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TOWN OF RAYVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT  
JUNE 30, 1999

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

Release Date 2-2-00

TOWN OF RAYVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 1999

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TOWN OF RAYVILLE, LOUISIANA

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor Isam Berry and  
Members of the Town Council  
Town of Rayville, Louisiana

We have audited the general purpose financial statements and the combining financial statements of the Town of Rayville, Louisiana, as of and for the year ended June 30, 1999, and the individual fund and account group financial statements of the Town as of and for the years ended June 30, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The Town does not have a comprehensive record of general fixed assets or reliable historical cost records for general fixed assets acquired prior to 1977. It was not practical for us to satisfy ourselves as to the balance in the general fixed asset account group of accounts.

In our opinion, except for the effect of such adjustments, if any, that might have been necessary with respect to general fixed assets had the records been adequate, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Rayville, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and account group financial statements as of June 30, 1999, and for the year then ended and the individual fund financial statements as of June 30, 1998, and for the year then ended, present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Town of Rayville, Louisiana, as of June 30, 1999, and the financial position of each of the individual funds as of June 30, 1998, and the results of operations of such funds and the cash flows of individual proprietary funds for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 1999, on our consideration of the Town of Rayville, Louisiana's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, grants and contracts.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Rayville, Louisiana taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The Supplemental Reporting Requirements and the Allocation of Water and Sewer Revenues and Expenses presented as Appendixes VI and VII are not a required part of the general purpose financial statements. We have applied certain limited procedures. However, we did not audit the information and express no opinion on it.

*Cochran, Clark & Robinson*

Rayville, LA  
December 20, 1999

TOWN OF RAYVILLE, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30, 1999

	<u>Governmental Fund Types</u>		<u>Proprietary Fund</u>	<u>Account Groups</u>		<u>TOTALS</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Types</u>	<u>General Fixed Assets</u>	<u>Long-term Debt</u>	<u>(Memorandum Only)</u>	<u>1998</u> <u>1999</u>
<u>Assets and Other Debits</u>							
Cash	256,768	424,887	84,952	-	-	766,607	711,117
Investments (at cost)	145,424	-	-	-	-	145,424	122,019
Receivables (net of allowances for uncollectibles)	12,911	81,787	-	-	-	94,698	96,248
Taxes, including penalty, interest and fees	2,013	-	74,073	-	-	76,086	60,993
Services	-	59,993	-	-	-	59,993	100,303
Notes Receivable	24,330	-	-	-	-	24,330	7,486
Fines and Forfeits	5,362	-	-	-	-	5,362	640
Other	16,024	-	-	-	-	16,024	20,263
Intergovernmental	9,410	-	-	-	-	9,410	-
Due from other Funds	1,211	606	1,619	-	-	3,436	859
Accrued Interest	-	-	-	-	-	-	-
Deferred Charges (net of amortization)	-	-	60,924	-	-	60,924	20,664
Restricted Assets:							
Cash and Investments	-	-	-	-	-	-	-
(at cost)	-	-	-	-	-	-	-
Construction in Progress	-	-	1,086,375	-	-	1,086,375	347,112
Fixed Assets (net of accumulated depreciation)	-	-	6,525	-	-	6,525	1,058,257
Amount to be Provided for Long-term Lease	-	-	2,847,559	11,618,681	-	14,466,240	13,177,410
Total Assets and Other Debits	-	-	-	-	79,259	79,259	4,263
	<u>473,453</u>	<u>567,273</u>	<u>4,162,027</u>	<u>11,618,681</u>	<u>79,259</u>	<u>16,900,693</u>	<u>15,727,633</u>

(CONTINUED)

See accompanying notes to financial statements.



TOWN OF RAYVILLE, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30, 1999  
 (CONTINUED)

	Governmental Fund Types		Proprietary Fund Types		Account Groups		TOTALS	
	General	Special Revenue	Enterprise	General Fixed Assets	General Long-term Debt	(Memorandum Only) 1999	(Memorandum Only) 1998	
Liabilities, Equity and Other Credits								
Accounts Payable	95,654	6,340	209,759	-	-	311,753	538,335	
Due to Other Funds	-	9,410	-	-	-	9,410	-	
Accrued Expenditures/Expenses Payable from Restricted Assets	67,676	-	16,437	-	-	84,113	113,985	
Current Portion of Revenue Bonds	-	-	48,773	-	-	48,773	30,000	
Customer Deposits	-	-	51,496	-	-	51,496	50,079	
Revenue Bonds Payable	-	-	2,115,227	-	-	2,115,227	1,056,611	
Obligations under Capital Leases	-	-	-	-	79,259	79,259	4,263	
Total Liabilities	<u>163,330</u>	<u>15,750</u>	<u>2,441,692</u>	-	<u>79,259</u>	<u>2,700,031</u>	<u>1,793,173</u>	
Fund Equity								
Investments in General Fixed Assets	-	-	-	11,618,681	-	11,618,681	11,453,582	
Contributed Capital	-	-	1,350,000	-	-	1,350,000	1,350,000	
Retained Earnings:								
Reserved for Revenue Bond Unreserved	-	-	255,348	-	-	255,348	179,470	
Fund Balance:								
Reserved for Noncurrent Receivable	-	59,993	-	-	-	59,993	100,091	
Reserved for Industrial Development Unreserved	-	179,960	-	-	-	179,960	187,136	
Total Contributed Capital	<u>310,123</u>	<u>311,570</u>	-	-	-	<u>621,693</u>	<u>493,982</u>	
Retained Earnings/ Fund Balance	<u>310,123</u>	<u>551,523</u>	<u>1,720,335</u>	-	-	<u>2,581,981</u>	<u>2,480,878</u>	
Total Fund Equity	<u>310,123</u>	<u>551,523</u>	<u>1,720,335</u>	<u>11,618,681</u>	-	<u>14,200,662</u>	<u>13,934,640</u>	
Total Liabilities, Fund Equity, and Other Credits	<u>473,453</u>	<u>567,273</u>	<u>4,162,027</u>	<u>11,618,681</u>	<u>79,259</u>	<u>16,900,693</u>	<u>15,727,633</u>	

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 1999

	<u>Governmental Fund Types</u>		TOTALS (Memorandum Only)	
	<u>General</u>	<u>Special Revenue</u>	<u>Year Ended June 30, 1999</u>	<u>June 30, 1998</u>
Revenues:				
Taxes	322,885	866,933	1,189,818	1,195,777
Licenses and Permits	97,708	-	97,708	87,972
Intergovernmental Revenue	205,254	-	205,254	73,123
Charges for Service	214,063	-	214,063	203,025
Fines and Forfeits	214,290	-	214,290	70,728
Interest	9,200	19,717	28,917	25,125
Other	72,531	-	72,531	52,599
Total Revenues	<u>1,135,931</u>	<u>886,650</u>	<u>2,022,581</u>	<u>1,708,349</u>
Expenditures:				
Current:				
General Government	585,071	11,421	596,492	441,784
Public Safety	500,058	-	500,058	480,221
Highways and Streets	434,172	-	434,172	274,171
Sanitation	183,202	-	183,202	178,724
Recreation	61,462	-	61,462	65,659
Airport	3,988	-	3,988	6,344
Capital Outlay	79,943	115,890	195,833	67,267
Total Expenditures	<u>1,847,896</u>	<u>127,311</u>	<u>1,975,207</u>	<u>1,514,170</u>
Excess (Deficiency) of Revenues Over Expenditures	( 711,965)	759,339	47,374	194,179

(CONTINUED)

See accompanying notes to financial statements.



TOWN OF RAYVILLE, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE-ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 1999

(CONTINUED)

	<u>Governmental Fund Types</u>		TOTALS	
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u> <u>Year Ended</u>	<u>June 30, 1998</u>
Other Financing Sources (Uses)				
Capital Leases	78,866	-	78,866	-
Other Proceeds	8,000	-	8,000	11,779
Operating Transfers In	689,547	5,317	694,864	816,094
Operating Transfers (Out)	( 59,120)	(689,547)	(748,667)	(934,494)
Total Other Financing Sources (Uses)	<u>717,293</u>	<u>(684,230)</u>	<u>33,063</u>	<u>( 6,621)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>5,328</u>	<u>75,109</u>	<u>80,437</u>	<u>187,558</u>
Fund Balance at Beginning of Year	<u>304,795</u>	<u>476,414</u>	<u>781,209</u>	<u>612,524</u>
Prior Period Adjustment	-	-	-	( 18,873)
Fund Balance as Adjusted	<u>304,795</u>	<u>476,414</u>	<u>781,209</u>	<u>593,651</u>
Fund Balance at End of Year	<u>310,123</u>	<u>551,523</u>	<u>861,646</u>	<u>781,209</u>

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL-  
 GENERAL AND SPECIAL REVENUE FUND TYPES

For the Fiscal Year Ended June 30, 1999

	GENERAL FUND		SPECIAL REVENUE FUND TYPES		TOTALS	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
Revenues:						
Taxes	272,052	322,885	781,120	866,933	1,053,172	1,189,818
Licenses and Permits	84,515	97,708	-	-	84,515	97,708
Intergovernmental	45,119	205,254	-	-	45,119	205,254
Charges for Services	201,109	214,063	-	-	201,109	214,063
Fines and Forfeits	84,706	214,290	-	-	84,706	214,290
Interest	4,000	9,200	16,000	19,717	20,000	28,917
Other	60,000	72,531	-	-	60,000	72,531
Total Revenues	<u>751,501</u>	<u>1,135,931</u>	<u>797,120</u>	<u>986,650</u>	<u>1,548,621</u>	<u>2,022,581</u>
Expenditures:						
Current:						
General Government	393,002	585,071	11,250	11,421	404,252	596,492
Public Safety	469,001	500,058	-	-	469,001	500,058
Highways and Streets	315,450	434,172	-	-	315,450	434,172
Sanitation	184,342	183,202	-	-	184,342	183,202
Recreation	72,396	61,462	-	-	72,396	61,462
Airport	7,600	3,988	-	-	7,600	3,988
Capital Outlay	25,000	79,943	187,501	115,890	212,501	195,833
Total Expenditures	<u>1,466,791</u>	<u>1,847,896</u>	<u>198,751</u>	<u>127,311</u>	<u>1,665,542</u>	<u>1,975,207</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(715,290)	(711,965)	598,369	759,339	(116,921)	47,374
						<u>164,295</u>

(CONTINUED)

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL-  
 GENERAL AND SPECIAL REVENUE FUND TYPES

For the Fiscal Year Ended June 30, 1999

(CONTINUED)

	GENERAL FUND		SPECIAL REVENUE FUND TYPES		TOTALS (Memorandum Only)	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
Other Financing Sources (Uses):						
Other Proceeds	-	8,000	-	-	-	8,000
Capital Leases	-	78,866	-	-	-	78,866
Operating Transfers In	639,870	689,547	-	-	639,870	689,547
Operating Transfers (Out)	-	(59,120)	(639,870)	(684,230)	(639,870)	(743,350)
Total Other Financing Sources (Uses)	639,870	717,293	(639,870)	(684,230)	-	33,063
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(75,420)	5,328	(41,501)	75,109	(116,921)	80,437
Fund Balances at Beginning of Year		304,795		476,414		781,209
Fund Balance at End of Year		310,123		551,523		861,646

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
 WATER AND SEWER ENTERPRISE FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS-ALL PROPRIETARY FUND TYPES

For the Year Ended June 30, 1999  
 With Comparative Totals for the Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
Operating Revenues:		
Charges for Services	376,333	350,652
Total Operating Revenue	<u>376,333</u>	<u>350,652</u>
Operating Expenses:		
Bad Debts	10,278	8,046
Depreciation	95,414	87,795
Employee Benefits	8,041	3,403
Fuel	6,487	5,611
Insurance	42,594	53,712
Professional	33,247	32,477
Repairs	33,439	20,061
Salaries	129,333	124,739
Supplies	50,337	41,992
Supplies-Office	5,503	6,818
Telephone and Utilities	64,589	56,950
Total Operating Expenses	<u>479,262</u>	<u>441,604</u>
Operating Income (Loss)	(102,929)	( 90,952)
Non-Operating Revenue:		
Interest	22,334	13,183
Intergovernmental	-	144,747
Lease Revenue	83,867	87,627
Total Non-Operating Revenue	<u>106,201</u>	<u>245,557</u>
Non-Operating Expenses:		
Amortization	2,218	1,590
Revenue Bond Interest	32,709	43,372
Paying Agent Fees	1,482	600
Total Non-Operating Expenses	<u>36,409</u>	<u>45,562</u>
Income (Loss) Before Other Sources (Uses)	( 33,137)	109,043

(CONTINUED)

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
 WATER AND SEWER ENTERPRISE FUND  
 COMPARATIVE STATEMENT OF REVENUE, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS-ALL PROPRIETARY FUND TYPES

For the Year Ended June 30, 1999  
 With Comparative Totals for the Year Ended June 30, 1998

(CONTINUED)

	<u>1999</u>	<u>1998</u>
Other Financing Sources (Uses):		
Operating Transfers In (Out):		
Sales Tax Fund	( 5,317)	17,769
General Fund	<u>59,120</u>	<u>631</u>
Total Other Financing Sources (Uses)	<u>53,803</u>	<u>18,400</u>
Net Income (Loss)	<u>20,666</u>	<u>127,443</u>
Retained Earnings at Beginning of Year	<u>349,669</u>	<u>222,226</u>
Retained Earnings at End of Year	<u>370,335</u>	<u>349,669</u>

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
WATER AND SEWER ENTERPRISE FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES

For the Year Ended June 30, 1999  
With Comparative Totals for the Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	(102,929)	( 90,952)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	95,414	87,795
(Increase) Decrease in Accounts Receivable	( 9,101)	( 12,030)
(Increase) Decrease in Accrued Interest	( 1,064)	651
(Increase) Decrease in Bond Cost	( 42,478)	-
(Increase) Decrease in Restricted Assets	(739,263)	( 53,477)
Increase (Decrease) in Accounts Payable	(228,621)	411,929
Increase (Decrease) in Accruals	( 19,322)	13,876
Increase (Decrease) in Restricted Asset Related Liabilities	<u>1,417</u>	<u>559</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(1,045,947)</u>	<u>358,351</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In (Out)	53,803	18,400
Lease Revenue	<u>83,867</u>	<u>87,627</u>
NET CASH PROVIDED BY (USED FOR) NONCAPITAL, FINANCING ACTIVITIES	<u>137,670</u>	<u>106,027</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Loan Proceeds	1,604,000	496,611
Payment of Debt Principal	(526,611)	( 25,000)
Payment of Interest Expense and Agent Fees	( 34,191)	( 43,972)
Intergovernment Proceeds	-	144,747
Plant Improvements	<u>( 167,413)</u>	<u>(1,046,007)</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>875,785</u>	<u>( 473,621)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>22,334</u>	<u>13,183</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>22,334</u>	<u>13,183</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>( 10,158)</u>	<u>3,940</u>
Cash and Cash Equivalents at Beginning of Year	<u>95,110</u>	<u>91,170</u>
Cash and Cash Equivalents at End of Year	84,952	95,110

See accompanying notes to financial statements.



TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

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 and account groups 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. BASIS OF PRESENTATION

1. FUND CATEGORIES

The accounts of the Town are organized on the basis of funds and account groups, 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:

TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

GOVERNMENTAL FUNDS

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

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

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Improvements	10-50 years
Equipment	10 years

2. ACCOUNT GROUPS

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other

TOWN OF RAYVILLE, LOUISIANA  
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financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. On assets acquired prior to 1977, the original cost was estimated based on such documentary evidence as was available including price levels at the time of acquisition. Donated fixed assets are valued at their estimated fair value on the date donated. Interest costs incurred during construction are capitalized.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in governmental funds.

In governmental funds, assets acquired through capital leases are accounted for in the General Fixed Asset Account Group with no depreciation taken, and the corresponding liability is recorded in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with measurement of financial position. They are not involved with measurement of results of operations.

C. BASIS OF ACCOUNTING

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

GOVERNMENTAL FUNDS

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The revenue recognition under the modified accrual basis is determined for each primary revenue source as detailed below:

SALES TAX - According to GASB No. 22, Sales Tax revenue is to be recorded when taxpayer liability is established and



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collectibility is reasonably assured using the modified 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 that are accrued, are recognized in the accounts reduced by an allowance for uncollectible taxes receivable.

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 8.23 mills.

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

MISCELLANEOUS REVENUES - Revenues from fines, swimming fees and other miscellaneous revenues are recorded as the cash is received.

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

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 vacation pay and sick pay are accrued when incurred in the governmental fund. Such accruals are to be paid with current available spendable resources and therefore represent current liabilities.

PENSION EXPENDITURES. The expenditure is recognized as the amount accrued during the year that will be liquidated with

TOWN OF RAYVILLE, LOUISIANA  
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expendable available financial resources. This accrual is established by the amount of the payroll and the multiple employer retirement plans. All accrued amounts are considered to be current liabilities.

LONG-TERM DEBT. Expenditures for principal and interest on general obligation long-term debt are recorded in the year of payment.

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

#### PROPRIETARY FUNDS

The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The following revenue or expense recognition applies:

UNBILLED WATER RECEIVABLES - The Town utilizes cycle billing to generate its water bills. The unbilled cycle representing water services provided is accrued for revenue recognition in the period earned.

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

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

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

#### D. BUDGETS AND BUDGETARY ACCOUNTING

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

- a. Formal budgetary integration is employed as a management control device during the year for the general fund, sales tax fund, and economic development fund. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The combined 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.

TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
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- c. Unused appropriations of all of the above annually budgeted funds lapse at the end of the fiscal year.
- d. Prior to June 15, the Mayor submits to the Town Council, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to June 30, the budget is legally enacted through the passage of an ordinance.
- e. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. Therefore the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
- f. The budget amounts shown in the financial statements are the final authorized amounts as amended by legal ordinance during the year.

II. Stewardship, Compliance, and Accountability

BUDGETARY COMPLIANCE

General Fund expenditures and capital outlay were in excess of budget. The Sales Tax Special Revenue Fund was adequately budgeted. In the Economic Development Special Revenue Fund, revenue failed to meet the budgeted requirements and the capital outlay was not adequately budgeted.

YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Town of Rayville has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the Town's operations. Based on this inventory, the Town received quotes from outside vendors on hardware and software believed to be year 2000 compliant for the financial reporting systems. The hardware and software were installed on June 28, 1999. Testing and validation of the systems has begun.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Town is or will be Year 2000 ready, that the Town's remediation efforts will be successful in whole or in part, or that parties with whom the Town does business will be year 2000 ready.



TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1999

III. Detail Notes on All Funds and Account Groups

A. ASSETS

1. Cash and Investments

At June 30, 1999, the Town had cash and cash equivalents (book balances) as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Petty Cash	780	-	780
Checking Account	586,404	496,857	1,083,261
Time Deposits	324,847	41,064	365,911
Government Securities	-	548,454	548,454
TOTAL	<u>912,031</u>	<u>1,086,375</u>	<u>1,998,406</u>

	<u>Cash</u>	<u>Cash Equivalents</u>		<u>Total</u>
		<u>of Deposits</u>	<u>Other</u>	
		<u>(Describe)</u>		
At June 30, 1999:				
Carrying Amount on Balance Sheet	1,083,261	365,911	548,454	1,997,626
<u>Bank Balances:</u>	<u>1,126,707</u>	<u>365,911</u>	<u>548,454</u>	<u>2,041,072</u>
a: Insured (FDIC) or collateralized with securities held by the en- tity or its agent <u>in the entity's</u> <u>name</u>	<u>200,000</u>	<u>141,064</u>	<u>100,000</u>	<u>400,000</u>
b: Collateralized with securities held by pledging financial insti- tution's trust department or agent <u>in the</u> <u>entity's name</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
c: Uncollateralized, including any secur- ities held for the entity but <u>not in</u> <u>the entity's name</u>	<u>926,707</u>	<u>224,847</u>	<u>448,454</u>	<u>796,352</u>
Total Bank Balances	1,126,707	365,911	548,454	2,041,072

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.

TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1999

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.

Cash and Cash Equivalents - For purposes of presenting the Statement of Cash Flows, for the Enterprise Fund, cash and cash equivalents is limited to the Unrestricted Cash Accounts.

2. Notes Receivable

Williamson-Dickie Mfg. Co. is repaying the Town of Rayville under a Louisiana Community Block Grant Note. The note has a 6% interest rate. Monthly payments of \$3,493 are due to the Town through January, 2001. The note receivable balance at June 30, 1999 was \$59,993.

3. Allowance for Uncollectible Accounts

At June 30, 1999, the allowance for estimated uncollectible accounts was \$12,421 in the Water and Sewer Enterprise Fund.

4. Net Working Capital

At June 30, 1999, the net working capital of the Proprietary Fund was \$372,099.

5. Changes in General Fixed Assets Account Group

Summary of Changes in General Fixed Assets:

	Balance 7/01/98	Additions	Retirements	Balance 6/30/99
Land	529,128	-	30,375	498,753
Buildings	1,114,120	57,000	-	1,171,120
Improvements	5,237,747	-	-	5,237,747
Equipment	1,283,275	138,474	-	1,421,749
Rehabilitation	1,273,505	-	-	1,273,505
Recreation	106,022	-	-	106,022
Airport				
Improvements	1,041,864	-	-	1,041,864
Industrial Park	867,921	-	-	867,921
	<u>11,453,582</u>	<u>195,474</u>	<u>30,375</u>	<u>11,618,681</u>

TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1999

Investments in General Fixed Assets by Sources:

Property Acquired Prior to 10-01-77		2,612,719*
Property Acquired After 9-30-77		
General Fund	551,035	
Sales Tax Fund	4,333,169	
Federal Revenue Fund	248,005	
Federal Grants	2,689,151	
Contributions	9,500	
Capital Projects	823,439	
Industrial Park	57,000	
Economic Development	294,663	9,005,962
		11,618,681

\*Original cost was estimated based on documentary evidence available including price levels at time of acquisition.

6. Summary of Proprietary Fund Fixed Assets

A summary of Proprietary Fund Type Property, Plant, and Equipment at June 30, 1999 follows:

Land		39,425
Improvements		3,809,401
Construction in Progress		6,525
Total		3,855,351
Less accumulated depreciation		(1,001,267)
Net		2,854,084

B. LIABILITIES

1. PENSION AND RETIREMENT PLANS

Defined Benefit Pension Plans

The employees of the Town of Rayville, Louisiana participate in a Statewide Local Government Retirement System, a multiple-employer public employee retirement system. The Town's employees and policemen participate in the Municipal Employees' Retirement System of Louisiana ("MERS") and the Municipal Police Employees' Retirement System of Louisiana ("MPERS").

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 6.75% to 9%, 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.

Total Payroll		848,712
Total Covered Payroll		716,327
Employee Contributions		63,033
Town Contributions		47,180

Employee eligibility, vesting of benefits, the pension benefit obligation contribution requirements and other actuarial and

TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1999

historical trend information on both the MERS and MPERS can be obtained from the audit reports of each plan which are available for public inspection.

2. COMPENSATED ABSENCES

Accumulated unpaid vacation and sick pay are accrued when incurred in proprietary and governmental funds. At June 30, 1999, the recorded accruals in the General Fund and the Water and Sewer Fund were as follows:

General Fund	28,276
Water and Sewer Fund	<u>9,219</u>
Total	<u>37,495</u>

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

3. LONG-TERM DEBT

(a) Description of Long-Term Debt

Bonds/Notes Payable at June 30, 1999, are comprised of the following issues:

	<u>Outstanding Principal</u>
\$750,000 1991 Sewer Revenue Bonds due in semi-annual installments through July 1, 2011; Interest 6.0 - 7.25%	560,000
1,054,000 Rural Development Water Revenue Bonds due in Monthly Payments Through July, 2038. Interest Rate 4.75%	1,054,000
550,000 1999 Sewer Refunding Bonds due in semi-annual payments July, 2000 through July, 2011. Interest rate 3.6% - 4.6%	<u>550,000</u>
Total	<u>2,164,000</u>

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

As a result of the 1999 Sewer Refunding Bond Issue, \$495,000 of the 1991 Sewer Revenue Bonds will be retired in July, 2001 with funds held in an escrow account.

TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1999

(b) Changes in Long-Term Debt (Principal Only)

The following is a summary of long-term debt transactions of the Town for the fiscal year ended June 30, 1999.

	Sewer Revenue <u>Bonds</u>	Capital <u>Leases</u>	Water Revenue <u>Bonds</u>	Sewer Refunding <u>Bonds</u>
Payable at				
July 1, 1998	590,000	4,263	-	-
Proceeds Received	-	79,943	1,054,000	550,000
Bonds Retired	30,000	-	-	-
Capital Lease Retired	-	4,947	-	-
Payable at				
June 30, 1999	<u>560,000</u>	<u>79,259</u>	<u>1,054,000</u>	<u>550,000</u>

(c) Summary of Debt Service Requirements to Maturity

The annual requirements to amortize debt principal outstanding as of June 30, 1999, are as follows:

Year Ending <u>June 30</u>	Sewer Revenue <u>Bonds</u>	Capital <u>Leases</u>	Water Revenue <u>Bonds</u>	Sewer Refunding <u>Bonds</u>
2000	30,000	8,437	8,773	10,000
2001	35,000	8,949	10,016	10,000
2002	35,000	9,491	10,502	45,000
2003	40,000	53,066	11,012	50,000
2004	40,000	-	11,547	45,000
After 2004	<u>380,000</u>	-	<u>1,002,150</u>	<u>390,000</u>
	<u>560,000</u>	<u>79,943</u>	<u>1,054,000</u>	<u>550,000</u>

4. LEASE COMMITMENTS

The Town has entered into a capital lease agreement to acquire equipment. The lease term is for 48 months with an interest rate of 5.9%. Monthly payments are set at \$1,077 for 47 months with a balloon payment of \$44,077.

Assets acquired under capital lease in the year ended June 30, 1999 are as follows:

Equipment	79,943
-----------	--------

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 1999.

<u>Year Ending</u>	<u>Present Value</u>	<u>Interest</u>	<u>Future Minimum Lease Payments</u>
June 30, 2000	8,437	4,491	12,928
June 30, 2001	8,949	3,979	12,928
June 30, 2002	9,491	3,437	12,928
June 30, 2003	53,066	2,861	55,927



TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

5. CONSTRUCTION COMMITMENTS

Based on bids submitted, the Town awarded a contract for painting the elevated water tank to PM Tank Services. The construction bid and engineering fees total \$119,404. As of June 30, 1999, only \$6,525 had been expended on this project.

The Access Road Project has a grant budget of \$125,000. As of June 30, 1999, \$26,900 had been received in grant funds and \$26,940 had been expended on survey and engineer cost.

C. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 1999, the Special Revenue - Industrial Park Fund owed the General Fund \$9,410.

D. FUND EQUITY

The Economic Development Special Revenue Fund maintains two types of reserved fund balance. Disbursements are limited to areas of industrial or economic development. Additionally, the fund balance is reserved to the extent of the outstanding note receivable from Williamson-Dickie Mfg. Co.

RESERVATION OF RETAINED EARNINGS

1991 SEWER REVENUE BONDS

The 1991 Sewer Revenue Bonds issued on July 1, 1991 are secured by and payable solely from the income and revenues derived or to be derived from the operation of the sewerage system after provision has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

Immediately upon issuance of the bonds, the Town was required to deposit into the "sewer revenue bond debt service reserve fund" the amount of the maximum scheduled principal and interest payment in any succeeding year. The bond agreement also requires the Town to maintain a "contingency fund" and a "debt service sinking fund". At June 30, 1999 the accounts were fully funded.

1999 WATER REVENUE BONDS

The Water Revenue Bonds issued on July 28, 1998 are secured by and payable solely from the income and revenues derived or to be derived from the operation of the water system after provision has been made for the payment of the reasonable and necessary expenses of operation and maintaining the system.

The bond agreement requires the Town to maintain certain cash accounts (Water Revenue Fund, Sinking Fund, Reserve Fund, and Contingency Fund) and sets forth the balances that must be maintained in these restricted accounts. At June 30, 1999, the Town had adequate cash restricted for the 1999 Water Revenue Bonds.



TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

1999 SEWER REVENUE REFUNDING BONDS

To take advantage of a reduction in interest rates, the Town issued the 1999 Sewer Revenue Refunding Bonds on February 15, 1999. On July 1, 2001, the proceeds from these bonds will retire all the 1991 Sewer Revenue Bonds maturing after that date. The 1999 bonds are secured by and payable solely from the income and revenues derived or to be derived from the operations of the sewerage system after provisions has been made for the payment of the reasonable and necessary expenses of operating and maintaining the system.

The bond ordinance requires the Town to maintain certain cash accounts including a Revenue Fund, Operations and Maintenance Fund, Sinking Fund, Reserve Fund, and Renewal and Replacement Fund. The calculations of the restricted cash amounts are outlined in the ordinance.

Retained earnings of the proprietary fund are reserved to the extent of these bond requirements and customer meter deposits of the water system.

E. ON BEHALF OF PAYMENTS FOR SALARIES

Included in the General Fund financial statements are amounts paid by the State of Louisiana as supplemental salaries to the Town's policemen and firemen. The payments of \$22,800 and \$39,310 for 1999 and 1998, respectively, are included on the financial statement as Intergovernmental Revenue and Public Safety Expenditures.

IV. FINANCIAL STATEMENT PRESENTATION

A. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flow in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

B. COMPARATIVE DATA

Comparative data is presented in the general purpose financial statements under the memorandum total of all the fund types and account group columns.

C. SALES TAX FUND

The sales tax collections of the Town of Rayville are not restricted as to the use of the monies. The Town assesses 1.50 % sales or use tax. The expiration of the sales tax law as passed in April 1992 is July 31, 2002. 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

TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1999

conjunction with the other parish taxing authorities, voted to establish a Richland Parish Tax Commission to serve as the collecting agency.

D. INTEREST EXPENSE PAID

Interest paid as a non-operating expense in the Water and Sewer Enterprise Fund was \$32,709 and \$43,372 in the fiscal years ending June 30, 1999 and 1998 respectively. Interest capitalized as part of the construction in progress on the Water System was \$63,788.

V. CONTINGENT LIABILITIES

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

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 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:

James C. Adams	4,800
Terry Brown	4,800
Oliver Holland	4,800
Harry Lewis	4,800
George Tenant	4,800
TOTAL	<u>24,000</u>

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF RAYVILLE, LOUISIANA  
GENERAL FUND  
COMPARATIVE BALANCE SHEET

June 30, 1999 and 1998

<u>Assets</u>	<u>1999</u>	<u>1998</u>
Cash	256,768	277,729
Investments	145,424	122,019
Accounts Receivable (net of allowances for uncollectibles)		
Taxes, including penalty, interest and fees	12,911	14,936
Services	2,013	1,550
Fines and Forfeits	24,330	7,486
Other	5,362	640
Intergovernmental	16,024	14,946
Due from Other Funds	9,410	-
Accrued Interest	1,211	303
Total Assets	<u>473,453</u>	<u>439,609</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	95,654	56,688
Payroll Taxes Payable	5,267	832
Other Accrued Expenditures	34,133	45,131
Estimated Compensated Absences	28,276	32,163
Total Liabilities	<u>163,330</u>	<u>134,814</u>
Fund Balance:		
Unreserved	310,123	304,795
Total Fund Balance	<u>310,123</u>	<u>304,795</u>
Total Liabilities and Fund Balance	<u>473,453</u>	<u>439,609</u>

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE FAVORABLE (UNFAVORABLE)	1998
	BUDGET	ACTUAL		ACTUAL
Revenues:				
Taxes	272,052	322,885	50,833	347,749
Licenses and Permits	84,515	97,708	13,193	87,972
Intergovernmental	45,119	205,254	160,135	73,123
Charges for Services	201,109	214,063	12,954	203,025
Fines and Forfeits	84,706	214,290	129,584	70,728
Interest	4,000	9,200	5,200	6,130
Other	60,000	72,531	12,531	52,599
Total Revenues	751,501	1,135,931	384,430	841,326
Expenditures:				
Current:				
General Government	393,002	585,071	(192,069)	430,805
Public Safety	469,001	500,058	( 31,057)	480,221
Highways & Streets	315,450	434,172	(118,722)	274,171
Sanitation	184,342	183,202	1,140	178,724
Recreation	72,396	61,462	10,934	65,659
Airport	7,600	3,988	3,612	6,344
Capital Outlay:	25,000	79,943	( 54,943)	-
Total Expenditures	1,466,791	1,847,896	(381,105)	1,435,924
Excess (Deficiency) of Revenues over Expenditures	( 715,290)	(711,965)	3,325	594,598
Other Financing Sources (Uses):				
Other Proceeds	-	8,000	8,000	11,779
Capital Leases	-	78,866	78,866	-
Operating Transfers In (Out):				
Water and Sewer Fund	-	( 59,120)	( 59,120)	( 631)
Sales Tax Fund	639,870	689,547	49,677	816,094
Total Other Sources (Uses)	639,870	717,293	77,423	827,242
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	( 75,420)	5,328	80,748	232,644
Fund Balance at Beginning of Year		304,795		91,024
Prior Period Adjustment		-		( 18,873)
Fund Balance as Adjusted		304,795		72,151
Fund Balance at End of Year		310,123		304,795

See accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

Sales Tax Fund-to account for the proceeds of the sales taxes received and the expenditures of those funds in accordance with the law.

Economic Development Fund-to account for the monies received for the loan repayment from Williamson-Dickie Mfg. Co. and the expenditures for economic development in accordance with the terms of the grant.



TOWN OF RAYVILLE, LOUISIANA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS

June 30, 1999  
With Comparative Totals for June 30, 1998

	SALES TAX	ECONOMIC DEVELOPMENT	TOTALS	
			1999	1998
<u>Assets</u>				
Cash	235,551	189,336	424,887	338,278
Interest Receivable	572	34	606	-
Account Receivable	81,787	-	81,787	81,312
Note Receivable	-	59,993	59,993	100,091
Total Assets	<u>317,910</u>	<u>249,363</u>	<u>567,273</u>	<u>519,681</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	6,340	-	6,340	43,267
Due to Other Funds	-	9,410	9,410	-
Total Liabilities	<u>6,340</u>	<u>9,410</u>	<u>15,750</u>	<u>43,267</u>
 Fund Balance:				
Reserved for Industrial Development	-	179,960	179,960	187,136
Reserved for Non Current Receivable	-	59,993	59,993	100,091
Unreserved	<u>311,570</u>	<u>-</u>	<u>311,570</u>	<u>189,187</u>
Total Fund Balance	<u>311,570</u>	<u>239,953</u>	<u>551,523</u>	<u>476,414</u>
Total Liabilities and Fund Balance	<u>317,910</u>	<u>249,363</u>	<u>567,273</u>	<u>519,681</u>

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

For the Year Ended June 30, 1999  
With Comparative Totals for the Year Ended June 30, 1998

	SALES TAX	ECONOMIC DEVELOPMENT	TOTALS	
			1999	1998
Revenues:				
Interest	9,991	9,726	19,717	18,995
Taxes	866,933	-	866,933	848,028
Total Revenues	<u>876,924</u>	<u>9,726</u>	<u>886,650</u>	<u>867,023</u>
Expenditures:				
General Government	11,421	-	11,421	10,979
Capital Outlay	58,890	57,000	115,890	67,267
Total Expenditures	<u>70,311</u>	<u>57,000</u>	<u>127,311</u>	<u>78,246</u>
Excess (Deficiency) of Revenues Over Expenditures	806,613	( 47,274)	759,339	788,777
Other Financing Sources (Uses):				
Operating Transfers In (Out)	(684,230)	-	(684,230)	(833,863)
Total Other Financing Sources (Uses)	<u>(684,230)</u>	<u>-</u>	<u>(684,230)</u>	<u>(833,863)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	122,383	( 47,274)	75,109	( 45,086)
Fund Balance at Beginning of Year	<u>189,187</u>	<u>287,227</u>	<u>476,414</u>	<u>521,500</u>
Fund Balance at End of Year	<u>311,570</u>	<u>239,953</u>	<u>551,523</u>	<u>476,414</u>

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
SALES TAX SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET

June 30, 1999  
With Comparative Totals for June 30, 1998

	<u>1999</u>	<u>1998</u>
<u>Assets</u>		
Cash	235,551	151,142
Interest Receivable	572	-
Accounts Receivable	81,787	81,312
Total Assets	<u>317,910</u>	<u>232,454</u>
<u>Liabilities and Fund Balance</u>		
<u>Liabilities:</u>		
Accounts Payable	<u>6,340</u>	<u>43,267</u>
Total Liabilities	<u>6,340</u>	<u>43,267</u>
<u>Fund Balance:</u>		
Unreserved	<u>311,570</u>	<u>189,187</u>
Total Fund Balance	<u>311,570</u>	<u>189,187</u>
Total Liabilities and Fund Balance	<u>317,910</u>	<u>232,454</u>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 1999  
With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE FAVORABLE (UNFAVORABLE)	1998 ACTUAL
	BUDGET	ACTUAL		
Revenues:				
Taxes	781,120	866,933	85,813	848,028
Interest	5,000	9,991	4,991	6,645
Total Revenues	<u>786,120</u>	<u>876,924</u>	<u>90,804</u>	<u>854,673</u>
Expenditures:				
General Government:				
Office/Administrative	11,250	11,421	( 171)	10,979
Total Expenditures	<u>11,250</u>	<u>11,421</u>	<u>( 171)</u>	<u>10,979</u>
Capital Outlay:				
City Hall	42,501	10,005	32,496	-
Police Department	20,000	9,036	10,964	24,845
Water Department	80,000	39,849	40,151	33,922
Street Department	45,000	-	45,000	8,500
Total Capital Outlay	<u>187,501</u>	<u>58,890</u>	<u>128,611</u>	<u>67,267</u>
Total Expenditures and Capital Outlay	<u>198,751</u>	<u>70,311</u>	<u>128,440</u>	<u>78,246</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>587,369</u>	<u>806,613</u>	<u>219,244</u>	<u>776,427</u>

(CONTINUED)

See accompanying notes to financial statements.

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

For the Year Ended June 30, 1999  
 With Comparative Actual Amounts for the Year Ended June 30, 1998

(CONTINUED)

	1999		VARIANCE FAVORABLE (UNFAVORABLE)	1998
	BUDGET	ACTUAL		ACTUAL
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
Water and Sewer Fund	-	5,317	5,317	( 17,769)
General Fund	(639,870)	(689,547)	( 49,677)	(816,094)
Total Other Financing Sources (Uses)	(639,870)	(684,230)	( 44,360)	(833,863)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	( 52,501)	122,383	174,884	( 57,436)
Fund Balance at Beginning of Year		189,187		246,623
Fund Balance at End of Year		311,570		189,187

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET

June 30, 1999  
With Comparative Totals for June 30, 1998

<u>Assets</u>	<u>1999</u>	<u>1998</u>
Cash	189,336	187,136
Interest Receivable	34	-
Note Receivable	<u>59,993</u>	<u>100,091</u>
Total Assets	249,363	287,227
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Due to General Fund	<u>9,410</u>	<u>-</u>
Total Liabilities	<u>9,410</u>	<u>-</u>
Fund Balance:		
Reserved for Industrial Development	179,960	187,136
Reserved for Non Current Receivable	<u>59,993</u>	<u>100,091</u>
Total Fund Balance	<u>239,953</u>	<u>287,227</u>
Total Liabilities and Fund Balance	249,363	287,227

See accompanying notes to financial statements.



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

For the Year Ended June 30, 1999  
 With Comparative Actual Amounts for the Year Ended June 30, 1998

	1999		VARIANCE FAVORABLE (UNFAVORABLE)	1998
	BUDGET	ACTUAL		ACTUAL
Revenues:				
Interest	11,000	9,726	( 1,274)	12,350
Total Revenues	<u>11,000</u>	<u>9,726</u>	<u>( 1,274)</u>	<u>12,350</u>
Expenditures:				
Capital Outlay	-	57,000	( 57,000)	-
Total Expenditures	<u>-</u>	<u>57,000</u>	<u>( 57,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,000</u>	<u>( 47,274)</u>	<u>( 58,274)</u>	<u>12,350</u>
Other Financing Sources (Uses) Operating Transfers In (Out)				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>11,000</u>	<u>( 47,274)</u>	<u>( 58,274)</u>	<u>12,350</u>
Fund Balance at Beginning of Year		<u>287,227</u>		<u>274,877</u>
Fund Balance at End of Year		239,953		<u>287,227</u>

See accompanying notes to financial statements.

#### ENTERPRISE FUND

Water and Sewer Fund-to account for the provision of water and sewer services to the residents of the Town and some parish residents; and the operating agreement between the Town and L. P. & L. for the provision of electrical services to the residents of the Town and some parish residents.

TOWN OF RAYVILLE, LOUISIANA  
WATER AND SEWER ENTERPRISE FUND  
COMPARATIVE BALANCE SHEET

June 30, 1999  
With Comparative Totals for June 30, 1998

	<u>1999</u>	<u>1998</u>
<u>Assets</u>		
Current Assets:		
Cash	84,952	95,110
Accounts Receivable (net of allowances for uncollectibles of 12,421 and 11,375)	53,669	49,343
Unbilled Accounts Receivable	20,404	10,100
Accounts Receivable - Other	-	5,529
Accrued Interest	1,619	555
Deferred Charges (Net of Amortization)	60,924	20,664
Total Current Assets	<u>221,568</u>	<u>181,301</u>
Restricted Assets (Cash and Investments):		
Customer Deposits	134,942	120,465
1991 Sewer Bond Funds	278,395	226,647
1999 Sewer Bond Funds	548,454	-
Water Bond Funds	124,584	-
Total Restricted Assets	<u>1,086,375</u>	<u>347,112</u>
Property, Plant, and Equipment:		
Land	39,425	39,425
Improvements	3,809,401	2,590,256
Construction in Progress	6,525	1,058,257
	<u>3,855,351</u>	<u>3,687,938</u>
Less Accumulated Depreciation	(1,001,267)	(905,853)
Net Property, Plant, and Equipment	<u>2,854,084</u>	<u>2,782,085</u>
Total Assets	4,162,027	3,310,498

(CONTINUED)

See accompanying notes to financial statements.

TOWN OF RAYVILLE, LOUISIANA  
WATER AND SEWER ENTERPRISE FUND  
COMPARATIVE BALANCE SHEET

June 30, 1999  
With Comparative Totals for June 30, 1998

(CONTINUED)

	<u>1999</u>	<u>1998</u>
<u>Liabilities and Fund Equity</u>		
Liabilities:		
Current Liabilities:		
Accounts Payable	209,759	438,380
Other Accrued Expenses	7,218	26,073
Estimated Compensated Absences	9,219	9,686
Total Current Liabilities	<u>226,196</u>	<u>474,139</u>
Current Liabilities-Restricted Assets:		
Customer Meter Deposits	51,496	50,079
Current Portion of Revenue Bonds	48,773	30,000
Total Current Liabilities-Restricted Assets	<u>100,269</u>	<u>80,079</u>
Long-Term Liabilities:		
Revenue Bonds	2,115,227	1,056,611
Total Liabilities	<u>2,441,692</u>	<u>1,610,829</u>
Fund Equity:		
Contributed Capital	1,350,000	1,350,000
Retained Earnings:		
Reserved per Revenue Bonds	255,348	179,470
Unreserved	114,987	170,199
Total Retained Earnings	<u>370,335</u>	<u>349,669</u>
Total Fund Equity	<u>1,720,335</u>	<u>1,699,669</u>
Total Liabilities and Fund Equity	<u>4,162,027</u>	<u>3,310,498</u>

See accompanying notes to financial statements.

Susan C. Cochran  
A.C. Clark III  
Renee' Robinson

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## APPENDIX I

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of the Town of Rayville, Louisiana as of and for the year ended June 30, 1999, and have issued our qualified report thereon dated December 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Town of Rayville, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in Appendix III. We also noted other matters involving noncompliance which we have reported to management of the Town in a separate letter dated December 20, 1999.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Rayville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in Appendix II.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the Town in a separate letter dated December 20, 1999.

This report is intended for the information of management, the Town council, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Cochran, Clark & Robinson*

Rayville, LA  
December 20, 1999



APPENDIX II

TOWN OF RAYVILLE, LOUISIANA  
SCHEDULE OF INTERNAL CONTROL  
REPORTABLE CONDITIONS  
FOR THE YEAR ENDED JUNE 30, 1999

I. GENERAL FIXED ASSETS

CONDITION: The Town does not have a comprehensive record of general fixed assets or a reliable historical cost record for general fixed assets acquired prior to 1977.

CRITERIA: As required by La. Rev. Stat. 24:515(B)(1), the Town should maintain records of all general fixed assets which are acquired by purchase or otherwise.

EFFECT: Without a control listing and appropriate numbering system for the fixed assets of the Town, assets could be stolen or misappropriated and not be detected by management. Assets that are obsolete may be sold and not recorded in the financial records; and purchased assets may not be recorded.

RECOMMENDATION: The Town should develop from available records a comprehensive fixed asset listing recording required information as to the date of purchase, initial cost, the disposition if any, the purpose of the disposition, and the recipient of the property or equipment disposed of.

MANAGEMENT'S RESPONSE: The Town will work with the auditors to establish the fixed asset records.

The above mentioned reportable conditions are not considered to be material weaknesses as defined in the report on internal control dated December 20, 1999.

## APPENDIX III

### TOWN OF RAYVILLE, LOUISIANA SCHEDULE OF COMPLIANCE FINDINGS FOR THE YEAR ENDED JUNE 30, 1999

#### I. GENERAL FIXED ASSETS

CONDITION: The Town does not have a comprehensive record of general fixed assets or a reliable historical cost record for general fixed assets acquired prior to 1977.

CRITERIA: As required by La. Rev. Stat. 24:515(B)(1), the Town should maintain records of all general fixed assets which are acquired by purchase or otherwise.

See the effect, recommendation and management's response to this finding in Appendix II.

#### II. BUDGETARY REQUIREMENTS

CONDITION: General Fund expenditures and capital outlay were in excess of the budgeted amounts by more than 5%. Economic Development Special Revenue Fund revenues failed to meet the budgeted requirements by more than 5% and the expenditures were not budgeted.

CRITERIA: In accordance with La. Rev. Stat. 39:1309 and 39:1310, the governing body shall be advised and shall amend the budget: 1) when revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more; or 2) when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

EFFECT: Various capital outlays approved by the Town Council during the year were not appropriately included in the budget.

RECOMMENDATION: The Town should review the budget and actual financials on a monthly basis to properly monitor the budget and take appropriate action to amend the budget when required.

MANAGEMENT'S RESPONSE: The budget will be monitored on a monthly basis and adequate attention will be given to required amendments.

### III. BID LAWS

CONDITION: The Town authorized replacement of air conditioning units without utilizing the proper bid process.

CRITERIA: In accordance with La. Rev. Stat. 38:2212, the governing body should advertise for bids and let the contract to the lowest responsible bidder on cost in excess of \$15,000.

EFFECT: Potential savings are lost when bids are not received. Costs are controlled and better use is made of public money when competitive bids are received.

RECOMMENDATION: The Town should properly utilize the bid process set forth by state law.

MANAGEMENT'S RESPONSE: The Town will follow bid laws as outlined at La. Rev. Stat. 38:2212.

### IV. BOND ORDINANCE REQUIREMENTS

CONDITION: Various requirements of the 1999 Sewer Refunding Bond Ordinance have not been met.

CRITERIA: Ordinance 867 enacted on February 8, 1999 set forth various managerial requirements for the sewer system including various cash reserve accounts, financial statement reporting and accounts receivable billing requirements.

EFFECT: The sewer billing system and financial reporting system are not currently designed to give the Town the information needed to implement the various managerial and reporting requirements. See Appendix VI.

RECOMMENDATION: With assistance from the accountants and the software consultant, the Town should implement the additional requirements outlined by the Ordinance.

MANAGEMENT'S RESPONSE: The Town will seek assistance to establish the various managerial requirements enacted by the Ordinance.

### V. RDC LOAN ORDINANCE

CONDITION: The financial statements were not issued within the time limit set by Resolution Number 1997-2.

CRITERIA: Resolution Number 1997-2 states the audited financial statements will be issued within three months of the fiscal year end.

EFFECT: Undetermined.

RECOMMENDATION: The Town should strive to close the fiscal year in a more timely manner.

MANAGEMENT'S RESPONSE: The Town will close the fiscal year in a more time efficient manner.

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## APPENDIX IV

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor Isam Berry and  
Members of the Town Council  
Town of Rayville, Louisiana

#### Compliance

We have audited the compliance of the Town of Rayville, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Town's major federal programs are identified in the accompanying schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town of Rayville, Louisiana's compliance based on our audit.

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

In our opinion, the Town of Rayville, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its federal programs for the year ended June 30, 1999.

#### Internal Control Over Compliance

The management of the Town of Rayville is responsible for establishing and maintaining effective internal control over compliance with the

requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, the Town Council, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Cochran, Clark & Robinson*

Rayville, LA  
December 20, 1999



APPENDIX V

TOWN OF RAYVILLE, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1999

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
*USDA RDC Loan	10.760	-	1,054,000
Department of Justice Drug Enforcement Adm.	16.589	-	11,950
Rural Development Rural Development	10.760	-	25,000
Federal Emergency Man. Agency Disaster Public Asst.	83.516	-	12,195
Department of Labor Job Training	17.250	-	64,336
Department of Trans. Access Road	20.205	-	<u>26,900</u>
Total Federal Awards			<u>1,194,381</u>

\* Major Program

See auditors' report on the Schedule of Expenditures of Financial Awards.



APPENDIX VI

TOWN OF RAYVILLE  
 SUPPLEMENTAL REPORTING REQUIREMENTS  
 BASED ON ORDINANCE 867  
 FOR THE YEAR ENDED JUNE 30, 1999

- (a) Appendix VII.
- (b) A balance sheet of the Sewer System is not presented. The Town's Proprietary Fund, "Water and Sewer Fund", combines the accounts of those two systems. See comments in c) below.
- (c) The Issuer has not addressed the following areas set forth in the bond ordinance:

The revenue fund, sinking fund, operation and maintenance fund reserve fund, and the renewal and replacement fund have not been established with the paying agent as required in Section 401.

The required balance sheet for the sewer system has not been presented because the accounting system during this initial period is not adequate to separate the accounts. The charges for delinquency including penalties, interest and reconnection fees have not been assessed during the initial period; and the charges for services to the issuer have not been billed during same period.

- (d) The Town has numerous insurance policies in force at June 30, 1999. The three policies that impact the Sewer System are outlined below:

<u>Amount of Coverage</u>	<u>Type of Coverage</u>	<u>Insurer</u>	<u>Policy Dates</u>
540,000	Fidelity Bonds	Thomas, Farr & Reeves Agcy	4/28/99 - 4/28/00
1,000,000	General Liability	Aon Risk Services	5/1/99 - 5/1/00
3,890,568	Property	Allstate	4/1/99 - 4/1/00

- (e) As of June 30, 1999, the Sewer System had 1,421 customers.
- (f) In the year ended June 30, 1999, there have been no additions, replacements or improvements to the physical properties of the System.
- (g) The analysis of all funds required setting forth all deposits and disbursements made is not presented.
- (h) The sewer rate remained unchanged throughout the fiscal year. The rate is a flat \$6 per month. The Town billed \$93,354 for sewer services during the year. The average monthly billing per user is \$6.

APPENDIX VII

TOWN OF RAYVILLE, LOUISIANA  
 WATER AND SEWER ENTERPRISE FUND  
 ALLOCATION OF REVENUES AND EXPENSES

For the Year Ended June 30, 1999

	<u>Water</u>	<u>Sewer</u>	<u>Unallocated</u>	<u>1999</u>
Operating Revenues:				
Charges for Services	279,005	97,328	-	376,333
Total Operating Revenue	<u>279,005</u>	<u>97,328</u>	<u>-</u>	<u>376,333</u>
Operating Expenses:				
Bad Debts	7,620	2,658	-	10,278
Depreciation	36,929	58,485	-	95,414
Employee Benefits	5,961	2,080	-	8,041
Fuel	4,809	1,678	-	6,487
Insurance	31,578	11,016	-	42,594
Professional	24,649	8,598	-	33,247
Repairs	14,588	18,851	-	33,439
Salaries	95,884	33,449	-	129,333
Supplies	44,874	5,463	-	50,337
Supplies-Office	4,080	1,423	-	5,503
Telephone and Utilities	41,082	23,507	-	64,589
Total Operating Expenses	<u>312,054</u>	<u>167,208</u>	<u>-</u>	<u>479,262</u>
Operating Income (Loss)	<u>(33,049)</u>	<u>(69,880)</u>	<u>-</u>	<u>(102,929)</u>
Non-Operating Revenue:				
Interest	16,558	5,776	-	22,334
Lease Revenue	-	-	83,867	83,867
Total Non-Operating Revenue	<u>16,558</u>	<u>5,776</u>	<u>83,867</u>	<u>106,201</u>
Non-Operating Expenses:				
Amortization	192	2,026	-	2,218
Revenue Bond Interest	-	32,709	-	32,709
Paying Agent Fees	-	1,482	-	1,482
Total Non-Operating Expenses	<u>192</u>	<u>36,217</u>	<u>-</u>	<u>36,409</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
Sales Tax Fund	-	-	( 5,317)	( 5,317)
General Fund	-	-	59,120	59,120
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>53,803</u>	<u>53,803</u>
Net Income (Loss)	<u>(16,683)</u>	<u>(100,321)</u>	<u>137,670</u>	<u>20,666</u>

See accompanying notes to financial statements.

# Cochran, Clark & Robinson

A Corporation of Certified Public Accountants

905 Julia Street • P. O. Box 538 • Rayville, Louisiana 71269

Susan C. Cochran  
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Renee' Robinson

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(318) 728-5670  
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December 20, 1999

Honorable Mayor Isam Berry and  
Members of the Town Council  
Town of Rayville, Louisiana

We appreciate the confidence you placed in our firm in selecting us as your auditors for the fiscal year ended June 30, 1999. The Town has continued to make improvements in many areas of its system of controls, record organization and retention, and financial reporting.

In the course of performing our various audit procedures, we noted the following situations that the Town should address:

- 1) The Town needs to develop a system to internally monitor the implementation and compliance with its Resolutions and Ordinances.
- 2) During the course of our audit, we became aware of an alleged misuse of Town equipment on private property for personal gain. An investigation has been initiated into the matter by the District Attorney. The investigation is incomplete and no report is available at this time.

La. Rev. Stat. 42:1101 prohibits the use of public property by any employee for anything of economic value. Management should make all supervisors and employees aware of the code of ethics for public employees.

Our office is available to assist you in implementing programs that will enhance your control in these areas. Again, thank you for selecting our firm as your auditors.

Sincerely,

COCHRAN, CLARK & ROBINSON



RENEE' ROBINSON  
Certified Public Accountant

RR/pmr