

**TOWN OF RINGGOLD**  
**ANNUAL FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2015 AND FOR THE YEAR THEN ENDED**

**TOWN OF RINGGOLD**  
**ANNUAL FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**  
**WITH SUPPLEMENTAL INFORMATION SCHEDULES**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>REQUIRED SUPPLEMENTAL INFORMATION (PART I)</b>	
Management Discussion and Analysis	i-v
Independent Auditor's Report	1-3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Proprietary Funds:	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Fund Net Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13-36

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**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**  
**WITH SUPPLEMENTAL INFORMATION SCHEDULES**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>REQUIRED SUPPLEMENTAL INFORMATION (PART II)</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual General Fund	37
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual Sales Tax Special Revenue Fund	38
Schedule of Town's Proportionate Share of the Net Pension Liability	39
Schedule of Town's Contributions	40
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	41
Schedule of Compensation and Benefits Paid Elected Officials	42
<b>OTHER REPORTS</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43-44
Schedule of Findings and Questioned Costs	45-46
Schedule of Prior Year Findings	47
Management's Corrective Action Plan for Current Year Findings	48

## MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER, 2015

The management of the Town of Ringgold, Louisiana offers readers of the Town of Ringgold, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2015. 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.

The Town has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

### Financial Highlights

The following exhibits some of the more important highlights from the government-wide financial statements for the year ended December 31, 2015.

1. The Town's total net position from governmental activities decreased \$29,141 from the beginning of the fiscal year as a result of operations during the year;
2. During the year ended December 31, 2015, the Town's total expenses were \$920,230 greater than the \$316,128 recognized as revenue from fees, fines and charges for services, made up of mostly water and sewer charges. However, if revenues, such as taxes, licenses and State grants are considered, the Town's expenses exceeded revenue in the amount of \$303,237;
3. The cost of operating programs of the Town was \$1,236,358, which represents an increase in costs of operations over the prior year of \$62,239 or a 5.3% increase;
4. The total revenues of the Town were \$933,121, which represents an increase in revenues from the prior year of \$100,477 or a 12.1% increase;
5. The general fund reported unrestricted fund balance of \$350,603;

### Overview of the Financial Statements

The annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two (2) kinds of statements that present different views of the Town:

1. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
2. The remaining statements are fund financial statements that focus on individual parts of the Town's governmental operations, reporting the Town's operations in more detail than the government-wide statements,
3. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

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

Financial reporting at this level uses a perspective similar to the private sector using the economic resources measurement focus and the accrual basis of accounting.

The first of these government-wide statements is the Statement of Net Position. This government-wide statement of position presents information that includes all of the Town's assets and liabilities, with the difference reported as net position. An increase or decrease in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors, such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net position changed during the year. All current year revenues and expenses are included regardless of when they are received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both of the above financial statements have separate columns for the two (2) different types of Town activities as follows:

*Governmental Activities* - The government-wide financial statements present governmental activities of the Town which are principally supported by taxes and intergovernmental revenues (grants). Most services normally associated with a town fall in this category, including general government, public safety, streets and parks and recreations

*Business-Type Activities* - The government-wide financial statements present business-type activities that are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activity of the Town consists of the provision of water and sewer services to the citizens.

The government-wide financial statements are presented on pages 4 and 5.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds, rather than the Town as a whole.

The Town uses two (2) fund categories, governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

*Governmental Funds* - The services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These governmental fund financial statements provide a detailed short-term view of the Town's finances and assists in determining whether there will be adequate resources available to meet the current needs of the Town.

Since focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Users may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented immediately following each governmental fund financial statement.

The Town has two (2) governmental funds, of which both are major funds and are presented in separate columns. The governmental funds are as follows:

Major Funds

General Fund

Special Revenue Fund - Sales Tax Fund

The fund financial statements are presented on pages 6 through 9.

*Proprietary Fund* - The proprietary fund is used to show activities that operate more like those of commercial enterprises. Since this fund charges fees for services to outside customers, including local governments, it is known as an enterprise fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for the business-type activities and the proprietary fund financial statements.

The Town has one enterprise fund (Water and Sewer Fund), which is considered a major proprietary fund for presentation purposes.

The proprietary fund financial statements are presented on pages 10 through 12.

**Notes to the Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 13 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentation. Budgetary comparison statements are included as "required supplementary information" for the General Fund and the Sales Tax Fund. These statements demonstrate compliance with the Town's adopted and final revised budget and can be found on pages 28 and 29 in this report.

### Financial Analysis of Governmental-Wide Activities

#### Net Position

The Town's combined net position (governmental and business-type activities) decreased during 2015 by \$303,237 or 14.2% from the \$2,139,494 at December 31, 2014, as shown in the following table:

	<u>2015</u>	<u>2014</u>
Assets		
Current and other assets	1,589,497	1,571,810
Capital assets (net)	<u>2,832,320</u>	<u>2,893,330</u>
Total assets	4,421,817	4,465,140
Deferred outflows of resources	291,306	93,876
Liabilities		
Current liabilities	1,012,301	727,374
Long-term liabilities	<u>1,826,928</u>	<u>1,559,120</u>
Total liabilities	2,839,229	2,286,494
Deferred inflows of resources	37,637	133,028
Net position		
Net investment in capital assets	1,918,778	1,939,746
Restricted	288,750	333,038
Unrestricted	<u>(371,271)</u>	<u>(133,290)</u>
Total net position	<u>1,836,257</u>	<u>2,139,494</u>

#### Changes in Net Position

The following condensed government-wide statement of activity illustrates the major changes in operations for the Town as compared to 2014:

	<u>2015</u>	<u>2014</u>
Revenue		
Governmental	631,536	567,345
Business-type	<u>301,585</u>	<u>265,299</u>
Total revenue	933,121	832,644
Expenses		
Governmental	660,677	615,889
Business-type	<u>575,681</u>	<u>558,230</u>
Total expenses	<u>1,236,358</u>	<u>1,174,119</u>
(Decrease) in net position	<u>(303,237)</u>	<u>(341,475)</u>

### **Financial Analysis of Individual Funds**

As noted above, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Fund**

The focus of the Town's governmental fund is to provide information on the near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Unrestricted fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At December 31, 2015, the Town's governmental fund, the general fund, reported an ending fund balance of \$391,291 a decrease of \$25,652 compared to the calendar year 2014. The general fund is the chief operating fund of the Town.

### **Proprietary Fund**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Town's proprietary fund (Water and Sewer Fund) reported operating expenses of \$575,681, which was \$321,480 more than operating revenues of \$254,201, for the year ended December 31, 2015. This was a decrease in excess of expenses over operating revenue of \$4,855 compared to 2014. The proprietary fund reported a decrease of \$274,059 in net position in the calendar year 2015 compared to a decrease of \$292,931 in the calendar year 2014.

### **Budgetary Highlights**

Formal budgetary integration is employed as a management control device during the calendar year. The budget policy of the Town complies with state law, as amended and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S. 39:1302 et seq).

### **Capital Asset Administration**

The Town's investment in capital assets for its governmental and business-type activities at December 31, 2015 totaled \$5,872,025 less accumulated depreciation of \$3,039,705, leaving a \$2,832,320 balance in net capital assets. The investment in capital assets consists of land, buildings, equipment, and water and sewer improvements. The total increase in the Town's investment in capital assets for the year ended December 31, 2015 totaled \$86,059.

### **Debt Administration**

No new bond issuances were originated during the year. The Town has made its regularly scheduled payments on all of its long-term debt. During 2015, \$40,997 in principal payments were made. Additional information on debt can be found in Note 10 on pages 24 and 25 of this report.

### **Contacting the Town's Financial Management**

The financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report, contact the Town Clerk, P.O. Box 565, Ringgold, LA 71068.

# HEARD, McELROY, & VESTAL

LLC

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June 26, 2018

To the Honorable Mayor and the  
Members of the Town Council  
Town of Ringgold, 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 Ringgold, as of and for the year ended December 31, 2015, 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.

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

**HMV**

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## ***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 as of December 31, 2015, 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* and *Budgetary Comparison Information* on pages i-v and 28-29 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 accompanying supplementary information, on page 30, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary 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, the accompanying supplementary 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 June 26, 2018, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

## **BASIC FINANCIAL STATEMENTS**

**Fund Financial Statements**

**TOWN OF RINGGOLD**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 146,276	\$ 28,080	\$ 174,356
Investments, at fair value	190,204	13,702	203,906
Receivables	89,096	36,187	125,283
Due from other funds	828,432	-	828,432
Noncurrent assets:			
Restricted assets	-	248,062	248,062
Deferred assets	-	9,458	9,458
Capital assets, net of depreciation	188,680	2,643,640	2,832,320
Total assets	<u>1,442,688</u>	<u>2,979,129</u>	<u>4,421,817</u>
Deferred pension outflow	206,132	85,174	291,306
Total assets and deferred outflows	<u>\$ 1,648,820</u>	<u>\$ 3,064,303</u>	<u>\$ 4,713,123</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	53,494	15,119	68,613
Due to other funds	262,822	565,610	828,432
Bonds and interest payable	-	59,416	59,416
Deposits	-	55,840	55,840
Total current liabilities	<u>316,316</u>	<u>695,985</u>	<u>1,012,301</u>
Noncurrent liabilities:			
Net pension liability	689,373	273,971	963,344
Bonds payable	-	863,584	863,584
Total liabilities	<u>1,005,689</u>	<u>1,833,540</u>	<u>2,839,229</u>
Deferred pension inflow	26,309	11,328	37,637
Total liabilities and deferred inflows	<u>1,031,998</u>	<u>1,844,868</u>	<u>2,876,866</u>
<b>NET POSITION</b>			
Net investment in capital assets	188,680	1,730,098	1,918,778
Restricted	40,688	248,062	288,750
Unrestricted	387,454	(758,725)	(371,271)
Total net position	<u>\$ 616,822</u>	<u>\$ 1,219,435</u>	<u>\$ 1,836,257</u>

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

TOWN OF RINGGOLD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
				Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>						
Governmental activities:						
General government	\$ 299,629	\$ -	\$ -	\$ (299,629)	\$ -	\$ (299,629)
Public safety	343,390	61,964	-	(281,426)	-	(281,426)
Depreciation expense	12,644	-	-	(12,644)	-	(12,644)
Cultural and recreation	5,014	-	-	(5,014)	-	(5,014)
Total governmental activities	<u>660,677</u>	<u>61,964</u>	<u>-</u>	<u>(598,713)</u>	<u>-</u>	<u>(598,713)</u>
Business-type activities:						
Water system	575,681	254,164	-	-	(321,517)	(321,517)
Total business-type activities	<u>575,681</u>	<u>254,164</u>	<u>-</u>	<u>-</u>	<u>(321,517)</u>	<u>(321,517)</u>
Total primary government	<u>1,236,358</u>	<u>316,128</u>	<u>-</u>	<u>(598,713)</u>	<u>(321,517)</u>	<u>(920,230)</u>
General revenues:						
Taxes				485,225	38,740	523,965
Licenses and permits				48,301	-	48,301
Intergovernmental				29,674	26,097	55,771
Use of money and property				23,394	-	23,394
Gain on sale of assets				-	13,583	13,583
Investment earnings				-	473	473
Other				2,978	(51,472)	(48,494)
Transfers in (out)				(20,000)	20,000	-
Total general revenues and transfers				<u>569,572</u>	<u>47,421</u>	<u>616,993</u>
Change in net position				(29,141)	(274,096)	(303,237)
Net position - beginning				1,147,375	1,685,274	2,832,649
Prior period restatement				(501,412)	(191,743)	(693,155)
Net position - beginning, as restated				<u>645,963</u>	<u>1,493,531</u>	<u>2,139,494</u>
Net position - ending				<u>\$ 616,822</u>	<u>\$ 1,219,435</u>	<u>\$ 1,836,257</u>

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

**Governmental Funds**

**TOWN OF RINGGOLD**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2015**

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
ASSETS			
Cash and cash equivalents	\$ 141,447	\$ 4,829	\$ 146,276
Investments, at fair value	1,684	188,520	190,204
Receivables	35,228	53,868	89,096
Due from other funds	529,248	299,184	828,432
Total assets	\$ 707,607	\$ 546,401	\$ 1,254,008
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	53,494	-	53,494
Due to other funds	262,822	-	262,822
Total liabilities	316,316	-	316,316
Fund balances:			
Restricted for:			
Capital improvement	40,688	-	40,688
Unrestricted:			
Assigned	-	546,401	546,401
Unassigned	350,603	-	350,603
Total fund balances	391,291	546,401	937,692
Total liabilities and fund balances	\$ 707,607	\$ 546,401	\$ 1,254,008

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

**TOWN OF RINGGOLD  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

Fund balances - total governmental funds		\$	937,692
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>			
Governmental capital assets			407,115
Less accumulated depreciation			(218,435)
			188,680
<p>Net pension liability:</p>			
Town's unfunded proportionate share of the unfunded liability in MERS and MPERS			(689,373)
<p>Deferred outflows and inflows of resources are not available to pay current period expenditures and therefore are not reported in governmental funds</p>			
Deferred outflows of resources - Pension			206,132
Deferred inflows of resources - Pension			(26,309)
			179,823
Net position of governmental activities		\$	616,822

**TOWN OF RINGGOLD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:			
Taxes			
Ad valorem	\$ 20,145	\$ -	\$ 20,145
Sales and use	-	386,393	386,393
Other taxes, penalties and interest	78,687	-	78,687
Licenses and permits	48,301	-	48,301
Intergovernmental			
State	29,674	-	29,674
Fines	61,964	-	61,964
Use of money and property	23,394	-	23,394
Miscellaneous	2,859	119	2,978
	<hr/>	<hr/>	<hr/>
Total revenues	265,024	386,512	651,536
Expenditures:			
General government	289,918	5,841	295,759
Public safety	338,245	-	338,245
Culture and recreation	5,014	-	5,014
Capital Outlay	24,498	-	24,498
	<hr/>	<hr/>	<hr/>
Total expenditures	657,675	5,841	663,516
Excess (deficiency) of revenue over expenditures	<hr/> (392,651)	<hr/> 380,671	<hr/> (11,980)
Other financing sources (uses):			
Operating transfers in	367,000	-	367,000
Operating transfers out	-	(387,000)	(387,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	367,000	(387,000)	(20,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<hr/> (25,651)	<hr/> (6,329)	<hr/> (31,980)
Fund balances, beginning of year	<hr/> 416,942	<hr/> 552,730	<hr/> 969,672
Fund balances, end of year	<hr/> <u>\$ 391,291</u>	<hr/> <u>\$ 546,401</u>	<hr/> <u>\$ 937,692</u>

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

**TOWN OF RINGGOLD**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances - total governmental funds	\$	(31,980)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 23,621	
Depreciation expense	<u>(12,644)</u>	<u>10,977</u>
<p>The changes in other long-term assets and liabilities are reported in the statement of activities, but do not affect current financial resources of governmental funds. The changes are as follows:</p>		
Net pension liability		<u>(8,138)</u>
Change in net position of governmental activities	\$	<u><u>(29,141)</u></u>

**Proprietary Funds**

**TOWN OF RINGGOLD  
STATEMENT OF NET POSITION  
PROPRIETARY FUND (UTILITY FUND)  
DECEMBER 31, 2015**

ASSETS	<u>Water &amp; Sewer</u>	<u>Other Enterprise Fund</u>	<u>Total Proprietary Funds</u>
Current assets:			
Cash and cash equivalents	\$ 28,080	\$ -	\$ 28,080
Investments	13,702	-	13,702
Receivables	36,187	-	36,187
Due from other funds	-	-	-
Total current assets	<u>77,969</u>	<u>-</u>	<u>77,969</u>
Restricted:			
Cash, cash equivalents & investments	248,062	-	248,062
Noncurrent assets:			
Deferred bond issuance cost (net)	9,458	-	9,458
Capital assets (net of accumulated depreciation)	2,643,640	-	2,643,640
Total noncurrent assets	<u>2,901,160</u>	<u>-</u>	<u>2,901,160</u>
Total assets	<u>2,979,129</u>	<u>-</u>	<u>2,979,129</u>
Deferred outflows of resources:			
Deferred pension outflow	<u>85,174</u>	<u>-</u>	<u>85,174</u>
Total assets and deferred outflows	<u>\$ 3,064,303</u>	<u>\$ -</u>	<u>\$ 3,064,303</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 15,119	\$ -	\$ 15,119
Due to other funds	565,610	-	565,610
Bonds and interest payable	59,416	-	59,416
Total current liabilities	<u>640,145</u>	<u>-</u>	<u>640,145</u>
Current liabilities payable from restricted assets:			
Customer deposits	<u>55,840</u>	<u>-</u>	<u>55,840</u>
Noncurrent Liabilities:			
Net pension liability	273,971	-	273,971
Bonds payable	876,314	-	876,314
Deferred bond discount (net)	(12,730)	-	(12,730)
Total noncurrent liabilities	<u>1,137,555</u>	<u>-</u>	<u>1,137,555</u>
Total liabilities	<u>1,833,540</u>	<u>-</u>	<u>1,833,540</u>
Deferred inflows of resources:			
Deferred pension inflow	<u>11,328</u>	<u>-</u>	<u>11,328</u>
Total liabilities and deferred inflows	<u>1,844,868</u>	<u>-</u>	<u>1,844,868</u>
NET POSITION			
Net investment in capital assets	1,730,098	-	1,730,098
Restricted	248,062	-	248,062
Unrestricted	(758,725)	-	(758,725)
Total net position	<u>\$ 1,219,435</u>	<u>\$ -</u>	<u>\$ 1,219,435</u>

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

**TOWN OF RINGGOLD**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -**  
**UTILITY FUND**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Water &amp; Sewer</u>	<u>Other Enterprise Fund</u>	<u>Total Proprietary Funds</u>
Operating Revenues:			
Water charges	170,100	-	170,100
Sewer charges	71,351	-	71,351
Penalties/service charges	8,138	-	8,138
Other services	4,575	-	4,575
Total operating revenues	<u>254,164</u>	<u>-</u>	<u>254,164</u>
Operating expenses:			
Personal services	225,037	-	225,037
Material and supplies	32,476	-	32,476
Insurance expenses	40,204	-	40,204
Repairs and maintenance	-	-	-
Other services and charges	128,543	-	128,543
Bad debt expense	-	-	-
Depreciation	149,421	-	149,421
Total operating expenses	<u>575,681</u>	<u>-</u>	<u>575,681</u>
Operating income (loss)	(321,517)	-	(321,517)
Nonoperating revenues (expenses):			
Ad valorem taxes	38,740	-	38,740
Grant revenue	26,097	-	26,097
Gain on sale of asset	13,583	-	13,583
Transfers	20,037	(37)	20,000
Bond expense	(746)	-	(746)
Interest expense	(50,726)	-	(50,726)
Investment earnings	473	-	473
Total nonoperating revenues	<u>47,458</u>	<u>(37)</u>	<u>47,421</u>
Change in net position	(274,059)	(37)	(274,096)
Net position, beginning of year	1,685,237	37	1,685,274
Prior period restatement	(191,743)	-	(191,743)
Net position, beginning of year - restated	<u>1,493,494</u>	<u>37</u>	<u>1,493,531</u>
Net position, end of year	<u>1,219,435</u>	<u>-</u>	<u>1,219,435</u>

**TOWN OF RINGGOLD**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE**  
**UTILITY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Water &amp; Sewer</u>	<u>Other Enterprise Fund</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities:			
Cash received from customers	254,619	-	254,619
Other operating cash receipts	203,849	-	203,849
Cash paid to suppliers	(66,750)	-	(66,750)
Cash paid to employees	(216,655)	-	(216,655)
Other operating cash payments	(128,543)	-	(128,543)
Net cash provided by operating activities	<u>46,520</u>	<u>-</u>	<u>46,520</u>
Cash flows from noncapital financing activities			
Increase in due to other governments	-	-	-
Non-operating transfers (net)	20,037	(37)	20,000
Net increase in meter deposits	3,695	-	3,695
Net cash provided by noncapital financing activities	<u>23,732</u>	<u>(37)</u>	<u>23,695</u>
Cash flows from capital and related financing activities:			
Receipt of ad valorem taxes for water/sewer maintenance	38,740	-	38,740
Cash received from grants	26,097	-	26,097
Purchase of capital assets	(77,435)	-	(77,435)
Cash received from sale of assets	13,583	-	13,583
Principal paid on capital debt	(40,998)	-	(40,998)
Interest paid on capital debt	(51,520)	-	(51,520)
Net cash (used) by capital and related financing activities	<u>(91,533)</u>	<u>-</u>	<u>(91,533)</u>
Cash flows from investing activities:			
Interest received	473	-	473
Investments (sold)	9,485	-	9,485
Net cash provided by investing activities	<u>9,958</u>	<u>-</u>	<u>9,958</u>
Net decrease in cash and cash equivalents	(11,323)	(37)	(11,360)
Cash and cash equivalents: beginning of year	<u>174,683</u>	<u>37</u>	<u>174,720</u>
Cash and cash equivalents: end of year	<u>\$ 163,360</u>	<u>\$ -</u>	<u>\$ 163,360</u>
Reconciliation of operating income to net cash provided (used) by operations:			
Operating income (loss)	\$ (321,517)	-	(321,517)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	149,421	-	149,421
Decrease in accounts receivable	5,030	-	5,030
Decrease in accounts payable	5,930	-	5,930
Net change in pension related items	8,382	-	8,382
Increase in due to other funds	199,274	-	199,274
Total adjustments to operating income	<u>368,037</u>	<u>-</u>	<u>368,037</u>
Net cash provided by operating activities	<u>\$ 46,520</u>	<u>-</u>	<u>\$ 46,520</u>
Reconciliation of total cash and cash investments:			
Current assets - cash and cash investments	28,080	-	28,080
Restricted assets - cash and cash investments	135,280	-	135,280
Total cash and cash investments	<u>163,360</u>	<u>-</u>	<u>163,360</u>

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

## **Notes to the Financial Statements**

TOWN OF RINGGOLD

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR THEN ENDED DECEMBER 31, 2015

INTRODUCTION

The Town of Ringgold was incorporated under the provisions of the Lawrason Act (Louisiana Revised Statutes 33:321-463). The Town is located in the parish of Bienville in the northwest corner of the state of Louisiana. The Town operates under a mayor-town council form of government. Members of the board are all elected and serve a term of 4 years. The Town provides the following services as authorized by its charter: police and fire protection, water and sewerage, streets, and general administrative services.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following governmental funds:

The General fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue fund is used to account for the receipt and use of the Town's two percent (2%) sales and use tax levied by the Town of Ringgold that is legally restricted to expenditures for specific purposes.

The Town reports the following proprietary funds:

The Water and Sewer fund is used to account for the provision of water and sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The content and certain titles of the GWFS were changed upon the adoption by the Town in 2012 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 renames that measure as net position rather than net assets. The Town had deferred outflows and inflows of resources at December 31, 2015, related to pensions.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Town. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

### C. Deposits and Investments

The Town's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Town are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

### D. Receivables and Payables

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the government-wide financial statement, receivables consist of all revenues earned at year end and not yet received. Major receivables for the governmental activities include franchise taxes and sales and use taxes. Business-type activities report customers' utilities service charges as its major receivables. Uncollectible amounts due for ad valorem taxes and customers' utility accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

### E. Restricted Assets

Under the terms of the various bond indentures on outstanding Sewer Revenue Bonds all income and revenues earned or derived from the operation of the utility system are pledged and dedicated to the retirement of said bonds, and are to be maintained and administered in the following order of priority and for the following express purposes:

1. The payment of all reasonable and necessary expenses of operating and maintaining the system.
2. Establishment and maintenance of "Sewer Revenue Bond and Interest Sinking Fund," where monthly deposits shall be made on or before the 20 day of each month of each year a sum equal to one-twelfth (1/12th) the interest falling due on the next interest payment date during the first year of the Bond. Thereafter, a sum equal to the total amount of principal and interest falling due on the next principal and interest date.

During the year ended December 31, 1997, per discussion with officials of District Office I of Rural Economic and Community Development, the Town will not be required to set aside monthly payments for the "Sewer Revenue Bond and Interest Sinking Fund." The bond is to be paid on a monthly basis, with the first principal and interest payment to be on January 14, 1996, and monthly thereafter.

3. There shall be set aside into "Revenue Bond Reserve Fund," a sum at least equal to five percent (5%) of the principal and interest payments required by paragraph (2) above, and shall continue until there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any year on the Bond. The money is to be retained solely for the purpose of paying principal and interest on bonds payable from the Revenue Bond and Interest Sinking Fund as to which there would otherwise be default.
4. Funds shall be set aside into a "Revenue Bond Depreciation and Contingency Fund," monthly the sum of \$122 for the Sewer Bond. Money in the Depreciation and Contingency Fund shall be used to care for depreciation, extensions, additions, improvements, and replacements necessary to operate the system properly. Money shall also be used to pay the principal and interest on the bond for which there is not sufficient money in the Revenue Bond and Interest Sinking Fund or the Bond Reserve Fund and Interest Fund or the Bond Reserve Fund, but if so used, such money shall be replaced by the Issuer as soon as possible thereafter.

On September 1, 2001, the Water Revenue Bonds were refunded with the issuance of \$902,000 in Water Revenue Refunding Bonds. The reserves required under the refunded debt are no longer required to be funded under the new issue. Under the new bond issue, a Debt Service Reserve Fund was funded with the proceeds from the new issuance in the amount equal to the reserve fund requirement. The Reserve Fund shall be maintained with a trustee and used to receive proceeds of the bonds and to transfer to the Interest Account or Principal Account of the Debt Service Fund such amount necessary to remedy any deficiency therein. The Cost of Issuance Fund shall be used to pay the costs of issuing the Bonds. Amounts shall be deposited into

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

an Interest Account as necessary to pay interest on the Bonds. Amounts shall be deposited into a Principal Account as necessary to pay principal of the Bonds.

Restricted assets include cash and cash investments in the Proprietary Funds which are restricted to their use. These restrictions are principally related to requirements of bond issues and utility meter deposits. It is the Town's policy to use restricted assets before unrestricted assets for their intended purposes.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost 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 Town maintains a threshold level of \$500 or more for capitalizing capital assets.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	10-40 years
Improvements other than buildings	10-33 years
Vehicles	5-15 years
Equipment	5-10 years

H. Compensated Absences

Employees are allowed to accrue ten days of sick leave each year. Employees may carry forward from the previous year any earned but unused sick leave up to a maximum of 10 days or 80 hours. The maximum sick leave an employee may possess at any one time is twenty days. Sick leave may be used only after it has been earned. No payments will be made for unused sick leave.

Vacation leave is granted to each employee who is on the active payroll on the employee's anniversary date, provided the employee has worked a minimum of 1,500 hours in the service year preceding his anniversary date. Earned vacation can be accrued by one year and must be used the following year or be lost. An employee who has accumulated one (1) or more years of service who voluntarily or involuntarily terminates his employment shall receive any earned vacation pay at the time of departure.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### J. Fund Equity

The Town implemented GASB 54 in a prior year. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on government's fund balance more transparent. When fund balance resources are available for a specific purpose in multiple classifications the Town would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds. There are no material reservations or designations for the year ended December 31, 2015.

### K. 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 the estimates.

### L. Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2015.

### M. Sales Tax

Proceeds of a 2% sales and use tax levied by the town are dedicated to the following purposes:

Revenues derived from 1% sales and use tax are to be deposited in a special fund and dedicated and used for the purposes of economic development of the town; opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks, bridges; acquiring, constructing, extending, improving renovation and/or maintaining street lighting facilities, waterworks, sewers and sewerage disposal works, public buildings, public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishings for the foregoing public buildings and facilities, the title to which shall be in the public or for anyone or more of said purpose.

Revenues derived from the remaining 1% sales and use taxes are to be dedicated and used as follows:

25% - for acquiring, constructing, improving, operating and/or maintaining sewerage collection lines, including related equipment and facilities, for the town; provided, however, that once the sewerage collection lines have been constructed which will permit all residences within the town to be connected with such collection lines, then said 25% is to be used for acquiring, constructing, improving, operating and/or maintaining sewerage collection lines and disposal works, including all related facilities and equipment for the town;

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

20% - for constructing, improving and/or maintaining public roads and drainage improvements within the town, including any equipment required in connection therewith and the operation of such equipment;

5% - for constructing, acquiring, improving, operating and/or maintaining lands, buildings, equipment and facilities for recreation purposes for the town, including the funding of youth recreational programs; and

50% - to be dedicated and used for any lawful corporate purpose of the Town.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION. The Town adopted budgets for the year ended December 31, 2015 for the General fund and Special Revenue fund on a basis consistent with generally accepted accounting principles (GAAP). The Town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the December meeting, the Town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the December meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year.

3. CASH AND CASH EQUIVALENTS

At December 31, 2015, the Town has cash and cash equivalents (book balances) totaling \$309,636 as follows:

Demand deposits	178,140
Interest-bearing demand deposits	<u>131,496</u>
Total	<u>309,636</u>

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

At December 31, 2015, the Town has \$258,650 in deposits (collected bank balances). These deposits are secured from risk by \$258,650 of federal deposit insurance and \$-0- of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though any pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, 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.

4. INVESTMENTS

Certificates of Deposit – Investments include one certificate of deposit with a maturity of six months that has been included as investments on the basic financial statements. Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

At fiscal year-end, the Town's investment balances were as follows:

Type of investment	Category			Carrying Amount			Total Carrying Amount
				Fair Value	Amortized Cost	Cost	
Certificate of deposit	1	2	3				
	<u>13,702</u>	<u>-</u>	<u>-</u>	<u>13,702</u>	<u>-</u>	<u>-</u>	<u>13,702</u>
Total investments	<u>13,702</u>	<u>-</u>	<u>-</u>	<u>13,702</u>	<u>-</u>	<u>-</u>	<u>13,702</u>

LAMP – The Town has the following amounts invested with the Louisiana Asset Management Pool, Inc. (LAMP) as of December 31, 2015:

General Fund	-
Enterprise Fund	-
Sales Tax Fund	<u>188,520</u>
Total	<u>188,520</u>

Investments held at the Town include \$188,520 in the LAMP, a local government investment pool. In accordance with GASB Cod Sec. 150.126, the investment in LAMP at the Town is not categorized in the three risk categories provided by GASB Cod Sec. 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No.512, Act 701) enacted LSA-R.S. 33:19SS(A)(I)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

4. INVESTMENTS (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Hancock Bank Reserves - With the Issuance of Water Revenue Refunding bonds Series 2001, the Town was required to establish several funds to be held by a trustee. Amounts held by the trustee shall be invested by the trustee in eligible investments, which shall mature or be redeemable or be subject to withdrawal or to repurchase by another entity on a date or dates on or prior to the time when monies so invested shall be for expenditures. Investments purchased with funds on deposit in the Reserve Fund shall have an average aggregate weighted term to maturity of not greater than 5 years.

The Town had the following balances held with a trustee as of December 31, 2015:

Debt Reserve Fund	64,711
Interest Account	16,071
Principal Account	<u>32,000</u>
Total	<u>112,782</u>

Red River Valley Bidco, Inc. – On August 19, 2002, the Town purchased 100 shares of Preferred Series A stock in Red River Valley Bidco, Inc. for the amount of \$10,000. The investment was made to participate in funding Red River Valley Bidco, Inc., which is a for-profit entity formed as a financial assistance corporation which provides loan funds for business, industry and job creation over a 10-parish area of Northwest Louisiana. Red River Valley Bidco, Inc. supplements private lenders' efforts by either participating with them on special financing projects or by direct loans to borrowers who cannot qualify under a private lender's rule. The value of the Town's investment in this stock may change over time due to its share of the venture's net income or loss. During 2015, the Town received \$-0- in non-dividend distributions as a return of capital, resulting in a value of \$1,684 at December 31, 2015. As of December 31, 2015, it was estimated that there was no change in the fair value of the investment in Red River Valley Bidco, Inc. over the original investment.

5. RECEIVABLES

The receivables of \$125,283 at December 31, 2015, are as follows:

	General Fund	Special Revenue Funds	Water and Sewer Fund	Total
Taxes:				
Ad valorem	12,670	-	26,881	39,551
Sales and use	-	53,868	-	53,868
Other taxes, penalties, and interest	17,058	-	-	17,058
Accounts	-	-	9,306	9,306
Other	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Total	<u>35,228</u>	<u>53,868</u>	<u>36,187</u>	<u>125,283</u>

5. RECEIVABLES (Continued)

All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

6. RESTRICTED ASSETS

Restricted assets of business-type activities were applicable to the following at December 31, 2015:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Bond-principal	32,000	-	32,000
Bond and interest sinking fund	16,071	-	16,071
Bond reserve fund	64,711	26,702	91,413
Bond depreciation & contingency	<u>34,774</u>	<u>28,314</u>	<u>63,088</u>
Total for revenue bonds	<u>147,556</u>	<u>55,016</u>	202,572
Meter deposits-cash			45,490
Meter deposits-investment			-
Total			<u>248,062</u>

7. AD VALOREM TAXES

For the year ended December 31, 2015, taxes of \$58,885 were levied on property with assessed valuations totaling \$3,874,010 and were dedicated as follows:

General corporate purposes	5.20 mills
10-year water maintenance tax	5.00 mills
10-year sewer maintenance tax	5.00 mills

The following are the principal taxpayers and related property tax revenue for the Town:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad valorem Tax Revenue for Town</u>
Ringgold Property Company	Real Estate	464,330	12.0%	7,058
Entergy Louisiana	Energy	<u>180,180</u>	<u>4.7%</u>	<u>2,739</u>
Total		<u>644,510</u>	<u>16.7%</u>	<u>9,797</u>

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed value determined by the Bienville parish tax assessor.

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2015 is as follows:

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

	<u>Due From</u>	<u>Due To</u>
General fund	456,968	218,944
Payroll fund	72,280	43,878
Sales tax	299,184	-
Water and sewer fund	<u>-</u>	<u>565,610</u>
Total	<u>828,432</u>	<u>828,432</u>

9. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2015, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	<u>29,913</u>	<u>-</u>	<u>-</u>	<u>29,913</u>
Total capital assets, not being depreciated	29,913	-	-	29,913
Capital assets being depreciated:				
Buildings and improvements	171,359	-	-	171,359
Vehicles	126,001	-	-	126,001
Machinery and equipment	<u>56,222</u>	<u>23,621</u>	<u>-</u>	<u>79,843</u>
Total capital assets being depreciated	353,582	23,621	-	377,203
Less-accumulated depreciation	<u>205,791</u>	<u>12,644</u>	<u>-</u>	<u>218,435</u>
Total capital assets being depreciated, net	<u>147,791</u>	<u>10,977</u>	<u>-</u>	<u>158,768</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	<u>1,926</u>	<u>-</u>	<u>-</u>	<u>1,926</u>
Total capital assets, not being depreciated	1,926	-	-	1,926
Capital assets being depreciated:				
Improvements other than buildings	5,054,341	36,379	-	5,090,720
Vehicles	70,143	21,960	14,996	77,107
Machinery and equipment	<u>276,060</u>	<u>19,096</u>	<u>-</u>	<u>295,156</u>
Total capital assets being depreciated	5,400,544	77,435	14,996	5,462,983
Less-accumulated depreciation	<u>2,686,844</u>	<u>149,421</u>	<u>14,996</u>	<u>2,821,269</u>
Total capital assets being depreciated, net	<u>2,713,700</u>	<u>(71,986)</u>	<u>-</u>	<u>2,641,714</u>

9. CAPITAL ASSETS (Continued)

Depreciation expense of \$3,683 and \$8,961 for the year ended December 31, 2015, was charged to general government and public safety, respectively.

10. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2015:

	Water Revenue Refunding Bonds	Sewer Revenue Bonds	Total
Long-term obligations at 1/1/2015	618,000	341,845	959,845
Additions	-	-	-
Deductions	<u>31,000</u>	<u>9,997</u>	<u>40,997</u>
Long-term obligations at 12/31/2015	<u>587,000</u>	<u>331,848</u>	<u>918,848</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long term obligations as of December 31, 2015:

	Water Revenue Refunding Bonds	Sewer Revenue Bonds	Total
Current portion	32,000	10,534	42,534
Long-term portion	<u>555,000</u>	<u>321,314</u>	<u>876,314</u>
Total	587,000	331,848	918,848
Less-unamortized bond discount	<u>(12,730)</u>	-	<u>(12,730)</u>
Long-term obligations	<u>574,270</u>	<u>331,848</u>	<u>906,118</u>

The bonds payable at December 31, 2015, are comprised of the following individual issues:

	Principal Outstanding	Interest to Maturity
\$902,000 Water Revenue Refunding Bonds, Series 2001 bearing interest at 3.375% to 5.500% due in semiannual installments through January 1, 2028.	587,000	233,376
\$459,000 Sewer Revenue Bonds, dated 12/14/94, bearing interest at 5.25% due in monthly installments of \$2,309 through 12/24/34.	<u>331,848</u>	<u>192,357</u>
Total	<u>918,848</u>	<u>425,733</u>

The annual requirements to amortize all debt outstanding at December 31, 2015, including interest of \$425,733 are as follows:

10. LONG-TERM OBLIGATIONS (Continued)

<u>Year Ending December 31,</u>	<u>Water Revenue Refunding Principal</u>	<u>Sewer Revenue Principal</u>	<u>Interest</u>	<u>Total</u>
2016	32,000	10,534	48,505	91,039
2017	34,000	11,100	46,195	91,295
2018	36,000	11,697	43,673	91,370
2019	38,000	12,326	41,009	91,335
2020	40,000	12,989	38,201	91,190
2021-2025	234,000	76,207	143,444	453,651
2026-2030	173,000	99,025	54,048	326,073
2031-2034	-	97,970	10,658	108,628
Total	<u>587,000</u>	<u>331,848</u>	<u>425,733</u>	<u>1,344,581</u>

11. RETIREMENT

Substantially all employees of the Town are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

1. PENSION AND RETIREMENT PLANS

Effective December 31, 2015, the Town implemented Governmental Accounting Standards Board Statement No. 68, *Accounting for Financial Reporting and Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*. These statements required the Town to recognize its proportionate share of the net pension liability for the four defined benefit plans in which its employees participate.

Cost-Sharing Multiple-Employer Retirement Systems

The Town participates in two state-administered cost-sharing multiple-employer retirement systems: Municipal Employees’ Retirement System (MERS) and Municipal Police Employees’ Retirement System (MPERS) of the State of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly available financial reports that include financial statements and required supplementary information for the systems. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. The Town of Ringgold implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. Additional disclosures with respect to GASB 68 to the Town’s participation in these systems are provided below. The reports for MERS and MPERS may be obtained at [www.mersla.com](http://www.mersla.com) and [www.lampers.org](http://www.lampers.org), respectively.

Municipal Police Employees’ Retirement System

All full-time police department employees engaged in law enforcement are required to participate in the Municipal Police Employees’ Retirement System. The System is the administrator of a cost- sharing multiple-

## 11. RETIREMENT (Continued)

employer plan. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

### Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

### Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

### Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

## 11. RETIREMENT (Continued)

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

### Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

### Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

### **Contributions**

Plan members are required by state statute to contribute 10% of their annual covered salary and the Town of Ringgold is required to contribute at an actuarially determined rate. The current rate for the year ended December 31, 2015 was 31.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Ringgold, Louisiana's contributions to the System, for the year ending December 31, 2015 was \$64,742.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions during the measurement period of \$12,926 are recognized as revenue and are excluded from pension expense.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

11. RETIREMENT (Continued)

At December 31, 2015, the Town reported a liability of \$571,957 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.073010% which was an increase of 0.012% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$82,214 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 10,510
Changes in assumptions	49,907	82
Net difference between projected and actual earnings on pension plan investments	-	10,862
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,631	-
Employer contributions subsequent to the measurement date	<u>32,091</u>	<u>-</u>
Total	<u>\$ 169,629</u>	<u>\$ 21,454</u>

The Town reported a total of \$32,091 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2015 which will be recognized as a reduction in net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	35,566
2017	35,566
2018	28,289
2019	<u>16,663</u>
	<u>\$ 116,084</u>

**Actuarial Methods and Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

11. RETIREMENT (Continued)

Valuation Date	June 30, 2015
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%

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2	9.75%
	3-23	4.75%
	23 & Over	4.20%

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.28% for the year ended June 30, 2015.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52%	3.47%
Fixed Income	20%	0.46%
Alternatives	23%	1.15%
Other	<u>5 %</u>	<u>0.20%</u>
Totals	100%	5.28%
Inflation		<u>3%</u>
Expected Arithmetic Nominal Return		<u>8.28%</u>

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 approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of

11. RETIREMENT (Continued)

return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

**SENSITIVITY TO CHANGES IN DISCOUNT RATE**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	<u>Changes in Discount Rate</u>		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.5%</u>	<u>7.50%</u>	<u>8.5%</u>
Town's proportionate share of the net	\$ 795,244	\$ 571,957	\$ 384,847

Municipal Employees' Retirement System of Louisiana

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana.

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System.

The following is a description of the plan and its benefits and is provided for general information purposes only. The City is a contributing municipality of Plan A.

Eligibility Requirements:

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. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Retirement Benefits:

Any member of Plan A who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

## 11. RETIREMENT (Continued)

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for Retirement for Plan A members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service

Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

### Survivor Benefits:

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

### DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated

## 11. RETIREMENT (Continued)

at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

### Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

### Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

### Deferred Benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

## **CONTRIBUTIONS**

Plan members are required by state statute to contribute 9.5% of their annual covered salary and the Town of Ringgold is required to contribute at an actuarially determined rate. The current rate for the year ended December 31, 2015 was 19.75% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Ringgold, Louisiana's contributions to the System, for the year ending December 31, 2015 was \$41,151.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions of \$6,506 during the measurement period are recognized as revenue and are excluded from pension expense.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2015, the Town reported a liability of \$391,387 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that

11. RETIREMENT (Continued)

date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2015, the Town's proportion was 0.109566% which was an increase of 0.004% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$59,631 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 16,183
Changes of assumptions	32,695	-
Net difference between projected and actual earnings on pension plan investments	49,719	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,479	-
Employer contributions subsequent to the measurement date	<u>21,784</u>	<u>-</u>
Total	<u>\$ 121,677</u>	<u>\$ 16,183</u>

The Town reported a total of \$21,784 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2015 which will be recognized as a reduction in net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2016	\$ 28,463
2017	27,126
2018	10,799
2019	<u>17,322</u>
	<u>\$ 83,710</u>

## 11. RETIREMENT (Continued)

### Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Actuarial Assumptions:
Investment Rate of Return	7.5%, net of investment expense
Projected Salary Increases	5.0% (2.875% Inflation, 2.125% Merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.4% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 8.3% for the year ended June 30, 2015.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015 are summarized in the following table:

11. RETIREMENT (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Portfolio Target Asset Allocation</u>	<u>Real Rate Return</u>
Public Entity	10%	2.95%
Public Fixed Income	15%	0.89%
Alternatives	<u>35%</u>	<u>2.06%</u>
Totals	100%	5.90%
Inflation		<u>2.40%</u>
Expected Arithmetic Nominal Return		<u>8.30%</u>

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 approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SENSITIVITY TO CHANGES IN DISCOUNT RATE**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	<u>Changes in Discount Rate</u>		
	1% Decrease <u>6.5%</u>	Current Discount Rate <u>7.50%</u>	1% Increase <u>8.5%</u>
Town's proportionate share of the net pension liability	\$512,206	\$391,387	\$288,447

C. Other Retirement Plans

For employees who do not qualify to participate in either the Municipal Employees Retirement System or the Municipal Police Employees Retirement System, these employees are eligible to participate in a Deferred Variable Annuity through New York Life Insurance. Amounts contributed by employees and the Town (maximum match of 7.5%) are calculated using the same percentages contributed for members of municipal systems based on department of employee.

12. CONTINGENT LIABILITIES

As of December 31, 2015, the Town was involved in two matters named as defendant. The matters are: 1) Irma Stafford vs. Town of Ringgold and 2) Kendall Booker vs. Town of Ringgold. The former matter

## 12. CONTINGENT LIABILITIES (Continued)

involves a claim that a lift station was placed on the property of Mrs. Stafford without her approval or knowledge, and without compensation to her. The Town's counsel has stated that the property does not belong to Mrs. Stafford solely and that she cannot bring a lawsuit on her behalf alone in this circumstance. The matter has been resolved, with the Town filing a Servitude Grant with plaintiff. The latter is a claim involving recovery of lost wages. The matter was resolved during 2016 in favor of Mr. Booker, with a settlement of \$8,500.

## 13. ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended December 31, 2015, the State made contributions of \$32,050.

## 14. STATE POLICE INVESTIGATION

The Louisiana State Police completed its investigation of the collections and remittances of utility payments for Arkla Gas, SWEPCO, Entergy and CenturyTel in a prior year. The State Police were contacted by the Town in December, 2005 concerning the collections and remittances to the appropriate agency. The Bienville Parish District Attorney's office has the file; however, no action has been taken as of the report date. It is believed that the district attorney is preparing to call a grand jury to investigate the charges for prosecution; however, it is unknown when such a jury will be called.

## 15. PRIOR PERIOD ADJUSTMENTS

The Town adopted Governmental Accounting Standards Board (GASB) Statement Number 68 – *Accounting for Financial Reporting and Pension – an amendment of GASB Statement No. 27*, and Statement Number 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASB 68 and 71 is \$(693,155). For additional information on the prior year restatement, see Note 11. The Town reported a prior period adjustment in fiscal year ended December 31, 2015 as follows:

<b>Statement of Net Positions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Total Net Position, December 31, 2014 as previously reported	\$1,147,375	\$1,685,274	\$2,832,649
Effects of GASB 68 implementation:			
Deferred outflows of resources at December 31, 2014	69,359	24,517	93,876
Net pension liability at December 31, 2014	(465,188)	(188,815)	(654,003)
Deferred inflows of resources at December 31, 2014	(105,583)	(27,445)	(133,028)
Net effects of GASB 68 implementation	(501,412)	(191,743)	(693,155)
Total Net Position, December 31, 2014, as restated	\$645,963	\$1,493,531	\$2,139,494

**Required Supplemental Information**

**TOWN OF RINGGOLD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(unaudited)**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Taxes				
Ad valorem	\$ 18,000	\$ 20,000	\$ 20,145	\$ 145
Franchise	83,000	79,000	78,687	(313)
Licenses and permits	58,400	48,300	48,301	1
Intergovernmental	24,000	60,800	29,674	(31,126)
Fines and forfeitures	100,000	65,000	61,964	(3,036)
Use of money and property	30,000	23,300	23,394	94
Other revenues	9,500	4,300	2,859	(1,441)
Total revenues	<u>322,900</u>	<u>300,700</u>	<u>265,024</u>	<u>(35,676)</u>
Expenditures:				
Current:				
General government	253,600	286,900	289,918	(3,018)
Public safety	299,000	355,400	338,245	17,155
Recreation	6,500	6,500	5,014	1,486
Capital outlay	-	26,000	24,498	1,502
Total expenditures	<u>559,100</u>	<u>674,800</u>	<u>657,675</u>	<u>17,125</u>
Excess (deficiency) of revenue over expenditures	<u>(236,200)</u>	<u>(374,100)</u>	<u>(392,651)</u>	<u>(18,551)</u>
Other financing sources (uses):				
Operating transfers (net)	<u>236,200</u>	<u>374,100</u>	<u>367,000</u>	<u>(7,100)</u>
Total other financing sources (uses)	<u>236,200</u>	<u>374,100</u>	<u>367,000</u>	<u>(7,100)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(25,651)	(25,651)
Fund balances, beginning of year	<u>416,942</u>	<u>416,942</u>	<u>416,942</u>	<u>-</u>
Fund balances, end of year	<u>\$ 416,942</u>	<u>\$ 416,942</u>	<u>\$ 391,291</u>	<u>\$ (25,651)</u>

TOWN OF RINGGOLD  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(unaudited)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Taxes	\$ 400,000	\$ 400,000	\$ 386,393	\$ (13,607)
Interest	100	100	119	19
Total revenues	<u>400,100</u>	<u>400,100</u>	<u>386,512</u>	<u>(13,588)</u>
Expenditures:				
General government	6,000	6,000	5,841	159
Recreation	-	-	-	-
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>5,841</u>	<u>159</u>
Excess (deficiency) of revenue over expenditures	<u>394,100</u>	<u>394,100</u>	<u>380,671</u>	<u>(13,429)</u>
Other financing sources (uses):				
Operating transfers (net)	<u>(394,100)</u>	<u>(394,100)</u>	<u>(387,000)</u>	<u>7,100</u>
Total other financing sources (uses)	<u>(394,100)</u>	<u>(394,100)</u>	<u>(387,000)</u>	<u>7,100</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(6,329)	(6,329)
Fund balances, beginning of year	<u>552,730</u>	<u>552,730</u>	<u>552,730</u>	<u>-</u>
Fund balances, end of year	<u>\$ 552,730</u>	<u>\$ 552,730</u>	<u>\$ 546,401</u>	<u>\$ (6,329)</u>

TOWN OF RINGGOLD, LOUISIANA

SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2015

**Municipal Police Employees' Retirement System:**

Employer's Proportion of the Net Pension Liability	0.073010%
Employer's Proportionate Share of the Net Pension Liability	\$571,957
Employer's Covered-Employee Payroll	\$212,437
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	269.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.73%

**Municipal Employees' Retirement System:**

Employer's Proportion of the Net Pension Liability	0.109566%
Employer's Proportionate Share of the Net Pension Liability	\$391,387
Employer's Covered-Employee Payroll	\$208,359
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	187.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.18%

The schedule will contain ten years of historical information once such information becomes available.

See accompanying independent auditor's report.

**TOWN OF RINGGOLD, LOUISIANA**  
**SCHEDULE OF TOWN'S CONTRIBUTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Municipal Police Employees' Retirement System:**

Contractually Required Contribution	\$64,742
Contributions in Relation to the Contractually Required Contribution	<u>64,742</u>
Contribution Deficiency (Excess)	-
Employer's Covered-Employee Payroll	\$212,437
Contributions as a Percentage of Covered Employee Payroll	30.48%

**Municipal Employees' Retirement System:**

Contractually Required Contribution	\$41,151
Contributions in Relation to the Contractually Required Contribution	<u>41,151</u>
Contribution Deficiency (Excess)	-
Employer's Covered-Employee Payroll	\$208,359
Contributions as a Percentage of Covered Employee Payroll	19.75%

This schedule will contain ten years of historical information once such information becomes available.

See accompanying independent auditor's report.

**Supplementary Information**

TOWN OF RINGGOLD  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2015

Agency Head: Honorable Donna Wiggins

Salary	12,000
Benefits-retirement	2,750
Conference travel	1,196
Dues and registration	524
Special meals	760

TOWN OF RINGGOLD

SCHEDULE OF COMPENSATION AND BENEFITS PAID ELECTED OFFICIALS

FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Board Member:</u>	<u>Compensation</u>	<u>Benefits</u>
Donna Wiggins, Mayor	12,000	5,230
Roosevelt Kinsey, III, Chief of Police	41,949	5,472
Larry Hays, Mayor Pro tem	5,400	-
Keith Johnson	4,200	-
Alan Clayborn	4,200	-
Kenya Iverson	4,200	879
Eddy Higginbotham	4,200	-

## **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

June 26, 2018

To the Honorable Mayor and the  
Members of the Town Council  
Town of Ringgold, 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 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 Ringgold, Louisiana as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Ringgold, Louisiana's basic financial statements, and have issued our report thereon dated June 26, 2018.

## **Internal Control over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs listed as 2015-1 to be a material weakness.

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A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs listed as 2015-2 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Ringgold, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2015-3 and 2015-4.

### **The Town's Response to Findings**

The Town's response to the findings identified in our audit are described in Management's Corrective Action Plan for Current Year Findings. We did not audit the Town's responses and, accordingly, we express no opinion on them.

### **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 result 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 RINGGOLD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2015

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Town of Ringgold, Louisiana.
2. Two significant deficiencies relating to the audit of the basic financial statements are reported, one of which is considered to be a material weakness.
3. Two instances of noncompliance relating to the basic financial statements of the Town of Ringgold, Louisiana were disclosed during the audit.
4. No federal single audit was required under Circular A-133 relating to the financial statements of the Town of Ringgold, Louisiana.

**B. Findings – Financial Statement Audit**

2015-1: Accounting Staff:

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Town's annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor does management have the ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls. This condition is intentional and results from management balancing the Town's financial complexity with the appropriate level of accounting expertise. It is not cost effective for the Town to prepare its annual financial statements in-house.

Whether or not it would be cost effective to correct a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under SAS 115. In this case, management does not believe that correcting the material weakness described above is cost effective or practical and, accordingly, does not believe that any corrective action is necessary.

2015-2: Inadequate Internal Control:

In attempting to test certain revenue and disbursement transactions to original documents for support, we determined the overall internal control for the Town is inadequate. This is a repeat finding. We recommend the utility clerk and town clerk receive training on the applicable software to be able to perform tasks as needed to maintain adequate internal controls. We recommend the Town establish internal controls to monitor all receipts and disbursements.

TOWN OF RINGGOLD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2015

2015-3: Filing of Audit Report:

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

2015-4: Budget Variance:

The Town had unfavorable variances of more than 5% in its General Fund and Sales Tax 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.

TOWN OF RINGGOLD  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015

2014-1: Accounting Staff:

Status: Unresolved – repeated as 2015-1.

2014-2: Inadequate internal controls:

Status: Unresolved – repeated as 2015-2.

2014-3: Filing of audit report:

Status: Unresolved – repeated as 2015-3.

2014-4: Budget Variance

Status: Unresolved – repeated as 2015-4.

TOWN OF RINGGOLD

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2015

2015-2

Management agrees with the recommendations and intends to implement them immediately and provide training for the staff as deemed necessary.

2015-3

Management intends to utilize the assistance of a CPA to aid the Town in making procedural changes in the accounting department to strengthen internal and management controls to eliminate the type of situations which have caused delays in filing the audit by the required deadline.

2015-4

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