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TOWN OF RAYVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT  
JUNE 30, 1998

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Release Date FEB 7 1999

TOWN OF RAYVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 1998

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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, 1998, and the individual fund and account group financial statements of the Town as of and for the years ended June 30, 1998 and 1997, 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, 1998, 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, 1998, and for the year then ended and the individual fund financial statements as of June 30, 1997, 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, 1998, and the financial position of each of the individual funds as of June 30, 1997, 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 11, 1998, 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.

*Cochran, Clark & Robinson*

Rayville, La  
December 11, 1998

TOWN OF RAYVILLE, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30 , 1998

	<u>Governmental Fund Types</u>		<u>Proprietary Fund</u>	<u>Account Groups</u>			<u>TOTALS</u> (Memorandum Only) 1997
	<u>General</u>	<u>Special Revenue</u>	<u>Types</u> <u>Enterprise</u>	<u>General</u> <u>Fixed Assets</u>	<u>General</u> <u>Long-term Debt</u>	1998	
<u>Assets and Other Debits</u>							
Cash	277,729	338,278	95,110	-	-	711,117	461,320
Investments (at cost)	122,019	-	-	-	-	122,019	132,692
Receivables (net of allowances for uncollectibles)	14,936	81,312	-	-	-	96,248	80,526
Taxes, including penalty, interest and fees	1,550	-	59,443	-	-	60,993	53,396
Services	-	100,091	212	-	-	100,303	135,788
Notes Receivable	7,486	-	-	-	-	7,486	6,658
Fines and Forfeits	640	-	-	-	-	640	2,602
Other	14,946	-	5,317	-	-	20,263	79,068
Intergovernmental	303	-	555	-	-	858	2,876
Accrued Interest	-	-	-	-	-	-	-
Deferred Charges (net of amortization)	-	-	20,664	-	-	20,664	22,254
Restricted Assets:							
Cash and Investments	-	-	-	-	-	-	-
(at cost)	-	-	347,112	-	-	347,112	293,635
Construction in Progress	-	-	1,058,257	-	-	1,058,257	-
Fixed Assets (net of accumulated depreciation)	-	-	1,723,828	11,453,582	-	13,177,410	13,247,013
Amount to be provided for Long-term Lease	-	-	-	-	4,263	4,263	9,024
Total Assets and Other Debits	439,609	519,681	3,310,498	11,453,582	4,263	15,727,633	14,526,852

(CONTINUED)

See accompanying notes to financial statements.



TOWN OF RAYVILLE, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30, 1998  
 (CONTINUED)

	Governmental Fund Types		Proprietary Fund Types	Account Groups		TOTALS	
	General	Special Revenue		General Fixed Assets	General Long-term Debt	(Memorandum Only) 1998	1997
Liabilities, Equity and Other Credits							
Accounts Payable	56,688	43,267	438,380	-	538,335	154,240	
Accrued Expenditures/Expenses Payable from Restricted Assets	78,126	-	35,759	-	113,885	91,178	
Current Portion of Revenue Bonds	-	-	30,000	-	30,000	25,000	
Customer Deposits	-	-	50,079	-	50,079	49,520	
Revenue Bonds Payable	-	-	1,056,611	-	1,056,611	590,000	
Obligations under Capital Leases	-	-	-	4,263	4,263	9,024	
Total Liabilities	<u>134,814</u>	<u>43,267</u>	<u>1,610,829</u>	<u>4,263</u>	<u>1,793,173</u>	<u>919,962</u>	
Fund Equity							
Investments in General Fixed Assets	-	-	-	11,453,582	11,453,582	11,423,140	
Contributed Capital	-	-	1,350,000	-	1,350,000	1,350,000	
Retained Earnings:							
Reserved for Revenue Bond Unreserved	-	-	179,470	-	179,470	178,630	
Fund Balance:							
Reserved for Noncurrent Receivable	-	100,091	-	-	100,091	140,010	
Reserved for Industrial Development Unreserved	-	187,136	-	-	187,136	134,867	
Total Contributed Capital	<u>304,795</u>	<u>189,187</u>	<u>-</u>	<u>-</u>	<u>493,982</u>	<u>337,647</u>	
Retained Earnings/ Fund Balance	304,795	476,414	1,699,669	-	2,480,878	2,184,750	
Total Fund Equity	<u>304,795</u>	<u>476,414</u>	<u>1,699,669</u>	<u>-</u>	<u>13,934,460</u>	<u>13,607,990</u>	
Total Liabilities, Fund Equity, and Other Credits	<u>439,609</u>	<u>519,681</u>	<u>3,310,499</u>	<u>4,263</u>	<u>15,727,633</u>	<u>14,526,952</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, 1998

	<u>Governmental Fund Types</u>		TOTALS (Memorandum Only)	
	<u>General</u>	<u>Special Revenue</u>	<u>Year Ended June 30, 1998</u>	<u>June 30, 1997</u>
Revenues:				
Taxes	347,749	848,028	1,195,777	1,116,465
Licenses and Permits	87,972	-	87,972	89,409
Intergovernmental Revenue	73,123	-	73,123	48,698
Charges for Service	203,025	-	203,025	205,789
Fines and Forfeits	70,728	-	70,728	84,706
Interest	6,130	18,995	25,125	22,652
Grants	-	-	-	480,092
Other	52,599	-	52,599	27,489
Total Revenues	<u>841,326</u>	<u>867,023</u>	<u>1,708,349</u>	<u>2,075,300</u>
Expenditures:				
Current:				
General Government	430,805	10,979	441,784	433,141
Public Safety	480,221	-	480,221	477,825
Highways and Streets	274,171	-	274,171	206,631
Sanitation	178,724	-	178,724	199,865
Recreation	65,659	-	65,659	70,825
Airport	6,344	-	6,344	5,869
Capital Outlay	-	67,267	67,267	649,792
Total Expenditures	<u>1,435,924</u>	<u>78,246</u>	<u>1,514,170</u>	<u>2,043,948</u>
Excess (Deficiency) of Revenues Over Expenditures	( 594,598 )	788,777	194,179	31,352

(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, 1998

(CONTINUED)

	<u>Governmental Fund Types</u>		TOTALS	
	<u>General</u>	<u>Special Revenue</u>	<u>June 30, 1998</u>	<u>Year Ended June 30, 1997</u> (Memorandum Only)
Other Financing Sources (Uses)				
Other Proceeds	11,779	-	11,779	10,000
Operating Transfers In	816,094	-	816,094	786,404
Operating Transfers (Out)	( 631)	(833,863)	(834,494)	(673,742)
Total Other Financing Sources (Uses)	<u>827,242</u>	<u>(833,863)</u>	<u>( 6,621)</u>	<u>122,662</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>232,644</u>	<u>( 45,086)</u>	<u>187,558</u>	<u>154,014</u>
Fund Balance at Beginning of Year	<u>91,024</u>	<u>521,500</u>	<u>612,524</u>	<u>458,510</u>
Prior Period Adjustment	<u>( 18,873)</u>	<u>-</u>	<u>( 18,873)</u>	<u>-</u>
Fund Balance as Adjusted	<u>72,151</u>	<u>521,500</u>	<u>593,651</u>	<u>458,510</u>
Fund Balance at End of Year	<u>304,795</u>	<u>476,414</u>	<u>781,209</u>	<u>622,524</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, 1998

	GENERAL FUND		SPECIAL REVENUE FUND TYPES		TOTALS (Memorandum Only)	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
Revenues:						
Taxes	248,802	347,749	780,000	848,028	1,028,802	1,195,777
Licenses and Permits	86,085	87,972	-	-	86,085	87,972
Intergovernmental	63,734	73,123	274,977	-	338,711	73,123
Charges for Services	198,587	203,025	-	-	198,587	203,025
Fines and Forfeits	62,500	70,728	-	-	62,500	70,728
Interest	1,500	6,130	16,500	18,995	18,000	25,125
Other	30,096	52,599	-	-	30,096	52,599
Total Revenues	<u>691,304</u>	<u>841,326</u>	<u>1,071,477</u>	<u>867,023</u>	<u>1,762,781</u>	<u>1,708,349</u>
						VARIANCE FAVORABLE (UNFAVORABLE)
Expenditures:						
Current:						
General Government	386,175	430,805	11,250	10,979	397,425	441,784
Public Safety	467,763	480,221	-	-	467,763	480,221
Highways and Streets	273,037	274,171	-	-	273,037	274,171
Sanitation	184,587	178,724	-	-	184,587	178,724
Recreation	76,000	65,659	-	-	76,000	65,659
Airport	11,000	6,344	-	-	11,000	6,344
Capital Outlay	-	-	507,230	67,267	507,230	67,267
Total Expenditures	<u>1,398,562</u>	<u>1,435,924</u>	<u>518,480</u>	<u>78,246</u>	<u>1,917,042</u>	<u>1,514,170</u>
						VARIANCE FAVORABLE (UNFAVORABLE)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(707,258)	(594,598)	552,997	788,777	(154,261)	194,179
						VARIANCE FAVORABLE (UNFAVORABLE)

(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, 1998

(CONTINUED)

	GENERAL FUND		SPECIAL REVENUE FUND TYPES		TOTALS (Memorandum Only)	
	BUDGET	ACTUAL (UNFAVORABLE) VARIANCE FAVORABLE	BUDGET	ACTUAL (UNFAVORABLE) VARIANCE FAVORABLE	BUDGET	ACTUAL (UNFAVORABLE) VARIANCE FAVORABLE
Other Financing Sources (Uses):						
Other Proceeds	-	11,779	-	-	-	11,779
Operating Transfers In	675,708	816,094	-	-	675,708	816,094
Operating Transfers (Out)	-	(631)	(552,997)	(833,863)	(552,997)	(834,494)
Total Other Financing Sources (Uses)	675,708	827,242	(552,997)	(833,863)	122,711	(6,621)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(31,550)	232,644	(45,086)	(45,086)	(31,550)	187,558
Fund Balances at Beginning of Year		91,024		521,500		612,524
Prior Period Adjustment		(18,873)		-		(18,873)
Fund Balance as Adjusted		72,151		521,500		593,651
Fund Balance at End of Year		304,795		476,414		781,209

See accompanying notes to financial statements.

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

For the Year Ended June 30, 1998  
 With Comparative Totals for the Year Ended June 30, 1997

	<u>1998</u>	<u>1997</u>
Operating Revenues:		
Charges for Services	350,652	346,961
Lease Revenue	87,627	88,114
Total Operating Revenue	<u>438,279</u>	<u>435,075</u>
Operating Expenses:		
Bad Debts	8,046	5,341
Depreciation	87,795	87,795
Employee Benefits	3,403	13,783
Fuel	5,611	5,329
Insurance	53,712	50,999
Professional	32,477	29,760
Repairs	20,061	23,292
Salaries	124,739	157,339
Supplies	41,992	16,373
Supplies-Office	6,818	5,688
Telephone and Utilities	56,950	65,375
Total Operating Expenses	<u>441,604</u>	<u>461,074</u>
Operating Income (Loss)	( <u>3,325</u> )	( <u>25,999</u> )
Non-Operating Revenue:		
Interest	13,183	13,908
Intergovernmental	144,747	-
Total Non-Operating Revenue	<u>157,930</u>	<u>13,908</u>
Non-Operating Expenses:		
Amortization	1,590	1,590
Revenue Bond Interest	43,372	44,972
Paying Agent Fees	600	600
Total Non-Operating Expenses	<u>45,562</u>	<u>47,162</u>
Income (Loss) Before Other Sources (Uses)	<u>109,043</u>	( <u>59,253</u> )

(CONTINUED)

See accompanying notes to financial statements.

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

For the Year Ended June 30, 1998  
 With Comparative Totals for the Year Ended June 30, 1997

(CONTINUED)

	<u>1998</u>	<u>1997</u>
Other Financing Sources (Uses):		
Operating Transfers In (Out):		
Sales Tax Fund	17,769	( 50,030)
General Fund	631	( 74,882)
Industrial Park	-	12,250
Total Other Financing Sources (Uses)	<u>18,400</u>	<u>(112,662)</u>
 Net Income (Loss)	 <u>127,443</u>	 <u>(171,915)</u>
 Retained Earnings at Beginning of Year	 222,226	 170,031
Prior Period Correction	-	224,110
Beginning Retained Earnings as Corrected	<u>222,226</u>	<u>394,141</u>
 Retained Earnings at End of Year	 <u>349,669</u>	 <u>222,226</u>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	( 3,325)	( 25,999)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	87,795	87,795
(Increase) Decrease in Accounts Receivable	( 12,030)	4,851
(Increase) Decrease in Accrued Interest	651	3,453
(Increase) Decrease in Investments	-	139,837
(Increase) Decrease in Restricted Assets	( 53,477)	( 56,167)
Increase (Decrease) in Accounts Payable	411,929	( 8,404)
Increase (Decrease) in Accruals	13,876	384
Increase (Decrease) in Restricted Asset Related Liabilities	559	2,548
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>445,978</u>	<u>148,298</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In (Out)	<u>18,400</u>	(112,662)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>18,400</u>	<u>(112,662)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Loan Proceeds	496,611	-
Payment of Debt Principal	( 25,000)	( 25,000)
Payment of Interest Expense and Agent Fees	( 43,972)	( 45,572)
Intergovernment Proceeds	144,747	-
Plant Improvements	(1,046,007)	( 12,250)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>( 473,621)</u>	<u>( 82,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>13,183</u>	<u>13,908</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>13,183</u>	<u>13,908</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>3,940</u>	<u>( 33,278)</u>
Cash and Cash Equivalents at Beginning of Year	<u>91,170</u>	<u>124,448</u>
Cash and Cash Equivalents at End of Year	95,110	91,170

See accompanying notes to financial statements.



TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

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 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:

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

TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(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.

Interest expense incurred on the construction plant improvements is capitalized as part of the cost of the improvements.

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 financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of

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"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:



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SALES TAX - According to GASB No. 22, Sales Tax revenue is to be recorded when taxpayer liability is established and 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 7.92 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

TOWN OF RAYVILLE, LOUISIANA  
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spendable resources and therefore represent current liabilities.

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

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

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

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 Light and Water 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 Light and Water 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

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data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

- c. Unused appropriations of all of the above annually budgeted funds lapse at the end of the fiscal year.
- d. Prior to June 15, the Mayor submits to the Town Council, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to June 30, the budget is legally enacted through the *passage of an ordinance*.
- e. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. Therefore the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
- f. The budget 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 revenues and expenditures were adequately budgeted. Sales Tax Special Revenue Fund expenditures and other uses were in excess of budget. Revenues of the Economic Development Special Revenue Fund failed to meet the budgeted requirements.

### 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 is in the remediation stage in that quotes have been received from outside vendors on hardware and software believed to be year 2000 compliant for the financial reporting systems. Testing and validation of the systems will need to be completed after the hardware and software are purchased and installed.

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



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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.

III. Detail Notes on All Funds and Account Groups

A. ASSETS

1. Cash and Investments

At June 30, 1998, 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	586,884	306,048	892,932
Time Deposits	245,472	41,064	286,536
TOTAL	833,136	347,112	1,180,248

	<u>Cash Equivalents</u>			<u>Total</u>
	<u>Cash</u>	<u>Certificates of Deposits</u>	<u>Other (Describe)</u>	
At June 30, 1998: Carrying Amount on Balance Sheet	892,932	286,536	-	1,179,468
<u>Bank Balances:</u>	<u>909,816</u>	<u>286,536</u>	<u>-</u>	<u>1,196,352</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>200,000</u>	<u>-</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>709,816</u>	<u>86,536</u>	<u>-</u>	<u>796,352</u>
Total Bank Balances	909,816	286,536	-	1,196,352

TOWN OF RAYVILLE, LOUISIANA  
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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.

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, 1998 was \$100,091.

3. Allowance for Uncollectible Accounts

At June 30, 1998, the allowance for estimated uncollectible accounts was \$11,375 in the Light and Water Enterprise Fund.

4. Net Working Capital

At June 30, 1998, the Accounts Payable for the Proprietary Fund was \$438,380 which consisted of the following:

General Operating Expenses	44,538
Construction in Progress	393,842
	<u>\$438,380</u>

Due to the amount of the Construction in Progress Accounts Payable, the net working capital of the Proprietary Fund at June 30, 1998 was \$(46,469).

The Construction in Progress Accounts Payable was funded through the interim financing secured from Richland State Bank.

TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

5. Changes in General Fixed Assets Account Group

Summary of Changes in General Fixed Assets:

	Balance 7/01/97	Additions	Retirements	Balance 6/30/98
Land	534,753	-	5,625	529,128
Buildings	1,114,120	-	-	1,114,120
Improvements	5,237,747	-	-	5,237,747
Equipment	1,247,208	67,267	31,200	1,283,275
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>11,423,140</u>	<u>67,267</u>	<u>36,825</u>	<u>11,453,582</u>

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	501,467
Sales Tax Fund	4,274,638
Federal Revenue Fund	248,005
Federal Grants	2,689,151
Contributions	9,500
Capital Projects - Local	823,439
Economic Development	294,663
	<u>8,840,863</u>
	<u>11,453,582</u>

\*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, 1998 follows:

Land	39,425
Improvements	2,590,256
Construction in Progress	1,058,257
Total	<u>3,687,938</u>
Less accumulated depreciation	(905,853)
Net	<u>2,782,085</u>

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").

TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
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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	746,616
Total Covered Payroll	653,373
Employee Contributions	57,281
Town Contributions	43,428

Employee eligibility, vesting of benefits, the pension benefit obligation contribution requirements and other actuarial and 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, 1998, the recorded accruals in the General Fund and the Light and Water Fund were as follows:

General Fund	31,060
Light and Water Fund	7,835
Total	38,895

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, 1998, are comprised of the following issues:

\$750,000 1991 Sewer Revenue Bonds due in semi-annual installments through July 1, 2011; Interest 6.0 - 7.25%	590,000
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Interim Water System Construction Loan through Richland State Bank. Maturity November 1998 Refinanced with USDA Rural Development in July 1998. Interest Rate 7.25%	496,611
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Total	1,086,611
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All above revenue bonds are being serviced - principal and interest by the Light and Water Fund.

TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

(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, 1998.

	Sewer Revenue <u>Bonds</u>	Capital <u>Leases</u>	Construction <u>Loan</u>
Payable at July 1, 1997	615,000	9,024	-
Proceeds Received	-	-	496,611
Bonds Retired	(25,000)	-	-
Capital Lease Retired	-	<u>4,761</u>	-
Payable at June 30, 1998	<u>590,000</u>	<u>4,263</u>	<u>496,611</u>

(c) Summary of Debt Service Requirements to Maturity

The annual requirements to amortize debt principal and interest outstanding as of June 30, 1998, are as follows:

<u>Year Ending June 30</u>	<u>Total Sewer Revenue Bonds</u>	<u>Capital Leases</u>
1999	71,748	4,418
2000	69,768	-
2001	72,758	-
2002	70,378	-
2003	72,962	-
2004-2011	<u>567,224</u>	-
	<u>924,838</u>	<u>4,418</u>

The interim financing from Richland State Bank was retired when the Water System bonds were issued July 30, 1998 with a principal balance of \$1,054,000 and an interest rate of 4.75 will require an interest only payment of \$50,967 on July 28, 1999. Monthly payments (principal and interest) of \$4,909 will be obligated for 40 years.

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 7.85%. Monthly payments are set at \$442 with a final purchase price of \$1. There are 10 monthly payments remaining at June 30, 1998.

Assets acquired under capital lease in the year ended June 30, 1995 are as follows:

Equipment	18,210
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TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

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, 1998.

<u>Year Ending</u>	<u>Present Value</u>	<u>Interest</u>	<u>Future Minimum Lease Payments</u>
June 30, 1999	4,263	155	4,418

5. CONSTRUCTION COMMITMENTS

In an effort to expand the water system facilities, the Town has submitted applications to obtain a loan through the United States Department of Agriculture and a grant through the Louisiana Community Development Block Grant Program. During the fiscal year ended June 30, 1998, the Town received and disbursed the grant amount of \$119,747 on the construction project. The expansion project is estimated to cost approximately \$1,200,000. Local interim financing has been secured for \$1,054,000 for the project. At June 30, 1998 the Construction in Progress totaled \$1,058,257.

C. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 1998, there were no interfund receivables and payables.

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 Revenue Bonds

The 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, 1998 the accounts were fully funded.

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



TOWN OF RAYVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

E. PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 1997, a street construction project was completed according to engineering reports. The project was partially financed through a Community Development Block Grant. The final receipt of the grant was accrued to include contingency construction cost. The project completed within budget and did not make use of, nor receive those funds. A prior period adjustment has been made in the General Fund to reflect this correction.

During the fiscal year ended June 30, 1997, the lives of the Property, Plant & Equipment of the Enterprise Fund were adjusted to more accurately reflect the anticipated useful lives. A water system constructed in 1992 was adjusted from 10 years to a more appropriate 50 years. Based on the adjusted asset life, a prior period adjustment was made to accumulated depreciation and retained earnings.

F. 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 \$39,100 and \$34,083 for 1998 and 1997, 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 conjunction with the other parish taxing authorities, voted to establish a Richland Parish Tax Commission to serve as the collecting agency.

TOWN OF RAYVILLE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

D. INTEREST EXPENSE PAID

Interest paid as a non-operating expense in the Light and Water Enterprise Fund was \$43,372 and \$44,972 in the fiscal years ending June 30, 1998 and 1997 respectively. Interest capitalized as part of the construction in progress on the Water System was \$15,315.

V. GRANTS AND ENTITLEMENTS

During the year ended June 30, 1998, the Town received a Louisiana Community Development Block Grant in the amount of \$119,747 to be used for the Water Expansion Project.

A statement of cash receipts and disbursements for this grant follow:

	<u>WATER PROJECT</u>
Cash Balance at 7-01-97	-
Receipts:	
Intergovernmental	119,747
Cash Disbursements:	
Capital Outlay	<u>119,747</u>
Cash Balance at 6-30-98	-

VI. 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.

VII. 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.

VIII. COMPENSATION PAID TO GOVERNING BODY

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

James C. Adams	3,900
Terry Brown	3,900
Monty Hogg	3,900
Harry Lewis	3,900
George Tenant	<u>3,900</u>
TOTAL	19,500

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, 1998 and 1997

<u>Assets</u>	1998	1997
Cash	277,729	20,843
Investments	122,019	132,692
Accounts Receivable (net of allowances for uncollectibles)		
Taxes, including penalty, interest and fees	14,936	11,909
Services	1,550	1,375
Fines and Forfeits	7,486	6,658
Other	640	2,602
Intergovernmental	14,946	79,068
Accrued Interest	303	1,670
Total Assets	<u>439,609</u>	<u>256,817</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	56,688	96,498
Payroll Taxes Payable	832	2,655
Other Accrued Expenditures	45,131	37,302
Estimated Compensated Absenses	32,163	29,338
Total Liabilities	<u>134,814</u>	<u>165,793</u>
Fund Balance:		
Unreserved	304,795	91,024
Total Fund Balance	<u>304,795</u>	<u>91,024</u>
Total Liabilities and Fund Balance	439,609	256,817

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, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	BUDGET	ACTUAL		
<b>Revenues:</b>				
Taxes	248,802	347,749	98,947	312,403
Licenses and Permits	86,085	87,972	1,887	89,409
Intergovernmental	63,734	73,123	9,389	528,790
Charges for Services	198,587	203,025	4,438	205,789
Fines and Forfeits	62,500	70,728	8,228	84,706
Interest	1,500	6,130	4,630	4,108
Other	30,096	52,599	22,503	27,489
Total Revenues	<u>691,304</u>	<u>841,326</u>	<u>150,022</u>	<u>1,252,694</u>
<b>Expenditures:</b>				
Current:				
General Government	386,175	430,805	( 44,630)	412,130
Public Safety	467,763	480,221	( 12,458)	477,825
Highways & Streets	273,037	274,171	( 1,134)	206,631
Sanitation	184,587	178,724	5,863	199,865
Recreation	76,000	65,659	10,341	70,825
Airport	11,000	6,344	4,656	5,869
Capital Outlay:	-	-	-	445,783
Total Expenditures	<u>1,398,562</u>	<u>1,435,924</u>	<u>( 37,362)</u>	<u>1,818,928</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>( 707,258)</u>	<u>(594,598)</u>	<u>112,660</u>	<u>( 566,234)</u>
<b>Other Financing Sources (Uses):</b>				
Other Proceeds	-	11,779	11,779	10,000
Operating Transfers In (Out):				
Light and Water Fund	-	( 631)	( 631)	74,882
Sales Tax Fund	675,708	816,094	140,386	661,492
Total Other Sources (Uses)	<u>675,708</u>	<u>827,242</u>	<u>151,534</u>	<u>746,374</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>( 31,550)</u>	<u>232,644</u>	<u>264,194</u>	<u>180,140</u>
<b>Fund Balance at Beginning of Year</b>		<u>91,024</u>		<u>( 89,116)</u>
<b>Prior Period Adjustment</b>		<u>( 18,873)</u>		-
<b>Fund Balance as Adjusted</b>		<u>72,151</u>		<u>( 89,116)</u>
<b>Fund Balance at End of Year</b>		<u>304,795</u>		<u>91,024</u>

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, 1998  
With Comparative Totals for June 30, 1997

	SALES TAX	ECONOMIC DEVELOPMENT	TOTALS	
			1998	1997
<u>Assets</u>				
Cash	151,142	187,136	338,278	349,307
Account Receivable	81,312	-	81,312	68,617
Note Receivable	-	100,091	100,091	134,867
Total Assets	<u>232,454</u>	<u>287,227</u>	<u>519,681</u>	<u>552,791</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	<u>43,267</u>	-	<u>43,267</u>	<u>31,291</u>
Total Liabilities	<u>43,267</u>	-	<u>43,267</u>	<u>31,291</u>
Fund Balance:				
Reserved for Industrial Development	-	187,136	187,136	134,867
Reserved for Non Current Receivable	-	100,091	100,091	140,010
Unreserved	<u>189,187</u>	-	<u>189,187</u>	<u>246,623</u>
Total Fund Balance	<u>189,187</u>	<u>287,227</u>	<u>476,414</u>	<u>521,500</u>
Total Liabilities and Fund Balance	<u>232,454</u>	<u>287,227</u>	<u>519,681</u>	<u>552,791</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, 1998  
With Comparative Totals for the Year Ended June 30, 1997

	SALES TAX	ECONOMIC DEVELOPMENT	TOTALS	
			1998	1997
Revenues:				
Interest	6,645	12,350	18,995	18,544
Taxes	<u>848,028</u>	-	<u>848,028</u>	<u>804,062</u>
Total Revenues	<u>854,673</u>	<u>12,350</u>	<u>867,023</u>	<u>822,606</u>
Expenditures:				
General Government	10,979	-	10,979	21,011
Capital Outlay	<u>67,267</u>	-	<u>67,267</u>	<u>204,009</u>
Total Expenditures	<u>78,246</u>	-	<u>78,246</u>	<u>225,020</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>776,427</u>	<u>12,350</u>	<u>788,777</u>	<u>597,586</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out)	<u>(833,863)</u>	-	<u>(833,863)</u>	<u>(623,712)</u>
Total Other Financing Sources (Uses)	<u>(833,863)</u>	-	<u>(833,863)</u>	<u>(623,712)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>( 57,436)</u>	<u>12,350</u>	<u>( 45,086)</u>	<u>( 26,126)</u>
Fund Balance at Beginning of Year	<u>246,623</u>	<u>274,877</u>	<u>521,500</u>	<u>547,626</u>
Fund Balance at End of Year	<u>189,187</u>	<u>287,227</u>	<u>476,414</u>	<u>521,500</u>

See accompanying notes to financial statements.

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

June 30, 1998  
With Comparative Totals for June 30, 1997

	<u>1998</u>	<u>1997</u>
<u>Assets</u>		
Cash	151,142	209,297
Accounts Receivable	81,312	68,617
Total Assets	<u>232,454</u>	<u>277,914</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts Payable	43,267	31,291
Total Liabilities	<u>43,267</u>	<u>31,291</u>
Fund Balance:		
Unreserved	189,187	246,623
Total Fund Balance	<u>189,187</u>	<u>246,623</u>
Total Liabilities and Fund Balance	232,454	277,914

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, 1998  
With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	BUDGET	ACTUAL		
Revenues:				
Taxes	780,000	848,028	68,028	804,062
Interest	5,000	6,645	1,645	5,799
Total Revenues	<u>785,000</u>	<u>854,673</u>	<u>69,673</u>	<u>809,861</u>
Expenditures:				
General Government:				
Office/Administrative	11,250	10,979	271	10,728
Professional	-	-	-	10,283
Total Expenditures	<u>11,250</u>	<u>10,979</u>	<u>271</u>	<u>21,011</u>
Capital Outlay:				
Fire Department	10,000	-	10,000	17,908
Police Department	7,500	24,845	(17,345)	37,733
Water Department	145,253	33,922	111,331	24,822
Street Department	55,000	8,500	46,500	123,546
Airport	3,000	-	3,000	-
Total Capital Outlay	<u>220,753</u>	<u>67,267</u>	<u>153,486</u>	<u>204,009</u>
Total Expenditures and Capital Outlay	<u>232,003</u>	<u>78,246</u>	<u>153,757</u>	<u>225,020</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>552,997</u>	<u>776,427</u>	<u>223,430</u>	<u>584,841</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, 1998  
 With Comparative Actual Amounts for the Year Ended June 30, 1997

(CONTINUED)

	1998		VARIANCE FAVORABLE (UNFAVORABLE)	1997 ACTUAL
	BUDGET	ACTUAL		
Other Financing Sources (Uses):				
Operating Transfers In (Out):				
Light and Water Fund	-	( 17,769)	( 17,769)	50,030
General Fund	(552,997)	(816,094)	(263,097)	(661,492)
Total Other Financing Sources (Uses)	(552,997)	(833,863)	(280,866)	(611,462)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	( 57,436)	( 57,436)	( 26,621)
Fund Balance at Beginning of Year		246,623		273,244
Fund Balance at End of Year		189,187		246,623

See accompanying notes to financial statements.



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

June 30, 1998  
With Comparative Totals for June 30, 1997

<u>Assets</u>	<u>1998</u>	<u>1997</u>
Cash	187,136	140,010
Note Receivable	<u>100,091</u>	<u>134,867</u>
Total Assets	287,227	274,877
 <u>Liabilities and Fund Balance</u>		
Liabilities:	-	-
Fund Balance:		
Reserved for Industrial Development	187,136	134,867
Reserved for Non Current Receivable	<u>100,091</u>	<u>140,010</u>
Total Fund Balance	287,227	274,877
Total Liabilities and Fund Balance	287,227	274,877

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, 1998  
 With Comparative Actual Amounts for the Year Ended June 30, 1997

	1998		VARIANCE FAVORABLE (UNFAVORABLE)	1997  ACTUAL
	BUDGET	ACTUAL		
Revenues:				
Interest	11,500	12,350	850	12,745
Intergovernmental	274,977	-	(274,977)	-
Total Revenues	<u>286,477</u>	<u>12,350</u>	<u>(274,127)</u>	<u>12,745</u>
Expenditures:				
Capital Outlay	286,477	-	286,477	-
Total Expenditures	<u>286,477</u>	<u>-</u>	<u>286,477</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>12,350</u>	<u>12,350</u>	<u>12,745</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)				
Light & Water Fund	-	-	-	(12,250)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,250)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>-</u>	<u>12,350</u>	<u>12,350</u>	<u>495</u>
Fund Balance at Beginning of Year		<u>274,877</u>		<u>274,382</u>
Fund Balance at End of Year		<u>287,227</u>		<u>274,877</u>

See accompanying notes to financial statements.

ENTERPRISE FUND

Light and Water 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  
LIGHT AND WATER ENTERPRISE FUND  
COMPARATIVE BALANCE SHEET

June 30, 1998  
With Comparative Totals for June 30, 1997

	<u>1998</u>	<u>1997</u>
<u>Assets</u>		
Current Assets:		
Cash	95,110	91,170
Accounts Receivable (net of allowances for uncollectibles of 13,375 and 10,880)	49,343	43,564
Unbilled Accounts Receivable	10,100	8,457
Accounts Receivable - Other	5,529	921
Accrued Interest	555	1,206
Deferred Charges (Net of Amortization)	20,664	22,254
Total Current Assets	<u>181,301</u>	<u>167,572</u>
Restricted Assets (Cash and Investments):		
Customer Deposits	120,465	105,959
Sewer Project Fund	226,647	187,676
Total Restricted Assets	<u>347,112</u>	<u>293,635</u>
Property, Plant, and Equipment:		
Land	39,425	39,425
Improvements	2,590,256	2,602,506
Construction in Progress	1,058,257	-
	<u>3,687,938</u>	<u>2,641,931</u>
Less Accumulated Depreciation	(905,853)	(818,058)
Net Property, Plant, and Equipment	<u>2,782,085</u>	<u>1,823,873</u>
Total Assets	<u>3,310,498</u>	<u>2,285,080</u>

(CONTINUED)

See accompanying notes to financial statements.

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

June 30, 1998  
With Comparative Totals for June 30, 1997

(CONTINUED)

	<u>1998</u>	<u>1997</u>
<u>Liabilities and Fund Equity</u>		
Liabilities:		
Current Liabilities:		
Accounts Payable	438,380	26,451
Other Accrued Expenses	26,073	11,827
Estimated Compensated Absences	9,686	10,056
Total Current Liabilities	<u>474,139</u>	<u>48,334</u>
Current Liabilities-Restricted Assets:		
Customer Meter Deposits	50,079	49,520
Current Portion of Revenue Bonds	30,000	25,000
Total Current Liabilities-Restricted Assets	<u>80,079</u>	<u>74,520</u>
Long-Term Liabilities:		
Revenue Bonds	1,056,611	590,000
Total Liabilities	<u>1,610,829</u>	<u>712,854</u>
Fund Equity:		
Contributed Capital	1,350,000	1,350,000
Retained Earnings:		
Reserved per Revenue Bonds	179,470	178,630
Unreserved	170,199	43,596
Total Retained Earnings	<u>349,669</u>	<u>222,226</u>
Total Fund Equity	<u>1,699,669</u>	<u>1,572,226</u>
Total Liabilities and Fund Equity	3,310,498	2,285,080

See accompanying notes to financial statements.



Susan C. Cochran  
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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, 1998, and have issued our qualified report thereon dated December 11, 1998. 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.

#### 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 11, 1998.

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 & Hebert*

Rayville, La  
December 11, 1998

APPENDIX II

TOWN OF RAYVILLE, LOUISIANA  
SCHEDULE OF INTERNAL CONTROL  
REPORTABLE CONDITIONS  
FOR THE YEAR ENDED JUNE 30, 1998

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 11, 1998.

APPENDIX III

TOWN OF RAYVILLE, LOUISIANA  
SCHEDULE OF COMPLIANCE FINDINGS  
FOR THE YEAR ENDED JUNE 30, 1998

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 11.

II. BUDGETARY REQUIREMENTS

CONDITION: Economic Development Special Revenue Fund revenues and other financial sources failed to meet the budgeted requirements by more than 5%. Sales Tax Special Revenue Fund expenditures and other uses were in excess of the budget by more than 5%.

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: The Town budgeted the receipt of a state grant and its corresponding capital outlay in the Economic Development Special Revenue Fund instead of the Light & Water Fund. The Economic Development Special Revenue Fund is used 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.

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.



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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, 1998. 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, 1998.

#### 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 & Liberman*

Rayville, La  
December 11, 1998

APPENDIX V

TOWN OF RAYVILLE, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1998

<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>
Community Development Block Grants *Economic Dev. Adm.	11.300	NA	119,747
Department of Justice Drug Enforcement Adm.	16.589	NA	<u>18,922</u>
Total Federal Awards			<u>138,669</u>

\* Major Program

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

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

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December 11, 1998

## MANAGEMENT LETTER

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, 1998. 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 situation that the Town should address.

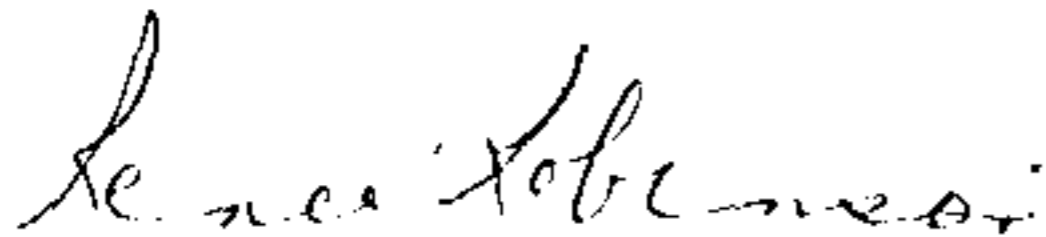
1. Records maintained on the water wells used by the Town are inadequate to determine proper usage and billing. Cost analysis and estimates cannot be obtained without adequate water usage control logs on each of the wells.
2. As the Town increases its utilization of computers to maintain records, training and cross training of employees should be an on-going process.

The Town is in the process of addressing the hardware and software issues involved in the Year 2000 situation. The implementation of this project should be completed as soon as possible.

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