

TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2017
AND FOR THE YEAR THEN ENDED

TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
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HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

December 29, 2017

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Rayville, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Rayville, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on Pages 4-10, *Budgetary Comparison Information* on Pages 43-45, Schedule of Town's proportionate share of net pension liability on Page 46, and Schedule of Town's required contributions on Page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The information on Pages 48-49 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017

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, 2017. 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 Position and Statement of Activities, which seeks to give the user of the financial statements a broad overview of the Town's financial condition and results of operations in a manner similar to private sector businesses.

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial condition. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$12,308,573 (net position); this represents a decrease of \$837,190 from last fiscal year. Of this total net position amount, (\$642,974) is unrestricted net position. The Town's net positions are comprised of \$4,809,330 from governmental activities and \$7,499,243 from business-type activities.

The following is a condensed statement of the Town of Rayville's net position as of June 30, 2017:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets			
Current and other assets	1,907,586	2,141,091	4,048,677
Capital assets (net)	<u>5,603,930</u>	<u>14,474,503</u>	<u>20,078,433</u>
Total assets	7,511,516	16,615,594	24,127,110
Liabilities			
Other liabilities	561,808	501,590	1,063,398
Long-term liabilities	<u>2,140,378</u>	<u>8,614,761</u>	<u>10,755,139</u>
Total liabilities	<u>2,702,186</u>	<u>9,116,351</u>	<u>11,818,537</u>
Net Position			
Net invested in capital assets	5,575,618	6,882,327	12,457,945
Restricted	97,072	396,530	493,602
Unrestricted	<u>(863,360)</u>	<u>220,386</u>	<u>(642,974)</u>
Total net position	<u>4,809,330</u>	<u>7,499,243</u>	<u>12,308,573</u>

By far the largest portion of the Town's net position (\$12,457,945 or 101%) 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, (4% or \$493,602) is restricted net positions and (-5% or (\$642,074)) is unrestricted net positions, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$10,920,921, which was used to finance some of the \$20,078,433 capital assets. Total liabilities of \$11,818,537 are equal to 96% of the total net positions.

The Town's governmental activities decreased net positions by \$376,225 while the business type activities decreased net positions by \$460,965.

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Revenue:</u>			
Program revenue	555,717	1,951,590	2,507,307
General revenue	<u>2,345,746</u>	<u>1,157</u>	<u>2,346,903</u>
Total revenue	2,901,463	1,952,747	4,854,210
<u>Expenses:</u>			
General and administrative	1,095,257	-	1,095,257
Public safety	1,267,315	-	1,267,315
Public works	968,219	-	968,219
Recreation	133,445	-	133,445
Airport	217,822	-	217,822
Utility	<u>-</u>	<u>2,009,342</u>	<u>2,009,342</u>
Total expenses	<u>3,682,058</u>	<u>2,009,342</u>	<u>5,691,400</u>
<u>Excess of revenues over expenditures</u>	(780,595)	(56,595)	(837,190)
Transfers	<u>404,370</u>	<u>(404,370)</u>	<u>-</u>
<u>Increase (decrease) in net positions</u>	(376,225)	(460,965)	(837,190)
<u>Net positions June 30, 2016</u>	<u>5,185,555</u>	<u>7,960,208</u>	<u>13,145,763</u>
<u>Net positions June 30, 2017</u>	<u>4,809,330</u>	<u>7,499,243</u>	<u>12,308,573</u>

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

	<u>Year End June 30, 2017</u>	<u>Year End June 30, 2016</u>
<u>Program revenues:</u>		
Rents and fees	21,994	20,140
Fines	207,927	186,639
User fees	280,173	288,556
Operating grants	19,900	43,713
Capital grants	<u>25,723</u>	<u>270,658</u>
Total program revenue	<u>555,717</u>	<u>809,706</u>
<u>General revenues:</u>		
Property taxes	291,780	273,710
Sales taxes	1,515,093	1,598,690
Franchise and insurance taxes	152,035	147,687
Other tax and licenses	173,662	173,492
Investment earnings	1,871	1,727
Other general revenues	70,112	52,551
Intergovernmental	<u>141,193</u>	<u>144,681</u>
Total general revenues	<u>2,345,746</u>	<u>2,392,538</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>General Fund</u>	<u>Sales Tax Fund</u>	<u>Industrial Park Fund</u>	<u>Water & Sewer Fund</u>
Revenues	1,343,391	1,515,166	17	1,395,871
Expenditures	<u>3,352,974</u>	<u>23,797</u>	<u>-</u>	<u>1,744,323</u>
Excess (deficiency) of revenues	(2,009,583)	1,491,369	17	
Operating income	-	-	-	(348,452)
Other financial sources (uses)	1,856,633	(1,452,263)	-	151,349
Non-operating revenue (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(263,862)</u>
Net change	(152,950)	39,106	17	(460,965)
Beginning fund balance or net position	<u>511,061</u>	<u>244,490</u>	<u>42,536</u>	<u>7,960,208</u>
Ending fund balance or net position	<u>358,111</u>	<u>283,596</u>	<u>42,553</u>	<u>7,499,243</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. The Town did not adopt a budget for the Special Revenue – Economic Development Fund.

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 \$684,260, which is a decrease of \$113,827. \$97,074 of the fund balance is restricted. \$283,596 of the fund balance Unrestricted – Assigned. The remaining amount of \$303,590 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 a decrease in total net positions of \$460,965. The operating loss in the Water and Sewer Departments totaled \$348,452.

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 \$334,149 less than the budgeted amounts. Expenditures were more than budget by \$412,599. Other financing sources were more than budget by \$425,633.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2017 is \$12,457,945, which is a decrease of \$130,834 from the amount of \$12,588,779 at June 30, 2016.

New major capital assets purchased or constructed in fiscal year 2017 are:

Governmental activities:

- | | |
|-------------------------|-----------|
| 1. Equipment | \$ 78,460 |
| 2. Airport Improvements | 30,723 |

Proprietary activities:

- | | |
|--------------------------------------|-------------|
| 1. System Improvements and Equipment | \$2,379,647 |
| 2. System Improvements in Progress | 506,481 |

Proprietary Debt:

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

Through a Co-operative Endeavor with the State of LA, the Town has planned a project to provide for wastewater transport and treatment facilities for the Franklin Farms Mega Site. The project budget is \$830,000 with \$330,000 of the funding from the state and \$500,000 of the funding through loans to the Town. As of June 30, 2017, \$115,204 of the state has been used.

Through a Co-operative Endeavor with the State of LA, the Town has planned a project to construct new water facilities. The project budget is \$27,926,690 and consists of several small projects. The funding that has been committed includes \$2,000,000 of the funding from the state and \$2,000,000 in loans to the Town. At June 30, 2017, \$827,706 of state funding had been used.

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, 2017:

	Bonds Payable <u>7-1-16</u>	New Loans	Loans Retired	Bonds Payable <u>6-30-17</u>
Water Phase I	2,032,500	-	(27,315)	2,005,185
Water Revenue Bonds	798,379	-	(21,998)	776,381
Water Phase II	1,174,022	-	(13,368)	1,160,654
2006 Sewer Bonds	172,979	-	(2,964)	170,015
2007 Sewer Bonds	335,900	-	(5,813)	330,087
USDA WWTP	3,824,169	-	(71,201)	3,752,968
Ally Bank	35,010	-	(11,137)	23,873
			<u>Governmental Debt</u>	
			Street	
			<u>Equipment</u>	<u>Vehicles</u>
Payable at July 1, 2016			14,931	43,919
New lease			-	-
Capital lease retired			<u>(14,931)</u>	<u>(15,605)</u>
Payable at June 30, 2017			<u>-</u>	<u>28,314</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 Deborah Nealon, Town Clerk, Post Office Box 878, Rayville, Louisiana 71269.

Government-Wide Financial Statements

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	583,888	664,839	1,248,727
Receivables (net of allowances for uncollectibles)	388,557	209,758	598,315
Restricted cash and cash equivalents	97,072	1,023,520	1,120,592
Grant receivable	-	6,361	6,361
Loan cost (net of amortization)	-	30,225	30,225
Capital assets (net)	<u>5,603,930</u>	<u>14,474,503</u>	<u>20,078,433</u>
Total non-current assets	<u>5,701,002</u>	<u>15,534,609</u>	<u>21,235,611</u>
Total assets	6,673,447	16,409,206	23,082,653
Deferred outflows of resources	<u>838,069</u>	<u>206,388</u>	<u>1,044,457</u>
 Total assets and deferred outflows	 7,511,516	 16,615,594	 24,127,110
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	288,185	194,463	482,648
Payable from restricted assets	97,072	128,972	226,044
Current portion of capital leases payable	-	12,919	12,919
Current portion of notes payable	5,488	147,375	152,863
Capital leases payable, beyond one year	-	10,954	10,954
Notes payable, beyond one year	22,826	8,047,915	8,070,741
Net pension liabilities	<u>2,117,552</u>	<u>555,892</u>	<u>2,673,444</u>
Total liabilities	<u>2,531,123</u>	<u>9,098,490</u>	<u>11,629,613</u>
Deferred inflows of resources	<u>171,063</u>	<u>17,861</u>	<u>188,924</u>
 Total liabilities and deferred inflows	 <u>2,702,186</u>	 <u>9,116,351</u>	 <u>11,818,537</u>
<u>NET POSITION</u>			
Net invested in capital assets	5,575,618	6,882,327	12,457,945
Restricted for renewal and replacement	-	396,530	396,530
Restricted for economic development and grant restrictions	97,072	-	97,072
Unrestricted (deficit)	<u>(863,360)</u>	<u>220,386</u>	<u>(642,974)</u>
 Total net position	 <u>4,809,330</u>	 <u>7,499,243</u>	 <u>12,308,573</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, 2017

	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	1,095,257	21,694	18,895	25,000	(1,029,668)	(1,029,668)	-	(1,029,668)
Public Safety-Police	1,082,857	207,927	-	-	(874,930)	(874,930)	-	(874,930)
Public Safety-Fire	184,458	-	-	-	(184,458)	(184,458)	-	(184,458)
Public Works-Streets	627,302	-	-	(30,000)	(657,302)	(657,302)	-	(657,302)
Public Works-Sanitation	340,917	280,173	-	-	(60,744)	(60,744)	-	(60,744)
Recreation	133,445	300	-	-	(133,145)	(133,145)	-	(133,145)
Airport	217,822	-	1,005	30,723	(186,094)	(186,094)	-	(186,094)
Total Governmental Activities	<u>3,682,058</u>	<u>510,094</u>	<u>19,900</u>	<u>25,723</u>	<u>(3,126,341)</u>	<u>(3,126,341)</u>	<u>-</u>	<u>(3,126,341)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer	2,009,342	1,395,871	60,330	495,389	(57,752)	-	(57,752)	(57,752)
Total Business-Type Activities	<u>2,009,342</u>	<u>1,385,871</u>	<u>60,330</u>	<u>495,389</u>	<u>(57,752)</u>	<u>-</u>	<u>(57,752)</u>	<u>(57,752)</u>
Total	<u>5,691,400</u>	<u>1,905,965</u>	<u>80,230</u>	<u>521,112</u>	<u>(3,184,093)</u>	<u>(3,126,341)</u>	<u>(57,752)</u>	<u>(3,184,093)</u>
General Revenues:								
Property Taxes						291,780	-	291,780
Sales Taxes						1,515,093	-	1,515,093
Franchise and Insurance Taxes						152,035	-	152,035
Beer Taxes						3,985	-	3,985
Occupational and Other Licenses						169,677	-	169,677
Investment Earnings						1,871	1,157	3,028
Other General Revenues						70,112	-	70,112
Intergovernmental						141,193	-	141,193
Transfers						404,370	(404,370)	-
Total general revenues and transfers						<u>2,750,116</u>	<u>(403,213)</u>	<u>2,346,903</u>
Change in Net Position						<u>(376,225)</u>	<u>(460,965)</u>	<u>(837,190)</u>
Net position-beginning						<u>5,185,555</u>	<u>7,960,208</u>	<u>13,145,763</u>
Net position-ending						<u>4,809,330</u>	<u>7,499,243</u>	<u>12,308,573</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, 2017

	<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	53,569	151,325	-	204,894
Restricted cash and cash equivalents	54,522	-	42,550	97,072
Investments	378,994	-	-	378,994
Receivables (net of allowances for uncollectibles)				
Licenses and permits	5,765	-	-	5,765
Taxes, including penalty, interest and fees	14,573	134,256	-	148,829
Services	4,304	-	-	4,304
Fines and forfeits	163,915	-	-	163,915
Other	10,292	-	-	10,292
Intergovernmental	54,326	-	-	54,326
Accrued interest	1,123	1	2	1,126
Total assets	<u>741,383</u>	<u>285,582</u>	<u>42,552</u>	<u>1,069,517</u>
<u>Liabilities</u>				
Accounts payable	292,325	1,986	-	294,311
Accrued expenditures	43,658	-	-	43,658
Estimated compensated absences	47,288	-	-	47,288
Total liabilities	383,271	1,986	-	385,257
<u>Fund Balance</u>				
Non-spendable fund balance	-	-	-	-
Restricted fund balance-grants	54,522	-	42,552	97,074
Unrestricted fund balance				
Committed fund balance	-	-	-	-
Assigned fund balance	-	283,596	-	283,596
Unassigned fund balance	303,590	-	-	303,590
Total fund balance	<u>358,112</u>	<u>283,596</u>	<u>42,552</u>	<u>684,260</u>
Total liabilities and fund balance	<u>741,383</u>	<u>285,582</u>	<u>42,552</u>	<u>1,069,517</u>

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

TOWN OF RAYVILLE, LOUISIANA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

Fund Balances – Total Governmental Funds		684,260
Amounts reported for governmental activities in Statement of Net Position 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	10,235,496	
Less-accumulated depreciation	<u>(4,631,566)</u>	5,603,930
Retirement payments are reported as expenditures in the governmental funds. In the government-wide statements the payments represent deferred outflow of resources.		
		203,198
Capital leases and notes payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		
		(28,314)
Deferred outflows of resources and deferred inflows of resources are not available to pay current period expenditures and therefore are not reported in the governmental funds		
Deferred outflows related to pension systems	634,871	
Deferred inflows related to pension systems	<u>(171,063)</u>	463,808
Long-term pension obligations are not payable from current resources and therefore are not reported in the governmental funds.		
		<u>(2,117,552)</u>
Net Position of Governmental Activities		<u><u>4,809,330</u></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, 2017

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	
<u>Revenues</u>			
Taxes	447,799	1,515,093	1,962,892
Licenses and permits	169,677	-	169,677
Intergovernmental revenue	143,928	-	143,928
Charges for service	302,167	-	302,167
Fines and forfeits	207,927	-	207,927
Interest	1,781	90	1,871
Other	<u>70,112</u>	<u>-</u>	<u>70,112</u>
Total revenues	<u>1,343,391</u>	<u>1,515,183</u>	<u>2,858,574</u>
<u>Expenditures</u>			
Current:			
General government	936,739	23,797	960,536
Fire	161,038	-	161,038
Police	1,056,141	-	1,056,141
Highways and streets	596,665	-	596,665
Sanitation	340,917	-	340,917
Recreation	118,909	-	118,909
Airport	33,382	-	33,382
Capital outlay	<u>109,183</u>	<u>-</u>	<u>109,183</u>
Total expenditures	<u>3,352,974</u>	<u>23,797</u>	<u>3,376,771</u>
Excess (deficiency) of revenues over expenditures	(2,009,583)	1,491,386	(518,197)
Other financing sources (uses)			
Operating transfers in	1,856,633	-	1,856,633
Operating transfers (out)	<u>-</u>	<u>(1,452,263)</u>	<u>(1,452,263)</u>
Total other financing sources (uses)	<u>1,856,633</u>	<u>(1,452,263)</u>	<u>404,370</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(152,950)	39,123	(113,827)
Fund balance at beginning of year	<u>511,061</u>	<u>287,026</u>	<u>798,087</u>
Fund balance at end of year	<u>358,111</u>	<u>326,149</u>	<u>684,260</u>

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

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances, Total Governmental Funds (113,827)

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	109,180	
Disposal of capital assets	-	
Less-current year depreciation	<u>(377,949)</u>	(268,769)

The issuance of long-term debt (bonds, leases, etc.) provides current
financial resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current financial
resources of governmental funds. Neither transaction, however,
has any effect on net position. This amount is the net effect of
differences in the treatment of long-term debt and related items.

Capital lease proceeds	-	
Capital lease and loan payments	<u>30,537</u>	30,537

Employer pension contributions made subsequent to the measurement
date are reported in the governmental funds as expenditures, but are
deferred and recognized as pension expense in the subsequent year. 203,198

Governmental funds report retirement expenditures as payment is
remitted to the retirement systems. However, in the government-wide
statement of activities, retirement is reported based on the allocations
stated in the various retirement system reports. The non-employer
contributions are not reported in the governmental fund statements,
but are reported in the government-wide statement of activities.

Pension expense not requiring current resources	(270,252)	
Non-employer contributions not providing current resources	<u>42,888</u>	<u>(227,634)</u>

Changes in Net Position of Governmental Activities		<u><u>(376,225)</u></u>
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The accompanying notes are an integral part of the financial statements.

Proprietary Funds

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

JUNE 30, 2017

A S S E T S

Current assets:

Cash and cash equivalents	664,839
Customer accounts receivable (net of allowances for uncollectibles of \$47,417)	120,855
Grants receivable	6,361
Unbilled accounts receivable	88,853
Accrued interest	<u>50</u>
Total current assets	880,958

Non-current assets:

Loan cost (net of amortization)	30,225
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Restricted assets (cash and investments):

Construction accounts	44,176
Customer deposits	396,530
Sewer bond funds	94,543
Water bond funds	<u>488,271</u>
Total restricted assets	1,023,520

Property, plant, and equipment:

Land	51,925
Improvements	<u>20,694,582</u>
	20,746,507
Less-accumulated depreciation	<u>(6,272,004)</u>
Net property, plant, and equipment	<u>14,474,503</u>
Total non-current assets	15,528,248

Deferred outflow of resources:

Deferred pension outflow	<u>206,388</u>
Total deferred outflow of resources	<u>206,388</u>

Total assets and deferred outflow	<u><u>16,615,594</u></u>
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The accompanying notes are an integral part of the financial statements.

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable	160,566
Other accrued expenses	23,226
Current portion of capital lease payable	12,919
Estimated compensated absences	<u>10,671</u>
Total current liabilities	207,382

Current liabilities-restricted assets:

Customer meter deposits	128,972
Current portion of revenue bonds	<u>147,375</u>
Total current liabilities-restricted assets	276,347

Long-term liabilities:

Capital leases payable, beyond one year	10,954
Revenue bonds	8,047,915
Net pension liability	<u>555,892</u>
Total long-term liabilities	<u>8,614,761</u>

Total liabilities	9,098,490
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Deferred inflow of resources:

Deferred pension inflow	<u>17,861</u>
Total deferred inflow of resources	<u>17,861</u>

Total liabilities and deferred inflow	<u>9,116,351</u>
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Net position:

Net investment in capital assets	6,882,327
Restricted expendable net position	396,530
Unrestricted net position	<u>220,386</u>
Total net position	<u>7,499,243</u>

Total liabilities, deferred inflows and net position	<u>16,615,594</u>
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TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2017

<u>Operating revenues:</u>	
Charges for services	1,299,712
Lease revenue	96,159
Total operating revenue	1,395,871
 <u>Operating expenses:</u>	
Bad debts	97,304
Depreciation	719,042
Employee benefits	84,425
Fuel	17,451
Insurance	96,415
Professional	63,594
Repairs and equipment	52,317
Salaries	255,818
Supplies	164,380
Telephone and utilities	193,577
Total operating expenses	1,744,323
 <u>Operating (loss)</u>	 (348,452)
 <u>Non-operating revenues (expenses):</u>	
Interest income	1,157
Amortization	(1,229)
Interest expense	(263,790)
Total non-operating revenues (expenses)	(263,862)
 <u>(Loss) before contributions and transfers</u>	 (612,314)
 <u>Other financing sources (uses):</u>	
Grants	555,719
Transfers in (out):	
General fund	(404,370)
Total other financing sources (uses)	151,349
 <u>Change in net position</u>	 (460,965)
 <u>Total net position at beginning of year</u>	 7,960,208
 <u>Total net position at end of year</u>	 7,499,243

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

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF CASH FLOWS, PROPRIETARY FUND TYPES
WATER AND SEWER ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

<u>Cash flows from operating activities:</u>	
Operating grants	63,030
Receipts from customers and users	1,356,681
Payments to suppliers	(576,770)
Payments to employees	(300,966)
Net cash provided by operating activities	541,975
<u>Cash flows from noncapital financing activities:</u>	
Transfers (to) other funds	(404,370)
Net cash (used) by noncapital financing activities	(404,370)
<u>Cash flows from capital and related financing activities:</u>	
Construction of capital assets	(826,403)
Principal paid on capital debt	(153,796)
Interest paid on capital debt	(264,022)
Financing on capital construction (grants)	785,507
Net cash (used) by capital and related financing activities	(458,714)
<u>Cash flows from investing activities:</u>	
Interest on temporary investments	1,204
Interest reinvested	(50)
Net cash provided by investing activities	1,154
<u>Net decrease in cash and cash equivalents</u>	(319,955)
<u>Cash and cash equivalents, beginning of year</u>	2,008,314
<u>Cash and cash equivalents, end of year</u>	1,688,359

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

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF CASH FLOWS, PROPRIETARY FUND TYPES
WATER AND SEWER ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

Reconciliation of operating income (loss) to net cash
provided by operating activities

Operating (loss)	(348,452)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	719,042
Operating grants	63,030
Bad debt expense	97,304
Supplemental LA support – pension	(8,218)
Retirement expense – GASB No. 68	35,413
Change in assets and liabilities	
Increase in accounts receivable	(58,251)
(Increase) in deferred outflows	(46,695)
(Decrease) in deferred inflows	(4,733)
Increase in net pension liability	78,622
Increase in accounts payable	10,912
Increase in accrued liabilities	3,864
Increase in customer deposits	137
Total adjustments	<u>890,427</u>
Net cash provided by operating activities	<u><u>541,975</u></u>

Schedule of cash and cash equivalents

Current assets:

Cash and cash equivalents	664,839
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Restricted assets:

Cash and cash equivalents	<u>1,023,520</u>
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Total cash and cash equivalents	<u><u>1,688,359</u></u>
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The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

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

TOWN OF RAYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

I. Summary of Significant Accounting Policies

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

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

A. SCOPE OF REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

I. Summary of Significant Accounting Policies (Continued)

operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The content and certain titles of the GWFS were changed upon the adoption by the Council in a prior fiscal year of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renamed that measure as net position rather than net assets. The Town had deferred outflows of resources at June 30, 2017 of \$1,044,457 related to retirement system pensions. The Town had deferred inflows of resources at June 30, 2017 of \$188,924 related to retirement system pensions.

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

I. Summary of Significant Accounting Policies (Continued)

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

D. BASIS OF ACCOUNTING

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

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 12.64 mills.

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

I. Summary of Significant Accounting Policies (Continued)

MISCELLANEOUS REVENUES - Revenues from facility rental, 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.

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. Historically, 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. The Town implemented GASB 68 in the prior year. The implementation of GASB 68 impacts the Government wide statements only.

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.

I. Summary of Significant Accounting Policies (Continued)

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

PENSION EXPENSE – Historically, the pension expense applicable to employees of the Water and Sewer Fund was accrued as the salary is expensed upon which the cost is based. The Town implemented GASB 68 in the prior year. Accordingly, pension expense calculation is now affected by the Pension Plan financial reports.

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

POSTEMPLOYMENT BENEFITS. The Town offers no Postemployment benefits other than retirement system pensions.

E. CAPITAL ASSETS

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

I. Summary of Significant Accounting Policies (Continued)

F. FUND BALANCE AND EQUITY CLASSIFICATIONS

Fund Balance

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

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

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

Equity Classifications

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

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

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:

I. Summary of Significant Accounting Policies (Continued)

- 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 budgets were not amended in the reporting year. 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. 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, 2017, the Town was adequately funded in the cash restricted for the Water Revenue Bonds.

II. Stewardship, Compliance, and Accountability (Continued)

(b) 2006 SEWER BOND (SEWER PHASE I)

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, 2017, the Town was adequately funded in the cash restricted for the 2006 Sewer Bonds.

(c) 2007 SEWER BOND (SEWER PHASE II)

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, 2017, the Town had adequately funded the required cash accounts.

(d) WATER PHASE I

The Water Phase I Bonds issued on June 9, 2010, are secured by and payable solely from the income and revenue 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 establish certain cash accounts (Sinking Fund, Debt Service Fund, and Depreciation Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2017, the Town had adequately funded the required cash accounts.

(e) WASTE WATER TREATMENT PLANT

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

The bond agreement requires the Town to establish certain cash accounts (Debt Service Reserve, Short-Lived Asset, Depreciation Reserves, O&M Reserve, and Depreciation/Contingency Reserve) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2017, the Town had adequately funded the required cash accounts.

III. Detail Notes on All Funds and Account Groups

A. ASSETS

1. Cash and Investments

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

Current Assets:	
Cash and cash equivalents	664,839
Restricted Assets:	
Certificate of deposit	56,176
Construction accounts	44,176
Customer deposit	340,354
Sewer Bond Fund Reserves	94,543
Water Bond Fund Reserves	<u>488,271</u>
 Cash and Cash Equivalents, end of year	 <u>1,688,359</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, 2017, 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	887,409	1,012,290	1,899,699
Time deposits	<u>385,704</u>	<u>83,303</u>	<u>469,007</u>
Total	<u>1,273,727</u>	<u>1,104,593</u>	<u>2,369,320</u>

	<u>Cash Equivalents</u>		
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
At June 30, 2017: Carrying amount on balance sheet	<u>1,899,699</u>	<u>469,007</u>	<u>2,368,706</u>

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

	<u>Cash</u>	<u>CDs</u>	<u>Total</u>
<u>Bank balances:</u>			
a: Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u>	500,000	311,413	811,413
b: Collateralized with securities held by pledging financial institution's trust department or agent <u>in the entity's name</u>	-	-	-
c: Uncollateralized, securities held for the entity but <u>not in the entity's name</u>	<u>1,377,844</u>	<u>157,594</u>	<u>1,535,438</u>
Total bank balances	<u>1,877,844</u>	<u>469,007</u>	<u>2,346,851</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, 2017, the allowance for estimated uncollectible accounts was \$47,417 in the Water and Sewer Enterprise Fund.

3. Changes in General Governmental Capital Assets

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

Capital assets and depreciation activity as of and for the year ended June 30, 2017, are 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	-	30,723	-	30,723
Land	<u>782,240</u>	<u>-</u>	<u>-</u>	<u>782,240</u>
Total capital assets, not being depreciated	<u>782,240</u>	<u>30,723</u>	<u>-</u>	<u>812,963</u>
Capital assets being depreciated				
Buildings and improvements	2,179,315	-	-	2,179,315
Land improvements	6,186,670	45,962	-	6,232,632
Machinery & equipment	494,742	29,498	-	524,240
Vehicles	<u>483,346</u>	<u>3,000</u>	<u>-</u>	<u>486,346</u>
Total capital assets being depreciated	9,344,073	78,460	-	9,422,533
Less accumulated depreciation for:				
Buildings and improvements	(1,424,325)	(56,817)	-	(1,481,142)
Land improvements	(2,164,863)	(251,400)	-	(2,416,263)
Machinery & equipment	(333,602)	(32,065)	-	(365,667)
Vehicles	<u>(330,827)</u>	<u>(37,667)</u>	<u>-</u>	<u>(368,494)</u>
Total accumulated depreciation	<u>(4,253,617)</u>	<u>(377,949)</u>	<u>-</u>	<u>(4,631,566)</u>
Total capital assets being depreciated, net	<u>5,090,456</u>	<u>(299,489)</u>	<u>-</u>	<u>4,790,967</u>

Depreciation expense of \$377,949 for the year ended June 30, 2017, was charged to the following governmental functions:

General government	114,298
Public safety:	
Police	20,582
Fire	7,627
Public works:	
Streets	36,466
Recreation	14,536
Airport	<u>184,440</u>
Total	<u>377,949</u>

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

4. Changes in Proprietary Fund Fixed Assets

A summary of Proprietary Fund Type Property, Plant, and Equipment at June 30, 2017 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	2,148,958	506,481	(2,317,244)	338,195
Land	<u>51,925</u>	<u>-</u>	<u>-</u>	<u>51,925</u>
Total capital assets, not being depreciated	<u>2,200,883</u>	<u>506,481</u>	<u>(2,317,244)</u>	<u>390,120</u>
Capital assets being depreciated				
Water & waste water systems	17,740,594	2,273,794	-	20,114,388
Machinery, equipment, and vehicles	<u>236,146</u>	<u>5,853</u>	<u>-</u>	<u>241,999</u>
Total capital assets being depreciated	17,976,740	2,379,647	-	20,356,387
Less accumulated depreciation for:				
Water & waste water systems	(5,373,471)	(698,713)	-	(6,072,184)
Machinery, equipment, and vehicles	<u>(179,491)</u>	<u>(20,329)</u>	<u>-</u>	<u>(199,820)</u>
Total accumulated depreciation	<u>(5,552,962)</u>	<u>(719,042)</u>	<u>-</u>	<u>(6,272,004)</u>
Total capital assets being depreciated, net	<u>12,423,778</u>	<u>1,660,605</u>	<u>-</u>	<u>14,084,383</u>

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

	<u>Capital Asset</u>	<u>Accumulated Depreciation</u>
General Fund:		
Vehicles	310,576	255,874
Equipment	226,233	200,537
Proprietary Fund:		
Equipment	40,965	40,965

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

B. LIABILITIES

1. 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").

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 22.75% to 31.75%, determined by the plan in which the employee participated. The contribution requirements and payroll for employees covered by the systems are shown in the schedule below.

<u>Years ended June 30</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total payroll	1,250,125	1,232,004	1,163,924	1,092,900
Total covered payroll	987,401	970,672	896,284	781,584
Employee contributions	95,014	92,620	86,288	73,517
Town contributions	260,870	235,663	221,766	188,431

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.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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

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

Contributions for all members are established by statute. According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2016, the actual employer contribution rate was 19.75%. The system also receives revenue sharing funds each year

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

as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

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

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal cost
Investment rate of return	7.50%
Inflation Rate	2.875%
Mortality	Rates based on the RP-2000 Sex Distinct Mortality Table
Salary increases	5.00%

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the valuation date of June 30, 2016, MERS reported the following members:

Inactive plan members or beneficiaries receiving benefits	4,320
Inactive plan members entitled to but not yet receiving benefits	4,341
Active plan members	<u>7,054</u>
Total participants as of the valuation date	<u>15,715</u>

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to MERS was \$122,708.

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

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

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

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

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

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2016, total contributions due for employers and employees were 39.50%. MPERS also receives insurance premium tax monies as additional employer contributions.

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

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal cost
Investment rate of return	7.5% net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.875%
Salary increases	4.25% to 9.75%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates. Based on those assumptions, MPERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the valuation date of June 30, 2016, MPERS reported the following members:

Active participants	5,857
Terminated with Funds on Deposit	1,499
Retired	<u>4,637</u>
Total participants as of the valuation date	<u>11,993</u>

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to MPERS was \$117,079.

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

FIREFIGHTERS' RETIREMENT SYSTEM

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

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

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

Employer contributions are actuarially determined each year. For the year ended June 30, 2016, the combined (employer and employee) rate was 37.25%. FRS also receives insurance premium tax monies as additional employer contributions.

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

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal cost
Investment rate of return	7.5% net of investment expense
Expected Remaining Service Life	7 years
Inflation Rate	2.875%
Salary increases	4.75% to 15.00%
Cost of Living Adjustments	Only those previously granted

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates. Based on those assumptions, FRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the valuation date of June 30, 2016, FRS reported the following members:

Active participants	4,535
Terminated with Funds on Deposit	630
Retired	<u>2,213</u>
Total participants as of the valuation date	<u><u>7,378</u></u>

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to FRS was \$21,084.

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

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

All Retirement Systems				
Actuarial date and measurement date: June 30, 2016				
	MERS	MPERS	FRS	Total Systems
Projected Required Combined Contributions	101,807	111,802	20,910	234,519
Employer Allocation Percentage	0.288566	0.135295	0.034032	
Net Pension Liability	1,182,749	1,268,095	222,600	2,673,444
Deferred Outflows				
Net Differences between projected & Actual Earnings	270,108	199,443	53,498	523,049
Changes in Assumptions	43,055	61,656	1,918	106,629
Changes in Proportion	8,493	99,889	45,526	153,908
Employer contributions subsequent to measurement date	122,708	117,079	21,084	260,871
Total Deferred Outflow	444,364	478,067	122,026	1,044,457
Deferred Inflows				
Differences between expected & actual experience	37,388	22,240	8,811	68,439
Net Differences between projected & Actual Earnings	-	-	-	-
Changes of assumptions	-	76	62	138
Changes in Proportion	1,926	74,315	44,106	120,347
Total deferred Inflows	39,314	96,631	52,979	188,924
	MERS	MPERS	FRS	Total Systems
Pension Expense				
Proportionate Share of Plan Pension Expense	171,215	161,483	35,304	368,002
Net Amortization of Deferred amounts from Changes in Proportion	34,697	(37,118)	(204)	(2,625)
Total Employer Pension Expense	205,912	124,365	35,100	365,377
Proportionate Share				
Employer contributions	103,126	111,917	20,942	235,985
Non-Employer Contributions	17,485	25,172	8,449	51,106
Schedule of Net Pension Liability				
Sensitivity to Change in Discount Rate				
Employer's Proportionate Share	0.288566	0.135295	0.034032	
1% Decrease	1,503,493	1,690,480	303,275	3,497,248
1% Increase	909,055	913,465	154,754	1,977,274
Amortization Schedule				
2017	91,237	15,099	11,898	118,234
2018	61,684	86,648	11,898	160,230
2019	87,521	110,793	15,258	213,572
2020	41,901	49,568	7,813	99,282
2021	-	-	4,852	4,852
2022	-	-	(1,508)	(1,508)
	282,343	262,108	50,211	594,662

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

2. COMPENSATED ABSENCES

Accumulated unpaid sick pay and comp pay are accrued when incurred in proprietary and governmental funds. At June 30, 2017, the recorded accruals in the General Fund and the Water and Sewer Fund were as follows:

General Fund	47,288
Water and Sewer Fund	<u>10,671</u>
Total	<u>57,959</u>

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

3. LONG-TERM DEBT

(a) Description of Long-Term Debt

Bonds and Notes Payable at June 30, 2017, 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%	776,381
194,000 2006 Sewer Bonds due in monthly payments through November 2046. Interest rate 4.125%	170,015
378,000 2007 Sewer Bonds due in monthly payments through September 2047. Interest rate 4.125%	330,087
2,153,000 Water Phase I Bonds due in monthly payments through May 2050. Interest rate 4.25%	2,005,185
4,015,000 Waste Water Bonds due in monthly payments through September 2052. Interest rate 2.125%	3,752,968
25,329 Ally Bank (Truck) due in monthly payments through August 2018. Interest rate 7.64%	6,791
34,254 Ally Bank (Truck) due in monthly payments through September 2019. Interest rate 4.99%	17,082
1,190,000 Water Phase II Bonds due in monthly payments through May 2054. Interest rate 4.125%.	<u>1,160,654</u>
Total Bonds and Notes Payable	<u>8,219,163</u>

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

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

The following leases and note payable are being serviced – principal and interest by the General Fund.

Street 2015 Silverado. Original financing of \$35,353
at 5.79% payable in 72 monthly payments. 28,314

(b) Changes in Debt (Principal Only)

The following is a summary of debt transactions for each fund of the Town for the fiscal year ended June 30, 2017.

	Proprietary Debt						
	Water Phase I	Water Revenue Bonds	Water Phase II	2006 Sewer Bonds	2007 Sewer Bonds	USDA WWTP	Ally Bank
Payable at July 1, 2016	2,032,500	798,379	1,174,023	172,979	335,900	3,824,169	35,010
New loans	-	-	-	-	-	-	-
Loans retired	<u>(27,315)</u>	<u>(21,998)</u>	<u>(13,368)</u>	<u>(2,964)</u>	<u>(5,813)</u>	<u>(71,201)</u>	<u>(11,137)</u>
Payable at June 30, 2017	<u>2,005,185</u>	<u>776,381</u>	<u>1,160,654</u>	<u>170,015</u>	<u>330,087</u>	<u>3,752,968</u>	<u>23,873</u>

	Governmental Debt	
	Street Equipment	Vehicles
Payable at July 1, 2016	14,931	43,919
New lease	-	-
Capital lease retired	<u>(14,931)</u>	<u>(15,605)</u>
Payable at June 30, 2017	<u>-</u>	<u>28,314</u>

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

The following is a summary of debt transactions of the Town for the fiscal year ended June 30, 2017.

	Governmental	Proprietary						
	General Fund Capital Leases/Loans	Water Phase I	Water Revenue Bonds	USDA WWTP	2006 Sewer Bonds	2007 Sewer Bonds	Ally Bank	Water Phase II
Payable at July 1, 2016	30,536	27,315	21,998	71,201	2,964	5,813	11,137	13,368
Loans retired	-	(27,315)	(21,998)	(71,201)	(2,964)	(5,813)	(11,137)	(13,368)
Capital lease retired	(30,536)	-	-	-	-	-	-	-
Allocation of long-term debt	<u>5,488</u>	<u>28,504</u>	<u>23,069</u>	<u>72,727</u>	<u>3,087</u>	<u>6,055</u>	<u>12,919</u>	<u>13,933</u>
Payable at June 30, 2017	<u>5,488</u>	<u>28,504</u>	<u>23,069</u>	<u>72,727</u>	<u>3,087</u>	<u>6,055</u>	<u>12,919</u>	<u>13,933</u>

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

(e) Summary of Debt Service Requirements to Maturity

The annual requirements to maturity, including principal and interest, as of June 30, 2017, are as follows:

Year Ending June 30	Proprietary Debt						
	Water Phase I	Water Revenue Bonds	2006 Sewer Bonds	2007 Sewer Bonds	WWTP Loan	Ally Bank	Water Phase II
2018	113,172	59,448	10,044	19,560	151,776	14,549	61,548
2019	113,172	59,448	10,044	19,560	151,776	7,873	61,548
2020	113,172	59,448	10,044	19,560	151,776	1,943	61,548
2021	113,172	59,448	10,044	19,560	151,776	-	61,548
2022	113,172	59,448	10,044	19,560	151,776	-	61,548
2023-2027	565,860	297,240	50,220	97,800	758,880	-	307,740
2028-2032	565,860	297,240	50,220	97,800	758,880	-	307,740
2033-2037	565,860	297,240	50,220	97,800	758,880	-	307,740
2038-2042	565,860	25,443	50,220	97,800	758,880	-	307,740
2043-2047	565,860	-	41,226	76,913	758,880	-	307,740
2048-2052	335,158	-	-	-	758,880	-	307,740
2053-2057	-	-	-	-	16,785	-	94,642
Total principal & interest	3,370,318	1,214,403	292,326	565,913	5,328,945	25,285	2,248,822
Less-interest	<u>1,725,133</u>	<u>438,022</u>	<u>122,311</u>	<u>235,826</u>	<u>1,575,977</u>	<u>(1,412)</u>	<u>1,088,168</u>
Principal due as of June 30, 2017	<u>2,005,185</u>	<u>776,381</u>	<u>170,015</u>	<u>330,087</u>	<u>3,752,968</u>	<u>23,873</u>	<u>1,160,654</u>

Year Ending June 30	Governmental Debt	
	Street Equipment	Vehicles
2018	-	6,989
2019	-	6,989
2020	-	6,989
2021	-	6,989
2022	-	4,456
Total principal and interest	-	32,412
Less-interest	-	<u>(4,098)</u>
Principal due as of June 30, 2017	-	<u>28,314</u>

(e) Net Pension Liability

Based on the various retirement systems' reports, the Town has reported on the government-wide statements the following as long-term liabilities:

General Fund Net Pension Liability	2,117,552
Water and Sewer Fund Net Pension Liability	555,892

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

4. LEASE COMMITMENTS

(a) General Fund

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. The lease was extended during the fiscal with new terms of 48 monthly payments of \$195. In the current year, \$2,680 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. The lease was extended with new terms of 48 monthly payments of \$203. In the current year, \$2,903 was paid in copier lease payments.

On July 13, 2012, the Town entered into a capital lease agreement to purchase street equipment. The total cost was \$13,820. The lease term is for 60 monthly payments of \$255 with an interest rate of 4.3%. This lease was paid off in the current year.

On April 5, 2013, the Town entered into a capital lease agreement to purchase a chipper for the street department. The total cost was \$30,752. The lease term is for 48 monthly payments of \$740 with an interest rate of 7.587%. This lease was paid off in the current year.

In December 2014, the Town entered into a lease/purchase agreement with Ford Motor Credit Company to purchase two vehicles. The total cost was \$59,573. The lease term is for 24 monthly payments of \$2,632 with an interest rate of 6.25%. This lease was paid off in the current year.

In March 2016, the Town purchased a 2015 Silverado. The total cost was \$35,353. The vehicle was financed for 72 months at 5.79%, with monthly payments of \$582.

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.

The General Fund's accounts receivable includes \$54,326 that is due to the Clearing Account at June 30, 2017 from the Water and Sewer Fund and the Sales Tax Fund.

During the current fiscal year the General Fund received operating transfers from the Sales Tax Fund of \$1,452,263 and operating transfers from the Water and Sewer Fund of \$404,370. 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 \$70,534 are included on the financial statement as Intergovernmental Revenue and Public Safety Expenditures. The government-wide statements also report the non-employee pension contribution in the amount of \$51,106. The contribution is included in Intergovernmental revenue and pension expenditures.

IV. Financial Statement Presentation

A. SALES TAX

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

The Town's sales tax is composed of two parts. One part is a permanent ½ percent sales tax. The other part is a 1 percent sales tax for a ten year period. The 1 percent sales tax was included on the April 2013 ballot and was renewed for a ten year term that began on July 1, 2013.

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

B. INTEREST EXPENSE PAID

Interest reported as a non-operating expense in the Water and Sewer Enterprise Fund of \$263,790 included accrued interest of \$15,027. Interest of \$10,473 was capitalized in the Water and Sewer Fund. Interest paid in the Governmental Fund was \$2,276.

V. Commitments and 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 a Co-operative Endeavor with the State of LA, the Town has planned a project to provide for wastewater transport and treatment facilities for the Franklin Farms Mega Site. The project budget is \$830,000 with \$330,000 of the funding from the state and \$500,000 of the funding through loans to the Town. At June 30, 2017, \$115,204 of the state funding had been used.

Through a Co-operative Endeavor with the State of LA, the Town has planned a project to construct new water facilities. The project budget is \$27,926,690 and consists of several small projects. The funding that has been committed includes \$2,000,000 of the funding from the state and \$2,000,000 in loans to the Town. At June 30, 2017, \$827,706 of state funding had been used.

On November 14, 2016, the Town adopted Ordinance No. 990, which authorized the Mayor to accept a conveyance of property located at the John H. Hooks, Jr. Memorial Airport. As of the year ended June 30, 2017, the conveyance has not been completed.

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.

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, 2017

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Taxes	451,000	447,799	(3,201)
Licenses and permits	164,500	169,677	5,177
Intergovernmental	282,000	143,928	(138,072)
Charges for services	236,900	302,167	65,267
Fines and forfeits	486,140	207,927	(278,213)
Interest	2,000	1,781	(219)
Other	<u>55,000</u>	<u>70,112</u>	<u>15,112</u>
Total revenues	1,677,540	1,343,391	(334,149)
Expenditures:			
Current:			
General government	871,350	936,739	(65,389)
Fire	156,900	161,038	(4,138)
Police	1,063,000	1,056,141	6,859
Highways & streets	474,050	596,665	(122,615)
Sanitation	270,000	340,917	(70,917)
Recreation	76,100	118,909	(42,809)
Airport	28,975	33,382	(4,407)
Capital outlay	<u>-</u>	<u>109,183</u>	<u>(109,183)</u>
Total expenditures	<u>2,940,375</u>	<u>3,352,974</u>	<u>(412,599)</u>
Excess (deficiency) of revenues over expenditures	(1,262,835)	(2,009,583)	(746,748)
Other financing sources (uses):			
Operating transfers	<u>1,431,000</u>	<u>1,856,633</u>	<u>425,633</u>
Total other sources (uses)	<u>1,431,000</u>	<u>1,856,633</u>	<u>425,633</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>168,165</u>	(152,950)	<u>(321,115)</u>
Fund balance at beginning of year		<u>511,061</u>	
Fund balance at end of year		<u>358,111</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	1,450,000	1,515,093	65,093
Interest	<u>100</u>	<u>73</u>	<u>(27)</u>
Total revenues	1,450,100	1,515,166	65,066
Expenditures:			
General government:			
Office/administrative	<u>19,000</u>	<u>23,797</u>	<u>(4,797)</u>
Total expenditures	<u>19,000</u>	<u>23,797</u>	<u>(4,797)</u>
Excess (deficiency) of revenues over expenditures	1,431,100	1,491,369	60,269
Other financing sources (uses):			
Operating transfers in (out)	<u>(1,431,000)</u>	<u>(1,452,263)</u>	<u>(21,263)</u>
Total other financing sources (uses)	<u>(1,431,000)</u>	<u>(1,452,263)</u>	<u>(21,263)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>100</u>	39,106	<u>39,006</u>
Fund balance at beginning of year		<u>244,490</u>	
Fund balance at end of year		<u>283,596</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest	-	<u>17</u>	<u>17</u>
Total revenues	-	17	17
Expenditures:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	17	17
Other financing sources (uses):			
Sale of capital asset	-	-	
Operating transfers in (out)	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over expen- ditures and other uses	<u>-</u>	17	<u>17</u>
Fund balance at beginning of year		<u>42,536</u>	
Fund balance at end of year		<u>42,553</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF PROPORTIONAL SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2017

Plan Year	2014			2015			2016		
	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS
Town's proportion of the Net Pension Liability	0.286238	0.11941	0.02598	0.284273	0.117404	0.038839	0.28566	0.135295	0.034032
Town's Proportionate share of the Net Pension Liability	734,614	747,039	115,609	1,015,468	919,738	209,618	1,182,749	1,268,095	222,600
State's proportionate share of the Net Pension Liability associated with the Town	-	-	-	-	-	-	-	-	-
Total	734,614	747,039	115,609	1,015,468	919,738	209,618	1,182,749	1,268,095	222,600
Town's Covered employee payroll	502,795	314,568	78,922	515,327	375,980	79,365	539,372	368,707	79,321
Town's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	146.11%	237.48%	146.49%	197.05%	244.62%	264.12%	219.28%	343.93%	280.63%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	73.99%	75.10%	76.54%	66.18%	70.73%	72.45%	62.11%	66.04%	68.15%

The State makes required contributions to the various retirement systems. The State's share of the Net Pension Liability is not stated.

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

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA
 SCHEDULE OF REQUIRED CONTRIBUTIONS
 For the Year Ended June 30, 2017

	2015			2016			2017		
	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS
Contractually required contribuion	97,329	100,294	24,143	101,807	111,161	22,694	122,708	117,079	21,084
Contributions in relation to the contractually required contribution	97,329	100,294	24,143	101,807	111,161	22,694	122,708	117,079	21,084
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Town's covered employee payroll	502,795	314,568	78,922	515,327	375,980	79,365	539,372	368,707	79,321
Contributions as a percentage of covered-employee payroll	19.75%	31.88%	30.59%	19.75%	29.57%	28.59%	22.75%	31.75%	26.58%

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

See accompanying independent auditor's report.

Supplementary Information

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF COMPENSATION AND BENEFITS PAID ELECTED OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Compensation</u>	<u>Benefits</u>
Honorable Harry Lewis, Mayor	56,748	27,752
Willie Robinson, Police Chief	50,232	29,299
Valerie Allen, Board Member	4,800	9,056
James Brakefield, Board Member	4,800	8,920
Debra James, Board Member	4,800	9,041
Paula Cumpton, Board Member	4,800	1,845
Timothy Tennant, Board Member (Mayor Pro Tem)	4,800	8,733

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

Agency Head: Honorable Harry Lewis, Mayor

Salary	56,748
Benefits-insurance-health	7,859
Benefits-retirement	12,910
Cell phone	1,800
Travel/conference	4,202
Registration fees	981

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 29, 2017

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Rayville as of and for the year ended June 30 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2017-1 and 2017-3 to be material weaknesses.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2017-2 and 2017-3.

Town of Rayville's Response to Findings

The Town of Rayville's response to the findings identified in our audit is described in the accompanying management's corrective action plan for current year findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Town of Rayville, Louisiana.
2. Two material weaknesses relating to the audit of the basic financial statements are reported.
3. Two instances of noncompliance relating to the basic financial statements of the Town of Rayville, Louisiana was disclosed during the audit.
4. The Town of Rayville, Louisiana was not subject to federal single audit for the year ended June 30, 2017.

B. Findings – Financial Statement Audit

2017-1: Inadequate Segregation of Duties:

Due to the Town's limited number of personnel, the segregation of duties is not always possible. It was noted that employees who handle cash receipts and post payments to customer accounts also have the authority to write-off account balances and edit customer accounts, as well as complete deposits. It was also noted that one employee has the authority to perform/oversee the account payable procedures. We recommend that the Town separate these functions.

2017-2: Budget Variance:

The Town had unfavorable variances of more than 5% in its General Fund during the year. The Budget Act requires that budget be amended when variances exceed 5%. We recommend that Town management monitor the budget throughout the year and make necessary amendments.

2017-3: Legislative Auditor Advisory Services Report

The Louisiana Legislative Auditor performed an Advisory Services assessment on the Town in response to the findings noted at 2016-3, and issued their report dated September 21, 2016. The report presented the following findings that merit inclusion in this schedule:

Purchasing and Disbursements:

A. Written Procedures:

Purchasing procedures provide duties of the accounts payable clerk to include overseeing the entire purchasing operations/function, which is incompatible for a good system of internal controls. No single employee should be in a position to control all facets of an accounting function. Purchasing procedures do not address the use/controls over credit cards.

B. Findings – Financial Statement Audit (Continued)

B. Lack of Documentation:

An assessment of documentation supporting 31 disbursements totaling \$17,589, made during the period from November 9, 2015, to April 11, 2016, revealed the following deficiencies: None of the purchased items for which the 31 disbursements were made were supported by a completed purchase requisition form as required by the Town's policy/procedures. Itemized receipts of the purchases made were not always obtained/maintained in files.

C. Noncompliance with Public Bid Law:

Town management did not advertise for bids and let by contract the purchases of a vehicle and a tractor as required by state law [Louisiana Revised Statute (La. R.S.) 38:2212.1]. In February 2016, the Town purchased a \$30,461 John Deere compact utility tractor through a local dealer, and, in March 2016, a \$32,588 Chevrolet Silverado truck was purchased from an area automobile dealer. The Louisiana Public Bid Law provides that all purchases of materials and supplies exceeding the sum of \$30,000 to be paid out of public funds must be advertised and let by contract to the lowest responsible bidder. According to the Louisiana Attorney General (*Opinion 86-173*), vehicles purchased by a municipality are considered "materials and supplies" within the meaning of the statute.

Financial Management:

A. Noncompliance with Local Government Budget Act (LGBA):

The preparation of the 2016 budgets for the Town's general fund and special revenue funds do not comply with all requirements of the LGBA (La. R.S. 39:1301 *et seq.*).

B. Need Additional Written Policies and Procedures:

The Town lacks written policies and procedures for many areas of its financial/business operations. Written policies and procedures are necessary to provide a clear understanding of what should be done, how it should be done, who should do it, and when it should be done.

The following areas merit attention from management:

1. Budgeting including preparing, adopting, monitoring, and amending budgets;
2. Capital assets including recording, tagging, inventorying, and safeguarding assets; maintaining a capital/fixed asset listing; and conducting physical inventories;
3. Financial reporting including the nature, extent, and timing of providing financial statements/information to the mayor and board; and
4. Contracts including monitoring procedures to ensure that services received comply with terms and conditions.

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

2016-1: Inadequate Segregation of Duties:

Repeated as 2017-1.

2016-2: Budget Variance:

Repeated as 2017-2.

2016-3: Legislative Auditor Investigation:

Report issued during fiscal year 2016, not applicable for fiscal year 2017.

2016-4: Legislative Auditor Advisory Services Report:

Repeated as 2017-3; report issued during fiscal year 2017.

2016-5: Filing of Audit Report:

Resolved.

TOWN OF RAYVILLE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2017

2017-1

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.

2017-2

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

2017-3

Purchasing and Disbursements:

A. Written Procedures:

The written purchasing and disbursement policy and procedures is being revised to incorporate the recommendations of the Louisiana Legislative Auditor. Credit cards will be addressed in the written purchasing and disbursement policy.

B. Lack of Documentation:

In the revised purchasing and disbursement policy and procedures, a purchase order will be used instead of a requisition. Department heads will be included in the procedure training to enhance the effectiveness of the control within each department. The revised purchasing procedures will require evidence of receipt on all materials and supplies purchased by the Town. The employee will acknowledge the accuracy of the item description and the quantity of each item on each invoice.

C. Noncompliance with Public Bid Law:

The Mayor will consult with the Town's legal counsel and the Louisiana Attorney General's office regarding the two purchased. The Mayor will consult with the Louisiana Office of Community Development regarding the use of the LGAP grant funds to purchase the tractor. The revised purchasing and disbursement policy will be expanded to incorporate the legal requirements to obtain quotes and bids as appropriate.

Financial Management:

A. Noncompliance with Local Government Budget Act (LGBA):

The Town uses extensive reports and schedules in preparation for the budget. The Town will use the reporting template recommended by the Louisiana Legislative Auditor as a model for a written budget policy.

B. Need Additional Written Policies and Procedures:

As recommended by the Louisiana Legislative Auditor's office, the Town will strive to develop and implement written policies and procedures in the areas of budgeting, capital assets, financial reporting, and contracts. The Town will consider the policies found on the Louisiana Legislative Auditor's website as a guide when developing the Town's written policies.

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

December 29, 2017

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

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Town of Rayville (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
The entity does not have written policies or procedures concerning budgeting.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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www.hmvcpa.com WEB ADDRESS

The entity does not have completely adequate written policies or procedures over the purchasing process as described above.

- c) Disbursements, including processing, reviewing, and approving.

The entity has adequate written procedures covering disbursements.

- d) Receipts, including receiving, recording, and preparing deposits.

The entity has written procedures covering the handling of receipts of water billings and property taxes. The entity does not have written procedures on the handling of receipts of fines or other receipts.

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The entity has adequate written procedures covering the handling of the payroll process except for a process to handle leave and overtime work.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The entity does not have written policies or procedures concerning contracting.

- g) Credit Cards (and debit cards, fuel cards, and P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The entity does not have completely adequate written policies or procedures concerning credit cards as described above.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The entity does not have written policies or procedures concerning travel and expense reimbursement.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The entity does not have written policies or procedures concerning ethics.

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The entity does not have written policies or procedures concerning debt service.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document

The entity's Town Council met monthly with a quorum.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The entity's minutes from each council meeting do not refer to budget-to-actual financial statement comparisons. Consequently, deficit spending is not considered nor does it apply to the entity for the fiscal period.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

At least one meeting's minutes referenced non-budgetary financial information.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

A list of bank accounts was obtained from management.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for accounts for each month in the fiscal year; however, reconciliations are incorrectly prepared because they do not include all reconciling items.

b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

No bank reconciliations had evidence of review by an independent member of management.

c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

As noted above, bank reconciliations are incorrectly prepared because they do not include all reconciling items.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

A listing of cash collection locations was obtained.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The entity carries adequate business insurance coverage. The employees responsible for depositing cash in the bank and recording the cash transactions have unlimited access to the cash after collection and prior to deposit. The employee responsible for reconciling the

related bank account has limited access to the cash after collection and prior to deposit. Cash collected by various employees is separated by source from collection to deposit.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The entity does not have a formal process to reconcile cash collections and various revenue billings by an independent individual; however, informally, an individual independent from the collections process reconciles cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Of the 19 cash collections selected for testing, 3 collections were deposited, 3 days after collection. All other collections were deposited within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Cash collections selected for testing were completely supported by documentation without exception.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

While no written documentation exists, the entity has an independent individual recount cash to agree to receipts journal.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

A listing of disbursements made during the year was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The entity uses a purchase order system, which separates initiation and approval functions, only for purchases that are generally non-recurring. Supplies, services, or other recurring expenses do not have purchase orders. All invoices and related support, such as shipping documents, are approved for payment. All checks require two signatures for approval.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

While the entity employs a purchase order system, the majority of selected disbursements eligible for a purchase order did not have a purchase order present; consequently, approval generally is evidenced on the invoice, check, or other post-purchase, pre-payment support. Internal approval of purchases requires two signatures. Those individuals with signatory authority are permitted to initiate purchases.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

All payments for purchases were supported by an approved invoice and, when applicable, related shipping documents. As noted above, not all purchases are required to have a purchase order and not all purchases requiring a purchase order had a purchase order present. The entity does not use formal receiving reports.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

No entity documentation is present regarding whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No entity documentation is present; however, individuals with signatory authority also may initiate purchases, with joint approval at point of payment.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is kept in a locked, fireproof vault. All office employees have access to these blank checks at all times, including those employees with signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The entity does not use a signature stamp or signature machine.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of all credit cards active within the entity was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

No approval is evidenced on the individual monthly statements or combined statements; however, cards are kept locked in administrative assistant's desk and must be approved and logged before removal and use. Additionally, checks written to pay the monthly combined statements are jointly signed by individuals with both signatory and approval authority.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No financing charges or late fees were assessed on the selected amounts.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The entity could not produce original itemized receipts for the selected transactions; however, the credit cards randomly selected for testing are solely used for the purchase of gasoline for public-use vehicles. Consequently, the monthly statements for these fuel transactions are as detailed as a receipt, including card number, vehicle number, odometer readout, time of transaction, and amount, price, and type of gasoline purchased. The detail within these monthly statements are considered sufficient documentation of the purpose of the selected transactions.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Entity maintained proper documentation of purpose of each transaction tested under the requirements of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

A listing of all travel and related expense reimbursements, by person, during the fiscal year was obtained from the general ledger.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The entity does not have written policies related to travel and expense reimbursement. As for per diem and mileage rates, the entity uses the local guidelines as detailed in Resolution 2014-5. All reimbursement rates implemented by this resolution are less than 2017 GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions were noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions were noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

A listing of all contracts in effect during the year was obtained.

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

A formal written contract supports the service arrangement and amount paid for each vendor selected.

- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

➤ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

➤ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No contract selected was subject to the Louisiana Public Bid Law or Procurement Code; and no documentation of quote solicitation as a best practice was presented.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No amendments noted on contracts selected for testing.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The invoice and related payment of each selected contract complied with its terms.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

A listing of all employees and their related compensation was obtained.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Compensation paid to each selected employee was made in accordance with the terms and conditions of his contract or pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Pay rate or salary changes applicable to each selected employee were approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All applicable employees documented their leave and daily attendance.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Timesheets, including attendance and leave records, are documented and approved by supervisors.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The entity did maintain written leave records on all applicable employees tested.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

A listing of individuals terminated during the fiscal year was obtained. Termination payouts for the selected individuals were made in strict accordance with policy and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

All employee and employer portions for payroll taxes and contributions, and related required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Ethics policy is not present; additionally, one of the five selected employees did not have documentation of required ethics training on file.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management represented that no alleged ethics violations were reported to the entity during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Management represented that the entity did not issue any new debt in the current fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The entity provided supporting documentation evidencing that the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants, without exception.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management represented that the entity had no misappropriations of public funds or assets during the fiscal year.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed the notice posted on the entity's website; however, the notice is not posted on the entity's premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Not applicable.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana