

Town of Ringgold
Ringgold, Louisiana

Annual Financial Statements
As of December 31, 2008 and for the Year Then Ended

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7/15/09

Town of Ringgold
Annual Financial Statements
As of and for the Year Ended December 31, 2008
With Supplemental Information Schedules

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Town of Ringgold, Louisiana
Management Discussion and Analysis
December 31, 2008

The management of the Town of Ringgold, Louisiana offers readers of the Town of Ringgold, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2008. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the town's financial activity, identify changes in the town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

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

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Management Discussion and Analysis
December 31, 2008

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

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

Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$2,969,908 (net assets); this represents a decrease of \$24,069 from the last fiscal year. Of this total net asset amount, \$619,964 is unrestricted net assets. The Town's net assets are comprised of \$502,922 from governmental activities and \$2,466,986 from business-type activities.

The following is a condensed statement of the Town of Ringgold's net assets as of December 31, 2008:

	Governmental-Type Activities	Business-Type Activities	Total
Assets			
Current & Other Assets	\$434,221	\$351,925	\$786,146
Noncurrent Assets	73,860	3,214,624	3,288,484
Total Assets	<u>\$508,081</u>	<u>\$3,566,549</u>	<u>\$4,074,630</u>
Liabilities			
Current Liabilities	\$20,784	\$92,034	\$112,818
Long-term Liabilities	0	1,121,552	1,121,552
Total Liabilities	<u>20,784</u>	<u>1,213,586</u>	<u>1,234,370</u>
Net Assets			
Invested in capital assets, net	73,860	2,065,367	2,139,227
Restricted	\$25	108,189	108,714
Unrestricted	412,912	179,407	592,319
Total Net Assets	<u>\$487,297</u>	<u>\$2,352,963</u>	<u>\$2,840,260</u>

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By far the largest portion of the Town's net assets \$2,139,227 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Net assets of \$108,714 is restricted for drug law enforcement, meter deposits, bond retirement, and construction.

The remaining balance of \$592,319 is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$1,121,552, which was used to finance some of the \$3,288,484 capital assets. Total liabilities of \$1,234,370 are equal to 43% of the total net assets.

The following is a summary of the statement of activities:

	Governmental-Type Activities	Business-Type Activities	Total	2007
Revenue				
Program Revenue	\$40,347	\$297,751	\$338,098	\$321,829
General Revenue & Transfers	604,129	(30,862)	573,267	454,780
Total Revenue	644,476	266,889	911,365	776,609
Expenses				
General & Administrative	389,334		389,334	200,096
Public Safety	209,791		209,791	194,097
Highways and streets	48,781		48,781	3,802
Culture and recreation	12,195		12,195	887
Other	0		0	0
Water and sewer		380,912	380,912	401,948
Total Expenses	660,101	380,912	1,041,013	800,830
Increase (Decrease) in Net Assets	(15,625)	(114,023)	(129,648)	(24,221)
Net Assets, Beginning	502,770	2,466,986	2,969,756	2,993,977
Net Assets, Ending	\$487,145	\$2,352,963	\$2,840,108	\$2,969,756

Town of Ringgold, Louisiana
Management Discussion and Analysis
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Governmental Activities

The governmental activities of the Town include general government, highways and street, culture and recreation, and public safety. In that, revenues normally associated with municipal operations, (e.g. property tax, franchise fees, license fees, fines, and operating grants) are sufficient for the funding of these activities.

Business-type Activities

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

The following is a summary of the business-type activities of the Town:

	Operating Revenues Net of Purchases		
	Water & sewer	Other Enterprise	Total
Fiscal year ended December 31, 2007	256,981	0	256,981
Fiscal year ended December 31, 2008	297,751	0	297,751
Increase (decrease) between years	40,770	0	40,770
	Operating Expenses		
	Water & sewer	Other Enterprise	Total
Fiscal year ended December 31, 2007	337,161	0	337,161
Fiscal year ended December 31, 2008	318,512	0	318,512
Increase (decrease) between years	(18,649)	0	(18,649)
	Net Income (Loss) From Operations		
	Water & sewer	Other Enterprise	Total
Fiscal year ended December 31, 2007	(80,180)	0	(80,180)
Fiscal year ended December 31, 2008	(20,761)	0	(20,761)
Increase (decrease) between years	59,419	0	59,419

The reasons for major fluctuations noted above are as follows:

A higher increase in revenue and the decrease in expenses during the year resulted in a material change in net loss from operations of \$59,419.

Town of Ringgold, Louisiana
Management Discussion and Analysis
December 31, 2008

Fund Financial Statements - Governmental Funds

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

The Town currently maintains two individual governmental fund types. These fund types include the General Fund and Special Revenue Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and Special Revenue Fund which are both considered to be major funds.

The Town adopts an annual budget for the General Fund and Special Revenue Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund and Special Revenue Fund is presented in the Required Supplemental Information (Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town's General Fund reported an ending fund balance of \$144,949, which is an increase of \$69,790. This increase is caused by a respectable increase in revenues and slightly less increase in expenditures. A portion of the fund balance \$525 is restricted for drug law enforcement. The remaining balance of \$144,424 is unreserved.

The Town's Special Revenue Fund reported an ending fund balance of \$268,488, which is a decrease of \$75,070. This decrease is caused by an increase in expenditures. The entire remaining balance of \$268,488 is unreserved.

Fund Financial Statements - Proprietary Funds

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

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary funds show a decrease in ending retained earnings of \$114,023. The 2008 operating loss of the Water and Sewer Departments totaling \$20,761 represents a decrease in loss of \$59,419 from fiscal year 2007.

Town of Ringgold, Louisiana
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In that, financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

The Town amended its original General Fund and Special Revenue Fund budgets during the course of the year.

The General Fund actual revenue for the current fiscal year was sufficient to meet all expenditures. The General Fund actual expenditures and final budgeted expenditures differ by a negative \$30,553 or 9%.

The Special Revenue Fund actual revenue for the current fiscal year was sufficient to meet all expenditures. The final budget and the actual amounts differ by a negative \$34,665 or 16%.

Capital Asset and Debt Administration

The total investment in net capital assets as of December 31, 2008 is \$2,139,227.

There were no new major capital assets purchased in fiscal 2008 for governmental activities.

Current Financial Factors

The Town is working on improving the quality of water by replacing the old water lines and working on the water tanks. The Town is working with engineers to complete construction projects concerning the Utility Department.

Requests for Information

This financial report is designed to provide a general overview of the Town of Ringgold's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town Clerk, PO Box 565, Ringgold, LA 71068.

EDWARDS, WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA / Society of LCPA's

Independent Auditor's Report

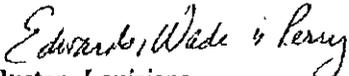
We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ringgold, as of and for the year ended December 31, 2008, which collectively comprise the town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Ringgold's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Ringgold, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2009, on our consideration of the town's internal control over financial reporting and our tests of its compliance and other matters with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 1 through 6 and 36 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


Ruston, Louisiana
June 18, 2009

Town of Ringgold, Louisiana
Statement of Net Assets
December 31, 2008

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and equivalents	\$42,565	\$20,676	\$63,241
Investments	295,534	12,876	308,410
Receivables	98,885	92,229	191,114
Internal balances	(2,763)	(901)	(3,664)
Noncurrent assets:			
Restricted assets		212,363	212,363
Deferred assets		14,682	14,682
Capital assets (net)	73,860	3,214,624	3,288,484
TOTAL ASSETS	\$508,081	\$3,566,549	\$4,074,630
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	\$20,784	\$12,660	\$33,444
Bonds payable		27,705	27,705
Interest payable		21,406	21,406
Payable from restricted assets		30,263	30,263
Total current liabilities	20,784	92,034	112,818
Noncurrent liabilities:			
Bonds payable (net)		1,121,552	1,121,552
Total noncurrent liabilities	0	1,121,552	1,121,552
TOTAL LIABILITIES	20,784	1,213,586	1,234,370
NET ASSETS			
Invested in capital assets, net of related debt	73,860	2,065,367	2,139,227
Restricted	525	108,189	108,714
Unrestricted	412,912	179,407	592,319
TOTAL NET ASSETS	\$487,297	\$2,352,963	\$2,840,260

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
 Statement of Activities
 Year Ended December 31, 2008

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
General government	\$389,334	\$1,559	\$12,615	(\$375,160)		(\$375,160)
Public safety	209,791	23,873		(183,618)		(183,618)
Highways and streets	48,781	\$2,300		(48,781)		(48,781)
Culture and recreation	12,195			(12,195)		(12,195)
Total governmental activities	660,101	25,432	12,615	(619,754)	0	(619,754)
Business-type activities						
Water and sewer	380,912	297,751			(83,161)	(83,161)
Total business-type activities	380,912	297,751	0	0	(83,161)	(83,161)
Total primary government	\$1,041,013	\$323,183	\$12,615	(\$619,754)	(\$83,161)	(\$702,915)
General revenues:						
Ad valorem taxes				\$16,989	\$32,468	\$49,457
Sales taxes				309,633		309,633
Franchise taxes				124,366		124,366
Licenses and permits				33,049		33,049
Use of money and property				52,278	318	52,596
Other general revenues				4,166		4,166
Transfers (net)				63,648	(63,648)	0
Total general revenues and transfers				604,129	(30,862)	573,267
Change in Net Assets				(15,625)	(114,023)	(129,648)
Net assets - beginning				502,922	2,466,986	2,969,908
Net assets - ending				\$487,297	\$2,352,963	\$2,840,260

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
 Balance Sheet, Governmental Funds
 December 31, 2008

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and equivalents	\$12,774	\$29,791	\$42,565
Investments	55,332	240,202	295,534
Receivables	91,885	7,000	98,885
Due from other funds	<u>2,658</u>		<u>2,658</u>
TOTAL ASSETS	<u>\$162,649</u>	<u>\$276,993</u>	<u>\$439,642</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	\$16,321	\$4,463	\$20,784
Due to other funds	<u>1,379</u>	<u>4,042</u>	<u>5,421</u>
Total liabilities	<u>17,700</u>	<u>8,505</u>	<u>26,205</u>
Fund balances:			
Reserved for law enforcement	525		525
Unreserved, reported in:			
General fund	144,424		144,424
Special Revenue fund		<u>268,488</u>	<u>268,488</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$162,649</u>	<u>\$276,993</u>	<u>\$439,642</u>

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
 Reconciliation of The Governmental Funds Balance Sheet
 to The Government-Wide Financial Statement of Net Assets
 December 31, 2008

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

Fund balances, Total governmental funds (Statement C)	\$413,437
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental capital assets	205,688	
Less accumulated depreciation	<u>(131,828)</u>	<u>73,860</u>
Net Assets of Governmental Activities (Statement A)		<u>\$487,297</u>

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes:			
Ad valorem	\$16,989		\$16,989
Franchise	124,366		124,366
Sales and use		\$309,633	309,633
Licenses and permits	33,049		33,049
Charges for services	1,559		1,559
Fines and forfeitures	23,873		23,873
Intergovernmental revenues:			
State/parish	2,300		2,300
Grants	12,615		12,615
Use of money and property	20,474	31,804	52,278
Other revenues	4,166		4,166
Total Revenues	<u>239,391</u>	<u>341,437</u>	<u>580,828</u>
EXPENDITURES			
General government	193,082	190,722	383,804
Culture and recreation		12,195	12,195
Public safety	204,976		204,976
Highways and streets		48,781	48,781
Capital outlay	0	0	0
Total Expenditures	<u>398,058</u>	<u>251,698</u>	<u>649,756</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(158,667)	89,739	(68,928)
OTHER FINANCING SOURCES (USES)			
Transfers in	228,457		228,457
Transfers out		(164,809)	(164,809)
Total Other Financing Sources (Uses)	<u>228,457</u>	<u>(164,809)</u>	<u>63,648</u>
Net Change in Fund Balance	69,790	(75,070)	(5,280)
Fund Balance – beginning	75,159	343,558	418,717
Fund Balance – ending	<u>\$144,949</u>	<u>\$268,488</u>	<u>\$413,437</u>

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
 Reconciliation of The Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2008

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

Net Change in Fund Balances, Total governmental funds (Statement E)	(\$5,280)
Lease payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds	1,024
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$0) exceeded depreciation (\$11,369) in the current period.	<u>(11,369)</u>
Change in Net Assets of Governmental Activities, Statement B	<u>(\$15,625)</u>

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
 Statement of Net Assets, Proprietary Funds
 December 31, 2008

	Water & Sewer	Other Enterprise Fund	Total Proprietary Funds	2007
ASSETS				
Current assets:				
Cash and equivalents	\$20,640	\$36	\$20,676	\$32,362
Investments	12,876		12,876	12,412
Receivables	92,229		92,229	89,892
Due from other funds	1,379		1,379	1,379
Total current assets	<u>127,124</u>	<u>36</u>	<u>127,160</u>	<u>136,045</u>
Restricted assets:				
Cash and investments	212,363		212,363	204,470
Non-current assets:				
Deferred bond issuance cost (net)	14,682		14,682	15,429
Capital assets (net of accumulated depreciation)	<u>3,214,624</u>		<u>3,214,624</u>	<u>3,342,081</u>
Total Non-current assets	<u>3,229,306</u>	<u>0</u>	<u>3,229,306</u>	<u>3,357,510</u>
TOTAL ASSETS	<u>\$3,568,793</u>	<u>\$36</u>	<u>\$3,568,829</u>	<u>\$3,698,025</u>
LIABILITIES				
Current Liabilities:				
Accounts, salaries, and other payables	\$12,660		\$12,660	\$4,023
Due to other funds	2,280		2,280	0
Bonds and interest payable	49,111		49,111	51,821
Total current liabilities	<u>64,051</u>	<u>\$0</u>	<u>64,051</u>	<u>55,844</u>
Current liabilities payable from restricted assets	<u>30,263</u>		<u>30,263</u>	<u>26,960</u>
Non-current liabilities:				
Bonds payable	1,141,277		1,141,277	1,168,982
Deferred bond discount (net)	<u>(19,725)</u>		<u>(19,725)</u>	<u>(20,747)</u>
Total non-current liabilities	<u>1,121,552</u>	<u>0</u>	<u>1,121,552</u>	<u>1,148,235</u>
Total liabilities	<u>1,215,866</u>	<u>0</u>	<u>1,215,866</u>	<u>1,231,039</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,065,367		2,065,367	2,163,919
Restricted for:				
Meter deposits	30,263		30,263	26,960
Revenue bond retirement	77,926		77,926	74,319
Unrestricted	<u>179,371</u>	<u>36</u>	<u>179,407</u>	<u>201,788</u>
TOTAL NET ASSETS	<u>\$2,352,927</u>	<u>\$36</u>	<u>\$2,352,963</u>	<u>\$2,466,986</u>

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	Water & Sewer	Other Enterprise Fund	Total Proprietary Funds	2007
Operating Revenues				
Charges for services:				
Water sales	\$154,831		\$154,831	\$168,080
Sewer charges	69,889		69,889	74,125
Penalties/service charges	6,186		6,186	7,111
Other services	66,845		66,845	7,665
Total Operating Revenues	297,751	\$0	297,751	256,981
Operating Expenses				
Personal services	86,882		86,882	104,653
Materials and supplies	21,670		21,670	16,154
Insurance expenses	17,944		17,944	38,204
Repairs and maintenance	10,061		10,061	7,956
Other services & charges	52,918		52,918	41,157
Depreciation	129,037		129,037	129,037
Total Operating Expenses	318,512	0	318,512	337,161
Operating income (loss)	(20,761)	0	(20,761)	(80,180)
Nonoperating revenue (expenses)				
Ad valorem taxes	32,468		32,468	32,547
Interest earnings	318		318	2,622
Gain on sale of asset	0		0	500
Interest expense	(61,654)		(61,654)	(64,041)
Bond expense	(746)		(746)	(746)
Total Nonoperating Revenue (Expenses)	(29,614)	0	(29,614)	(29,118)
Income before contributions and transfers	(50,375)	0	(50,375)	(109,298)
Capital contributions	0	0	0	0
Transfers in	15,079		15,079	50,100
Transfers out	(78,727)		(78,727)	(16,550)
Change in Net Assets	(114,023)	0	(114,023)	(75,748)
Total Net Assets - Beginning	2,466,950	36	2,466,986	2,542,734
Total Net Assets - Ending	\$2,352,927	\$36	\$2,352,963	\$2,466,986

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
Statement of Cash Flows, Proprietary Funds
For the Year Ended December 31, 2008

	Water & Sewer	Other Enterprise Fund	Total Proprietary Funds	2007
Cash Flows from Operating Activities				
Receipts from customers and users	\$228,569		\$228,569	\$228,314
Other operating cash receipts	66,845		66,845	7,165
Payments to suppliers	(38,758)		(38,758)	(66,960)
Payments to employees	(86,882)		(86,882)	(104,653)
Other operating cash payments	(52,918)		(52,918)	(41,157)
Net Cash Provided by Operating Activities	<u>116,856</u>	<u>0</u>	<u>116,856</u>	<u>22,709</u>
Cash Flows from Noncapital Financing Activities				
Net transfer to other funds	(63,648)		(63,648)	33,550
Net decrease in meter deposits	3,303		3,303	2,050
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(60,345)</u>	<u>0</u>	<u>(60,345)</u>	<u>35,600</u>
Cash Flows from Capital and Related Financing Activities				
Receipt of ad valorem taxes for water/sewer maintenance	32,468		32,468	32,547
Sale of assets	0		0	500
Principal paid on capital debt	(29,928)		(29,928)	(29,216)
Interest paid on capital debt	(62,142)		(62,142)	(63,413)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(59,602)</u>	<u>0</u>	<u>(59,602)</u>	<u>(59,582)</u>
Cash Flows from Investing Activities				
Interest received	318		318	2,622
Net contribution/(withdrawal) from investments	(2,469)		(2,469)	21,317
Net Cash Provided by Investing Activities	<u>(2,151)</u>	<u>0</u>	<u>(2,151)</u>	<u>23,939</u>
Net Increase in Cash and equivalents	(5,242)	0	(5,242)	22,666
Cash and equivalents, Beginning of Year	119,549	36	119,585	96,883
Cash and equivalents, End of Year	<u>\$114,307</u>	<u>\$36</u>	<u>\$114,343</u>	<u>\$119,549</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities				
Operating income	(\$20,761)		(\$20,761)	(\$80,180)
Depreciation expense	129,037		129,037	129,037
(Increase) decrease in accounts receivable	(2,337)		(2,337)	(21,002)
Increase (decrease) in due from other funds	0		0	(500)
Increase (decrease) in accounts payable	8,637		8,637	(4,646)
Increase (decrease) in due to other funds	2,280		2,280	0
Net Cash Provided by Operating Activities	<u>\$116,856</u>	<u>\$0</u>	<u>\$116,856</u>	<u>\$22,709</u>
Reconciliation of total cash and cash investments:				
Current assets - cash and cash investments	\$20,640	\$36	\$20,676	\$32,326
Restricted assets - cash and cash investments	93,667		93,667	87,223
Total cash and cash investments	<u>\$114,307</u>	<u>\$36</u>	<u>\$114,343</u>	<u>\$119,549</u>

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
Statement of Net Assets, Fiduciary Fund
December 31, 2008

	ASSETS	Agency Fund- Payroll Fund
Cash and cash equivalents		\$4,502
Due from other funds		<u>6,321</u>
TOTAL ASSETS		<u>\$10,823</u>
	LIABILITIES	
Accounts, salaries, and other payables		\$8,165
Due to other governmental units		<u>2,658</u>
TOTAL LIABILITIES		<u>\$10,823</u>

The accompanying notes are an integral part of this statement.

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

INTRODUCTION

The Town of Ringgold was incorporated under the provisions of the Lawrason Act (Louisiana Revised Statutes 33:321-463). The Town is located in the parish of Bienville in the northwest corner of the state of Louisiana. The Town operates under a mayor-town council form of government. Members of the board are all elected and serve a term of 4 years.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Government-Wide and Fund Financial Statements

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

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The Town reports the following major governmental funds:

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

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

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

The Town reports the following major proprietary funds:

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

Additionally, the government reports the following fund type:

The Agency fund is used to account for assets held by the Town as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

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

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

C. Deposits and Investments

The Town's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

government backed securities. Investments for the Town are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectives. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

For the year ended December 31, 2008, the Town received confiscated drug revenues which are restricted for expenditure on drug policing activities. The Town accounts for these revenues in the general fund as allowed by GASB Cod. Sec. 1300.107, which notes that if the purpose is normally financed through the general fund, that fund (instead of a special revenue fund) may be used to account for restricted resources and expenditures as long as applicable legal requirements can be satisfied.

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

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

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

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

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

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

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

G. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

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

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

H. Compensated Absences

The Town of Ringgold has the following policy relating to sick and vacation leave:

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

Vacation leave is granted to each employee who is on the active payroll on the employee's anniversary date, provided the employee has worked a minimum of 1500 hours in the service year preceding their anniversary date. Earned vacations can be accrued by one year and must be used the following year or be lost. An employee who has accumulated one (1) or more years of service who voluntarily or involuntarily terminates his employment shall receive any earned vacation pay at the time of departure.

I. Long-Term Obligations

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. There are no material reservations or designations for the year ended December 31, 2008.

K. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

L. Estimates

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

M. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

Governmental capital assets	\$205,688
Less accumulated depreciation	<u>(131,828)</u>
Net adjustment	<u>\$73,860</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Depreciation	(\$11,369)
Capital outlay	<u>0</u>
Net adjustment	<u>(\$11,369)</u>

N. RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2008.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION The Town uses the following budget practices:
The Town adopted budgets for the year ended December 31, 2008 for the General fund and Special Revenue fund on a basis not consistent with generally accepted accounting principles (GAAP). The Town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the December meeting, the Town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the December meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

by the board of aldermen. Appropriations lapse at the end of the year. There was one amendment to the original budgets.

3. CASH AND CASH EQUIVALENTS

At December 31, 2008, the Town has cash and cash equivalents (book balances) totaling \$174,286 as follows:

Demand deposits	\$82,487
Interest-bearing demand deposits	78,923
Time deposits	<u>12,876</u>
Total	<u>\$174,286</u>

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

At December 31, 2008, the Town has \$174,871 in deposits (collected bank balances). These deposits are secured from risk by \$174,871 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

Certificates of Deposit - Investments include 1 certificate of deposit all with maturities of 6 months that have been included in cash and equivalents in the basic financial statements. Investments are categorized into these three categories of credit risk:

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

At fiscal year-end, the Town's certificates of deposit balances were as follows:

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of deposit	\$12,876	\$0	\$0	\$12,876	\$0	\$0	\$12,876
Total investments	<u>\$12,876</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,876</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,876</u>

LAMP - The Town has the following amounts invested with the Louisiana Asset Management Pool, Inc. (LAMP) as of December 31, 2008:

General Fund	\$45,332
Enterprise Fund	8,796
Sales Tax Fund	<u>240,202</u>
Total	<u>\$294,330</u>

Investments held at the Town consist of \$294,330 in the LAMP, a local government investment pool. In accordance with GASB Cod Sec. 150.126, the investment in LAMP at the Town is not categorized in the three risk categories provided by GASB Cod Sec. 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

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

The Town had the following balances held with a trustee as of December 31, 2008:

Debt Reserve Fund	\$64,568
Interest Account	45,220
Principal Account	<u>5</u>
Total	<u>\$109,793</u>

Red River Valley Bidco, Inc. - On August 19, 2002, the Town purchased 100 shares of Preferred Series A stock in Red River Valley Bidco, Inc. for the amount of \$10,000. The investment was made to participate in funding Red River Valley Bidco, Inc., which is a for-profit entity formed as a financial assistance corporation which provides loan funds for business, industry and job creation over a 10-parish area of Northwest Louisiana. Red River Valley Bidco, Inc. supplements private lenders' efforts by either participating with them on special financing projects or by direct loans to borrowers who cannot qualify under a private lender's rule. The value of the Town's investment in this stock may change over time due to its share of the venture's net income or loss. As of December 31, 2008, it was estimated that there was no change in the fair value of the investment in Red River Valley Bidco, Inc. over the original investment.

5. RECEIVABLES

The receivables of \$191,114 at December 31, 2008, are as follows:

<u>Class of Receivable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Taxes:			
Ad valorem	\$4,324		\$4,324
Sales and use	7,000		7,000
Franchise	86,620		86,620
Intergovernmental	268		268
Accounts		92,229	92,229
Other	<u>673</u>		<u>673</u>
Total	<u>\$98,885</u>	<u>\$92,229</u>	<u>\$191,114</u>

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

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

6. RESTRICTED ASSETS

Restricted assets of business-type activities were applicable to the following at December 31, 2008:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Bond-principal	\$23,003		\$23,003
Bond and interest sinking fund	22,329		22,329
Bond reserve fund	64,568	\$21,246	85,814
Bond depreciation & contingency	<u>34,109</u>	<u>22,571</u>	<u>56,680</u>
Total for revenue bonds	144,009	43,817	187,826
Meter deposits-cash			15,741
Meter deposits-investment			<u>8,796</u>
Total			<u>\$212,363</u>

7. AD VALOREM TAXES

For the year ended December 31, 2008, taxes of 14.56 mills were levied on property with assessed valuations totaling \$3,382,060 and were dedicated as follows:

General corporate purposes	5.02 mills
10-year water maintenance tax	4.80 mills
10-year sewer maintenance tax	4.80 mills

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

8. SALES AND USE TAX

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

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

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

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

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

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

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

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

9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2008 is as follows:

Due To/From Other Funds:		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
	General fund	(\$1,379)
	Sales tax fund	(4,042)
	Payroll	(2,658)
	Water & sewer fund	(2,279)
General fund		2,658
Water & sewer fund		1,379
Payroll fund		<u>6,321</u>
Total		<u>\$0</u>

The balances consist of allocations for payroll and payroll taxes. The Town's management will determine an action to take in order to reduce the interfunds in approximately 3 years.

10. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2008, for the primary government is as follows:

	<u>12/31/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/08</u>
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	<u>\$29,913</u>			<u>\$29,913</u>
Total capital assets not being depreciated	<u>29,913</u>	<u>0</u>	<u>0</u>	<u>29,913</u>
Capital assets being depreciated:				
Buildings and improvements	60,019			60,019

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

	<u>12/31/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/08</u>
Vehicles	91,543			91,543
Machinery and equipment	24,213			24,213
Total capital assets being depreciated	<u>175,775</u>	<u>0</u>	<u>0</u>	<u>175,775</u>
Less accumulated depreciation	<u>120,459</u>	<u>11,369</u>		<u>131,828</u>
Total capital assets being depreciated, net	<u>\$85,229</u>	<u>(\$11,369)</u>	<u>\$0</u>	<u>\$73,860</u>
	<u>12/31/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/08</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$1,926			\$1,926
Construction in progress	0			0
Total capital assets not being depreciated	<u>1,926</u>	<u>0</u>	<u>0</u>	<u>1,926</u>
Capital assets being depreciated:				
Improvements other than buildings	4,904,241			4,904,241
Vehicles	25,335			25,335
Machinery and equipment	103,666			103,666
Total capital assets being depreciated	<u>5,033,242</u>	<u>0</u>	<u>0</u>	<u>5,033,242</u>
Less accumulated depreciation	<u>1,691,507</u>	<u>\$129,037</u>		<u>1,820,544</u>
Total capital assets being depreciated, net	<u>\$3,343,661</u>	<u>(\$129,037)</u>	<u>\$0</u>	<u>\$3,214,624</u>

Depreciation expense of \$11,369 for the year ended December 31, 2008, was charged to the following governmental functions:

General government	\$6,554
Public safety	4,815
Total	<u>\$11,369</u>

II. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2008:

	<u>Lease- purchase agreements</u>	<u>Water revenue refunding bonds</u>	<u>Sewer revenue bonds</u>	<u>Total</u>
Long-term obligations at 1/1/2008	\$1,024	\$800,000	\$398,910	\$1,199,934
Additions	0	0	0	0
Deductions	<u>(1,024)</u>	<u>(23,000)</u>	<u>(6,928)</u>	<u>(30,952)</u>
Long-term obligations at 12/31/2008	<u>\$0</u>	<u>\$777,000</u>	<u>\$391,982</u>	<u>\$1,168,982</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2008:

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

	Water revenue refunding bonds	Sewer revenue bonds	Total
Current portion	\$24,000	\$7,300	\$31,300
Long-term portion	<u>753,000</u>	<u>384,682</u>	<u>1,137,682</u>
Total	777,000	391,982	1,168,982
Less unamortized bond discount	<u>(19,725)</u>		<u>(19,725)</u>
Long-term obligations	<u>\$757,275</u>	<u>\$391,982</u>	<u>\$1,149,257</u>

The bonds payable at December 31, 2008, are comprised of the following individual issues:

	<u>Principal outstanding</u>	<u>Interest to maturity</u>
\$902,000 Water Revenue Refunding Bonds, Series 2001, bearing interest at 3.375% to 5.500% due in semiannual installments through Jan 1, 2028	\$777,000	\$492,414
\$459,000 Sewer Revenue Bonds, dated 12/14/94, bearing interest at 5.25% due in monthly installments of \$2,309 through 12/24/34	<u>391,982</u>	<u>326,156</u>
Total	<u>\$1,168,982</u>	<u>\$818,570</u>

The annual requirements to amortize all debt outstanding at December 31, 2008, including interest of \$818,570 are as follows:

<u>Year Ending December 31,</u>	<u>Water Revenue Refunding Principal</u>	<u>Sewer Revenue Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$24,000	\$7,300	\$60,795	\$92,095
2010	25,000	7,693	59,361	92,054
2011	26,000	8,106	57,832	91,938
2012	27,000	8,542	56,196	91,738
2013	28,000	9,002	54,451	91,453
2014 - 2018	318,875	138,526	240,938	698,339
2019 - 2023	316,573	138,526	175,472	630,571
2024 - 2029	313,215	138,526	88,566	540,307
2029 - 2033	0	138,526	24,299	162,825
2034	0	25,511	660	26,171
Total	<u>\$1,078,663</u>	<u>\$620,258</u>	<u>\$818,570</u>	<u>\$2,517,491</u>

13. RETIREMENT

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

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at any age with at least 25 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Elected officials receive three and one-half (3 ½) percent. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, LA 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 16.25% of annual covered payroll. Contributions to the System also include one-fourth on one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan A for the years ending December 31, 2008, 2007, and 2006 were \$15,830, \$16,308, and \$26,918, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service, or at age 55 with at least 12 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending December 31, 2008, 2007, and 2006 were \$15,125, \$15,957, and \$18,527, respectively, equal to the required contributions for each year.

Town of Ringgold, Louisiana
Notes to the Financial Statements
As of and For the Year Ended December 31, 2008

C. Other retirement plans

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

14. CONTINGENT LIABILITIES

As of December 31, 2008, the Town is party to various legal proceedings as follows:

Matthew Wimberly, et al versus Brian Bell and Town of Ringgold, arises out of an automobile accident between an officer of the Town and Matthew Wimberly. The Town's attorney indicates that the Town is not 100% at fault regarding the occurrence of the accident. The matter has been turned over to the Town's liability carrier and the Town's exposure should be limited to its deductible.

Cindy Elliott vs. Town of Ringgold arises from a robbery incident in 2003 at the town hall. The plaintiff is claiming disability benefits and medical expenses under Louisiana Worker's Compensation Act. The matter has been turned over to the Town's liability carrier. The town's counsel has stated it is most probable that the town's liability potential does not exceed the worker's compensation coverage of the town.

There is another pending lawsuit in which the Town is involved which is more than 22 years old. The town's counsel has stated the town's liability is minimal at best and there is a substantial likelihood that the town will have no liability. Although the ultimate disposition of legal proceedings cannot be predicted with certainty, it is the opinion of the Town's management and attorney, that an unfavorable outcome of any claim from these existing cases pending is unlikely.

15. INTERGOVERNMENTAL AGREEMENT

As of August 31, 1999, the Town and the Bienville Parish Hospital District No. 1 entered into an agreement to construct a health and fitness trail on a tract of property owned by the hospital district. The Town shall operate and maintain the trail as a public recreation area. Any permanent improvements shall become the property of the hospital district. The agreement was for a period of five (5) years subject to renewal by agreement of the parties. On July 8, 2004, the agreement was renewed for five more years.

16. ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended December 31, 2008, the State made contributions of \$xx.

17. STATE POLICE INVESTIGATION

The Louisiana State Police have completed its investigation and the Bienville Parish District Attorney's office has the file, however no action has been taken as of the report date. It is believed that the district attorney is preparing to call a grand jury to investigate the charges for prosecution, however it is unknown when such a jury will be called.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Ringgold, Louisiana
 Statement of Revenues, Expenditures, and Changes
 in Fund Balances - Budget and Actual - Non GAAP basis
 General Fund
 For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts CASH Basis	Favorable (Unfavorable) Variance
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$21,000	\$21,000	\$16,989	(\$4,011)
Franchise	51,300	51,300	46,323	(4,977)
Licenses and permits	33,450	33,450	33,049	(401)
Charges for services	1,500	1,500	1,559	59
Intergovernmental:				
State/parish	5,450	5,450	2,330	(3,120)
Other grants	0	0	32,472	32,472
Fines and forfeitures	30,000	30,000	30,816	816
Use of money and property	17,700	17,700	20,474	2,774
Other revenues	2,000	2,000	3,610	1,610
Total Revenues	<u>162,400</u>	<u>162,400</u>	<u>187,622</u>	<u>25,222</u>
Expenditures				
General government	134,011	134,011	179,488	(45,477)
Public safety	216,600	216,600	204,976	11,624
Capital outlay	3,300	3,300	0	3,300
Total Expenditures	<u>353,911</u>	<u>353,911</u>	<u>384,464</u>	<u>(30,553)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(191,511)	(191,511)	(196,842)	(5,331)
Other Financing Sources (Uses)				
Sale of assets				0
Operating transfers in	191,511	191,511	228,457	36,946
Total Other Financing Sources (Uses)	<u>191,511</u>	<u>191,511</u>	<u>228,457</u>	<u>36,946</u>
Net Change in Fund Balance	0	0	31,615	31,615
Fund Balance at Beginning of Year	75,159	75,159	75,159	0
Fund Balance (Deficit) at End of Year	<u>\$75,159</u>	<u>\$75,159</u>	<u>\$106,774</u>	<u>\$31,615</u>

Notes to the Schedule

- (1) method of budgetary accounting - CASH
- (2) explanation of material variances
 Under budgeted general government expenditures

Town of Ringgold, Louisiana
Notes to the Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget and Actual (Non-GAAP)
For the Year Ended December 31, 2008

NOTE A - BUDGETARY POLICIES

The proposed budget for the General Fund, prepared on the cash basis of accounting, is published in the official journal at least ten days prior to the public hearing and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. A public hearing is held at the town's office for comments from taxpayers. The budget is then legally adopted by the town and amended during the year, as necessary. The budget is established and controlled by the town at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the town.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the budget comparison accompanying the financial statements include the original adopted budget amount and all subsequent amendments. Encumbrance accounting is not used by the town.

NOTE B - EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Source/inflows of resources

Actual amounts (budgetary basis) "Total Revenues" from Schedule 1.	\$187,622
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Differences - budget to GAAP:

The Town budgets for revenues such as ad valorem, franchise fees, licenses, fines, and grants only to the extent expected to be received, rather than on the modified accrual basis.

	<u>51,769</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u><u>\$239,391</u></u>
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Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the Schedule 1.	\$387,464
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Differences - budget to GAAP:

The Town budgets for operating expenditures only to the extent expected to be paid, rather than on the modified accrual basis.

	<u>(10,594)</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u><u>\$398,058</u></u>
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Town of Ringgold, Louisiana
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Non GAAP basis
Special Revenue Fund - Sales tax fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts CASH Basis	Favorable (Unfavorable) Variance
	Original	Final		
Revenues				
Taxes - sales	\$258,000	\$258,000	\$311,210	\$53,210
Use of money and property	1,000	1,000	31,804	30,804
Total Revenues	<u>259,000</u>	<u>259,000</u>	<u>343,014</u>	<u>84,014</u>
Expenditures				
General government	184,350	184,350	190,289	(5,939)
Highways & streets	25,800	25,800	48,781	(22,981)
Recreation	6,450	6,450	12,195	(5,745)
Total Expenditures	<u>216,600</u>	<u>216,600</u>	<u>251,265</u>	<u>(34,665)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	42,400	42,400	91,749	49,349
Other Financing Sources (Uses)				
Operating transfers out	(42,400)	(42,400)	(164,809)	(122,409)
Total Other Financing Sources (Uses)	<u>(42,400)</u>	<u>(42,400)</u>	<u>(164,809)</u>	<u>(122,409)</u>
Net Change in Fund Balance	0	0	(73,060)	(73,060)
Fund Balance at Beginning of Year	343,558	343,558	343,558	0
Fund Balance (Deficit) at End of Year	<u>\$343,558</u>	<u>\$343,558</u>	<u>\$270,498</u>	<u>(\$73,060)</u>

Notes to the Schedule

(1) method of budgetary accounting - CASH

(2) explanation of material variances

Under budgeted operating transfers out and highways & streets

Town of Ringgold, Louisiana
Notes to the Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget and Actual (Non-GAAP)
For the Year Ended December 31, 2008

NOTE A - BUDGETARY POLICIES

The proposed budget for the Sales Tax Fund, prepared on the cash basis of accounting, is published in the official journal at least ten days prior to the public hearing and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. A public hearing is held at the town's office for comments from taxpayers. The budget is then legally adopted by the town and amended during the year, as necessary. The budget is established and controlled by the town at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the town.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the budget comparison accompanying the financial statements include the original adopted budget amount and all subsequent amendments. Encumbrance accounting is not used by the town.

NOTE B - EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Source/inflows of resources

Actual amounts (budgetary basis) "Total Revenues" from Schedule 1.	\$343,014
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Differences - budget to GAAP:

The Town budgets for sales tax revenues only to the extent expected to be received, rather than on the modified accrual basis.	<u>(1,577)</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$341,437</u>
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Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the Schedule 1.	\$251,265
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Differences - budget to GAAP:

The Town budgets for operating expenditures only to the extent expected to be paid, rather than on the modified accrual basis.	<u>(433)</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$251,698</u>
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OTHER SUPPLEMENTAL SCHEDULES

Town of Ringgold
Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2008

<u>Board Member</u>	<u>Amount</u>
Stephan Taylor, Mayor	\$7,200
Alan Clayborn	1,800
Bobby Guin	3,000
Johnny Shepherd	1,800
Larry Hays	1,800
Keith Johnson	1,800
Total	<u>\$17,400</u>

OTHER REPORTS

EDWARDS, WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and Board Members
Town of Ringgold
Ringgold, Louisiana

We have audited the financial statements of the Town of Ringgold as of and for the year ended December 31, 2008 and have issued our report thereon dated June 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Ringgold's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 08-1.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items 08-2 and 08-3.

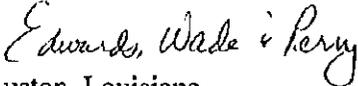
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-3 to be a material weakness.

We noted certain matters that we reported to management of the Town in a separate letter dated June 18, 2009.

The Town's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the town council, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Ruston, Louisiana
June 18, 2009

Town of Ringgold
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2008

We have audited the financial statements of Town of Ringgold as of and for the year ended December 31, 2008, and have issued our report thereon dated June 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 18, 2009 resulted in an unqualified opinion. The following is a summary of our audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*:

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiency Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance
 For Major Programs

Unqualified Qualified
 Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

Was a management letter issued? Yes No

3. Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program (or Cluster)</u>
N/A	

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

08-1. Budget violation

For the year ended December 31, 2008, actual expenditures exceeded budgeted expenditures by \$30,553, or 9% (more than 5% for the General fund). According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act. This is a repeat finding.

For the year ended December 31, 2008, actual expenditures exceeded budgeted expenditures by \$34,665, or 16% (more than 5% for the Sales tax fund). According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Recommendation: We recommend that the town monitor budget and actual figures and amend as necessary.

08-2. Inadequate internal control

By trying to test several revenues and disbursements to original documents for support, we determined the overall internal control for the town is inadequate. This is a repeat finding. The following are examples of the town's poor internal control:

- A. Traffic tickets are not reported to the Department of Public Safety (DPS). Failure to report these violations to DPS results in inaccuracies in the offenders' driving records and is in violation of state law.
- B. Because of inadequate accounting records, we were unable to determine the accounts receivable for utility fund and related allowance for uncollectible accounts at December 31, 2008. After several requests, we never received the information.
- C. A fixed assets listing was provided but was incomplete. A physical inventory was not conducted on an annual basis. State law requires the town to maintain records of assets, purchased or otherwise acquired, including such information as to a detailed description, date of purchase, cost, and location.

Recommendation: We recommend the town establish internal controls to monitor all receipts and disbursements.

08-3. Accounting staff

The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. Several material adjustments had to be made to the financial statements.

Recommendation: We recommend the Town have its Town clerk attend classes so she will have the qualifications and training necessary to maintain the Town's financial records. We also recommend the Town implement a formal review process where monthly reconciliations, reports, and processes are authorized, approved and reviewed to ensure accuracy and improve internal controls.

C. Federal Award Findings and Questioned Costs

None

Town of Ringgold
Summary of Prior Year Findings
For the Year Ended December 31, 2008

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

07-1. Budget violations

Status: Unresolved – see 07-1

07-2. The Town needs to improve internal controls over traffic tickets and fixed asset listing.

Status: Partially resolved – see 07-2

07-3. Violation of Article VII, Section 14 of the LA Constitution of 1974

Status: Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

TOWN OF RINGGOLD

PO Box 565
Ringgold, LA 71068

CORRECTIVE ACTION PLAN For the Year Ended December 31, 2008

Town of Ringgold hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 08-1. The Town of Ringgold had many un-estimated expenses due to an increase in costs of materials and other expenses. The budget will be better managed and amended properly for the coming year.
- 08-2.
 - A. It was the intention of the Mayor and Council to hire a court clerk to handle all tickets. However, due to the un-estimated expenses, this was not feasible in the 2008 year.
 - B. Management agrees with the recommendation and will implement as soon as possible.
 - C. A fixed assets list will be completed.
- 08-3. Management agrees with the recommendations and intends to implement them immediately.