunds of such taxes would be reported as a reduction of revenue at the time the claims are filed with the Town.

## I. Summary of Significant Accounting Policies (Continued)

Miscellaneous Revenues - Revenues from facility rental and other miscellaneous revenues are recorded as the cash is received.

Grants - Grants recorded in governmental funds are recognized as revenue in the accounting period when they become susceptible to accrual. Legal and contractual requirements are reviewed in making this determination with each grant. Generally, revenue is recorded at the time of receipt or earlier if the susceptibility to accrual criteria is met. As expenditures are often the prime factor for determining eligibility, revenues are recognized when the expenditure is made. If cost sharing or matching requirements exist, revenue recognition depends upon compliance with these requirements. Grants are included as Intergovernmental Revenue.

The measurement focus of governmental funds is on expenditures which represent decreases in net financial resources. Most expenditures are measurable and should be recorded when the related liability is incurred. The expenditures shall be the amount accrued during the year that would normally be liquidated with expendable available financial resources.

The expenditures for the following are recognized as detailed below:

Compensated Absences - All accumulated unpaid sick pay is accrued when incurred in the governmental fund. Such accruals are to be paid with current available spendable resources and therefore represent current liabilities.

Pension Expenditures - Historically the expenditure was recognized as the amount accrued during the year that will be liquidated with expendable available financial resources. This accrual was established by the amount of the payroll and the multiple employer retirement plans. All accrued amounts were considered to be current liabilities. The Town has implemented GASB 68. The implementation of GASB 68 does not impact the Fund Financial statements. The Town has implemented GASB 82, which expanded the disclosure requirements for pension expenditure reporting.

Long-Term Debt - Expenditures for principal and interest on general obligation long-term debt are recorded in the year of payment.

Inventory - Inventory items (material and supplies) are considered to be insignificant and are reported as expenditures when purchased.

Postemployment Benefits - The Town offers no Postemployment benefits other than retirement system pensions.

## I. Summary of Significant Accounting Policies (Continued)

### 2. PROPRIETARY FUNDS

The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues and expenses are limited to items directly related to the services of the Water and Sewer Systems and Lease Revenue. All other items are considered nonoperating. The following revenue or expense recognition applies:

Unbilled Water Receivables - The Town utilizes cycle billing to generate its water and sewer bills. The unbilled cycle representing water and sewer services provided is accrued for revenue recognition in the period earned.

Compensated Absences - Sick pay applicable to employees of the Water and Sewer Fund is accrued as it is earned, and the expense recognized in the period incurred.

Pension Expense – Historically, the pension expense applicable to employees of the Water and Sewer Fund was accrued as the salary was expensed upon which the cost was based. The Town implemented GASB 68 for the year ended June 30, 2015. Accordingly, pension expense is now calculated based on the Pension Plan financial reports. The Town has implemented GASB 82, which expanded the disclosure requirements for pension expenditure reporting.

Inventory - Inventory items (material and supplies) are considered to be nonmaterial and are reported as expenses when purchased.

Postemployment Benefits - The Town offers no Postemployment benefits other than retirement system pensions.

### E. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$2,500 or more for capitalizing capital assets used in the governmental funds. When GASB 34 was adopted, the Town elected not to report major general infrastructure assets retroactively.

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

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

**I. Summary of Significant Accounting Policies (Continued)**

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>
Governmental activities:	
Land improvements	30 years
Buildings	40 years
Vehicles	5 – 15 years
Machinery and Equipment	5 – 15 years
Business-type activities/Enterprise Fund:	
Buildings	25 years
Systems and Improvements	20 – 50 years
Machinery and Equipment	10 – 20 years
Vehicles	5 years

**F. LEASES**

Leases of equipment will be reported in the governmental activities' column in the government-wide financial statements. At inception, leases will be recorded at the present value of the minimum lease payments over the remaining life of the lease. The minimum lease payments will be discounted at the entity's incremental borrowing rate, which has been estimated at 5%. The right to use the equipment under the lease is recorded as an asset in the statement of net position. The right to use leased equipment will be amortized using the straight-line method over the life of the lease. In addition, the lease obligation is recorded as a liability in the statement of net position. The lease obligation will be reduced as payments are made, and an outflow for interest expense on the liability will be recognized in the statement of activities. See Note III.

**G. FUND BALANCE AND EQUITY CLASSIFICATIONS**

**1. FUND BALANCE**

The Town of Rayville has implemented GASB 54. The Town assumes that when amounts are expended for purposes for which funds in any of the unrestricted classifications could be used, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts.

Committed Fund Balance - The Town's highest level of decision making authority is through the process of adopting an ordinance. As such, an ordinance is introduced at an open Town Council meeting and adoption (or lack thereof) is at the next open Town Council meeting.

Assigned Fund Balance - The Special Revenue – Sales Tax Fund was established by the passage and renewal of the tax rate. The Town Council and Mayor administers the fund for the benefit of the Town's General Fund.

## I. Summary of Significant Accounting Policies (Continued)

### 2. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted assets – Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
- c. Unrestricted assets – All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

### H. 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.

### I. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 2.. The statement of revenues, expenditures, and changes in fund balances - budget and actual for all governmental fund types presents comparisons of legally adopted budgets with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.
3. Unused appropriations of all of the above annually budgeted funds lapse at the end of the fiscal year.
4. Prior to June 15, the Mayor submits to the Town Council, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain

**I. Summary of Significant Accounting Policies (Continued)**

taxpayer comments. Prior to June 30, the budget is legally enacted through the passage of an ordinance.

- 5. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
- 6. The budgets were not amended in the reporting year. The budget amounts shown in the financial statements are the final authorized amounts.

**J. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Currently, the Town's deferred outflows and inflows of resources on the government-wide statements are attributable to its pension plans.

In addition, the General Fund has a deferred inflow of \$576,620 of American Rescue Plan Act funds received, but not assigned to eligible expenses.

**II. Stewardship, Compliance, and Accountability**

**A. BUDGETARY COMPLIANCE**

The Town was not in compliance with the General Fund budget. The Town was in compliance with the Sales Tax Special Revenue Fund Budget. The Town did not prepare a budget for the Capital Projects Fund, as required.

**B. BOND RESTRICTIONS**

**1. WASTE WATER TREATMENT PLANT**

The Waste Water Treatment Plant Bonds issued on September 17, 2012 are secured by and payable solely from the income and revenue derived or to be derived from the operation of the sewer system after provision has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

**II. Stewardship, Compliance, and Accountability (Continued)**

The bond agreement requires the Town to establish certain cash accounts (Debt Service Reserve, Short-lived Asset Depreciation Reserve, O&M Reserve, and Depreciation/Contingency Reserve) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2023, the Town had adequately funded the required cash accounts.

**2. 2021 WATER AND SEWER REFUNDING BONDS**

The 2021 Water and Sewer Refunding Bonds, issued on May 18, 2021, are secured by and payable solely from the income and revenues derived or to be derived from the operation of the water system, after provision has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

The bond agreement requires that the Town establish certain cash accounts (2021 Water and Sewer Refunding Reserve) and sets forth balances that must be maintained in these restricted accounts. At June 30, 2023, the Town had fully funded the required reserve amounts for the bond agreement.

**III. Detail Notes on All Funds and Account Groups**

**A. ASSETS**

**1. CASH AND INVESTMENTS**

Cash includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. On the Water and Sewer Enterprise Fund Statement of Cash Flows, cash includes the following accounts:

Current Assets:	
Cash and Cash Equivalents	301,032
Restricted Assets:	
Construction Accounts	8,549
Customer Deposit	219,849
Sewer Bond Fund Reserves	685,052
Water Bond Fund Reserves	<u>284,825</u>
Cash and Cash Equivalents, end of year	<u><u>1,499,307</u></u>

Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

### III. Detail Notes on All Funds and Account Groups (Continued)

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their maturities exceed 90 days; however, if the maturities are 90 days or less, they are classified as cash equivalents.

At June 30, 2023, the Town had cash and cash equivalents (book balances) as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Petty cash	614	-	614
Checking account	923,747	1,884,165	2,807,912
Time deposits	<u>411,273</u>	<u>27,941</u>	<u>439,214</u>
Total	<u>1,335,634</u>	<u>1,912,106</u>	<u>3,247,740</u>
		<u>Cash Equivalents</u>	
At June 30, 2023:	<u>Cash</u>	<u>CDs</u>	<u>Total</u>
Carrying amount on balance sheet	<u>2,807,912</u>	<u>439,214</u>	<u>3,247,126</u>
<u>Bank balances:</u>	<u>2,923,042</u>	<u>439,214</u>	<u>3,362,256</u>
a: Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u>	750,000	250,000	1,000,000
b: Uncollateralized	34,825	-	34,825
c: Uncollateralized, securities held for the entity but <u>not in the entity's name</u>	<u>2,138,217</u>	<u>189,214</u>	<u>2,327,431</u>
Total bank balances	<u>2,923,042</u>	<u>439,214</u>	<u>3,362,256</u>

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

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, LSA-R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.



**III. Detail Notes on All Funds and Account Groups (Continued)**

2. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

At June 30, 2023, the allowance for estimated uncollectible accounts was \$47,417 in the Water and Sewer Enterprise Fund.

3. CHANGES IN GENERAL GOVERNMENTAL CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2023, is as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Construction in progress	363,570	74,974	-	438,544
Land	<u>787,290</u>	<u>-</u>	<u>-</u>	<u>787,290</u>
Total capital assets, not being depreciated	<u>1,150,860</u>	<u>74,974</u>	<u>-</u>	<u>1,225,834</u>
Capital assets being depreciated				
Buildings and improvements	2,244,395	-	-	2,244,395
Land improvements	7,243,506	277,477	-	7,520,983
Machinery & equipment	730,465	-	-	730,465
Vehicles	478,276	-	-	478,276
Right to use assets	<u>16,331</u>	<u>412,407</u>	<u>-</u>	<u>428,738</u>
Total capital assets being depreciated	10,712,973	689,884	-	11,402,857
Less accumulated depreciation for:				
Buildings and improvements	(1,737,584)	(46,017)	-	(1,783,601)
Land improvements	(3,795,331)	(275,662)	-	(4,070,993)
Machinery & equipment	(515,876)	(48,582)	-	(564,458)
Vehicles	(358,204)	(27,497)	-	(385,701)
Right to use amortization	<u>(4,414)</u>	<u>(33,450)</u>	<u>-</u>	<u>(37,864)</u>
Total accumulated depreciation	<u>(6,411,409)</u>	<u>(431,208)</u>	<u>-</u>	<u>(6,842,617)</u>
Total capital assets being depreciated, net	<u>4,301,564</u>	<u>258,676</u>	<u>-</u>	<u>4,560,240</u>

### III. Detail Notes on All Funds and Account Groups (Continued)

Depreciation expense of \$431,208 for the year ended June 30, 2023, was charged to the following governmental functions:

General government	98,880
Public safety:	
Police	17,148
Fire	40,295
Public works:	
Streets	53,571
Recreation	17,615
Utility	31,118
Airport	<u>172,581</u>
Total	<u><u>431,208</u></u>

#### 4. CHANGES IN PROPRIETARY FUND FIXED ASSETS

A summary of Proprietary Fund Type Property, Plant, and Equipment at June 30, 2023 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, not being Depreciated				
Construction in progress	347,875	5,280	(60,250)	292,905
Land	<u>51,925</u>	<u>-</u>	<u>-</u>	<u>51,925</u>
Total capital assets, not being depreciated	<u>399,800</u>	<u>5,280</u>	<u>(60,250)</u>	<u>344,830</u>
Capital assets being Depreciated				
Water and waste water systems	22,449,983	1,076,050	-	23,526,033
Machinery, equipment, and vehicles	<u>241,999</u>	<u>38,136</u>	<u>-</u>	<u>280,135</u>
Total capital assets being depreciated	22,691,982	1,114,186	-	23,806,168
Less accumulated depreciation for:				
Water and waste water systems	(9,610,206)	(740,816)	-	(10,351,022)
Machinery, equipment, and vehicles	<u>(237,968)</u>	<u>(2,151)</u>	<u>-</u>	<u>(240,119)</u>
Total accumulated depreciation	<u>(9,848,174)</u>	<u>(742,967)</u>	<u>-</u>	<u>(10,591,141)</u>
Total capital assets being depreciated, net	<u>12,843,808</u>	<u>371,219</u>	<u>-</u>	<u>13,215,027</u>

**III. Detail Notes on All Funds and Account Groups (Continued)**

5. CAPITAL ASSETS ACQUIRED THROUGH LEASES

Capital assets acquired through leases are summarized as follows:

	<u>Capital Asset</u>	<u>Accumulated Depreciation</u>
General Fund:		
Vehicles	237,912	223,928
Equipment	269,210	242,132
Right to use	428,738	37,864
Proprietary Fund:		
Equipment	40,965	40,965

B. LIABILITIES

1. PENSION AND RETIREMENT PLANS

Defined Benefit Pension Plans

The employees of the Town of Rayville, Louisiana participate in various cost-sharing multiple-employer public employee retirement systems. The Town's employees participate in the Municipal Employees' Retirement System of Louisiana ("MERS"), the Municipal Police Employees' Retirement System of Louisiana ("MPERS"), and the Firefighters Retirement System of Louisiana ("FRS").

Covered employees are required by State statute to contribute a set percent of their salary to the plans. The Town is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. In the current year, the Town's contribution percentage ranged from 29.75% to 33.75%, determined by the plan in which the employee participated. The contribution requirements and payroll for employees covered by the systems are shown in the schedule below.

<u>Years ended June 30</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total payroll	1,392,301	1,331,295	1,332,436	1,331,124	1,352,532
Total covered payroll	1,123,038	1,034,197	1,022,511	984,667	927,457
Employee contributions	110,785	101,476	98,938	91,375	87,760
Town contributions	340,296	308,784	318,009	285,667	258,064

Employee eligibility, vesting of benefits, the pension benefit obligation contribution requirements and other actuarial and historical trend information on the MERS, MPERS, and FRS can be obtained from the audit reports of each plan which are available for public inspection.

### III. Detail Notes on All Funds and Account Groups (Continued)

#### MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. MERS was established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS).

MERS provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system, and which elect to become members of MERS. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Retirement provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756 – 11:1785. MERS provides retirement benefits, survivor benefits, DROP benefits, and disability benefits. Benefits are calculated based on a percentage of the member's monthly average final compensation and the member's years of creditable service. MERS is authorized to grant a cost of living increase to members. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement. An additional cost of living increase is allowed for certain retirees.

Contributions for all members are established by statute. According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2023, the combined contributions rate (employer and employee) contribution was 39.25%. The system also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. Key information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal cost
Expected remaining service lives	3 years
Investment rate of return	6.85%
Inflation rate	2.50%
Mortality	Rates based on the Pub(G)-2010(B) tables
Salary increases	
1-4 years of service	6.40%
More than 4 years of service	4.50%

#### Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns), net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

### III. Detail Notes on All Funds and Account Groups (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	<u>9%</u>	<u>0.39%</u>
Totals	<u>100%</u>	<u>4.35%</u>
Inflation		<u>2.6%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee (PRSAC). Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

As of the valuation date of June 30, 2022, MERS Plan A reported the following members:

Inactive plan members or beneficiaries receiving benefits	3,732
Inactive plan members entitled to but not yet receiving benefits	3,775
Active plan members	<u>4,513</u>
Total participants as of the valuation date	12,020

### III. Detail Notes on All Funds and Account Groups (Continued)

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to MERS was \$202,664.

MERS used the accrual basis of accounting in preparing the financial statements. MERS issued a stand-alone audit report on its financial statements. Access to the audit report can be found on MERS's website: [www.mersla.com](http://www.mersla.com) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

#### Municipal Police Employees' Retirement System

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana. MPERS provides retirement benefits for municipal police officers and survivor benefits. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211 – 11:2233.

Benefits are calculated based on a percentage of the member's monthly average final compensation and the member's years of creditable service. MPERS is authorized to grant a cost of living increase to members. The adjustment is computed on the amount of the current benefit, not to exceed 3% in any given year. An additional cost of living increase is allowed for certain retirees.

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2023, total contributions due for employers and employees were 39.75%. MEPRS also receives insurance premium tax monies as additional employer contributions.

Key information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal
Investment rate of return	6.75% net of investment expense
Inflation Rate	2.50%
Salary increases	4.70% to 12.30%
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees

### III. Detail Notes on All Funds and Account Groups (Continued)

#### Discount Rate

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.60%
Fixed income	30.50%	0.85%
Alternatives	14.00%	0.95%
Totals	<u>100.00%</u>	<u>5.40%</u>
Inflation		<u>2.66%</u>
Expected Nominal Return		<u>8.06%</u>

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the valuation date of June 30, 2022, MPERS reported the following members:

Active participants	5,527
Terminated with Funds on Deposit	2,436
Retired	<u>5,006</u>
Total participants as of the valuation date	12,969

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to MPERS was \$114,876.

MPERS used the accrual basis of accounting in preparing the financial statements. MPERS issued a stand-alone audit report on its financial statements. Access to the audit report can be found on MPERS's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

#### Firefighters' Retirement System

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing multiple-employer plan. Membership in FRS is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana.

### III. Detail Notes on All Funds and Account Groups (Continued)

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251 – 11:2272. Benefits are calculated based on a percentage of the member’s monthly average final compensation and the member’s years of creditable service.

Employer contributions are actuarially determined each year. For the year ended June 30, 2023, the combined (employer and employee) rate was 43.75%. FRS also receives insurance premium tax monies as additional employer contributions.

Key information on the actuarial valuation and assumptions is as follows:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal cost
Investment rate of return	6.90% net of investment expense
Expected Remaining Service Life	7 years
Inflation Rate	2.50%
Salary increases	5.20% to 14.10%
Cost of Living Adjustments	Only those previously granted

#### Discount Rate

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by the target asset allocation percentage and by adding expected inflation, 2.50%. The resulting long-term expected arithmetic rate of return was 7.94% as of June 30, 2022. Best estimates of arithmetic real rates of return for each major class includes in the System’s target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Type</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	56.00%	5.64% - 7.75%
Fixed Income	26.00%	0.51% - 2.99%
Alternatives	<u>18.00%</u>	4.57% - 8.99%
	100.00%	

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems’ Actuarial Committee taking into consideration the recommendation of the System’s actuary. Based on these assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**III. Detail Notes on All Funds and Account Groups (Continued)**

As of the valuation date of June 30, 2022, FRS reported the following members:

Active participants	4,623
Terminated with Funds on Deposit	1,092
Retired	<u>2,669</u>
Total participants as of the valuation date	<u>8,384</u>

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to FRS was \$22,754.

FRS used the accrual basis of accounting in preparing the financial statements. FRS issued a stand-alone audit report on its financial statements. Access to the audit report can be found on FRS's website: [www.ffret.com](http://www.ffret.com) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

### III. Detail Notes on All Funds and Account Groups (Continued)

TOWN OF RAYVILLE, LOUISIANA  
ALL RETIREMENT SYSTEMS  
ACTUARIAL DATE AND MEASUREMENT DATE: JUNE 30, 2023

	MERS	MPERS	FRS	Total Systems
Projected Required Combined Contributions	187,494	104,955	22,691	315,140
Employer Allocation Percentage	0.331624	0.114278	0.026096	
Net Pension Liability	1,377,312	1,168,124	184,011	2,729,447
<b>Deferred Outflows</b>				
Differences between expected & actual experience	1,626	5,761	1,100	8,487
Net Differences between projected & Actual Earnings	229,178	208,547	41,683	479,408
Changes in Assumptions	13,343	40,294	15,173	68,810
Changes in proportion & differences between the employer's contributions and the employer's share of contributions	-	163,542	5,980	169,522
Contributions subsequent to measuring date	<u>202,664</u>	<u>114,878</u>	<u>22,754</u>	<u>340,296</u>
Total Deferred Outflow	<u>446,811</u>	<u>533,022</u>	<u>86,690</u>	<u>1,066,523</u>
<b>Deferred Inflows</b>				
Differences between expected & actual experience	5,275	9,521	8,673	23,469
Net Differences between projected & Actual Earnings	-	-	-	-
Changes of assumptions	-	8,688	-	8,688
Changes in proportion & differences between the employer's contributions and the employer's share of contributions	<u>33,592</u>	<u>4,885</u>	<u>24,398</u>	<u>62,875</u>
Total deferred Inflows	<u>38,867</u>	<u>23,094</u>	<u>33,071</u>	<u>95,032</u>
<b>Pension Expense</b>				
Proportionate Share of Plan Pension Expense	200,526	199,983	29,353	429,862
Net Amortization of Deferred amounts from Changes in Proportion	<u>(3,603)</u>	<u>72,812</u>	<u>(9,421)</u>	<u>59,788</u>
Total Employer Pension Expense	<u>196,923</u>	<u>272,795</u>	<u>19,932</u>	<u>489,650</u>
<b>Proportionate Share</b>				
Employer contributions	197,284	105,102	22,745	325,131
Non-Employer Contributions	23,616	25,421	7,428	56,465
<b>Schedule of Net Pension Liability</b>				
<b>Sensitivity to Change in Discount Rate</b>				
Employer's Proportionate Share	0.331624	0.114278	0.026096	
1% Decrease	1,832,094	1,635,150	272,223	3,739,467
1% Increase	993,036	778,003	110,435	1,881,474
<b>Amortization Schedule - Net Deferred Outflows &amp; Inflows</b>				
2023	40,016	120,991	5,673	166,680
2024	35,873	114,900	1,438	152,211
2025	14,486	46,768	(396)	60,858
2026	109,905	109,391	22,558	241,854
2027	-	-	1,320	1,320
2028	-	-	272	272
	<u>200,280</u>	<u>392,050</u>	<u>30,865</u>	<u>623,195</u>

**III. Detail Notes on All Funds and Account Groups (Continued)**

2. COMPENSATED ABSENCES

Accumulated unpaid sick pay and comp pay are accrued when incurred in proprietary and governmental funds. At June 30, 2023, the recorded accruals in the General Fund and the Water and Sewer Fund were as follows:

General Fund	60,518
Water and Sewer Fund	<u>7,197</u>
Total	<u>67,715</u>

These amounts do not exceed a normal year's accumulations.

3. LONG-TERM DEBT

a. Description of Long-Term Debt

Bonds and Notes Payable at June 30, 2023, are comprised of the following issues:

<u>Revenue Bonds</u>	<u>Outstanding Principal</u>
4,015,000 Waste Water Bonds due in monthly payments through September 2052. Interest rate 2.125%.	3,292,507
4,275,000 2021 Water and Sewer Refunding Bonds due in annual payments through December 2051. Term interest rate 1%-3.250%.	4,125,000

All above revenue bonds are being serviced - principal and interest by the Water and Sewer Fund.

Direct Borrowings

Police 2020 Tahoe. Original Financing of \$38,045 at 4.832% payable in 60 payments through December 2024.	<u>13,001</u>
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**III. Detail Notes on All Funds and Account Groups (Continued)**

**b. Changes in Debt (Principal Only)**

The following is a summary of debt transactions for each fund of the Town for the fiscal year ended June 30, 2023.

	<u>Proprietary Debt</u>			
	<u>Revenue</u>	<u>Direct</u>	<u>Totals</u>	<u>Other</u>
	<u>Bonds</u>	<u>Borrowings</u>		<u>Liabilities</u>
	<u>USDA</u>	<u>2021</u>		<u>Compensated</u>
<u>WWTP</u>	<u>Refund</u>		<u>Absences</u>	
Payable at July 1, 2022	3,373,381	4,230,000	7,603,381	8,214
New loans	-	-	-	-
Loans retired	(80,874)	(105,000)	(185,874)	(1,017)
Payable at June 30, 2023	<u>3,292,507</u>	<u>4,125,000</u>	<u>7,417,507</u>	<u>7,197</u>

	<u>Governmental Debt</u>				
	<u>Direct Borrowings</u>			<u>Other Liabilities</u>	
	<u>Fire</u>	<u>Police</u>	<u>Totals</u>	<u>Compensated</u>	<u>Lease</u>
	<u>Vehicle</u>	<u>Vehicle</u>		<u>Absences</u>	<u>Obligations</u>
Payable at July 1, 2022	4,577	20,716	25,293	51,104	12,191
New lease/liability issued	-	-	-	10,984	387,407
Capital lease/liability retired	(4,577)	(7,715)	(12,292)	(1,570)	(10,305)
Payable at June 30, 2023	<u>-</u>	<u>13,001</u>	<u>13,001</u>	<u>60,518</u>	<u>389,293</u>

**c. Changes in Short-Term Debt (Principal Only)**

The following is a summary of debt transactions of the Town for the fiscal year ended June 30, 2023.

	<u>Governmental</u>			<u>Proprietary</u>		
	<u>Direct</u>	<u>Other Liabilities</u>		<u>Revenue Bonds</u>		<u>Other</u>
	<u>Borrowings</u>					<u>2021</u>
	<u>Capital</u>	<u>Compensated</u>	<u>Lease</u>	<u>USDA WWTP</u>	<u>W&amp;S Refund</u>	<u>Compensated</u>
<u>Leases/Loans</u>	<u>Absences</u>	<u>Obligations</u>			<u>Absences</u>	
Payable at July 1, 2022	9,841	51,104	3,484	80,872	105,000	8,214
Loans Retired	(9,841)	(51,104)	(10,305)	(80,872)	(105,000)	(8,214)
New Loans/Leases						
Allocation of Long-Term Debt	8,095	60,518	30,401	84,378	105,000	7,197
Payable at June 30, 2023	<u>8,095</u>	<u>60,518</u>	<u>23,580</u>	<u>84,378</u>	<u>105,000</u>	<u>7,197</u>

**III. Detail Notes on All Funds and Account Groups (Continued)**

d. Assets Pledged as Collateral

The following capital assets are subject to liens and are pledged as collateral for the related direct borrowings:

<u>Governmental</u>	<u>Capital</u> <u>Asset</u>	<u>Accumulated</u> <u>Depreciation</u>
Police 2020 Chev Tahoe	38,045	25,997

e. Net Pension Liability

Based on the various retirement systems' reports, (See Note III.B.1) the Town has reported on the government-wide statements the following as long-term liabilities:

General Fund Net Pension Liability	2,099,325
Water and Sewer Fund Net Pension Liability	<u>630,122</u>
	<u>2,729,447</u>

**III. Detail Notes on All Funds and Account Groups (Continued)**

f. Summary of Debt Service Requirements to Maturity

The annual requirements to maturity, including principal and interest, as of June 30, 2023, are as follows:

Year Ending June 30	Proprietary Debt			Governmental Debt	
	Revenue Bonds			Direct Borrowings	
	WWTP	2021 W&S	W&S	2020 Tahoe	General Fund Total
Refund		Totals			
2024	151,776	218,108	369,884	8,546	8,546
2025	151,776	217,058	368,834	4,985	4,985
2026	151,776	220,763	372,539		
2027	151,776	219,223	370,999		
2028	151,776	217,518	369,294		
2029-2033	758,880	1,086,253	1,845,133		
2034-2038	758,880	1,085,188	1,844,068		
2039-2043	758,880	1,080,138	1,839,018		
2044-2048	758,880	1,088,875	1,847,755		
2049-2053	624,910	649,731	1,274,641		
Total principal and interest	4,419,310	6,082,855	10,502,165	13,531	13,531
<u>Less-interest</u>	<u>1,126,803</u>	<u>1,957,855</u>	<u>3,084,688</u>	<u>530</u>	<u>530</u>
Principal due as of June 30, 2022	<u>3,292,507</u>	<u>4,125,000</u>	<u>7,417,477</u>	<u>13,001</u>	<u>13,001</u>

**III. Detail Notes on All Funds and Account Groups (Continued)**

g. Net Carrying Value of 2021 Water & Sewer Refunding Bonds

The 2021 Water and Sewer Refund Bonds were issued at a discount of \$91,686. The discount will be amortized over the life of the loan as a component of interest expense. For the year ended June 30, 2023, \$3,056 of the discount had been amortized. The net carrying value of the debt is:

Debt Principal	4,125,000
Discount on Issuance	<u>(85,574)</u>
Net Carry Value of Debt	4,039,426

h. Term Interest Rates on 2021 Water and Sewer Refunding

The interest rate for the 2021 Water and Sewer Refunding Bonds will vary based on the terms of the bonds. The debt is divided into six terms:

<u>Start of Term</u>	<u>Maturity</u>	<u>Type of Bond</u>	<u>Coupon %</u>	<u>Yield %</u>	<u>Maturity Value</u>
5/18/2021	12/1/2024	Term 1 Coupon	1.00%	1.10%	210,000
12/2/2024	12/1/2026	Term 2 Coupon	1.40%	1.50%	220,000
12/2/2026	12/1/2028	Term 3 Coupon	1.70%	1.80%	220,000
12/2/2028	12/1/2031	Term 4 Coupon	2.13%	2.25%	350,000
12/2/2031	12/1/2041	Term 5 Coupon	3.25%	2.50%	1,410,000
12/2/2041	12/1/2050	Term 6 Coupon	3.00%	3.25%	1,715,000
Total					4,125,000

4. LEASES

a. General Fund

The Town has implemented GASB Statement No. 87, Leases. Leases will now be accounted for under the requirements of GASB Statement No. 87 over the remaining life of the lease.

On June 25, 2021, the Town signed a new contract with Wells Fargo Financial for the right to use new copier for the Police Department. The contract has monthly payments of \$182 for 48 months. The lease was noncancelable and contains an option to purchase the equipment at fair market value at the end of the lease. The total value of the right to use the equipment and the lease obligation was \$7,936 calculated at present value using a 5% incremental borrowing rate as of July 1, 2021. Payments under this lease totaled \$2,312 for year ended, June 30, 2025. Of those lease payments \$2,037 was allocated to the principal of the lease obligation and \$275 was allocated to related interest expense. In addition, the amortization of the right to use the leased equipment was \$2,099 for the current year. These amounts were included in the statement of activities.

### III. Detail Notes on All Funds and Account Groups (Continued)

On July 1, 2021, the Town signed a new contract with CIT Bank, N.A., for the right to use new copier for the Administrative Department. The contract has monthly payments of \$193 for 48 months. The lease was noncancelable and contains an option to purchase the equipment at fair market value at the end of the lease. The total value of the right to use the equipment and the lease obligation was \$8,395 calculated at present value using a 5% incremental borrowing rate as of July 1, 2021. Payments under this lease totaled \$1,639 for year ended, June 30, 2023. Of those lease payments \$1,447 was allocated to the principal of the lease obligation and \$192 was allocated to related interest expense. In addition, the amortization of the right to use the leased equipment was \$1,486 for the current year. These amounts were included in the statement of activities.

On August 19, 2022, The Town signed a new contract with GM Financial for the right to use a truck for the Streets Department. The total contract price was \$54,407. The contract has monthly payments of \$1,064 for 60 months. The lease was noncancelable and contains options to purchase at stated values during the life of the lease contract. The total value of the right to use the truck and the lease obligation was \$54,407, with a stated interest rate of 6.693%. Payments under this lease totaled \$9,572 for the year ended June 30, 2023. Of those lease payments \$6,821 was allocated to the principal of the lease obligation and \$2,751 was allocated to related interest expense. In addition, the amortization of the right to use the leased truck was \$9,975 for the current year. These amounts were included in the statement of activities.

On September 1, 2022, the Town signed a new contract with Central Tax Exempt Investments, LLC for the right to use a fire truck for the Fire Department. The total contract price was \$358,000, and the Town paid \$25,000 at signing. The remaining balance of \$333,000 will be paid in annual payments of \$31,086 for 15 years. The lease was noncancelable and contains an option to purchase the equipment for \$1 at the end of the lease term. The total value of the right to use the fire truck and the lease obligation was \$358,000, with a stated interest rate of 4.5%. Accrued interest on the lease obligation for as of June 30, 2023 was \$3,235. In addition, the amortization of the right to use the leased fire truck was \$19,889 for the current year. These amounts were included in the statement of activities.



**III. Detail Notes on All Funds and Account Groups (Continued)**

The following is a schedule by years of the amortization of the rights to use the leased equipment and the future minimum lease payments required under the leases, as of June 30, 2023.

	Lease Principal	Interest Expense	Total Minimum Lease Payments
2024	30,401	18,309	48,710
2025	31,670	17,285	48,955
2026	28,907	14,941	43,848
2027	30,426	13,422	43,848
2028	22,257	12,020	34,277
2029 - 2033	109,273	46,156	155,429
2034 - 2038	136,359	14,024	150,383
Totals	389,293	136,157	525,450

**C. INTERFUND RECEIVABLES AND PAYABLES**

All routine operating disbursements are made from a Clearing Account Cash Account that is part of the General Fund. Each fund reimburses the Clearing Account for its share of disbursements.

During the current fiscal year, the General Fund received operating transfers from the Sales Tax Fund of \$1,852,045. These were routine transfers. Transfers were budgeted in the General Fund and Sales Tax Fund budgets.

The General Fund paid \$577,666 in America Rescue Plan grant funds to the Water and Sewer fund for projects and repairs expenses. The Water and Sewer Fund paid \$356,652 in garbage fees and operating transfers to the General Fund. The Water and Sewer Fund paid \$47,970 to the Capital Projects Fund for construction in progress.

**D. ON BEHALF OF PAYMENTS FOR SALARIES AND PENSION EXPENSE**

Included in the General Fund financial statements are amounts paid by the State of Louisiana as supplemental salaries to the Town’s policemen and firemen. The payments of \$71,400 are included on the financial statement as Intergovernmental Revenue and Public Safety Expenditures. The Government wide statements also report the Non-Employee Pension Contribution paid by the State from insurance tax monies in the amount of \$47,491. The contribution is included in Intergovernmental revenue and pension expenditures.

**IV. Financial Statement Presentation**

**A. SALES TAX**

The sales tax collections of the Town of Rayville are not restricted as to the use of the monies. The Town assesses 1.50 % sales or use tax. The expiration of the sales tax law passed in April 2013 is July 31, 2023.

The Town’s sales tax is composed of two parts. One part is a permanent ½ percent sales tax. The other part is a 1 percent sales tax for a ten-year period. The one percent sales tax was

**IV. Financial Statement Presentation (Continued)**

included on the April 2013 ballot and was renewed for a ten-year term to begin on July 1, 2013 and is due to expire on July 1, 2023. See Note VIII.

As required by Louisiana Law R.S. 33:2844, the sales and use tax collection was centralized within each parish beginning July 1, 1992. The Town of Rayville, in conjunction with the other parish taxing authorities, voted to establish a Richland Parish Tax Commission to serve as the collecting agency. The Richland Parish Tax Commission submits its annual audited financial statements which are a matter of public record.

**B. INTEREST EXPENSE PAID**

Interest reported as a non-operating expense in the Water and Sewer Enterprise Fund of \$186,833 included accrued interest of \$62,699. Interest expense allocated in the Governmental Fund was \$7,589, including accrued interest of \$3,235.

**V. Commitments & Contingencies**

The Town indicates that there was no pending or threatened litigation, claims, or assessments against the Town that would have a material effect on these financial statements.

Through a Co-operative Endeavor with the State of LA, the Town has planned a project to construct new water service facilities. The total project budget is \$27,926,690 and consists of several small projects. The funding that has been committed includes \$2,000,000 in state funding and \$2,000,000 in loans to the Town. As of June 30, 2023, two of the projects have been completed for \$856,490 in state funding and one other project has been started for \$238,400 in state funding. The total amount of state funding used is \$1,094,890.

**VI. Risk of Loss**

The Town is exposed to a variety of risks that may result in losses. These risks include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Town finances these potential losses through purchasing insurance from several commercial companies. The level of coverage has remained constant. The Town is not a member of a risk pool. All claims currently filed are adequately covered by the policies in place with no outstanding liabilities expected for the Town.

**VII. Compensation Paid to Governing Body**

The Town of Rayville, Louisiana has paid the following amounts to members of its governing body:

Paula Cumpton	4,800
Joseph Fletcher	4,800
Jerry Gordon	4,800
Consuela Hunter	4,800
Debra James	<u>4,800</u>
TOTAL	24,000

### **VIII. Subsequent Events**

On July 1, 2023, the 1 percent sales tax, first enacted July 1, 2013, for a ten year period, expired. The renewal of the tax rate was included on the October 2023 ballot and was renewed for ten years, beginning on January 1, 2024.

On August 17, 2023, the Town sold surplus equipment to the Town of Oak Grove, Louisiana, for \$27,000. The equipment was originally purchased on October 25, 2021, for \$37,991.

Management of the Town of Rayville has evaluated subsequent events through December 29, 2023, the date the financial statements were available to be issued.

**Required Supplemental Information**

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Amended/ Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
<b>Revenues:</b>				
Taxes	486,000	486,000	484,366	(1,634)
Licenses and permits	179,000	179,000	195,638	16,638
Intergovernmental	271,140	851,140	863,928	12,788
Charges for services	384,000	384,000	426,489	42,489
Fines and forfeits	155,700	155,700	134,514	(21,186)
Interest	1,000	1,000	10,859	9,859
Other	52,500	52,500	47,237	(5,263)
Total revenues	<u>1,529,340</u>	<u>2,109,340</u>	<u>2,163,031</u>	<u>53,691</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	888,400	888,400	1,010,141	(121,741)
Fire	178,900	178,900	179,724	(824)
Police	1,018,500	1,018,500	1,139,800	(121,300)
Highways & streets	571,300	571,300	718,550	(147,250)
Sanitation	370,000	370,000	416,641	(46,641)
Recreation	42,900	42,900	78,063	(35,163)
Airport	20,700	20,700	15,015	5,685
Capital outlay	107,200	107,200	716,888	(609,688)
Total expenditures	<u>3,197,900</u>	<u>3,197,900</u>	<u>4,274,822</u>	<u>(1,076,922)</u>
<b>Excess (deficiency) of</b>				
Revenues over (under) expenditures	<u>(1,668,560)</u>	<u>(1,088,560)</u>	<u>(2,111,791)</u>	<u>(1,023,231)</u>
<b>Other financing sources (uses)</b>				
Capital leases	-	-	387,407	387,407
<b>Operating transfers in (out)</b>				
Water and sewer fund	-	(600,000)	(221,014)	378,986
Sales tax fund	1,730,000	1,730,000	1,852,046	122,046
Total other financing sources and uses	<u>1,730,000</u>	<u>1,130,000</u>	<u>2,018,439</u>	<u>888,439</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>				
	<u>61,440</u>	<u>41,440</u>	<u>(93,352)</u>	<u>(134,792)</u>
Fund balances at beginning of year			<u>1,003,625</u>	
Fund balances at end of year			<u>910,273</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND  
ACTUAL-SALES TAX SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Amended/ Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Revenues:				
Taxes	1,750,000	1,750,000	2,002,207	252,207
Interest	400	400	382	(18)
Total revenues	<u>1,750,400</u>	<u>1,750,400</u>	<u>2,002,589</u>	<u>252,189</u>
Expenditures:				
General government:				
Office/administrative	20,000	20,000	15,246	4,754
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>15,246</u>	<u>4,754</u>
Excess (deficiency) of revenues Over expenditures	<u>1,730,400</u>	<u>1,730,400</u>	<u>1,987,343</u>	<u>256,943</u>
Other financing sources (uses):				
Operating transfers in (out):				
General fund	(1,730,000)	(1,730,000)	(1,852,046)	(122,046)
Water & sewer fund	-	-	-	-
Total other financing sources and uses	<u>(1,730,000)</u>	<u>(1,730,000)</u>	<u>(1,852,046)</u>	<u>(122,046)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>400</u>	<u>400</u>	<u>135,297</u>	<u>134,897</u>
Fund balances at beginning of year			<u>330,791</u>	
Fund balances at end of year			<u>466,088</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Amended/ Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
Revenues:				
Interest	50	50	208	158
Total revenues	<u>50</u>	<u>50</u>	<u>208</u>	<u>158</u>
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>50</u>	<u>50</u>	<u>208</u>	<u>158</u>
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>50</u>	<u>50</u>	<u>208</u>	<u>158</u>
Fund balances at beginning of year			<u>43,224</u>	
Fund balances at end of year			<u>43,432</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA  
SCHEDULE OF PROPORTIONAL SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS  
For the Year Ended June 30, 2023

Plan Year	2014			2015			2016			2017		
	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS
Town's proportion of the net pension liability	0.286238	0.11941	0.02598	0.284273	0.117404	0.038839	0.28566	0.135295	0.034032	0.297002	0.123337	0.035762
Town's proportionate share of the net pension liability	734,614	747,039	115,609	1,015,468	919,738	209,618	1,182,749	1,268,095	222,600	1,242,485	1,268,095	204,982
State's proportionate share of the net pension liability associated with the town	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>734,614</b>	<b>747,039</b>	<b>115,609</b>	<b>1,015,468</b>	<b>919,738</b>	<b>209,618</b>	<b>1,182,749</b>	<b>1,268,095</b>	<b>222,600</b>	<b>1,242,485</b>	<b>1,268,095</b>	<b>204,982</b>
Town's covered employee payroll	502,795	314,568	78,922	515,327	375,980	79,365	539,372	368,707	79,321	547,545	227,866	86,929
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	146.11%	237.48%	146.49%	197.05%	244.62%	264.12%	219.28%	343.93%	280.63%	226.92%	556.51%	235.80%
Plan fiduciary net position as a percentage of the total pension liability	73.99%	75.10%	76.54%	66.18%	70.73%	72.45%	62.11%	66.04%	68.15%	62.49%	70.08%	73.55%
Plan year	2019			2020			2021			2021		
	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS
Town's proportion of the net pension liability	0.32905	0.081526	0.026406	0.345305	0.084683	0.025368	0.3336	0.094092	0.025052	0.3336	0.094092	0.025052
Town's proportionate share of the net pension liability	1,374,989	740,393	165,352	1,492,895	782,668	175,840	927,909	501,562	88,781	927,909	501,562	88,781
State's proportionate share of the net pension liability associated with the town	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,374,989</b>	<b>740,393</b>	<b>165,352</b>	<b>1,492,895</b>	<b>782,668</b>	<b>175,840</b>	<b>927,909</b>	<b>501,562</b>	<b>88,781</b>	<b>927,909</b>	<b>501,562</b>	<b>88,781</b>
Town's covered employee payroll	659,989	261,522	63,156	660,645	305,920	62,836	635,571	331,392	67,234	635,571	331,392	67,234
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	208.34%	283.11%	261.82%	225.98%	255.84%	279.84%	146.00%	151.35%	132.05%	146.00%	151.35%	132.05%
Plan fiduciary net position as a percentage of the total pension liability	64.68%	71.01%	73.96%	64.52%	70.94%	72.61%	77.82%	84.09%	86.78%	77.82%	84.09%	86.78%

The State makes required contributions to the various retirement systems.  
The states share of the net pension liability is not stated.

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

See accompanying independent auditor's report.



Town of Rayville  
Schedule of Required Contributions  
For the Year Ended June 30, 2023

	2015			2016			2017			2018			2019			2020			2021			2022		
	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS
Contractually required contribution	97,329	100,294	24,143	101,807	111,161	22,694	122,708	117,079	21,084	135,518	70,069	20,883	158,375	82,087	17,062	183,147	84,995	17,526	194,872	102,873	20,265	187,504	98,589	22,691
Contributions in relation to the contractually required contribution	97,329	100,294	24,143	101,807	111,161	22,694	122,708	117,079	21,084	135,518	70,069	20,883	158,375	82,087	17,062	183,147	84,995	17,526	194,872	102,873	20,265	187,504	98,589	22,691
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Town's covered employee payroll	502,795	314,568	78,922	515,327	375,980	79,365	539,372	368,707	79,321	547,545	227,866	86,929	609,105	254,533	63,819	659,989	261,522	63,156	660,645	305,920	62,836	635,571	331,392	67,234
Contributions as a percentage of covered-employee payroll	19.75%	31.88%	30.59%	19.75%	29.57%	28.59%	22.75%	31.75%	26.58%	24.75%	30.75%	24.02%	26.00%	32.25%	26.73%	27.75%	32.50%	27.75%	29.50%	33.63%	32.25%	29.50%	28.75%	33.75%

Schedule is intended to show information for 10 years.

Additional years will be presented as they become available.

TOWN OF RAYVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30,2023

Federal Grantor/ Pass-Through Grantor Name/ Program Title	Federal AL Number	Revenue Recognized	Expenditures
Federal Aviation Administration: Airport Improvements Program	20.106	\$ 28,157	\$ 28,157
United States Department of the Treasury Passed through Louisiana Division of Administration: Coronavirus State and Local Fiscal Recovery Funds Distributions to Non-Entitlement Units of Local Government	21.027	672,655	672,655
United States Department of Housing and Urban Development COVID-19 Community Development Block Grant	14.218	-	47,970
Federal Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters)		<u>57,107</u>	<u>-</u>
Total Federal Awards		<u>\$ 757,919</u>	<u>\$ 748,782</u>

The accompanying notes are an integral part of this schedule.

TOWN OF RAYVILLE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30,2023

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Rayville and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the general-purpose financial statements. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Town of Rayville did not pass through any of its federal awards to a subrecipient during the fiscal year, nor did it expend any federal awards in the form of noncash assistance.

The Town of Rayville has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The accompanying notes are an integral part of this schedule.

**Supplementary Information**

TOWN OF RAYVILLE

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30,2023

Agency Head: Harry Lewis, Mayor

Salary	\$ 67,548
Benefits - health insurance	9,227
Benefits - life insurance	16
Benefits - retirement	21,109
Benefits - payroll taxes	979
Travel reimbursement	2,928
Hotel and parking	1,699

## **Other Reports**



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REGIONS TOWER  
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
318.429.1525 (P) | 318.429.2124 (F)

December 29, 2023

To the Honorable Mayor Harry Lewis  
and the Members of the Town Council  
Town of Rayville, Louisiana

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

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, and each major fund of the Town of Rayville as of and for the year ended June 30 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2023.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section 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.

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 deficiency described in the accompanying schedule of findings and questioned costs as 2023-1 to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as 2023-2.

## **Town of Rayville's Response to Findings**

The Town of Rayville's response to the findings identified in our audit is described in the accompanying management's corrective action plan for current year findings. The Town's response was not subjected 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.

HEARD, MELROY & VESTAL, L.L.C.

Shreveport, Louisiana





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REGIONS TOWER  
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
318.429.1525 (P) | 318.429.2124 (F)

To the Honorable Mayor Harry Lewis  
and the Members of the Town Council  
Town of Rayville, Louisiana

**Independent Accountant's Report**

We have examined the Town of Rayville's (Town's) compliance with the compliance requirements for the Alternative Compliance Examination Engagement in accordance with the Government Accountability Office Government Accounting Standards during the period July 1, 2022 to June 30, 2023. The Town's management is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements for the Alternative Compliance Examination Engagement in accordance with the Government Accountability Office Government Accounting Standards during the period July 1, 2022 to June 30, 2023.

HEARD, MCELROY & VESTAL, L.L.C.

Shreveport, LA  
December 29, 2023

TOWN OF RAYVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

**A. Summary of Audit Results**

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the Town of Rayville, Louisiana.
2. One material weakness relating to the audit of the basic financial statements is reported.
3. One instance of noncompliance relating to the basic financial statements of the Town of Rayville, Louisiana was disclosed during the audit.
4. The Town of Rayville, Louisiana was not subject to federal single audit for the year ended June 30, 2023.

**B. Findings – Financial Statement Audit**

2023-1: Inadequate Segregation of Duties:

Criteria

Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition

It was noted that employees who handle cash receipts and post payments to customer accounts also have the authority to write-off account balances and edit customer accounts, as well as complete deposits

Cause

Due to the Town’s limited number of personnel, the segregation of duties is not always possible.

Effect

Lack of segregation of accounting duties increases the risk that errors or irregularities would not be detected or corrected in a timely manner.

Recommendation

We recommend that the Town separate these functions.

Name of Contact Person

Harry Lewis, Mayor

Corrective Action Planned/Management's Response

The Town clerk will separate the functions as well as she can, but with the limited number of employees, this may not be completely possible. However, the Town has certain control procedures in place to help mitigate this risk.

2023-2: Budget Variance:

Criteria

Louisiana Revised Statute 39:1311 requires the Town to amend its budget if there is a 5% or greater overage in budgeted revenues as compared to actual revenues or a 5% or greater overage in actual expenditures as compared to budgeted expenditures.

Condition

The Town had unfavorable variances of more than 5% in its General Fund expenditures during the year.

Cause

Unknown.

Effect

The Town was not in compliance with the Local Government Budget Act.

Recommendation

We recommend that Town management monitor the budget throughout the year and make necessary amendments.

Name of Contact Person

Harry Lewis, Mayor

Corrective Action Planned/Management's Response

The Town clerk will make efforts to monitor budget variances, and comply with the Budget Act by proposing amendments when necessary.

TOWN OF RAYVILLE, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

2022-1: Inadequate Segregation of Duties:

Condition

It was noted that employees who handle cash receipts and post payments to customer accounts also have the authority to write-off account balances and edit customer accounts, as well as complete deposits

Auditor's Recommendation

We recommend that the Town separate these functions.

Current Status

See current year finding 2023-1.

2022-2: Budget Variance:

Condition

The Town had unfavorable variances of more than 5% in its General Fund during the year.

Auditor's Recommendation

We recommend that Town management monitor the budget throughout the year and make necessary amendments.

Current Status

See current year finding 2023-2.

TOWN OF RAYVILLE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2023

2023-1

The Town clerk will separate the functions as well as she can, but with the limited number of employees, this may not be completely possible. However, the Town has certain control procedures in place to help mitigate this risk.

2023-2

The Town clerk will make efforts to monitor budget variances, and comply with the Budget Act by proposing amendments when necessary.



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REGIONS TOWER  
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
318.429.1525 (P) | 318.429.2124 (F)

December 29, 2023

To the Honorable Mayor Harry Lewis  
And the Members of the Town Council  
Town of Rayville, Louisiana

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Town of Rayville's (the Town's) management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022, through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all

collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Findings:** *No exceptions noted.*

#### **Board or Finance Committee**

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- d) Observe whether the board or finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Findings:** *No exceptions noted.*

### **Bank Reconciliations**

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- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Findings:** *No exceptions noted.*

### **Collections (excluding electronic funds transfers)**

---

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.



- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
  7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
    - a) Observe that receipts are sequentially pre-numbered.
    - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - c) Trace the deposit slip total to the actual deposit per the bank statement.
    - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
    - e) Trace the actual deposit per the bank statement to the general ledger.

**Findings:** *No exceptions noted.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3 above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

**Findings:** *No exceptions noted.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card, obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Findings:** *No exceptions noted.*

### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- c) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Findings:** *One exception noted where a reimbursement was not reviewed and approved, in writing, by someone other than the person receiving reimbursement.*

#### ***Management's Response:***

### ***Contracts***

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16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Findings:** *No exceptions noted.*

## ***Payroll and Personnel***

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17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

***Findings:*** *No exceptions noted.*

## ***Ethics***

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21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

***Findings:*** *No exceptions noted.*

### ***Debt Service***

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23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Findings:** *No exceptions noted.*

### ***Fraud Notice***

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25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
26. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Findings:** *No exceptions noted.*

### ***Information Technology Disaster Recovery/Business Continuity***

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27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Findings:** *We performed the procedure and discussed the results with management.*

## ***Prevention of Sexual Harassment***

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29. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year, as required by R.S 42:343.
30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
  1. Number and percentage of public servants in the agency who have completed the training requirements;
  2. Number of sexual harassment complaints received by the agency;
  3. Number of complaints which resulted in a finding that sexual harassment occurred;
  4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  5. Amount of time it took to resolve each complaint.

***Findings:*** *No exceptions noted.*

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

HEARD, MELROY & VESTAL, L.L.C.