

TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2012
AND FOR THE YEAR THEN ENDED

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

Release Date **JUN 19 2013**

TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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TOWN OF RAYVILLE, LOUISIANA
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HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 31, 2012 (except for Note VII
as to which the date is April 8, 2013)

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

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, and the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rayville, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rayville, Louisiana, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers them 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 principally of inquiries of management regarding 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. However, we did not audit the information and express no opinion on it, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Rayville's basic financial statements. The supplemental information schedule listed in the table of contents on pages 40-41 is presented for purposes of additional financial analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits for States, Local Governments, and Nonprofit Organizations*, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hard, McElroy & Vestal, LLC

Shreveport, Louisiana

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2012

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, 2012. 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 by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" *Statement of Net Assets and Statement of Activities*, which seeks to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets 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 assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets 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 assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$13,082,172 (net assets); this represents an increase of \$842,665 from last fiscal year. Of this total net asset amount, \$1,500,814 is unrestricted net assets. The Town's net assets are comprised of \$6,433,535 from governmental activities and \$6,648,637 from business-type activities.

The following is a condensed statement of the Town of Rayville's net assets as of June 30, 2012:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets			
Current and other assets	883,431	2,668,351	3,551,782
Capital assets (net)	<u>5,849,981</u>	<u>11,076,053</u>	<u>16,926,034</u>
Total assets	6,733,412	13,744,404	20,477,816
Liabilities			
Other liabilities	299,877	1,178,744	1,478,621
Long-term liabilities	<u>-</u>	<u>5,917,023</u>	<u>5,917,023</u>
Total liabilities	<u>299,877</u>	<u>7,095,767</u>	<u>7,395,644</u>
Net Assets			
Invested in capital assets, net	5,822,532	5,391,567	11,214,099
Restricted	126,158	241,101	367,259
Unrestricted	<u>484,845</u>	<u>1,015,969</u>	<u>1,500,814</u>
Total net assets	<u>6,433,535</u>	<u>6,648,637</u>	<u>13,082,172</u>

By far the largest portion of the Town's net assets (\$11,214,099 or 86%) 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, (3% or \$367,259) is restricted net assets and (11% or \$1,500,814) is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$5,965,721, which was used to finance some of the \$16,926,034 capital assets. Total liabilities of \$7,395,644 are equal to 57% of the total net assets.

The Town's governmental activities decreased net assets by \$15,116 while the business type activities increased net assets by \$857,781.

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Revenue:			
Program revenue	926,148	2,021,339	2,947,487
General revenue	<u>2,009,271</u>	<u>1,150</u>	<u>2,010,421</u>
Total revenue	2,935,419	2,022,489	4,957,908
Expenses:			
General and administrative	889,917	-	889,917
Public safety	1,143,384	-	1,143,384
Public works	674,545	-	674,545
Recreation	130,616	-	130,616
Airport	147,118	-	147,118
Utility	-	<u>1,188,618</u>	<u>1,188,618</u>
Total expenses	<u>2,985,580</u>	<u>1,188,618</u>	<u>4,174,198</u>
<u>Excess of revenues over expenditures</u>	(50,161)	833,871	783,710
Transfers	(23,910)	23,910	-
Sale of capital asset	<u>58,955</u>	<u>-</u>	<u>58,955</u>
<u>Increase (decrease) in net assets</u>	(15,116)	857,781	842,665
<u>Net assets June 30, 2011</u>	<u>6,448,651</u>	<u>5,790,856</u>	<u>12,239,507</u>
<u>Net assets June 30, 2012</u>	<u>6,433,535</u>	<u>6,648,637</u>	<u>13,082,172</u>

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

	<u>Year End June 30, 2012</u>	<u>Year End June 30, 2011</u>
<u>Program revenues:</u>		
Rents and fees	17,966	19,086
Fines	212,680	191,522
User fees	249,614	245,450
Operating grants	51,969	-
Capital grants	<u>393,919</u>	<u>2,009,543</u>
Total program revenue	<u>926,148</u>	<u>2,465,601</u>
<u>General revenues:</u>		
Property taxes	243,618	242,946
Sales taxes	1,328,221	1,363,122
Franchise and insurance taxes	139,540	138,464
Other tax and licenses	165,842	154,486
Investment earnings	3,266	4,852
Other general revenues	32,814	85,956
Intergovernmental	<u>95,970</u>	<u>74,017</u>
Total general revenues	<u>2,009,271</u>	<u>2,036,843</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:

	<u>Governmental Funds</u>			<u>Water & Sewer Fund</u>
	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Industrial Park Fund</u>	
Revenues	1,607,007	1,328,331	81	1,478,703
Expenditures	<u>3,109,121</u>	<u>13,878</u>	<u>-</u>	<u>1,025,316</u>
Excess of revenues	(1,502,114)	1,314,453	81	
Operating income				453,387
Other financial sources (uses)	1,483,828	(1,448,783)	-	566,546
Non-operating Revenue (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(162,152)</u>
Net change	(18,286)	(134,330)	81	857,781
Beginning fund balance	<u>456,017</u>	<u>265,282</u>	<u>42,239</u>	<u>5,790,856</u>
Ending fund balance	<u>437,731</u>	<u>130,952</u>	<u>42,320</u>	<u>6,648,637</u>

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 and Special Revenue – Economic Development). 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 and the Special Revenue – Sales Tax Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund and the Special Revenue – Sales Tax 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 and Special Revenue – Economic Development) reported an ending fund balance of \$611,003, which is a decrease of \$152,535. \$126,158 of the fund balance is restricted. \$130,952 of the fund balance Unrestricted - Assigned. The remaining amount \$353,893 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 assets of \$857,781. The operating income in the Water and Sewer Departments totaled \$453,387.

The water billing rates set forth in Resolution 2006-14 were implemented on July 1, 2010. The new rates significantly increased the Town's water revenue in the proprietary fund.

The sewer billing rates set forth in Resolution 2011-4 were implemented on July 1, 2011. The new rates significantly increased the Town's sewer revenue in the proprietary fund.

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 \$404,007 more than the budgeted amounts. Expenditures were more than budget by \$309,121. Other financing sources were less than budget by \$116,172.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2012 is \$11,214,009, which is an increase of \$1,403,752 from the amount of \$9,810,257 at June 30, 2011.

New major capital assets purchased or constructed in fiscal year 2012 are:

Governmental activities:

- | | |
|------------------------------------|-----------|
| 1. Building Improvements | \$ 64,334 |
| 2. Land Improvements | 74,350 |
| 3. Airport Improvement in progress | 189,456 |

Proprietary activities:

1. Utility System Improvements	\$ 3,873,398
2. Construction in Progress	3,683,186
3. Vehicles and Equipment	20,355

Additionally, the Town received a donation of land valued at \$106,000.

Proprietary Debt:

The Town of Rayville used cash, grants and loans to acquire the current year capital assets. Through the USDA RDC, the Town has grant/loan projects committed for funding. The project documents (grant/loans) were not finalized as of June 30, 2012.

Through the Louisiana Community Development Block Grant (LCDBG), the Town has started a water well project. The project will be funded by a LCDBG grant of \$800,000 with local funding of \$40,000. At June 30, 2012, the construction cost to date was \$438,037. The cost was funded with \$406,437 of grant money and \$31,600 of local funding.

Through the USDA RDC, the Town has started a waste water treatment project. The project will be funded by a USDA RDC loan of \$4,015,000 and a USDA RDC grant of \$2,068,000. Construction cost as of June 30, 2012 was \$3,305,426. Under the term of the USDA agreement, the loan portion of the project is advanced before the grant portion of the project. At June 30, 2012, the cost had been paid through interim financing of \$2,417,616 and accounts payable of \$887,810. The remaining loan available is \$1,597,384. The grant available is \$2,068,000.

Through the FFA and LA DOTD, the Town has started an airport improvement project. The project total of \$494,273 will be funded through grants. The cost of the project at June 30, 2012, of \$189,457 was funded by the combined grant agencies. The remaining grant funds available for the project are \$304,816.

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, 2012:

	Proprietary Debt					
	Water Phase I	Water Revenue Bonds	Water Phase II	2006 Sewer Bonds	2007 Sewer Bonds	Proprietary Capital Leases
Payable at July 1, 2011	2,148,990	894,000	-	186,098	361,629	3,763
New Loans	-	-	2,417,616	-	-	-
Loans Retired	(18,114)	(17,355)	-	(2,412)	(4,731)	-
Capital Lease Retired	-	-	-	-	-	(3,763)
Payable at June 30, 2012	<u>2,130,876</u>	<u>876,645</u>	<u>2,417,616</u>	<u>183,686</u>	<u>356,898</u>	<u>-</u>

	<u>Governmental Debt</u>		
	<u>Street Equipment</u>	<u>Mayor's Car</u>	<u>Police Car</u>
Payable at July 1, 2011	42,683	20,089	20,089
Capital Lease Retired	<u>(31,828)</u>	<u>(11,792)</u>	<u>(11,792)</u>
Payable at June 30, 2012	<u>10,855</u>	<u>8,297</u>	<u>8,297</u>

Current Financial Factors

With the exception of changes in Capital Grants, revenues for the upcoming fiscal year are expected to remain relatively constant.

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 Lorraine Scott, Town Clerk, Post Office Box 878, Rayville, Louisiana, 71269.

Government-Wide Financial Statements

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	424,380	1,824,332	2,248,712
Receivables (net of allowances- for uncollectibles)	294,853	285,315	580,168
Restricted cash and cash equivalents	98,502	522,336	620,838
Grant receivable	65,696	-	65,696
Deferred charges (net of amortization)	-	36,368	36,368
Capital assets (net)	<u>5,849,981</u>	<u>11,076,053</u>	<u>16,926,034</u>
Total assets	<u>6,733,412</u>	<u>13,744,404</u>	<u>20,477,816</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	164,289	1,036,481	1,200,770
Payable from restricted assets	108,139	93,565	201,704
Current portion of capital leases payable	27,449	-	27,449
Current portion of notes payable	-	48,698	48,698
Notes payable, beyond one year	<u>-</u>	<u>5,917,023</u>	<u>5,917,023</u>
Total liabilities	<u>299,877</u>	<u>7,095,767</u>	<u>7,395,644</u>
<u>NET ASSETS</u>			
Invested in capital assets, (net of related debt)	5,822,532	5,391,567	11,214,099
Restricted	126,158	241,101	367,259
Unrestricted	<u>484,845</u>	<u>1,015,969</u>	<u>1,500,814</u>
Total net assets	<u>6,433,535</u>	<u>6,648,637</u>	<u>13,082,172</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, 2012

	Expenses	Program Revenues			Net (Expenses) Revenue	Net (Expenses), Revenues, and Changes		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business- Type Activities	
<u>GOVERNMENTAL ACTIVITIES</u>								
General government	889,917	17,966	25,000	-	(846,951)	(846,951)	-	(846,951)
Public Safety-Police	1,005,271	212,680	-	-	(792,591)	(792,591)	-	(792,591)
Public Safety-Fire	138,113	-	-	-	(138,113)	(138,113)	-	(138,113)
Public Works-Streets	462,309	-	26,969	98,462	(336,878)	(336,878)	-	(336,878)
Public Works-Sanitation	212,236	247,714	-	-	35,478	35,478	-	35,478
Recreation	130,616	1,900	-	106,000	(22,716)	(22,716)	-	(22,716)
Airport	147,118	-	-	189,457	42,339	42,339	-	42,339
Total Governmental Activities	<u>2,985,580</u>	<u>480,260</u>	<u>51,969</u>	<u>393,919</u>	<u>(2,059,432)</u>	<u>(2,059,432)</u>	<u>-</u>	<u>(2,059,432)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer	<u>1,188,618</u>	<u>1,478,703</u>	<u>-</u>	<u>542,636</u>	<u>832,721</u>	<u>-</u>	<u>832,721</u>	<u>832,721</u>
Total Business-Type Activities	<u>1,188,618</u>	<u>1,478,703</u>	<u>-</u>	<u>542,636</u>	<u>832,721</u>	<u>-</u>	<u>832,721</u>	<u>832,721</u>
Total	<u>4,174,198</u>	<u>1,958,963</u>	<u>-</u>	<u>936,555</u>	<u>(1,226,711)</u>	<u>(2,059,432)</u>	<u>832,721</u>	<u>(1,226,711)</u>
General Revenues:								
Property Taxes						243,618	-	243,618
Sales Taxes						1,328,221	-	1,328,221
Franchise and Insurance Taxes						139,540	-	139,540
Beer Taxes						5,566	-	5,566
Occupational and Other Licenses						160,276	-	160,276
Investment Earnings						3,266	1,862	4,416
Other General Revenues						32,814	-	32,814
Intergovernmental						95,970	-	95,970
Transfers						(23,910)	23,910	-
Sale of Capital Asset						58,955	-	58,955
Total general revenues and transfers						<u>2,044,316</u>	<u>25,060</u>	<u>2,069,376</u>
Change in Net Assets						(15,116)	857,781	842,665
Net assets-beginning						<u>6,448,651</u>	<u>5,790,856</u>	<u>12,239,507</u>
Net assets-ending						<u>6,433,535</u>	<u>6,648,637</u>	<u>13,082,172</u>

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, 2012

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Sales Tax</u>	<u>Special Revenue</u>	
<u>Assets</u>				
Cash and cash equivalents	42,443	6,711	-	49,154
Restricted cash and cash equivalents	56,184	-	42,318	98,502
Investments	375,226	-	-	375,226
Receivables (net of allowances for uncollectibles)				
Licenses and permits	5,086	-	-	5,086
Taxes, including penalty, interest and fees	37,838	125,545	-	163,383
Services	3,528	-	-	3,528
Fines and forfeits	115,100	-	-	115,100
Other	2,636	-	-	2,636
Intergovernmental	3,570	-	-	3,570
Grant	65,696	-	-	65,696
Accrued interest	1,546	2	2	1,550
Total assets	<u>708,853</u>	<u>132,258</u>	<u>42,320</u>	<u>883,431</u>
<u>Liabilities</u>				
Accounts payable	218,132	1,306	-	219,438
Accrued expenditures	13,599	-	-	13,599
Estimated compensated absences	<u>39,391</u>	<u>-</u>	<u>-</u>	<u>39,391</u>
Total liabilities	271,122	1,306	-	272,428
<u>Fund Balance</u>				
Non-spendable fund balance	-	-	-	-
Restricted fund balance-grants	83,838	-	42,320	126,158
Unrestricted fund balance				
Committed fund balance	-	-	-	-
Assigned fund balance	-	130,952	-	130,952
Unassigned fund balance	<u>353,893</u>	<u>-</u>	<u>-</u>	<u>353,893</u>
Total fund balance	<u>437,731</u>	<u>130,952</u>	<u>42,320</u>	<u>611,003</u>
Total liabilities and fund balance	<u>708,853</u>	<u>132,258</u>	<u>42,320</u>	<u>883,431</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 ASSETS
 GOVERNMENTAL FUNDS
 JUNE 30, 2012

Fund Balances -- Total Governmental Funds		611,003
Amounts reported for governmental activities in Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	9,281,257	
Less accumulated depreciation	<u>(3,431,276)</u>	5,849,981
Capital leases payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds		
		<u>(27,449)</u>
Net assets of governmental activities		<u>6,433,535</u>

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, 2012

	Governmental Fund Types		Totals
	General	Special Revenue	
<u>Revenues</u>			
Taxes	388,724	1,328,221	1,716,945
Licenses and permits	160,276	-	160,276
Intergovernmental revenue	267,580	-	267,580
Charges for service	212,680	-	212,680
Fines and forfeits	435,858	-	435,858
Interest	3,075	191	3,266
Other	138,814	-	138,814
Total revenues	1,607,007	1,328,412	2,935,419
<u>Expenditures</u>			
Current:			
General government	754,893	13,878	768,771
Fire	122,430	-	122,430
Police	981,227	-	981,227
Highways and streets	471,622	-	471,622
Sanitation	212,236	-	212,236
Recreation	116,547	-	116,547
Airport	16,026	-	16,026
Capital outlay	434,140	-	434,140
Total expenditures	3,109,121	13,878	3,122,999
Excess (deficiency) of revenues over expenditures	(1,502,114)	1,314,534	(187,580)
Other financing sources (uses)			
Operating transfers in	1,507,738	-	1,507,738
Operating transfers (out)	(23,910)	(1,507,738)	(1,531,648)
Sale of capital asset	-	58,955	58,955
Total other financing sources (uses)	1,483,828	(1,448,783)	35,045
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(18,286)	(134,249)	(152,535)
Fund balance at beginning of year	456,017	307,521	763,538
Fund balance at end of year	437,731	173,272	611,003

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

FOR THE YEAR ENDED JUNE 30, 2012

Net Change in Fund Balances, Total Governmental Funds (152,535)

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives
and reported as depreciation expenses.

Expenditures for capital assets	434,140	
Disposal of Capital Assets	(21,609)	
Less current year depreciation	<u>(330,523)</u>	82,008

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 assets. This amount is the net
effect of these differences in the treatment of
long-term debt and related items.

Capital lease and loan payments	<u>55,411</u>	<u>55,411</u>
Changes in net assets of governmental activities		<u>(15,116)</u>

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

Proprietary Funds

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF NET ASSETS
WATER AND SEWER ENTERPRISE FUND

JUNE 30, 2012

ASSETS

<u>Current assets:</u>	
Cash and cash equivalents	1,824,332
Customer accounts receivable (net of allowances for uncollectibles of \$47,417)	205,109
Grants receivable	35,665
Unbilled accounts receivable	44,458
Accrued interest	<u>83</u>
Total current assets	<u>2,109,647</u>
<u>Non-current assets:</u>	
Deferred charges (net of amortization)	36,368
<u>Restricted assets (cash and investments):</u>	
Construction accounts	105,898
Customer deposits	241,101
Sewer bond funds	40,513
Water bond funds	<u>134,824</u>
Total restricted assets	<u>522,336</u>
<u>Property, plant, and equipment:</u>	
Land	39,425
Improvements	<u>14,162,925</u>
	14,202,350
Less accumulated depreciation	<u>(3,126,297)</u>
Net property, plant, and equipment	<u>11,076,053</u>
Total non-current assets	<u>11,634,757</u>
Total assets	<u>13,744,404</u>

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

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	1,016,873
Other accrued expenses	8,193
Estimated compensated absences	<u>11,415</u>
Total current liabilities	1,036,481

Current liabilities-restricted assets:

Customer meter deposits	93,565
Current portion of revenue bonds	<u>48,698</u>
Total current liabilities-restricted assets	142,263

Long-term liabilities:

Revenue bonds	<u>5,917,023</u>
Total long-term liabilities	<u>5,917,023</u>

Total liabilities 7,095,767

Net assets

Investment in capital assets, (net of related debt)	5,391,567
Restricted expendable net assets	241,101
Unrestricted net assets	<u>1,015,969</u>

Total net assets 6,648,637

Total liabilities and net assets 13,744,404

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS-ALL PROPRIETARY FUND TYPES
WATER AND SEWER ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

<u>Operating revenues:</u>	
Charges for services	1,391,690
Lease revenue	87,013
Total operating revenue	<u>1,478,703</u>
 <u>Operating expenses:</u>	
Bad debts	38,962
Depreciation	311,160
Employee benefits	31,876
Fuel	27,323
Insurance	66,099
Professional	53,488
Repairs and equipment	14,854
Salaries	196,238
Supplies	182,749
Telephone and utilities	91,405
Theft loss	5,162
Total operating expenses	<u>1,025,316</u>
<u>Operating income</u>	<u>453,387</u>
 <u>Non-operating revenues (expenses):</u>	
Interest	1,150
Amortization	(1,229)
Interest	(162,073)
Total non-operating revenues (expenses)	<u>(162,152)</u>
<u>Income before contributions and transfers</u>	<u>291,235</u>
 <u>Other financing sources (uses):</u>	
Grants	542,636
Transfers in (out):	
General fund	23,910
Total other financing sources	<u>566,546</u>
<u>Change in net assets</u>	<u>857,781</u>
<u>Total net assets at beginning of year</u>	<u>5,790,856</u>
<u>Total net assets at end of year</u>	<u>6,648,637</u>

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

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF CASH FLOWS, PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

<u>Cash flows from operating activities:</u>	
Receipts from customers and users	1,562,263
Payments to suppliers	(771,819)
Payments to employees	<u>(195,409)</u>
Net cash provided by operating activities	595,035
<u>Cash flows from noncapital financing activities:</u>	
Transfers from other funds	<u>23,910</u>
Net cash provided by noncapital financing activities	23,910
<u>Cash flows from capital and related financing activities:</u>	
Capital grants	683,276
Construction of capital assets	(3,035,350)
Principal paid on capital debt	(46,375)
Interest paid on capital debt	(159,653)
Financing on capital construction	<u>2,417,616</u>
Net cash (used) by capital and related financing activities	(140,486)
<u>Cash flows from investing activities:</u>	
Interest on temporary investments	1,360
Interest reinvested	<u>(378)</u>
Net cash provided by investing activities	<u>982</u>
<u>Net increase in cash and cash equivalents</u>	479,441
<u>Cash and cash equivalents, beginning of year</u>	<u>1,812,215</u>
<u>Cash and cash equivalents, end of year</u>	<u>2,291,656</u>

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

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF CASH FLOWS, PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012

Reconciliation of operating income to net cash provided by operating activities

Operating income	453,387
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	311,160
Change in assets and liabilities	
(Increase) in: accounts receivable – customers	(32,280)
(Decrease) in: accounts payable accrued liabilities	(11,364)
Increase in: customer deposits	7,748
Total adjustments	<u>141,648</u>
Net cash provided by operating activities	595,035

Schedule of cash and cash equivalents

Current assets:

Cash and cash equivalents	1,824,332
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Restricted assets:

Cash and cash equivalents	522,336
Certificate of deposit with 12-month maturity	<u>(55,012)</u>

Cash and cash equivalents, end of year	<u>2,291,656</u>
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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, 2012

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 assets 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 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.

I. Summary of Significant Accounting Policies (Continued)

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

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.

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 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 assets. Their reported fund equity (net total assets) is segregated into Investment in Capital Assets, Net of Related Debt, Restricted Net Assets, and Unrestricted Net Assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

I. Summary of Significant Accounting Policies (Continued)

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.

GOVERNMENTAL FUNDS

Revenues are recognized when they become measurable and available as net 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, and recognized in the accounts 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 12.1 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.

MISCELLANEOUS REVENUES - Revenues from facility rental, swimming pool fees 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.

I. Summary of Significant Accounting Policies (Continued)

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. The expenditure is recognized as the amount accrued during the year that will be liquidated with expendable available financial resources. This accrual is established by the amount of the payroll and the multiple employer retirement plans. All accrued amounts are considered to be current liabilities.

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.

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 are accrued as it is earned and the expense recognized in the period incurred.

PENSION EXPENSE - The pension expense applicable to employees of the Water and Sewer Fund is accrued as the salary is expensed upon which the cost is based.

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.

I. Summary of Significant Accounting Policies (Continued)

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. 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.

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. FUND BALANCE

The Town of Rayville implemented GASB 54 in the previous year. 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.

I. Summary of Significant Accounting Policies (Continued)

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 administer the fund for the benefit of the Town's General Fund.

G. 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.

H. BUDGETS AND BUDGETARY ACCOUNTING

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

- a. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. 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.
- c. Unused appropriations of all of the above annually budgeted funds lapse at the end of the fiscal year.
- d. 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 taxpayer comments. Prior to June 30, the budget is legally enacted through the passage of an ordinance.
- e. 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.
- f. The budget was not amended in the reporting year for the General Fund. The budget amounts shown in the financial statements are the final authorized amounts.

II. Stewardship, Compliance, and Accountability

A. BUDGETARY COMPLIANCE

The Town was not in compliance with the General Fund budget, as expenditures were greater than 5% over budget. The Town was in compliance with the Sales Tax Special Revenue Fund Budget. The Town did not adopt a budget for the Economic Development Special Revenue Fund.

B. BOND RESTRICTIONS

(a) WATER REVENUE BONDS

The Water Revenue Bonds issued on July 28, 1998, 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 the Town to maintain certain cash accounts (Water Revenue Fund, Sinking Fund, Reserve Fund, and Contingency Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2012, the Town was adequately funded in the cash restricted for the Water Revenue Bonds.

(b) 2006 SEWER BOND

The 2006 Sewer Bonds issued on November 14, 2006, are secured by and payable solely from the income and revenues 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.

The bond agreement requires the Town to maintain certain cash accounts (Depreciation Fund, Reserve Fund, and Contingency Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2012, the Town was adequately funded in the cash restricted for the 2006 Sewer Bonds.

(c) 2007 SEWER BOND

The 2007 Sewer Bonds issued on October 11, 2007, are secured by and payable solely from the income and revenues 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.

The bond agreement requires the Town to establish certain cash accounts (Debt Service Fund and Depreciation Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2012, the Town had adequately funded the required cash accounts.

III. Detail Notes on All Funds and Account Groups

A. ASSETS

1. Cash and Investments

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

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	1,824,332
Restricted Assets:	
Construction Accounts	105,898
Customer Deposit	241,101
Certificate of Deposit with 12 month maturity	(55,012)
Sewer Bond Fund Reserves	40,513
Water Bond Fund Reserves	<u>134,824</u>
Cash and Cash Equivalents, end of year	<u>2,291,656</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.

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, 2012, 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	1,866,165	538,892	2,405,057
Time deposits	<u>381,933</u>	<u>81,946</u>	<u>463,879</u>
Total	<u>2,248,712</u>	<u>620,838</u>	<u>2,869,550</u>
		<u>Cash Equivalents</u>	
		<u>Cash</u>	<u>Certificates of Deposit</u>
At June 30, 2012:			<u>Total</u>
Carrying amount on balance sheet	<u>2,405,056</u>	<u>463,879</u>	<u>2,868,935</u>
<u>Bank balances:</u>	<u>2,428,270</u>	<u>463,879</u>	<u>2,892,149</u>
a: Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u>	<u>500,000</u>	<u>316,699</u>	<u>816,699</u>

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
b: Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	-	-	-
c: Uncollateralized, including any securities held for the entity but not in the entity's name	<u>1,332,785</u>	<u>147,180</u>	<u>1,479,965</u>
d: Uncollateralized, no securities pledged	<u>595,485</u>	-	<u>595,485</u>
Total bank balances	<u>2,428,270</u>	<u>463,879</u>	<u>2,892,149</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.

2. Allowance for Uncollectible Accounts

At June 30, 2012, 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, 2012, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being Depreciated				
Construction in progress	-	189,456	-	189,456
Land	<u>715,987</u>	<u>106,000</u>	<u>(21,609)</u>	<u>715,987</u>
Total capital assets, not being depreciated	<u>715,987</u>	<u>295,456</u>	<u>(21,609)</u>	<u>989,834</u>

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

Capital assets being depreciated				
Buildings and improvements	2,073,715	64,334	-	2,138,049
Land improvements	4,912,207	74,350	-	4,986,557
Machinery & equipment	467,284	-	-	467,284
Vehicles	<u>699,533</u>	<u>-</u>	<u>-</u>	<u>699,533</u>
Total capital assets being depreciated	<u>8,152,739</u>	<u>138,684</u>	<u>-</u>	<u>8,291,423</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,150,486)	(53,205)	-	(1,203,691)
Land improvements	(1,171,458)	(187,029)	-	(1,358,487)
Machinery & equipment	(313,858)	(31,549)	-	(345,407)
Vehicles	<u>(464,951)</u>	<u>(58,740)</u>	<u>-</u>	<u>(523,691)</u>
Total accumulated depreciation	<u>(3,100,753)</u>	<u>(330,523)</u>	<u>-</u>	<u>(3,431,276)</u>
Total capital assets being depreciated, net	<u>5,051,986</u>	<u>(191,839)</u>	<u>-</u>	<u>4,860,147</u>

Depreciation expense of \$330,523 for the year ended June 30, 2012, was charged to the following governmental functions:

General government	111,330
Public safety:	
Police	35,836
Fire	15,683
Public works:	
Streets	22,515
Recreation	14,069
Airport	<u>131,090</u>
Total	<u>330,523</u>

4. Changes in Proprietary Fund Fixed Assets

A summary of Proprietary Fund Type Property, Plant, and Equipment at June 30, 2012 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	3,795,696	3,683,186	(3,723,804)	3,755,078
Land	<u>39,425</u>	<u>-</u>	<u>-</u>	<u>39,425</u>
Total capital assets, not being depreciated	<u>3,835,121</u>	<u>3,683,186</u>	<u>(3,723,804)</u>	<u>3,794,503</u>

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

Capital assets being depreciated				
Water & waste water systems	6,361,059	3,873,399	-	10,234,458
Machinery, equipment, and vehicles	<u>153,034</u>	<u>20,355</u>	<u>-</u>	<u>173,389</u>
Total capital assets being depreciated	<u>6,514,093</u>	<u>3,893,754</u>	<u>-</u>	<u>10,407,847</u>
Less accumulated depreciation for:				
Water & waste water systems	(2,730,960)	(290,085)	-	(3,021,045)
Machinery, equipment, and vehicles	<u>(84,177)</u>	<u>(21,075)</u>	<u>-</u>	<u>(105,252)</u>
Total accumulated depreciation	<u>(2,815,137)</u>	<u>(311,160)</u>	<u>-</u>	<u>(3,126,297)</u>
Total capital assets being depreciated, net	<u>3,698,956</u>	<u>3,582,591</u>	<u>-</u>	<u>7,281,550</u>

5. Capital assets acquired through leases are summarized as follows:

	<u>Capital Asset</u>	<u>Accumulated Depreciation</u>
General Fund:		
Vehicles	256,947	189,829
Equipment	212,412	125,870
Proprietary Fund:		
Equipment	40,965	22,531

B. LIABILITIES

I. PENSION AND RETIREMENT PLANS

Defined Benefit Pension Plans

The employees of the Town of Rayville, Louisiana participate in a Statewide Local Government Retirement System, a multiple-employer public employee retirement system. 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").

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

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 14.25% to 25.00%, 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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total payroll	1,173,195	1,148,492	1,032,238	1,039,380
Total covered payroll	909,125	856,310	769,002	742,499
Employee contributions	84,186	71,656	64,169	63,383
Town contributions	191,243	159,927	94,930	89,207

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. The reports may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809 or the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or the Firefighters Retirement System, P. O. Box 94095, Capitol Station, Baton Rouge, Louisiana 70804.

2. COMPENSATED ABSENCES

Accumulated unpaid sick pay and comp pay are accrued when incurred in proprietary and governmental funds. At June 30, 2012, the recorded accruals in the General Fund and the Water and Sewer Fund were as follows:

General Fund	39,391
Water and Sewer Fund	<u>11,415</u>
Total	<u>50,806</u>

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

3. LONG-TERM DEBT

(a) Description of Long-Term Debt

Bonds Payable at June 30, 2012, are comprised of the following issues:

	<u>Outstanding Principal</u>
1,054,000 Rural Development Water Revenue Bonds due in monthly payments through July, 2038. Interest rate 4.75%	<u>876,645</u>
194,000 2006 Sewer Bonds due in monthly payments through November 2046. Interest rate 4.125%	<u>183,686</u>

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

378,000 2007 Sewer Bonds due in monthly payments through September 2047. Interest rate 4.125%	<u>356,898</u>
2,153,000 Water Phase I Bonds due in monthly payments through May 2050. Interest rate 4.25%	<u>2,130,876</u>
Total Bonds Payable	<u>3,548,105</u>

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

(b) Interim Financing

4,015,000 Water Phase II bonds, at year-end interim financing used during the construction period	<u>2,417,616</u>
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The following leases are being serviced – principal and interest by the General Fund.

Street maintenance machinery. Original financing of \$93,352 at 3.45% payable in 36 monthly payments	<u>10,855</u>
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Vehicles. Original financing of \$47,963 at 6.5% payable in 24 monthly payments	<u>16,594</u>
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(c) 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, 2012.

	<u>Proprietary Debt</u>					
	<u>Water Phase I</u>	<u>Water Revenue Bonds</u>	<u>Water Phase II</u>	<u>2006 Sewer Bonds</u>	<u>2007 Sewer Bonds</u>	<u>Proprietary Capital Leases</u>
Payable at July 1, 2011	2,148,990	894,000	-	186,098	361,629	3,763
New loans	-	-	2,417,616	-	-	-
Loans retired	(18,114)	(17,355)	-	(2,412)	(4,731)	-
Capital lease retired	-	-	-	-	-	(3,763)
Payable at June 30, 2012	<u>2,130,876</u>	<u>876,645</u>	<u>2,417,616</u>	<u>183,686</u>	<u>356,898</u>	<u>-</u>

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

	Governmental Debt		
	Street Equipment	Mayor's Car	Police Car
Payable at July 1, 2011	42,683	20,089	20,089
Capital lease retired	<u>(31,828)</u>	<u>(11,792)</u>	<u>(11,792)</u>
Payable at June 30, 2012	<u>10,855</u>	<u>8,297</u>	<u>8,297</u>

(d) 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, 2012.

	Governmental		Proprietary					Proprietary Capital Leases
	General Fund Capital Leases	Water Phase I	Water Revenue Bonds	Sewer Refunding Bonds	2006 Sewer Bonds	2007 Sewer Bonds		
Payable at July 1, 2011	55,411	18,114	17,355	-	2,412	4,731	3,763	
Loans Retired	-	(18,114)	(17,355)	-	(2,412)	(4,731)	-	
Capital Lease Retired	(55,411)	-	-	-	-	-	(3,763)	
Allocation of Long-Term Debt	<u>27,449</u>	<u>23,055</u>	<u>18,201</u>	<u>-</u>	<u>2,513</u>	<u>4,929</u>	<u>-</u>	
Payable at June 30, 2012	<u>27,449</u>	<u>23,055</u>	<u>18,201</u>	<u>-</u>	<u>2,513</u>	<u>4,929</u>	<u>-</u>	

(e) Summary of Debt Service Requirements to Maturity

The annual requirements to maturity, including principal and interest, as of June 30, 2012, are as follows:

Year Ending June 30	Proprietary Debt				
	Water Phase I	Water Revenue Bonds	2006 Sewer Bonds	2007 Sewer Bonds	WWTP Interim Loan
2013	113,172	59,448	10,044	19,560	-
2014	113,172	59,448	10,044	19,560	155,286
2015	113,172	59,448	10,044	19,560	155,286
2016	113,172	59,448	10,044	19,560	155,286
2017	113,172	59,448	10,044	19,560	155,286
2018-2022	565,860	297,240	50,220	97,800	776,430
2023-2027	565,860	297,240	50,220	97,800	776,430
2028-2032	565,860	297,240	50,220	97,800	776,430
2033-2037	565,860	297,240	50,220	97,800	776,430
2038-2042	565,860	25,443	50,220	97,800	643,792
2043-2047	565,860	-	41,226	76,878	-
2048-2050	<u>335,158</u>	<u>-</u>	<u>1,073</u>	<u>-</u>	<u>-</u>
Total Principal & interest	4,296,178	1,511,643	342,546	633,878	4,370,656
Less interest	<u>2,165,302</u>	<u>634,998</u>	<u>158,860</u>	<u>306,780</u>	<u>1,953,040</u>
Principal due as of June 30, 2012	<u>2,130,876</u>	<u>876,645</u>	<u>183,686</u>	<u>356,898</u>	<u>2,417,616</u>

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

Year Ending <u>June 30</u>	<u>Governmental Debt</u>		
	<u>Street Equipment</u>	<u>Mayor's Car</u>	<u>Police Car</u>
2013	<u>10,933</u>	<u>8,500</u>	<u>8,500</u>
Total			
Principal & interest	10,933	8,500	8,500
Less interest	<u>78</u>	<u>203</u>	<u>203</u>
Principal due as of June 30, 2012	<u>10,855</u>	<u>8,297</u>	<u>8,297</u>

4. LEASE COMMITMENTS

(a) General Fund

On July 7, 2009, the Town entered into a capital lease agreement to acquire street maintenance equipment. The total cost of the equipment was \$93,352. The terms call for 3.45% interest with 36 monthly payments of \$2,733.

On April 23, 2009 the Town entered into an operating lease agreement for a copier for the police department. The lease agreement calls for 48 monthly payments of \$204. In the current year, \$2,448 was paid in copier lease payments.

On August 26, 2009, the Town entered into an operating lease agreement for a copier at city hall. The lease agreement calls for 48 monthly payments of \$236. In the current year, \$2,832 was paid in copier lease payments.

On March 18, 2012, the Town entered into a capital lease agreement to purchase two vehicles. The total cost of the vehicles is \$47,963. The terms call for 6.5% interest with 24 monthly payments of \$1,063.

(b) Proprietary Debt

In November 2006, the Town entered into a capital lease agreement to purchase a sewer jet cleaner. The total cost was \$40,965. The lease term is for 60 monthly payments of \$761 with an interest rate of 4.34%.

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 \$1,448,783 and operating transfers from the Economic Development Fund of \$58,955. The General Fund transferred \$23,910 to the Water and Sewer Fund. These were routine, transfers. Transfers were budgeted in the General Fund and Sales Tax Fund budgets.

D. ON BEHALF OF PAYMENTS FOR SALARIES

Included in the General Fund financial statements are amounts paid by the State of Louisiana as supplemental salaries to the Town's policemen. The payments of \$73,336 are included on the financial statement as Intergovernmental Revenue and Public Safety Expenditures.

IV. FINANCIAL STATEMENT PRESENTATION

A. SALES TAX FUND

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 2003 is July 31, 2012. 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

On the Water Phase I debt, \$80,777 of interest was paid. The interest will be capitalized as part of the construction cost. Interest reported as a non-operating expense in the Water and Sewer Enterprise Fund of \$162,073 included accrued interest of \$2,420. Interest paid in the Governmental Fund was \$2,890.

V. COMMITMENTS & CONTINGENCIES

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

Through the USDA RDC, the Town has a grant/loan project committed for funding. The project documents (grant/loans) were not finalized as of June 30, 2012.

Through the Louisiana Community Development Block Grant (LCDGB), the Town has started a Water Well Project. The Project will be funded by a LCDBG grant of \$800,000 with local funding of \$40,000. At June 30, 2012, the construction cost to date was \$438,037. The cost was funded with \$406,437 of grant money and \$31,600 of local funding.

Through the USDA RDC, the Town has started a Waste Water Treatment project. The project will be funded by a USDA RDC loan of \$4,015,000 and a USDA RDC grant of \$2,068,000. Construction cost as of June 30, 2012 was \$3,305,426. Under the term of the USDA agreement, the loan portion of the project is advanced before the grant portion of the project. At June 30, 2012, the cost had been paid through interim financing of \$2,417,616 and accounts payable of \$887,810. The remaining loan available is \$1,597,384. The grant available is \$2,068,000.

Through the FAA and LA DOTD, the Town has started an airport improvement project. The project total of \$494,273 will be funded through grants. The cost of the project at June 30, 2012, of \$189,457 was funded by the combined grant agencies. The remaining grant funds available for the project are \$304,816.

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. SUBSEQUENT EVENTS

A portion of The Town's assessed sales tax expired July 31, 2012 and was inadvertently not renewed. However, the Richland Parish Tax Commission continued to collect and disburse the sales tax to the Town. The total sales tax collected and disbursed erroneously amounted to \$516,879. Taxpayers will have the right to request reimbursement for the sales tax for a period of three years before the Town can retain permanent possession of the funds. The Town anticipates the sales tax will be renewed with an effective date of July 1, 2013.

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, 2012

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Taxes	372,000	388,724	16,724
Licenses and permits	113,000	160,276	47,276
Intergovernmental	269,200	267,580	(1,620)
Charges for services	181,000	212,680	31,680
Fines and forfeits	175,300	435,858	260,558
Interest	6,000	3,075	(2,925)
Other	<u>86,500</u>	<u>138,814</u>	<u>52,314</u>
Total revenues	<u>1,203,000</u>	<u>1,607,007</u>	<u>404,007</u>
Expenditures:			
Current:			
General government	700,000	754,893	(54,893)
Fire	125,000	122,430	2,570
Police	775,000	981,227	(206,227)
Highways & streets	700,000	471,622	228,378
Sanitation	250,000	212,236	37,764
Recreation	75,000	116,547	(41,547)
Airport	50,000	16,026	33,974
Capital outlay	<u>125,000</u>	<u>434,140</u>	<u>(309,140)</u>
Total expenditures	<u>2,800,000</u>	<u>3,109,121</u>	<u>(309,121)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,597,000)</u>	<u>(1,502,114)</u>	<u>94,886</u>
Other financing sources (uses):			
Capital lease proceeds	-	-	-
Operating transfers in (out):			
Water and sewer fund	-	(23,910)	(23,910)
Industrial park fund	-	58,955	58,955
Sales tax fund	<u>1,600,000</u>	<u>1,448,783</u>	<u>(151,217)</u>
Total other sources (uses)	<u>1,600,000</u>	<u>1,483,828</u>	<u>(116,172)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>3,000</u>	<u>(18,286)</u>	<u>(21,286)</u>
Fund balance at beginning of year		<u>456,017</u>	
Fund balance at end of year		<u>437,731</u>	

See accompanying independent auditors' 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, 2012

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Taxes	1,350,000	1,328,221	(21,779)
Interest	650	110	(540)
Miscellaneous	-	-	-
Total revenues	<u>1,350,650</u>	<u>1,328,331</u>	<u>(22,319)</u>
Expenditures:			
General government:			
office/administrative	<u>16,500</u>	<u>13,878</u>	<u>2,622</u>
Total expenditures	<u>16,500</u>	<u>13,878</u>	<u>2,622</u>
Excess (deficiency) of revenues over expenditures	<u>1,334,150</u>	<u>1,314,453</u>	<u>(19,697)</u>
Other financing sources (uses):			
Operating transfers in (out):			
General fund	<u>(1,600,000)</u>	<u>(1,448,783)</u>	<u>151,217</u>
Total other financing sources (uses)	<u>(1,600,000)</u>	<u>(1,448,783)</u>	<u>151,217</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(265,850)</u>	<u>(134,330)</u>	<u>131,520</u>
Fund balance at beginning of year	<u>265,282</u>	<u>265,282</u>	
Fund balance at end of year	<u>(568)</u>	<u>130,952</u>	

See accompanying independent auditors' 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, 2012

	<u>ORIGINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Interest	-	81	81
Total revenues	-	81	81
Expenditures:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	81	81
Other financing sources (uses)			
Operating transfers in (out)	-	(58,955)	(58,955)
Sale of capital asset	-	58,955	58,955
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	81	81
Fund balance at beginning of year		<u>42,239</u>	
Fund balance at end of year		<u>42,320</u>	

See accompanying independent auditors' report.

Supplementary Information

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Board Member:</u>	<u>Amount</u>
Valerie Allen	4,800
Terry Brown	4,800
Debra James	4,800
Johnny Jones	4,800
Timothy Tennant	<u>4,800</u>
Total	<u><u>24,000</u></u>

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
United States Department of Transportation: Federal Aviation Administration- Airport Improvements Program	20.106	176,138
United States Department of Homeland Security: Passed through Louisiana Office of Homeland Security and Emergency Preparedness FEMA- PA Pilot - Debris Removal Program	1786	26,969
United States Department of Commerce: Public Works and Economic Development Facilities	11.300	31,373
United States Department of Agriculture: *Water and Waste Disposal Systems for Rural Communities - Waste Water Treatment Plant and Collection System Rehabilitation	10.760	3,305,426
United States Department of Agriculture: *Water and Waste Disposal Systems for Rural Communities – Phase I Water Improvements	10.760	158,854
United States Department of Housing and Urban Development: *Community Development Block Grants/State's Program - Public Facilities-Water Well	14.228	<u>342,496</u>
Totals		<u>4,041,256</u>

- (1) Major Federal Programs are indicated by (*)
(2) The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting which is described in Note 1 to the Financial Statements.

Other Reports

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 31, 2012

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

**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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rayville, Louisiana as of and for the year ended June 30, 2012, which collectively comprise the Town of Rayville's basic financial statements and have issued our report thereon dated December 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a

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timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs listed as 2012-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rayville, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2012-2 and 2012-3.

The Town's responses to the findings identified in our audit are described in the schedule of management's correction action plan for current year findings. We did not audit the Town's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Town Council and federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 23:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Hard, M^e Elroy & Vestal, LLC

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 31, 2012

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

Report on Compliance With Requirements that Could Have a Direct and Material Effect on
Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of the Town of Rayville with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Town of Rayville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Rayville's management. Our responsibility is to express an opinion on the Town of Rayville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Rayville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Rayville's compliance with those requirements.

In our opinion, the Town of Rayville complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Town of Rayville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control

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over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, Town Council and federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 23:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Heard, McElroy & Vestal, LLC

TOWN OF RAYVILLE, LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2012

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Town of Rayville, Louisiana.
2. One significant deficiency relating to the audit of the basic financial statements is reported, which is considered to be a material weakness.
3. Two instances of noncompliance relating to the basic financial statements of the Town of Rayville, Louisiana were disclosed during the audit.
4. The auditor's report on compliance for major federal award programs of the Town of Rayville, Louisiana expresses an unqualified opinion.
5. There are no audit findings relative to major federal award programs of the Town of Rayville, Louisiana.
6. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
USDA: Water – WWTP & Rehab.	10.760
USDA: Water – Phase I	10.760
USDHUD: Frontage Road – Public Facilities	14.228

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The Town of Rayville was determined to not be a low-risk auditee.

B. Findings – Financial Statement Audit

2012-1: Inadequate Segregation of Duties:

The same person that receives cash was also allowed to balance the cash drawer and complete the deposits. As a result of this lack of segregation of duties, an employee was able to embezzle approximately \$5,000 during the year. We recommend that the Town separate the functions of receiving, balancing and making the deposits.

2012-2: Budget Variance:

The Town had an unfavorable variance of more than 5% in its General Fund during the year. The Budget Act requires that budget be amended when the variance exceeds 5%.

2012-3: Cash in Excess of Federally Insured Limits:

The Town had cash on deposit in excess of the federally insured limit in a financial institution. This presents a potential for losses to the Town in the event of bank or institutional failure. We strongly suggest that management closely monitor cash balances and transfer excess balances to other banks, where possible, to reduce the potential for loss of monetary amounts in excess of the federally insured level.

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

2011-1: Inadequate Segregation of Duties:

The same person that receives cash was also allowed to balance the cash drawer and complete the deposits. Repeated as 2012-1.

2011-2: Bond Ordinance Requirement:

Not applicable for 2012 or going forward, as Town is no longer under said ordinance.

2011-3: RDC Loan Ordinance:

Not applicable for 2012 or going forward, as Town is no longer under said ordinance.

2011-4: Budget Variance:

The Town had an unfavorable variance of more than 5% in its General Fund during the year. Repeated as 2012-2.

2011-5: Filing of Audit Report:

The audit report was not submitted to the Legislative Auditor within 180 days of the close of the entity's fiscal year as required by state statute. Resolved for 2012.

TOWN OF RAYVILLE
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

2012-1

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 set certain procedures into place during the year to help mitigate this risk.

2012-2

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

2012-3

The Town management has and will make additional requests of the bank to provide adequate amounts of pledged securities to cover cash balances over the federally insured limit. If the requests of the bank are not met, Town management will transfer the necessary amount of funds to another financial institution.