

TOWN OF RAYVILLE, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

AND FOR THE YEAR THEN ENDED

TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021
WITH SUPPLEMENTAL INFORMATION SCHEDULES

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
REQUIRED SUPPLEMENTAL INFORMATION (PART I)	
Management Discussion and Analysis	4-11
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14
Reconciliation of the Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds:	
Statement of Net Position	18
Statement of Revenues, Expenses, and Changes in Fund Net Position	19
Statement of Cash Flows	20-21
Notes to the Financial Statements	22-50

TOWN OF RAYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021
WITH SUPPLEMENTAL INFORMATION SCHEDULES

TABLE OF CONTENTS

	<u>Page</u>
REQUIRED SUPPLEMENTAL INFORMATION (PART II)	
Budget Comparison Schedules:	
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual-General Fund	51
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget (GAAP Basis) and Actual-Sales Tax Special Revenue Fund	52
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual-Economic Development Special Revenue Fund	53
Schedule of Proportional Share of the Net Pension Liability and Related Ratios	54
Schedule of Required Contributions	55
SUPPLEMENTARY INFORMATION	
Schedule of Compensation and Benefits Paid Elected Officials	56
Schedule of Compensation, Benefits, and Other Payments to Agency Head	57
OTHER REPORTS	
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 <i>Government Auditing Standards</i>	58-59
Schedule of Findings and Questioned Costs	60
Schedule of Prior Year Findings	61
Management's Corrective Action Plan for Current Year Findings	62



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

December 30, 2021

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Rayville, as of and for the year ended June 30, 2021, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Rayville, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on Pages 4-11, *Budgetary Comparison Information* on Pages 51-53, *Schedule of Town's proportionate share of net pension liability* on Page 54, and *Schedule of Town's required contributions* on Page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The information on Pages 56-57 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

Shreveport, Louisiana

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2021

The management of the Town of Rayville, Louisiana offers readers of the Town of Rayville, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial condition. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$11,466,411 (net position); this represents a decrease of \$160,529 from last fiscal year. Of this total net position amount, \$350,546 is negative unrestricted net position. The Town's net position is comprised of \$5,162,504 from governmental activities and \$6,303,907 from business-type activities.

The following is a condensed statement of the Town of Rayville's net position as of June 30, 2021:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets			
Current and other assets	1,493,376	1,935,534	3,428,910
Capital assets (net)	<u>5,415,622</u>	<u>13,087,675</u>	<u>18,503,297</u>
Total assets	6,908,998	15,023,209	21,932,207
Deferred outflows of resources	<u>565,485</u>	<u>209,521</u>	<u>775,006</u>
Total assets and deferred outflows of resources	7,474,483	15,232,730	22,707,213
Liabilities			
Other liabilities	314,035	734,015	1,048,050
Long-term liabilities	<u>1,799,178</u>	<u>8,185,739</u>	<u>9,984,917</u>
Total liabilities	2,113,213	8,919,754	11,032,967
Deferred inflows of resources	<u>198,766</u>	<u>9,069</u>	<u>207,835</u>
Total liabilities and deferred inflows of resources	2,311,979	8,928,823	11,240,802
Net position			
Net invested in capital assets	5,391,617	6,162,126	11,553,743
Restricted	81,685	181,529	263,214
Unrestricted	<u>(310,798)</u>	<u>(39,748)</u>	<u>(350,546)</u>
Total net position	<u>5,162,504</u>	<u>6,303,907</u>	<u>11,466,411</u>

By far the largest portion of the Town's net position (\$11,553,743 or 95%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining balance, (2% or \$263,214) is restricted net positions and (-3% or -\$350,546) is unrestricted net positions.

The Town has total outstanding debt of \$7,657,687, which was used to finance some of the \$18,503,297 capital assets. Total liabilities of \$11,032,967 are equal to 96% of the total net positions.

The Town's governmental activities increased net positions by \$108,897 while the business type activities decreased net positions by \$269,156.

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Revenue:</u>			
Program revenue	785,404	1,716,080	2,501,484
General revenue	<u>2,740,189</u>	<u>3,165</u>	<u>2,743,354</u>
Total revenue	3,525,593	1,719,245	5,244,838
<u>Expenses:</u>			
General and administrative	1,012,938	-	1,012,938
Public safety	1,118,982	-	1,118,982
Public works	1,012,043	-	1,012,043
Recreation	45,151	-	45,151
Airport	227,582	-	227,582
Utility	<u>-</u>	<u>1,988,401</u>	<u>1,988,401</u>
Total expenses	<u>3,416,696</u>	<u>1,988,401</u>	<u>5,405,097</u>
<u>Excess (deficiency) of revenues over expenditures</u>	108,897	(269,156)	(160,259)
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
<u>Increase (decrease) in net positions</u>	108,897	(269,156)	(160,259)
<u>Net positions June 30, 2020</u>	<u>5,053,607</u>	<u>6,573,063</u>	<u>11,626,670</u>
<u>Net positions June 30, 2021</u>	<u>5,162,504</u>	<u>6,303,907</u>	<u>11,466,411</u>

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

	<u>Year End</u> <u>June 30, 2021</u>	<u>Year End</u> <u>June 30, 2020</u>
<u>Program revenues:</u>		
Rents and fees	3,935	11,375
Fines	203,663	154,509
User fees	374,320	371,654
Operating grants	58,327	20,000
Capital grants	<u>145,159</u>	<u>466,837</u>
Total program revenue	<u>785,404</u>	<u>1,024,375</u>
<u>General revenues:</u>		
Property taxes	338,079	323,916
Sales taxes	1,890,829	1,671,690
Franchise and insurance taxes	144,304	113,242
Other tax and licenses	206,335	189,804
Investment earnings	5,182	8,690
Other general revenues	44,781	95,828
Intergovernmental	<u>110,679</u>	<u>103,336</u>
Total general revenues	<u>2,740,189</u>	<u>2,506,506</u>

Governmental Activities

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

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenues and expenses related to the provision of water and sewer services.

Fund Financial Statements – Town of Rayville – All Funds

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

	Governmental Funds				
	General Fund	Sales Tax Fund	Industrial Park Fund	Capital Projects Fund	Water & Sewer Fund
Revenues	1,593,387	1,891,567	80	-	1,393,448
Expenditures	<u>3,121,732</u>	<u>21,088</u>	-	-	<u>1,746,145</u>
Excess (deficiency) of revenues	(1,528,345)	1,870,479	80	-	
Operating loss	-	-	-	-	(352,697)
Other financial sources (uses)	1,722,902	(1,722,902)	-	-	(239,091)
Non-operating revenue (expenses)	-	-	-	-	<u>322,632</u>
Net change	194,557	147,577	80	-	(269,156)
Beginning fund balance or net position	<u>511,262</u>	<u>309,766</u>	<u>43,104</u>	<u>1</u>	<u>6,573,063</u>
Ending fund balance or net position	<u>705,819</u>	<u>457,343</u>	<u>43,184</u>	<u>1</u>	<u>6,303,907</u>

Fund Financial Statements – Governmental Funds

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

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

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

Financial Analysis of the Town's Governmental Funds

The Town of Rayville's governmental funds (General Fund, Special Revenue – Sales Tax, Special Revenue – Economic Development, and Capital Projects Fund) reported an ending fund balance of \$1,206,347, which is an increase of \$342,214. \$81,686 of the fund balance is restricted. \$457,343 of the fund balance is Unrestricted - Assigned. The remaining amount \$667,318 is Unrestricted – Unassigned.

Fund Financial Statements – Proprietary Funds

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

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary fund shows a decrease in total net position of \$269,156. The operating loss in the Water and Sewer Departments totaled \$352,697.

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

General Fund Budgetary Highlights

Actual revenues were \$187,347 more than the budgeted amounts. Expenditures were greater than budget by \$66,032. Other financing sources were more than budget by \$12,502.

The outbreak of the novel coronavirus respiratory disease (COVID-19) was declared a global pandemic on March 11, 2020 by the World Health Organization. There have been many impacts attributed to the COVID-19 pandemic including a projected Gross Domestic Product (GDP) decline, increases in unemployment claims in the region, travel restrictions, and a decline in consumer spending resulting from business closures and changes in the way goods and services are sold to consumers. Management is not able to completely quantify the impact to the 2022 budget at this juncture, but will continue to monitor and address any budgetary shortfalls for fiscal year 2022.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2021 is \$11,553,743, which is a decrease of \$652,986 from the amount of \$12,206,729 at June 30, 2020.

New major capital assets purchased or constructed in fiscal year 2021 are:

Governmental activities:

1. Equipment & Improvements \$ 32,731
2. Airport Improvements in progress 85,160

Proprietary activities:

1. System Improvements in Progress \$ 314,199

Proprietary Debt:

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

On May 18, 2021, the Town of Rayville refunded \$4,134,737 of existing Water & Sewer debt through the issuance of \$4,275,000 par value Revenue Bonds. The refunding and defeasance of the old debt reduced cash flow requirements for debt service over the life of the new loan. See Note III.B.3.(i)

Through a Co-operative Endeavor with the State of LA, the Town has planned a project to construct new water service facilities. The total project budget is \$27,926,690 and consists of several small projects. The funding that has been committed includes \$2,000,000 in state funding and \$2,000,000 in loans to the Town. As of June 30, 2021, two of the projects have been completed and one other project has been started. The total amount of state funding used is \$1,094,890.

General Governmental Debt:

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

The following is a summary of General Government and Proprietary debt transactions of the Town for the fiscal year ended June 30, 2021:

	Proprietary Debt						
	Water Phase I	Water Revenue Bonds	Water Phase II	2006 Sewer Bonds	2007 Sewer Bonds	USDA WWTP	2021 Refund
Payable at July 1, 2020	1,915,930	703,771	1,117,081	160,354	311,142	3,530,067	-
New loans	-	-	-	-	-	-	4,275,000
Loans retired	<u>(1,915,930)</u>	<u>(703,771)</u>	<u>(1,117,081)</u>	<u>(160,354)</u>	<u>(311,142)</u>	<u>(77,511)</u>	-
Payable at June 30, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,452,556</u>	<u>4,275,000</u>

	Governmental Debt				
	Street Equipment	Street Equipment	Street Vehicle	Fire Vehicle	Police Vehicle
Payable at July 1, 2020	8,625	8,943	11,481	23,507	33,927
New lease/loan	-	-	-	-	-
Capital lease/loan retired	<u>(8,625)</u>	<u>(4,440)</u>	<u>(6,493)</u>	<u>(11,641)</u>	<u>(6,460)</u>
Payable at June 30, 2021	<u>-</u>	<u>4,503</u>	<u>4,988</u>	<u>11,866</u>	<u>27,467</u>

COVID-19 Relief Grants

As of June 30, 2021, the Town has been awarded \$30,000 in Federal assistance due to the passing of the CARES Act. On June 24, 2021, the Town signed a grant agreement for Federal assistance from funds from the American Rescue Plan Act of 2021. As of the date of this report, \$642,434 has been advanced and will be awarded as eligibility requirements for the agreement are met.

Current Financial Factors

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

Requests for Information

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

Government-Wide Financial Statements

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	803,575	488,207	1,291,782
Receivables (net of allowances for uncollectibles)	608,116	193,073	801,189
Total current assets	<u>1,411,691</u>	<u>681,280</u>	<u>2,092,971</u>
Non-current assets:			
Loan cost (net)	-	-	-
Restricted assets:			
Cash and cash equivalents	79,003	1,042,120	1,121,123
Grant receivable	2,682	212,134	214,816
Capital assets (net)	5,415,622	13,087,675	18,503,297
Total non-current assets	<u>5,497,307</u>	<u>14,341,929</u>	<u>19,839,236</u>
Total assets	<u>6,908,998</u>	<u>15,023,209</u>	<u>21,932,207</u>
Deferred outflows of resources	241,155	66,554	307,709
Deferred outflows - pensions	324,330	142,967	467,297
Total deferred outflows of resources	<u>565,485</u>	<u>209,521</u>	<u>775,006</u>
Total assets and deferred outflows	<u>7,474,483</u>	<u>15,232,730</u>	<u>22,707,213</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts, salaries and other payables	208,026	462,803	670,829
Payable from restricted assets	79,003	147,039	226,042
Current portion of capital leases payable	27,006	-	27,006
Current portion of notes payable	-	124,173	124,173
Total current liabilities	<u>314,035</u>	<u>734,015</u>	<u>1,048,050</u>
Non-current liabilities:			
Capital lease payable after one year	21,818	-	21,818
Notes payable after one year	-	7,511,696	7,511,696
Net pension liability	1,777,360	674,043	2,451,403
Total non-current liabilities	<u>1,799,178</u>	<u>8,185,739</u>	<u>9,984,917</u>
Total liabilities	<u>2,113,213</u>	<u>8,919,754</u>	<u>11,032,967</u>
Deferred inflows of resources	198,766	9,069	207,835
Total liabilities and deferred inflows	<u>2,311,979</u>	<u>8,928,823</u>	<u>11,240,802</u>
<u>Net Position</u>			
Net invested in capital assets	5,391,617	6,162,126	11,553,743
Restricted for:			
Renewal and replacement	-	181,529	181,529
Economic development and grant restrictions	81,685	-	81,685
Unrestricted	(310,798)	(39,748)	(350,546)
Total net position	<u>5,162,504</u>	<u>6,303,907</u>	<u>11,466,411</u>

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

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expenses), Revenues, and Changes			Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue	Governmental Activities		Business-Type Activities
<u>GOVERNMENTAL ACTIVITIES</u>								
General government	1,012,938	3,935	25,000	60,000	(924,003)	(924,003)	-	(924,003)
Public Safety -Police	935,753	203,663	-	-	(732,090)	(732,090)	-	(732,090)
Public Safety - Fire	183,229	-	-	-	(183,229)	(183,229)	-	(183,229)
Public Works - Streets	591,748	-	-	-	(591,748)	(591,748)	-	(591,748)
Public Works - Sanitation	389,177	374,320	-	-	(14,857)	(14,857)	-	(14,857)
Public Works- Utility	31,118	-	-	-	(31,118)	(31,118)	-	(31,118)
Recreation	45,151	-	-	-	(45,151)	(45,151)	-	(45,151)
Airport	227,582	-	33,327	85,159	(109,096)	(109,096)	-	(109,096)
Total Governmental Activities	3,416,696	581,918	58,327	145,159	(2,631,292)	(2,631,292)	-	(2,631,292)
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and Sewer	1,988,401	1,393,448	8,433	314,199	(272,321)		(272,321)	(272,321)
Total Business-Type Activities	1,988,401	1,393,448	8,433	314,199	(272,321)		(272,321)	(272,321)
Total	5,405,097	1,975,366	66,760	459,358	(2,903,613)	(2,631,292)	(272,321)	(2,903,613)
General Revenues:								
Property Taxes						338,079	-	338,079
Sales Taxes						1,890,829	-	1,890,829
Franchise & Insurance Taxes						144,304	-	144,304
Beer Taxes						4,308	-	4,308
Occupational & Other Licenses						202,027	-	202,027
Investment Earnings						5,182	3,165	8,347
Other General Revenues						44,781	-	44,781
Intergovernmental						110,679	-	110,679
Transfers						-	-	-
Total general revenues and transfers						2,740,189	3,165	2,743,354
Change in Net Position						108,897	(269,156)	(160,259)
Net position - beginning						5,053,607	6,573,063	11,626,670
Net position - ending						5,162,504	6,303,907	11,466,411

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

Fund Financial Statements

Governmental Funds

TOWN OF RAYVILLE, LOUISIANA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>Governmental Fund Types</u>				Total Governmental Funds
	General Fund	Sales Tax Fund	Special Revenue Fund	Capital Projects Fund	
<u>ASSETS</u>					
Cash and cash equivalents	120,206	282,122	-	-	402,328
Restricted cash and cash equivalents	35,819	-	43,183	1	79,003
Investments	394,391	6,856	-	-	401,247
Receivables (net of allowance for uncollectibles):					-
License and permits	9,538	-	-	-	9,538
Taxes, including penalty, interest and fees	59,638	170,189	-	-	229,827
Services	2,825	-	-	-	2,825
Fines and forfeits	193,131	-	-	-	193,131
Other	17,975	-	-	-	17,975
Intergovernmental	157,471	-	-	-	157,471
Accrued interest	30	-	1	-	31
Total assets	991,024	459,167	43,184	1	1,493,376
<u>Liabilities</u>					
Accounts payable	178,329	1,824	-	-	180,153
Accrued expenditures	58,602	-	-	-	58,602
Estimated compensated absences	48,274	-	-	-	48,274
Total liabilities	285,205	1,824	-	-	287,029
<u>Fund Balance</u>					
Non-spendable fund balance	-	-	-	-	-
Restricted fund balance	38,501	-	43,184	1	81,686
Unrestricted fund balance					-
Assigned fund balance	-	457,343	-	-	457,343
Unassigned fund balance	667,318	-	-	-	667,318
Total fund balance	705,819	457,343	43,184	1	1,206,347
Total liabilities and fund balance	991,024	459,167	43,184	1	1,493,376

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

TOWN OF RAYVILLE, LOUISIANA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2021

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

Total fund balances for governmental funds at June 30, 2021		1,206,347
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consists of:		
Governmental capital assets	11,434,944	
Less-accumulated depreciation	<u>(6,019,322)</u>	5,415,622
Retirement payments are reported as expenditures in the governmental funds. In the government-wide statements the payments represent deferred outflow of resources.		
		241,155
Capital leases and notes payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		
		(48,824)
Long-term pension obligations are not payable from current resources and therefore are not reported in the governmental funds.		
		(1,777,360)
Deferred outflows of resources and deferred inflows of resources are not available to pay current period expenditures and, therefore are not reported in the government funds.		
Deferred outflows related to pension systems	324,330	
Deferred inflows related to pension systems	<u>(198,766)</u>	<u>125,564</u>
Net Position of Governmental Activities		<u><u>5,162,504</u></u>

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

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue	Capital Projects	Total Governmental Funds
<u>Revenues</u>				
Taxes	486,691	1,890,829	-	2,377,520
Licenses and permits	202,027	-	-	202,027
Intergovernmental revenues	273,606	-	-	273,606
Charges for services	378,255	-	-	378,255
Fines and forfeits	203,663	-	-	203,663
Interest	4,365	818	-	5,183
Other	44,780	-	-	44,780
Total revenues	<u>1,593,387</u>	<u>1,891,647</u>	<u>-</u>	<u>3,485,034</u>
<u>Expenditures</u>				
General government	851,694	21,088	-	872,782
Fire	168,496	-	-	168,496
Police	989,757	-	-	989,757
Highways and streets	553,377	-	-	553,377
Sanitation	389,177	-	-	389,177
Recreation	27,536	-	-	27,536
Airport	23,804	-	-	23,804
Capital outlay	117,891	-	-	117,891
Total expenditures	<u>3,121,732</u>	<u>21,088</u>	<u>-</u>	<u>3,142,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,528,345)</u>	<u>1,870,559</u>	<u>-</u>	<u>342,214</u>
Other financing sources (uses):				
Capital leases	-	-	-	-
Operating transfers in (out)	1,722,902	(1,722,902)	-	-
Operating transfers in (out)	-	-	-	-
Total other financing sources and uses	<u>1,722,902</u>	<u>(1,722,902)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	194,557	147,657	-	342,214
Fund balances - beginning	<u>511,262</u>	<u>352,870</u>	<u>1</u>	<u>864,133</u>
Fund balances - ending	<u><u>705,819</u></u>	<u><u>500,527</u></u>	<u><u>1</u></u>	<u><u>1,206,347</u></u>

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

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances, Total Governmental Funds	342,214
-------------------------------------------------------	---------

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

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

Changes due to capital outlay, depreciation, and disposal of capital assets	(298,166)
--------------------------------------------------------------------------------	-----------

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

Capital lease and loan payments	-	
Capital lease proceeds	<u>37,658</u>	37,658

Employer pension contributions made subsequent to the measurement date are reported in the governmental funds as expenditures, but are deferred and recognized as pension expense in the subsequent year.	241,155
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

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

Pension expense not requiring current resources	(254,524)	
Non-employer contributions not providing current resources	<u>40,560</u>	<u>(213,964)</u>

Changes in Net Position of Governmental Activities	<u>108,897</u>
----------------------------------------------------	----------------

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

Proprietary Funds

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

JUNE 30, 2021

ASSETS

Current assets:	
Cash and cash equivalents	488,207
Customer accounts receivable (net of allowances for uncollectibles of \$47,417)	123,106
Grants receivable	212,134
Unbilled accounts receivable	69,967
Total current assets	893,414
Restricted assets: (cash and investments)	
Construction accounts	8,491
Customer deposits	181,529
Sewer bond funds	627,967
Water bond funds	224,133
Total restricted assets	1,042,120
Capital assets:	
Land	51,925
Improvements	22,160,548
Less accumulated depreciation	(9,124,798)
Net capital assets	13,087,675
Total non-current assets	14,129,795
Deferred outflows	
Deferred outflows of resources	66,554
Deferred pension outflows	142,967
Total deferred outflows	209,521
Total assets and deferred outflows	15,232,730

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

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	435,676
Other accrued expenses	18,053
Estimated compensated absences	9,074
Restricted:	
Customer meter deposits	147,039
Current portion of revenue bonds & notes payable	124,173
Total current liabilities	<u>734,015</u>
 Non-current liabilities:	
Revenue bonds payable	7,511,696
Net pension liability	674,043
Total non-current liabilities	<u>8,185,739</u>
Total liabilities	8,919,754
Deferred inflows of resources	9,069
	<u>8,928,823</u>
 <u>NET POSITION</u>	
Net invested in capital assets	6,162,126
Restricted net position	181,529
Unrestricted net position	<u>(39,748)</u>
 Total net position	<u>6,303,907</u>
 Total liabilities and net position	<u><u>15,232,730</u></u>

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2021

<u>Operating revenues:</u>	
Charges for services	1,292,892
Lease revenue	100,556
Total operating revenues	1,393,448
 <u>Operating expenses:</u>	
Bad debts	34,249
Depreciation expense	714,630
Employee benefits	115,201
Fuel	16,523
Insurance	111,477
Professional	185,583
Repairs and equipment	39,730
Salaries	264,116
Supplies	143,253
Telephone and utilities	121,383
Total operating expenses	1,746,145
<u>Operating income (loss)</u>	(352,697)
 <u>Non-operating revenues (expenses):</u>	
Interest income	3,165
Amortization	(1,126)
Interest	(241,130)
Total non-operating revenues (expenses)	(239,091)
Income (loss) before contributions and transfers	(591,788)
 <u>Other financing sources (uses):</u>	
Grants	314,199
Supplemental LA support	8,433
Transfers in (out):	
General fund	-
Total other financing sources	322,632
<u>Change in net position</u>	(269,156)
<u>Total net position at beginning of year</u>	6,573,063
<u>Total net position at end of year</u>	6,303,907

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

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2021

<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	1,477,180
Payments to suppliers	(545,228)
Payments to employees	(339,319)
Net Cash Provided (Used) by Operating Activities	592,633
<u>Cash Flows From Non-Capital Financing Activities</u>	
Transfers to other funds	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-
<u>Cash Flows From Capital and Related Financing Activities</u>	
Capital Grants	144,749
Proceeds from the issuance of bonds	4,183,314
Bond Issuance Costs	(81,140)
Capital Assets	(144,749)
Principal paid on capital debt	(151,052)
Interest paid on capital debt	(244,251)
Payments on refunding bonds	(4,134,737)
Net Cash Used by Capital and Related Financing Activities	(427,866)
<u>Cash Flows From Investing Activities</u>	
Interest on temporary investments	3,165
Interest reinvested	(18)
Net Cash Provided (Used) by Investing Activities	3,147
Net Increase (Decrease) in Cash and Cash Equivalents	167,914
Cash and Cash Equivalents, Beginning of Year	1,362,413
Cash and Cash Equivalents, End of Year	1,530,327

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

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2021

Reconciliation of operating income to net cash provided (used)

by operating activities:

Operating Income	(352,697)
Adjustments to reconcile operating income to net cash	
Used by operating activities:	
Depreciation	714,630
Supplemental LA support - pension	
Retirement expense - GASB No. 68	43,617
Bond issuance costs	81,140
Prepaid loan costs	25,431
Change in assets and liabilities:	
Decrease in account receivables	9,421
Increase in accounts payables	79,743
(Decrease) in accrued liabilities	(4,442)
(Decrease) in customer deposits	(4,210)
Total adjustments	945,330
Net cash provided (used) by operating activities	592,633

Schedule of cash and cash equivalents

Current assets

Cash and cash equivalents 488,207

Restricted assets

Cash and cash equivalents 1,042,120

Total cash and cash equivalents 1,530,327

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

Notes to the Financial Statements

TOWN OF RAYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

I. Summary of Significant Accounting Policies

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

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

A. SCOPE OF REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

I. Summary of Significant Accounting Policies (Continued)

customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. BASIS OF PRESENTATION

FUND CATEGORIES

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

1. GOVERNMENTAL FUNDS

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

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

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

2. PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic

I. Summary of Significant Accounting Policies (Continued)

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

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

D. BASIS OF ACCOUNTING

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

1. GOVERNMENTAL FUNDS

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

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

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

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

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

Taxpayer Assessed Revenues - Revenues from taxpayer assessment is recognized when cash is received as that is generally the earliest point that income is measurable and collectible. If taxpayer collectibility and liability are clearly established, as when tax returns are filed but payment while assured is not made, revenue is accrued prior to actual payment. Any

I. Summary of Significant Accounting Policies (Continued)

refunds of such taxes would be reported as a reduction of revenue at the time the claims are filed with the Town.

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

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

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

The expenditures for the following are recognized as detailed below:

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

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

2. PROPRIETARY FUNDS

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

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

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

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

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

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

E. CAPITAL ASSETS

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

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

F. FUND BALANCE AND EQUITY CLASSIFICATIONS

1. FUND BALANCE

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

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

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

2. EQUITY CLASSIFICATIONS

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted assets – Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions of enabling legislation.

I. Summary of Significant Accounting Policies (Continued)

- c. Unrestricted assets – All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

G. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

H. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 2.. The statement of revenues, expenditures, and changes in fund balances - budget and actual for all governmental fund types presents comparisons of legally adopted budgets with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.
3. Unused appropriations of all of the above annually budgeted funds lapse at the end of the fiscal year.
4. Prior to June 15, the Mayor submits to the Town Council, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to June 30, the budget is legally enacted through the passage of an ordinance.
5. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
6. The general fund and special revenue sales tax funds were amended during the year.

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

I. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

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

A. BUDGETARY COMPLIANCE

The Town was in compliance with the General Fund budget. The Town was in compliance with the Sales Tax Special Revenue Fund Budget.

B. BOND RESTRICTIONS

1. WASTE WATER TREATMENT PLANT

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

The bond agreement requires the Town to establish certain cash accounts (Debt Service Reserve, Short-lived Asset Depreciation Reserve, O&M Reserve, and Depreciation/Contingency Reserve) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 2021, the Town had adequately funded the required cash accounts.

2. 2021 WATER AND SEWER REFUNDING BONDS

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

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

III. Detail Notes on All Funds and Account Groups

A. ASSETS

1. CASH AND INVESTMENTS

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

Current Assets:	
Cash and Cash Equivalents	488,207
Restricted Assets:	
Construction Accounts	8,491
Customer Deposit	181,529
Sewer Bond Fund Reserves	627,967
Water Bond Fund Reserves	<u>224,133</u>
Cash and Cash Equivalents, end of year	<u>1,530,327</u>

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

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

At June 30, 2021, the Town had cash and cash equivalents (book balances) as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Petty cash	614	-	614
Checking account	889,921	1,093,393	1,983,314
Time deposits	<u>401,247</u>	<u>27,730</u>	<u>428,977</u>
Total	<u>1,291,782</u>	<u>1,121,123</u>	<u>2,412,905</u>
		<u>Cash Equivalents</u>	
At June 30, 2021:	<u>Cash</u>	<u>CDs</u>	<u>Total</u>
Carrying amount on balance sheet	<u>1,983,313</u>	<u>428,977</u>	<u>2,412,290</u>

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

	<u>Cash</u>	<u>CDs</u>	<u>Total</u>
<u>Bank balances:</u>			
a: Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u>	724,133	250,000	974,133
b: Uncollateralized, securities held for the entity but <u>not in the entity's name</u>	<u>1,322,501</u>	<u>178,977</u>	<u>1,501,478</u>
Total bank balances	<u>2,046,634</u>	<u>428,977</u>	<u>2,475,611</u>

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

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

2. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

At June 30, 2021, the allowance for estimated uncollectible accounts was \$47,417 in the Water and Sewer Enterprise Fund.

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

3. CHANGES IN GENERAL GOVERNMENTAL CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Construction in progress	98,046	85,159	(98,046)	85,159
Land	<u>787,290</u>	<u>-</u>	<u>-</u>	<u>787,290</u>
Total capital assets, not being depreciated	<u>885,336</u>	<u>85,159</u>	<u>(98,046)</u>	<u>872,449</u>
Capital assets being depreciated				
Buildings and improvements	2,244,395	-	-	2,244,395
Land improvements	7,145,460	98,046	-	7,243,506
Machinery & equipment	633,337	32,733	-	666,070
Vehicles	<u>408,524</u>	<u>-</u>	<u>-</u>	<u>408,524</u>
Total capital assets being depreciated	10,431,716	130,779	-	10,562,495
Less accumulated depreciation for:				
Buildings and improvements	(1,645,257)	(46,202)	-	(1,691,459)
Land improvements	(3,225,008)	(301,627)	-	(3,526,635)
Machinery & equipment	(426,763)	(40,610)	-	(467,373)
Vehicles	<u>(306,236)</u>	<u>(27,619)</u>	<u>-</u>	<u>(333,855)</u>
Total accumulated depreciation	<u>(5,603,264)</u>	<u>(416,058)</u>	<u>-</u>	<u>(6,019,322)</u>
Total capital assets being depreciated, net	<u>4,828,452</u>	<u>(285,279)</u>	<u>-</u>	<u>4,543,173</u>

Depreciation expense of \$416,058 for the year ended June 30, 2021, was charged to the following governmental functions:

General government	96,542
Public safety:	
Police	9,569
Fire	22,528
Public works:	
Streets	34,908
Recreation	17,615
Utility	31,118
Airport	<u>203,778</u>
Total	<u>416,058</u>

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

4. CHANGES IN PROPRIETARY FUND FIXED ASSETS

A summary of Proprietary Fund Type Property, Plant, and Equipment at June 30, 2021 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Construction in progress	260,400	314,199	-	574,599
Land	<u>51,925</u>	<u>-</u>	<u>-</u>	<u>51,925</u>
Total capital assets, not being depreciated	<u>312,325</u>	<u>314,199</u>	<u>-</u>	<u>626,524</u>
Capital assets being depreciated				
Water and waste water systems	21,343,950	-	-	21,343,950
Machinery, equipment, and vehicles	<u>241,999</u>	<u>-</u>	<u>-</u>	<u>241,999</u>
Total capital assets being depreciated	21,585,949	-	-	21,585,949
Less accumulated depreciation for:				
Water and waste water systems	(8,175,923)	(712,572)	-	(8,888,495)
Machinery, equipment, and vehicles	<u>(234,245)</u>	<u>(2,058)</u>	<u>-</u>	<u>(236,303)</u>
Total accumulated depreciation	<u>(8,410,168)</u>	<u>(714,630)</u>	<u>-</u>	<u>(9,124,798)</u>
Total capital assets being depreciated, net	<u>13,175,781</u>	<u>(714,630)</u>	<u>-</u>	<u>12,461,151</u>

5. CAPITAL ASSETS ACQUIRED THROUGH LEASES

Capital assets acquired through leases are summarized as follows:

	<u>Capital Asset</u>	<u>Accumulated Depreciation</u>
General Fund:		
Vehicles	237,912	194,118
Equipment	269,210	229,642
Proprietary Fund:		
Equipment	40,965	40,965

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

B. LIABILITIES

1. PENSION AND RETIREMENT PLANS

Defined Benefit Pension Plans

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

Covered employees are required by State statute to contribute a set percent of their salary to the plans. The Town is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. In the current year, the Town's contribution percentage ranged from 29.50% to 33.75%, determined by the plan in which the employee participated. The contribution requirements and payroll for employees covered by the systems are shown in the schedule below.

<u>Years ended June 30</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total payroll	1,332,436	1,331,124	1,352,532	1,207,211	1,250,125
Total covered payroll	1,022,511	984,667	927,457	862,340	987,400
Employee contributions	98,938	91,375	87,760	82,366	95,014
Town contributions	318,009	285,667	258,064	226,470	260,870

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

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

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

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

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

Contributions for all members are established by statute. According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2021, the combined contributions rate (employer and employee) contribution was 39.00%. The system also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

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

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal cost
Expected remaining service lives	3 years
Investment rate of return	6.95%
Inflation rate	2.50%
Mortality	Rates based on the Pub(G)-2010(B) tables
Salary increases	
1-4 years of service	6.40%
More than 4 years of service	4.50%

Discount Rate

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

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	0.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		<u>2.6 %</u>
Expected Arithmetic Nominal Return		<u>7.0 %</u>

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

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee (PRSAC). Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2020 is 3 years for Plan A.

As of the valuation date of June 30, 2020, MERS Plan A reported the following members:

Inactive plan members or beneficiaries receiving benefits	3,618
Inactive plan members entitled to but not yet receiving benefits	3,535
Active plan members	<u>4,783</u>
Total participants as of the valuation date	<u>11,936</u>

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to MERS was \$184,872.

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

Municipal Police Employees' Retirement System

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

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

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

Contributions for all members are actuarially determined as required by state law but cannot be less than 10% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due for employers and employees were 42.50%. MEPRS also receives insurance premium tax monies as additional employer contributions.

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

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Investment rate of return	6.955% net of investment expense
Inflation Rate	2.50%
Salary increases	4.70% to 12.30%
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees

Discount Rate

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Nominal Return		<u>7.19%</u>

The discount rate used to measure the total pension liability was 6.95%. 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

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

payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the valuation date of June 30, 2020, MPERS reported the following members:

Active participants	5,644
Terminated with Funds on Deposit	2,063
Retired	<u>5,049</u>
Total participants as of the valuation date	<u>12,756</u>

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to MPERS was \$102,575.

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

Firefighters' Retirement System

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

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

Employer contributions are actuarially determined each year. For the year ended June 30, 2020, the combined (employer and employee) rate was 37.75%. FRS also receives insurance premium tax monies as additional employer contributions, See Note III, D.

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

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal cost
Investment rate of return	7.00% net of investment expense
Expected Remaining Service Life	7 years
Inflation Rate	2.50%
Salary increases	4.50% to 14.75%
Cost of Living Adjustments	Only those previously granted

Discount Rate

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed

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

for each major asset class. These ranges are combined to produce the long-term expected rate of return by the target asset allocation percentage and by adding expected inflation, 2.50%. The resulting long-term expected arithmetic rate of return was 7.94% as of June 30, 2020. Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Type</u>		<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	U.S. Equity	26.00%	5.72%
	Non-U.S. Equity	12.00%	6.24%
	Global Equity	10.00%	6.23%
	Emerging Market Equity	6.00%	8.61%
Fixed Income	Fixed Income	31.00%	4.40%
Alternatives	Real Estate	6.00%	4.20%
	Private Equity	9.00%	10.29%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.22%
	Risk Party	<u>0.00%</u>	4.22%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the valuation date of June 30, 2020, FRS reported the following members:

Active participants	4,646
Terminated with Funds on Deposit	848
Retired	<u>2,497</u>
Total participants as of the valuation date	<u>7,991</u>

The Town's Deferred Outflow of Resources (employer's contributions subsequent to the measurement date) to FRS was \$20,265.

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

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

All Retirement Systems

Actuarial date and measurement date: June 30, 2020

	MERS	MPERS	FRS	Total Systems
Projected Required Combined Contributions	183,147	85,008	17,526	285,681
Employer Allocation Percentage	0.345305	0.084683	0.025368	
Net Pension Liability	1,492,895	782,668	175,840	2,451,403
Deferred Outflows				
Differences between expected & actual experience	692	-	-	692
Net Differences between projected & Actual Earnings	148,975	93,897	19,365	262,237
Changes in Assumptions	25,116	18,598	16,998	60,712
Changes in Proportion & differences between the employer's contributions and the employer's share of contributions	87,886	42,002	13,768	143,656
Contributions subsequent to measuring date	184,872	102,572	20,265	307,709
Total Deferred Outflow	447,541	257,069	70,396	775,006
Deferred Inflows				
Differences between expected & actual experience	8,464	30,829	11,250	50,543
Net Differences between projected & Actual Earnings	-	-	-	-
Changes of Assumptions	-	19,315	-	19,315
Changes in Proportion	2,762	89,269	45,946	137,977
Total deferred Inflows	11,226	139,413	57,196	207,835
Pension Expense				
Proportionate Share of Plan Pension Expense	236,493	125,931	30,219	392,643
Net Amortization of Deferred amounts from Changes in Proportion	69,537	(91,377)	(6,108)	(27,948)
Total Employer Pension Expense	306,030	34,554	24,111	364,695
Proportionate Share				
Employer Contributions	185,042	85,204	17,573	287,819
Non-Employer Contributions	23,426	18,459	7,108	48,993
Schedule of Net Pension Liability				
Sensitivity to Change in Discount Rate				
Employer's Proportionate Share	0.345305	0.084683	0.025368	
1% Decrease	1,942,092	1,099,565	253,998	3,295,655
1% Increase	1,113,079	517,755	110,600	1,741,434

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

Amortization Schedule	MERS	MPERS	FRS	Total Systems
2021	129,228	(65,543)	2,735	66,420
2022	67,002	38,780	(1,869)	103,913
2023	33,376	24,017	839	58,232
2024	21,837	17,830	(3,314)	36,353
2025	-	-	(5,040)	(5,040)
2026	-	-	(416)	(416)
	<u>251,443</u>	<u>15,084</u>	<u>(7,065)</u>	<u>259,462</u>

2. COMPENSATED ABSENCES

Accumulated unpaid sick pay and comp pay are accrued when incurred in proprietary and governmental funds. At June 30, 2021, the recorded accruals in the General Fund and the Water and Sewer Fund were as follows:

General Fund	48,274
Water and Sewer Fund	<u>9,074</u>
Total	<u><u>57,348</u></u>

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

3. LONG-TERM DEBT

a. Description of Long-Term Debt

Bonds and Notes Payable at June 30, 2021, are comprised of the following issues:

	<u>Outstanding Principal</u>
4,015,000 Waste Water Bonds due in monthly payments through September 2052. Interest rate 2.125%.	3,452,556
4,275,000 2021 Water and Sewer Refunding Bonds due in annual payments through December 2051. Term interest rate 1%-3.250%.	<u>4,275,000</u>
Total Bonds and Notes Payable	<u><u>7,727,556</u></u>

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

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

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

Street 2015 Silverado. Original financing of \$35,353 at 5.79% payable in 72 monthly payments through February 2022.	<u>4,988</u>
Fire 2018 Tahoe. Original financing of \$36,730 at 4.26% payable in 6 quarterly payments through September 2020.	<u>11,866</u>
Street Mower. Original financing of \$13,321 at 1.9% payable in 36 quarterly payments through June 2022.	<u>4,503</u>
Police 2020 Tahoe. Original financing of \$38,045 at 4.832% payable in 60 payments through December 2024.	<u>27,467</u>

b. Changes in Debt (Principal Only)

The following is a summary of debt transactions for each fund of the Town for the fiscal year ended June 30, 2021.

	Proprietary Debt								
	Revenue Bonds					Direct Borrowings	Other Liabilities		
	Water Phase I	Water Revenue Bonds	Water Phase II	2006 Sewer Bonds	2007 Sewer Bonds		USDA WWTP	2021 Refund	Totals
Payable at July 1, 2020	1,915,930	703,771	1,117,081	160,354	311,142	3,530,067	-	7,738,345	11,754
New loans	-	-	-	-	-	-	4,275,000	4,275,000	-
Loans retired	(1,915,930)	(703,771)	(1,117,081)	(160,354)	(311,142)	(77,511)	-	(4,285,789)	(2,680)
Payable at June 30, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,452,556</u>	<u>4,275,000</u>	<u>7,727,556</u>	<u>9,074</u>

	Governmental Debt						
	Direct Borrowings					Other Liabilities	
	Street Equipment	Street Equipment	Street Vehicle	Fire Vehicle	Police Vehicle	Totals	Compensated Absences
Payable at July 1, 2020	8,625	8,943	11,481	23,507	33,927	86,483	50,152
New lease/liability issued	-	-	-	-	-	-	3,539
Capital lease/liability retired	(8,625)	(4,440)	(6,493)	(11,641)	(6,460)	(37,659)	(5,417)
Payable at June 30, 2021	<u>-</u>	<u>4,503</u>	<u>4,988</u>	<u>11,866</u>	<u>27,467</u>	<u>48,824</u>	<u>48,274</u>

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

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

The following is a summary of debt transactions of the Town for the fiscal year ended June 30, 2021.

	Governmental		Proprietary							Other Liabilities
	Direct Borrowings	Other Liabilities	Revenue Bonds							
	Capital Leases/Loans	Compensated Absences	Water Phase I	Water Revenue Bonds	USDA WWTP	2006 Sewer Bonds	2007 Sewer Bonds	Water Phase II	2021 W&S Refund	Compensated Absences
Payable at July 1, 2020	29,158	50,152	31,028	25,363	75,882	3,352	6,576	15,129	-	11,754
Loans retired	(29,158)	(50,152)	(31,028)	(25,363)	(75,882)	(3,352)	(6,576)	(15,129)	-	(11,754)
New loans/leases										
Allocation of long-term debt	<u>31,202</u>	<u>48,274</u>	<u>32,372</u>	<u>26,595</u>	<u>77,510</u>	<u>3,493</u>	<u>6,852</u>	<u>15,765</u>	45,000	<u>9,074</u>
Payable at June 30, 2021	<u>31,202</u>	<u>48,274</u>	<u>32,372</u>	<u>26,595</u>	<u>77,510</u>	<u>3,493</u>	<u>6,852</u>	<u>15,765</u>	<u>45,000</u>	<u>9,074</u>

d. Assets Pledged as Collateral

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

<u>Governmental</u>	<u>Capital Asset</u>	<u>Accumulated Depreciation</u>
Street 2015 Chev Silverado	35,353	35,353
Fire 2018 Chev Tahoe	36,730	20,202
Police 2020 Chev Tahoe	38,045	10,780

e. Net Pension Liability

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

General Fund Net Pension Liability	1,777,360
Water and Sewer Fund Net Pension Liability	<u>674,043</u>
	<u>2,451,403</u>

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

f. Summary of Debt Service Requirements to Maturity

The annual requirements to maturity, including principal and interest, as of June 30, 2021, are as follows:

Year Ending June 30	Proprietary Debt		
	Revenue Bonds		
		2021 W&S Refund	W&S Totals
2022	151,776	164,065	315,841
2023	151,776	219,158	370,934
2024	151,776	218,108	369,884
2025	151,776	217,058	368,834
2026	151,776	220,763	372,539
2027-2031	758,880	1,086,925	1,845,805
2032-2036	758,880	1,085,313	1,844,193
2037-2041	758,880	1,084,513	1,843,393
2042-2046	758,880	1,088,000	1,846,880
2047-2051	758,880	1,082,175	1,841,055
2052-2056	168,369	-	168,369
2057-2061	-	-	-
Total principal and interest	4,721,649	6,466,078	11,187,727
<u>Less-interest</u>	<u>1,269,093</u>	<u>2,191,078</u>	<u>3,460,171</u>
Principal due as of June 30, 2021	<u>3,452,556</u>	<u>4,275,000</u>	<u>7,727,556</u>

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

Year Ending June 30	Governmental Risk				
	Direct Borrowings				
	2015 Silverado	2018 Chev Tahoe	Street Mower	2020 Tahoe	General Fund Total
2022	5,038	10,123	4,549	8,546	28,256
2023	-	2,118	-	8,546	10,664
2024	-	-	-	8,546	8,546
2025	-	-	-	4,273	4,273
2026	-	-	-	-	-
2027-2031	-	-	-	-	-
2032-2036	-	-	-	-	-
2037-2041	-	-	-	-	-
2042-2046	-	-	-	-	-
2047-2051	-	-	-	-	-
2052-2056	-	-	-	-	-
2057-2061	-	-	-	-	-
Total principal and interest	5,038	12,241	4,549	29,911	51,739
<u>Less-interest</u>	<u>50</u>	<u>375</u>	<u>46</u>	<u>2,444</u>	<u>2,915</u>
Principal due as of June 30, 2021	<u>4,988</u>	<u>11,866</u>	<u>4,503</u>	<u>27,467</u>	<u>48,824</u>

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

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

The 2021 Water and Sewer Refund Bonds were issued at a discount of \$91,686. The discount will be amortized over the life of the loan as a component of interest expense. For the year ended June 30, 2021, none of the discount had been amortized. The net carrying value of the debt is:

Debt Principal	4,275,000
Discount on Issuance	<u>(91,687)</u>
Net Carry Value of Debt	<u>4,183,313</u>

h. Term Interest Rates on 2021 Water and Sewer Refunding

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

Start of Term	Maturity	Type of Bond	Coupon %	Yield %	Maturity Value
05/18/2021	12/01/2024	Term 1 Coupon	1.000%	1.100%	360,000.00
12/02/2024	12/01/2026	Term 2 Coupon	1.400%	1.500%	220,000.00
12/02/2026	12/01/2028	Term 3 Coupon	1.700%	1.800%	220,000.00
12/02/2028	12/01/2031	Term 4 Coupon	2.125%	2.250%	350,000.00
12/02/2031	12/01/2041	Term 5 Coupon	3.250%	2.500%	1,410,000.00
12/02/2041	12/01/2050	Term 6 Coupon	3.000%	3.250%	1,715,000.00
Total					\$4,275,000.00

i. Cash Flow Comparison of Old Debt and 2021 Refunding

The difference in cash flows between the old debt and the new debt can be calculated as follows:

Total interest payments on old debt (using the maturity date of old debt)	\$2,893,540
Principal payment to retire old debt	<u>4,146,320</u>
Total cash flow requirements to retire old debt	
	\$7,039,860
Total interest payments on new debt	\$2,191,075
Other resources used to defease old debt	45,288
Principal payments to retire new debt	<u>4,275,000</u>
Net cash flows to retire new debt	
	(6,511,363)
Difference in Cash Flows	
	<u>\$528,497</u>

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

j. Economic Gain on Current Refunding

The economic gain is the difference between the present value of the cashflow requirements of the old debt and the new debt, discounted at the new debt's effective interest rate and adjusted for additional cash paid. The effective interest rate on the new debt is 3.059%.

Present value of cash flow requirements to service old debt		\$4,584,377
Present value of cash flow requirements to service new debts	\$4,063,387	
Other resources used to defease old debt	45,288	<u>4,108,675</u>
Economic Gain on Current refunding		<u>\$ 475,702</u>

4. LEASE COMMITMENTS

a. General Fund

On April 23, 2009, the Town entered into an operating lease agreement for a copier for the police department. On October 5, 2019, the lease agreement was amended to increase payments to \$141 for the remaining 17 months. In the current year, \$1,646 was paid in copier lease payments.

On October 5, 2018, the Town entered into an operating lease agreement for a copier for the city hall. On October 5, 2019, the lease agreement was amended to increase payments to \$232 for the remaining 36 months. In the current year, \$2,716 was paid in copier lease payments.

On August 26, 2009, the Town entered into an operating lease agreement for a copier at city hall. The lease was extended during the fiscal year ended June 30, 2017 for terms of 48 monthly payments of \$203. In the current year, \$2,342 was paid in copier lease payments.

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

On January 29, 2018, the Town entered into a capital lease agreement to purchase a mini-excavator for the street department. The total cost was \$41,641. The equipment was financed for 36 months at 5.25%. The monthly payments are \$1,254.

On October 15, 2018, the Town entered into a capital lease agreement to purchase a 2018 Chevrolet Tahoe for the fire department. The total cost was \$36,730. The vehicle was financed for 16 quarterly payments of \$2,501 at 4.26%.

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

On July 15, 2019, the Town entered into a capital lease agreement to purchase a mower for the street department. The total cost was \$13,321. The mower equipment was financed for 36 months at 1.9%. The monthly payments are \$381.

On January 17, 2020, the Town entered into a capital lease agreement to purchase a 2020 Chevrolet Tahoe for the police department. The total cost was \$38,045. The vehicle was financed for 60 months at 4.832%. The monthly payments are \$712.

C. INTERFUND RECEIVABLES AND PAYABLES

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

The General Fund's accounts receivable includes \$135,423 that is due to the Clearing Account at June 30, 2021 from the Water and Sewer Fund.

During the current fiscal year, the General Fund received operating transfers from the Sales Tax Fund of \$1,722,902. These were routine transfers. Transfers were budgeted in the General Fund and Sales Tax Fund budgets.

D. ON BEHALF OF PAYMENTS FOR SALARIES AND PENSION EXPENSE

Included in the General Fund financial statements are amounts paid by the State of Louisiana as supplemental salaries to the Town's policemen and firemen. The payments of \$47,183 are included on the financial statement as Intergovernmental Revenue and Public Safety Expenditures. The Government wide statements also report the Non-Employee Pension Contribution paid by the State from insurance tax monies in the amount of \$40,560. The contribution is included in Intergovernmental revenue and pension expenditures.

IV. Financial Statement Presentation

A. SALES TAX

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

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

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

B. INTEREST EXPENSE PAID

Interest reported as a non-operating expense in the Water and Sewer Enterprise Fund of \$241,130 included accrued interest of \$7,649. Interest paid in the Governmental Fund was \$3,254.

V. Commitments & Contingencies

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

Through a Co-operative Endeavor with the State of LA, the Town has planned a project to construct new water service facilities. The total project budget is \$27,926,690 and consists of several small projects. The funding that has been committed includes \$2,000,000 in state funding and \$2,000,000 in loans to the Town. As of June 30, 2021, two of the projects have been completed and one other project has been started. The total amount of state funding used is \$1,094,890.

VI. Risk of Loss

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

VII. Compensation paid to governing body

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

Valerie Allen	4,800
Jerry Gordon	4,800
Paula Cumpton	4,800
Debra James	4,800
Timothy Tennant	4,800
TOTAL	<u>24,000</u>

VIII. Covid-19 and federal assistance

The COVID-19 pandemic had financial impacts on fiscal year 2021 and the economic impacts could potentially continue for several more fiscal years. The State, Parish, and Town have put in place measures and protocols to help reduce the spread of the virus and provide financial relief to individuals and businesses. Many of these policies have impacted the Town’s revenue sources such as sales tax. For additional information on the COVID-19 impacts, refer to the MD&A. The recovery of the local economy and the return of Town revenues to pre-COVID levels will depend on many factors that are still unknown.

On March 27, 2020 the federal government passed the Coronavirus Aid Relief, and Economy Security Act (CARES Act) to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. The Town received \$30,000 in fiscal year 2021. Under federal guidelines, the CARES Act funds may not be used to cover shortfalls in government revenue, and communities receiving these payments are required to certify compliance with federal guidance regarding expenditures of such funds.

IX. Subsequent events

On August 27, 2021, the Town was advanced \$642,434 in Federal assistance from the passing of the American Rescue Plan Act of 2021. The spending of these fund are subject to the eligibility requirements of the grant agreement. The advance will be recognized in revenue as the eligibility requirements are met for the award.

Management of the Town of Rayville has evaluated subsequent events through December 30, 2021, the date the financial statements were available to be issued.

Required Supplemental Information

TOWN OF RAYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Amended/ Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Revenues:				
Taxes	448,000	431,000	486,691	55,691
Licenses and permits	163,000	182,000	202,027	20,027
Intergovernmental	131,140	229,140	273,606	44,466
Charges for services	335,000	370,000	378,255	8,255
Fines and forfeits	305,700	135,700	203,663	67,963
Interest	6,000	6,000	4,365	(1,635)
Other	52,200	52,200	44,780	(7,420)
Total revenues	<u>1,441,040</u>	<u>1,406,040</u>	<u>1,593,387</u>	<u>187,347</u>
Expenditures:				
Current:				
General government	942,950	851,200	851,694	(494)
Fire	187,060	161,600	168,496	(6,896)
Police	924,500	958,700	989,757	(31,057)
Highways & streets	591,600	579,600	553,377	26,223
Sanitation	320,000	370,000	389,177	(19,177)
Recreation	83,800	17,900	27,536	(9,636)
Airport	18,700	18,700	23,804	(5,104)
Capital outlay	122,000	98,000	117,891	(19,891)
Total expenditures	<u>3,190,610</u>	<u>3,055,700</u>	<u>3,121,732</u>	<u>(66,032)</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>(1,749,570)</u>	<u>(1,649,660)</u>	<u>(1,528,345)</u>	<u>121,315</u>
Other financing sources (uses)				
Capital leases	72,000	-	-	-
Operating transfers in (out)				
Water and sewer fund	200,000	30,000	-	(30,000)
Sales tax fund	1,520,400	1,680,400	1,722,902	42,502
Total other financing sources and uses	<u>1,792,400</u>	<u>1,710,400</u>	<u>1,722,902</u>	<u>12,502</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>42,830</u>	<u>60,740</u>	<u>194,557</u>	<u>133,817</u>
Fund balances at beginning of year			<u>511,262</u>	
Fund balances at end of year			<u>705,819</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND
ACTUAL-SALES TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Amended/ Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Revenues:				
Taxes	1,540,000	1,700,000	1,890,829	190,829
Interest	400	400	738	338
Total revenues	<u>1,540,400</u>	<u>1,700,400</u>	<u>1,891,567</u>	<u>191,167</u>
Expenditures:				
General government:				
Office/administrative	20,000	20,000	21,088	(1,088)
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>21,088</u>	<u>(1,088)</u>
Excess (deficiency) of revenues Over expenditures	<u>1,520,400</u>	<u>1,680,400</u>	<u>1,870,479</u>	<u>190,079</u>
Other financing sources (uses):				
Operating transfers in (out):				
General fund	(1,520,400)	(1,680,400)	(1,722,902)	(42,502)
Water & sewer fund				-
Total other financing sources and uses	<u>(1,520,400)</u>	<u>(1,680,400)</u>	<u>(1,722,902)</u>	<u>(42,502)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>147,577</u>	<u>147,577</u>
Fund balances at beginning of year			<u>309,766</u>	
Fund balances at end of year			<u>457,343</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Amended/ Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
Revenues:				
Interest	100	100	80	(20)
Total revenues	<u>100</u>	<u>100</u>	<u>80</u>	<u>(20)</u>
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100</u>	<u>100</u>	<u>80</u>	<u>(20)</u>
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>100</u>	<u>100</u>	<u>80</u>	<u>(20)</u>
Fund balances at beginning of year			<u>43,104</u>	
Fund balances at end of year			<u>43,184</u>	

See accompanying independent auditor's report.

TOWN OF RAYVILLE, LOUISIANA
 SCHEDULE OF PROPORTIONAL SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
 For the Year Ended June 30, 2021

Plan Year	2015			2016			2017			2018		
	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS
Town's proportion of the net pension liability	0.286238	0.11941	0.02598	0.284273	0.117404	0.038839	0.28566	0.135295	0.034032	0.297002	0.123337	0.035762
Town's proportionate share of the net pension liability	734,614	747,039	115,609	1,015,468	919,738	209,618	1,182,749	1,268,095	222,600	1,242,485	1,268,095	204,982
State's proportionate share of the net pension liability associated with the town	-	-	-	-	-	-	-	-	-	-	-	-
Total	734,614	747,039	115,609	1,015,468	919,738	209,618	1,182,749	1,268,095	222,600	1,242,485	1,268,095	204,982
Town's covered employee payroll	502,795	314,568	78,922	515,327	375,980	79,365	539,372	368,707	79,321	547,545	227,866	86,929
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	146.11%	237.48%	146.49%	197.05%	244.62%	264.12%	219.28%	343.93%	280.63%	226.92%	556.51%	235.80%
Plan fiduciary net position as a percentage of the total pension liability	73.99%	75.10%	76.54%	66.18%	70.73%	72.45%	62.11%	66.04%	68.15%	62.49%	70.08%	73.55%
Plan year	2019			2020			2021					
	MERS	MPERS	FRS	MERS	MPERS	FRS	MERS	MPERS	FRS			
Town's proportion of the net pension liability	0.299991	0.077213	0.033099	0.32905	0.081526	0.026406	0.345305	0.084683	0.025368			
Town's proportionate share of the net pension liability	1,241,831	685,763	190,388	1,374,989	740,393	165,352	1,492,895	782,668	175,840			
State's proportionate share of the net pension liability associated with the town	-	-	-	-	-	-	-	-	-			
Total	1,241,831	685,763	190,388	1,374,989	740,393	165,352	1,492,895	782,668	175,840			
Town's covered employee payroll	609,105	254,533	63,819	659,989	261,522	63,156	660,645	305,920	62,836			
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	203.88%	269.42%	298.32%	208.34%	283.11%	261.82%	225.98%	255.84%	279.84%			
Plan fiduciary net position as a percentage of the total pension liability	62.49%	70.08%	73.55%	64.68%	71.01%	73.96%	64.52%	70.94%	72.61%			

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

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

See accompanying independent auditor's report.

Town of Rayville
Schedule of Required Contributions
For the Year Ended June 30, 2021

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

Schedule is intended to show information for 10 years.

Additional years will be presented as they become available.

Supplementary Information

TOWN OF RAYVILLE, LOUISIANA

SCHEDULE OF COMPENSATION AND BENEFITS PAID ELECTED OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Compensation</u>	<u>Benefits</u>
Honorable Harry Lewis, Mayor	56,748	29,781
Willie Robinson, Police Chief	56,082	30,745
Valerie Allen, Board Member	4,800	10,026
Jerry Gordon, Board Member	4,800	10,026
Debra James, Board Member	4,800	10,026
Paula Cumpton, Board Member	4,800	1,254
Timothy Tennant, Board Member (Mayor Pro Tem)	4,800	10,026

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

Agency Head: Honorable Harry Lewis, Mayor

Salary	56,748
Benefits-insurance-health and life	8,774
Benefits-retirement	16,741
Cell phone	1,800
Travel/conference	1,570
Registration fees	896

Other Reports



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

December 30, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Rayville as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2021-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Rayville's Response to Findings

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

Purpose of this Report

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

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

Shreveport, Louisiana

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Town of Rayville, Louisiana.
2. One material weakness relating to the audit of the basic financial statements is reported.
3. No instances of noncompliance relating to the basic financial statements of the Town of Rayville, Louisiana were disclosed during the audit.
4. The Town of Rayville, Louisiana was not subject to federal single audit for the year ended June 30, 2021.

B. Findings – Financial Statement Audit

2021-1: Inadequate Segregation of Duties:

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

TOWN OF RAYVILLE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

2020-1: Inadequate Segregation of Duties:

Repeated as 2021-1.

2020-2: Debt Covenant Non-Compliance:

At June 30, 2020, the Town had not adequately funded the cash accounts for the following bonds: 2006 Sewer Bond (Phase I), 2007 Sewer Bond (Sewer Phase II), Water Phase I and II Bonds, and the Water Treatment Plant Bonds. During July 2020, Town management made necessary transfers to adequately fund reserves in accordance with debt covenants.

Corrected for fiscal year 2021.

TOWN OF RAYVILLE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

2021-1

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