

**TOWN OF MAMOU, LOUISIANA**

Financial Report

Year Ended December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

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The Honorable Ricky Fontenot, Mayor  
and Members of the Board of Aldermen  
Town of Mamou, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund (except as described below), and the aggregate remaining fund information of the Town of Mamou, Louisiana (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Summary of Opinions*

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Adverse
General Fund	Unmodified
Sales Tax Special Revenue Fund	Unmodified
Utility Enterprise Fund	Unmodified
Savoy Medical Management Group, Inc.	Adverse
Aggregate Remaining Fund Information	Unmodified

### *Basis for Adverse Opinions on Savoy Medical Management Group, Inc. Fund and Business-Type Activities*

Management has not included the Savoy Medical Management Group, Inc. Fund in the Town's financial statements. Accounting principles generally accepted in the United States of America require the Savoy Medical Management Group, Inc. Fund to be presented as a major enterprise fund and financial information about the Savoy Medical Management Group, Inc. Fund to be part of the business-type activities, thus increasing that activity's assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the business-type activities and the omitted major fund has not been determined.

### *Adverse Opinions*

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinions on the Savoy Medical Management Group, Inc. Fund and Business-Type Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the Savoy Medical Management Group, Inc. Fund and the business-type activities of the Town as of December 31, 2019, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Unmodified Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund other than the Savoy Medical Management Group, Inc. Fund, and the aggregate remaining fund information of the Town of Mamou, Louisiana, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 22 to the financial statements, as a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that may negatively affect the financial position, changes in financial position, and cash flows of the Town. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 47 - 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Mamou, Louisiana has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mamou, Louisiana's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statement of financial position, individual fund financial statements, and the schedule of interest-bearing deposits included in other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of financial position, individual fund financial statements, and the schedule of interest-bearing deposits are fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative amounts included in this information have been derived from the Town of Mamou, Louisiana's 2018 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The budgetary comparison schedules, schedule of number of utility customers, and the schedule of insurance in force included in other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated June 15, 2020, on our consideration of the Town of Mamou, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Mamou, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mamou, Louisiana's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana

June 15, 2020

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

TOWN OF MAMOU, LOUISIANA

Statement of Net Position  
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 1,213,498	\$ 410,909	\$ 1,624,407
Receivables, net	88,663	227,068	315,731
Due from other governmental units	90,082	-	90,082
Inventory	-	26,098	26,098
Prepaid items	42,870	11,586	54,456
Restricted assets:			
Cash and interest-bearing deposits	-	263,478	263,478
Capital assets, net	<u>4,420,733</u>	<u>2,418,327</u>	<u>6,839,060</u>
Total assets	<u>5,855,846</u>	<u>3,357,466</u>	<u>9,213,312</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	<u>21,948</u>	-	<u>21,948</u>
<b>LIABILITIES</b>			
Accounts and other payables	178,422	51,264	229,686
Claims payable	32,964	-	32,964
Internal balances	53,180	(53,180)	-
Customer deposits	-	263,478	263,478
Net pension liability	<u>105,384</u>	-	<u>105,384</u>
Total liabilities	<u>369,950</u>	<u>261,562</u>	<u>631,512</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	<u>7,940</u>	-	<u>7,940</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,420,733	2,418,327	6,839,060
Restricted for sales tax dedications	422,700	-	422,700
Unrestricted	<u>656,471</u>	<u>677,577</u>	<u>1,334,048</u>
Total net position	<u>\$ 5,499,904</u>	<u>\$ 3,095,904</u>	<u>\$ 8,595,808</u>

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

TOWN OF MAMOU, LOUISIANA

Statement of Activities  
For the Year Ended December 31, 2019

Activities	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 792,235	\$ 140,795	\$ 24,316	\$ -	\$ (627,124)	\$ -	\$ (627,124)
Public safety -							
Police	1,003,832	334,267	36,766	-	(632,799)	-	(632,799)
Streets	620,606	-	5,000	405,255	(210,351)	-	(210,351)
Culture and recreation	270,361	15,613	-	-	(254,748)	-	(254,748)
Judicial	41,618	-	-	-	(41,618)	-	(41,618)
Total governmental activities	<u>2,728,652</u>	<u>490,675</u>	<u>66,082</u>	<u>405,255</u>	<u>(1,766,640)</u>	<u>-</u>	<u>(1,766,640)</u>
Business-type activities:							
Gas	535,004	683,433	-	-	-	148,429	148,429
Water	416,879	540,451	-	-	-	123,572	123,572
Sewer	387,135	481,264	-	-	-	94,129	94,129
Total business-type activities	<u>1,339,018</u>	<u>1,705,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,130</u>	<u>366,130</u>
Total	<u>\$ 4,067,670</u>	<u>\$ 2,195,823</u>	<u>\$ 66,082</u>	<u>\$ 405,255</u>	<u>\$ (1,766,640)</u>	<u>\$ 366,130</u>	<u>\$ (1,400,510)</u>
General revenues:							
Taxes -							
Ad valorem taxes, levied for general purposes					66,375	-	66,375
Ad valorem taxes, levied for streets and recreation					113,017	-	113,017
Sales and use taxes, levied for general purposes					431,559	-	431,559
Sales and use taxes, levied for capital improvements					171,354	-	171,354
Sales and use taxes, levied for industry and tourism inducement					31,732	-	31,732
Franchise taxes					132,812	-	132,812
Grants and contributions not restricted to specific programs -							
State sources					6,676	-	6,676
Interest and investment earnings					1,515	842	2,357
Nursing home lease revenue					477,840	-	477,840
Nonemployer pension contribution					2,389	-	2,389
Miscellaneous					21,641	-	21,641
Transfers					611,523	(611,523)	-
Total general revenues and transfers					<u>2,068,433</u>	<u>(610,681)</u>	<u>1,457,752</u>
Change in net position					301,793	(244,551)	57,242
Net position - January 1, 2019					<u>5,198,111</u>	<u>3,340,455</u>	<u>8,538,566</u>
Net position - December 31, 2019					<u>\$ 5,499,904</u>	<u>\$ 3,095,904</u>	<u>\$ 8,595,808</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Sales Tax Fund**

To account for the receipt and use of proceeds of the Town's two 1% sales and use taxes as described below.

The proceeds of the Town's 1986 1% sales tax are dedicated to and used for any lawful corporate purpose of the Town. This tax was renewed by the voters of the Town in April 2011.

The proceeds of the Town's 1991 1% sales tax are dedicated and divided as follows: thirty-five percent (35%) for any lawful corporate purpose of the Town; ten percent (10%) for inducing and attracting commerce, industry and tourism in the Town, including the acquisition and improvement of land and buildings there for; and fifty-five percent (55%) for constructing, acquiring, improving and/or extending any work of capital improvement for the Town.

### **Enterprise Fund**

#### **Utility Fund -**

To account for the provision of gas, water, and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF MAMOU, LOUISIANA

Balance Sheet  
Governmental Funds  
December 31, 2019

	General	Sales Tax Special Revenue	Total
<b>ASSETS</b>			
Cash	\$ 72,335	\$ -	\$ 72,335
Interest-bearing deposits	722,080	400,573	1,122,653
Receivables:			
Taxes	87,196	-	87,196
Other	1,467	-	1,467
Due from other funds	-	29,978	29,978
Due from other governmental units	45,054	45,028	90,082
Total assets	<u>\$ 928,132</u>	<u>\$ 475,579</u>	<u>\$ 1,403,711</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts and other payables	\$ 125,543	\$ 7,851	\$ 133,394
Retainage payable	-	45,028	45,028
Due to other funds	<u>110,793</u>	-	<u>110,793</u>
Total liabilities	<u>236,336</u>	<u>52,879</u>	<u>289,215</u>
Deferred inflows of resources:			
Unavailable revenue	<u>61,695</u>	-	<u>61,695</u>
Fund balances:			
Restricted - operations and maintenance	-	341,082	341,082
Restricted - capital expenditures	-	13,824	13,824
Restricted - industry and tourism inducement	-	67,794	67,794
Unassigned	<u>630,101</u>	-	<u>630,101</u>
Total fund balances	<u>630,101</u>	<u>422,700</u>	<u>1,052,801</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 928,132</u>	<u>\$ 475,579</u>	<u>\$ 1,403,711</u>

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

TOWN OF MAMOU, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2019

Total fund balances for governmental funds at December 31, 2019		\$ 1,052,801
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 269,650	
Buildings and improvements, net of \$1,521,037 accumulated depreciation	1,939,741	
Infrastructure, net of \$1,512,998 accumulated depreciation	1,953,248	
Equipment, furniture, and fixtures, net of \$686,303 accumulated depreciation	202,086	
Vehicles, net of \$300,984 accumulated depreciation	<u>56,008</u>	4,420,733
Differences between prepaid expense on modified accrual basis versus accrual basis		42,870
The deferred outflows of contributions to the retirement system are not a use of current resources, and therefore, are not reported in the funds.		21,948
Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		
Unavailable revenue:		
Delinquent ad valorem taxes	20,589	
State prisoner housing revenue	<u>41,106</u>	61,695
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consists of the following:		
Net pension liability		(105,384)
The deferred inflows of contributions to the retirement system are not payable from available resources and, therefore, are not reported in the funds.		(7,940)
Net position of the group self-insurance internal service fund		<u>13,181</u>
Total net position of governmental activities at December 31, 2019		<u>\$ 5,499,904</u>

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

TOWN OF MAMOU, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended December 31, 2019

	General	Sales Tax Special Revenue	Total
<b>Revenues:</b>			
Taxes	\$ 316,412	\$ 634,645	\$ 951,057
Licenses and permits	140,795	-	140,795
Intergovernmental	94,636	405,255	499,891
Fines and forfeits	271,283	-	271,283
Miscellaneous	<u>518,144</u>	<u>4,465</u>	<u>522,609</u>
<b>Total revenues</b>	<u>1,341,270</u>	<u>1,044,365</u>	<u>2,385,635</u>
<b>Expenditures:</b>			
<b>Current -</b>			
General government:			
Administrative	707,429	56,012	763,441
Public safety:			
Police	982,326	-	982,326
Highways and streets	521,549	-	521,549
Culture and recreation	181,570	-	181,570
Judicial	42,454	-	42,454
Capital outlay	<u>-</u>	<u>575,324</u>	<u>575,324</u>
<b>Total expenditures</b>	<u>2,435,328</u>	<u>631,336</u>	<u>3,066,664</u>
Excess (deficiency) of revenues over expenditures	<u>(1,094,058)</u>	<u>413,029</u>	<u>(681,029)</u>
<b>Other financing sources (uses):</b>			
Transfers in (out)	<u>1,069,226</u>	<u>(457,703)</u>	<u>611,523</u>
Net changes in fund balances	<u>(24,832)</u>	<u>(44,674)</u>	<u>(69,506)</u>
<b>Fund balances, beginning</b>	<u>654,933</u>	<u>467,374</u>	<u>1,122,307</u>
<b>Fund balances, ending</b>	<u>\$ 630,101</u>	<u>\$ 422,700</u>	<u>\$ 1,052,801</u>

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

TOWN OF MAMOU, 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, 2019

Total net changes in fund balances for the year ended December 31, 2019 per the statement of revenues, expenditures and changes in fund balances \$ (69,506)

The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 559,717
Depreciation expense for the year ended December 31, 2019	<u>(242,499)</u> 317,218

Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows of resources at the fund level.

Net change in unavailable revenues -	
Delinquent ad valorem taxes	(10,208)
State prisoner housing revenue	<u>41,106</u> 30,898

Differences between prepaid expenses on modified accrual basis versus accrual basis (1,673)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Net pension liability	(3,668)
Net income of group self-insurance internal service fund	<u>28,524</u>

Total changes in net position for the year ended December 31, 2019 per the statement of activities \$ 301,793

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

TOWN OF MAMOU, LOUISIANA

Statement of Net Position  
Proprietary Funds  
December 31, 2019

	<u>Business-type Activities -</u> <u>Enterprise Fund</u>	<u>Governmental Activities -</u> <u>Internal Service Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$    -	\$ 18,510
Interest-bearing deposits	410,909	-
Receivables -		
Accounts	150,964	-
Unbilled utility receivables	70,749	-
Accrued interest receivable	58	-
Other	5,297	-
Due from other funds	53,180	27,635
Inventory - natural gas	26,098	-
Prepaid items	<u>11,586</u>	-
Total current assets	<u>728,841</u>	<u>46,145</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	263,478	-
Capital assets, net	<u>2,418,327</u>	-
Total noncurrent assets	<u>2,681,805</u>	-
Total assets	<u>3,410,646</u>	<u>46,145</u>
<b>LIABILITIES</b>		
Current liabilities (payable from current assets):		
Accounts and other payables	51,264	-
Claims payable	<u>-</u>	<u>32,964</u>
Total	<u>51,264</u>	<u>32,964</u>
Current liabilities (payable from restricted assets):		
Customer deposits	<u>263,478</u>	-
Total current liabilities	<u>314,742</u>	<u>32,964</u>
Total liabilities	<u>314,742</u>	<u>32,964</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,418,327	-
Unrestricted	<u>677,577</u>	<u>13,181</u>
Total net position	<u>\$ 3,095,904</u>	<u>\$ 13,181</u>

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

TOWN OF MAMOU, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2019

	<u>Business-type Activities-</u> <u>Enterprise Fund</u>	<u>Governmental Activities -</u> <u>Internal Service Fund</u>
Operating revenues:		
Charges for services	\$1,628,464	\$ 419,803
Permits, reconnections and penalties	58,835	-
Miscellaneous	<u>17,849</u>	-
Total operating revenues	<u>1,705,148</u>	<u>419,803</u>
Operating expenses:		
Gas department expenses	500,461	-
Water department expenses	360,780	-
Sewerage department expenses	269,395	-
Depreciation expense	208,382	-
Self insurance expenses	<u>-</u>	<u>391,279</u>
Total operating expenses	<u>1,339,018</u>	<u>391,279</u>
Operating income	366,130	28,524
Nonoperating revenues:		
Interest income	<u>842</u>	<u>-</u>
Income before transfers	366,972	28,524
Transfers out	<u>(611,523)</u>	<u>-</u>
Change in net position	(244,551)	28,524
Net position, beginning	<u>3,340,455</u>	<u>(15,343)</u>
Net position, ending	<u>\$3,095,904</u>	<u>\$ 13,181</u>

The accompanying notes are an integral part of this statement.

TOWN OF MAMOU, LOUISIANA

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2019

	<u>Business-type Activities -</u> <u>Enterprise Fund</u>	<u>Governmental Activities -</u> <u>Internal Service Fund</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,686,741	\$ 419,803
Payments to suppliers	(839,176)	(404,266)
Payments to employees	(277,364)	-
Other receipts	17,849	-
Net cash provided by operating activities	<u>588,050</u>	<u>15,537</u>
Cash flows from noncapital financing activities:		
Net increase in customer deposits	4,733	-
Transfers from other funds	11,990	-
Transfers to other funds	<u>(611,523)</u>	<u>-</u>
Net cash used by noncapital financing activities	<u>(594,800)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Net acquisition of property, plant and equipment	<u>(25,545)</u>	<u>-</u>
Cash flows from investing activities:		
Net purchases of interest-bearing deposits with maturity in excess of ninety days	(1)	-
Interest earned	<u>841</u>	<u>-</u>
Net cash provided by investing activities	<u>840</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(31,455)	15,537
Cash and cash equivalents, beginning of period	<u>351,677</u>	<u>2,973</u>
Cash and cash equivalents, end of period	<u>\$ 320,222</u>	<u>\$ 18,510</u>

(continued)

TOWN OF MAMOU, LOUISIANA

Statement of Cash Flows  
Proprietary Funds (Continued)  
For the Year Ended December 31, 2019

	<u>Business-type Activities -</u> <u>Enterprise Fund</u>	<u>Governmental Activities -</u> <u>Internal Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 366,130	\$ 28,524
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	208,382	-
Changes in current assets and liabilities:		
Decrease in accounts receivable	4,700	-
Decrease in provision for uncollectible accounts	(2,070)	-
Decrease in unbilled utility receivables	2,078	-
Increase other receivables	(5,266)	-
Decrease in inventory	7,560	-
Decrease in prepaid items	1,138	-
Increase in accounts payable	5,398	-
Decrease in provision for claims payable	-	(12,987)
Net cash provided by operating activities	<u>\$ 588,050</u>	<u>\$ 15,537</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ -	\$ 2,973
Interest-bearing deposits - unrestricted	447,096	-
Interest-bearing deposits - restricted	258,745	-
Less: Interest-bearing deposits with maturity		
in excess of 90 days	(354,164)	-
Total cash and cash equivalents	<u>351,677</u>	<u>2,973</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	-	18,510
Interest-bearing deposits - unrestricted	410,909	-
Interest-bearing deposits - restricted	263,478	-
Less: Interest-bearing deposits with maturity		
in excess of 90 days	(354,165)	-
Total cash and cash equivalents	<u>320,222</u>	<u>18,510</u>
Net increase (decrease)	<u>\$ (31,455)</u>	<u>\$ 15,537</u>

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

TOWN OF MAMOU, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of the Town of Mamou (Town) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting and reporting policies of the Town also conform to the requirements of Louisiana Revised Statute 24:513, the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*. The accounting and reporting framework and the more significant accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Primary Government**

The Town of Mamou was incorporated on January 4, 1911, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

**Component Units**

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

These financial statements include the primary government financial statements only. Based upon these criteria, the Town should include the component unit detailed below in the financial reporting entity. The following component unit of the Town is not presented in these financial statements:

**Blended Component Unit -**

**Savoy Medical Management Group, Inc.**

Savoy Medical Management Group, Inc., a nonprofit organization doing business as Savoy Medical Center, was determined to be a component unit but is not presented in the accompanying financial statements. The organization is a nonprofit organization incorporated on November 11, 2009. The organization was formed for the purpose of providing medical and health related services to communities in and around Mamou, Parish of Evangeline, Louisiana, and to those persons or individuals seeking healthcare and is exempt from income taxes under Section 504(c)(3) of the Internal Revenue Code. The sole member of this corporation shall be the Town of Mamou, Louisiana, which shall act through individuals duly elected and then serving on the Town of Mamou Council. The management and affairs of this corporation shall be at all times under the direction of the Board of Trustees which shall at all times consist of at least three (3) but no more than nine (9) members appointed by the sole Member's governing body. The Board of Trustees may include at least two (2) members of the sole Member's governing body.

On December 11, 2014, the Town adopted a resolution authorizing a termination and mutual release agreement with Savoy Medical Management Group, Inc. effective January 4, 2015. This agreement provides that the Town will forgive all rent, payments, and other consideration due and owing to the Town under the lease, whether past due or current. The Town also entered into a Special Services Management Agreement between Savoy Medical Management Group, Inc. (of which the Town is the sole member), the Town of Mamou, and Evangeline Clinical Services, Inc. Under this agreement, Savoy Medical Management Group, Inc. will continue to operate Savoy Medical Center with managerial assistance from Evangeline Clinical Services, Inc., which will allow access to managerial and administrative expertise in the delivery and operations of hospitals and to clinically integrate Savoy Medical Center with the Christus Health Central Louisiana network of physicians, clinics and hospitals, in order to improve access, quality, availability and efficiency of care for residents of the Mamou community. The agreement will remain in effect for an initial term of fifteen years and shall automatically continue thereafter for additional terms of five years.

Complete financial statements for the component unit may be obtained at the entity's administrative office (Savoy Medical Management Group, Inc., 801 Poinciana, Mamou, LA 70554).

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

The General Fund is always a major fund. Other individual governmental and enterprise major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or total enterprise fund) and at least five percent of the corresponding total for all governmental and enterprise funds combined or funds designated as major at the discretion of the Town. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

Governmental Funds –

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

**General Fund**

The General Fund represents the operating activities of the Town. All financial resources not accounted for in other funds are reported in the General Fund.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The following is the Town's major special revenue fund:

The Sales Tax Special Revenue Fund is used to account for the proceeds of two separate one percent sales and use taxes that are legally restricted to expenditures for specific purposes and for the receipt and use of grant proceeds.

**Capital Projects Funds**

Capital Projects Funds are used to report resources that are restricted, committed or assigned to expenditures for major capital acquisition and construction separately from ongoing operational activities. The Town has no major capital projects funds.

**Debt Service Funds**

Debt Service Funds are used to account for and report resources that are restricted, committed or assigned to expenditures for principal and interest. The Town has no major debt service funds.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statements and the net position of the governmental activities in the government-wide financial statements.

**Proprietary Funds –**

Proprietary Funds are used to account for the Town's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the Town are enterprise funds and internal service funds.

## TOWN OF MAMOU, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

#### Enterprise Funds

Enterprise Funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's major enterprise fund is the Utility Fund.

#### Internal Service Funds

Internal Service Funds are used to report activities which provide goods or services to other funds, departments, or agencies of the primary government and its components units, or to other governments, on a cost-reimbursement basis. The Town includes services such as the provision of insurance benefits in these funds. All of the internal service fund's net position and activities are combined with the governmental activities in the government-wide financial statements. The Town's internal service fund is the Employee Benefits Fund.

Enterprise and internal service fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities column. A column representing internal service funds is also presented in these statements, with the internal service fund's net position and activities combined with the governmental activities in the government-wide financial statements.

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

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position, and cash flows.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. An exception to this is grant revenue collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services and investment income based upon this concept. Expenditures generally are recognized when related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise fund and the internal service fund have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Town.

## TOWN OF MAMOU, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds' statements of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

#### Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and franchise taxes. Business-type activities report customer utility service receivables as the major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible customer utility receivables was \$204,349 at December 31, 2019. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

#### Inventory

Inventory of the Utility Fund consists of natural gas being held in storage on behalf of the Town by the Louisiana Municipal Gas Authority and is valued at a price per MCF determined by the Louisiana Municipal Gas Authority. Supplies and parts on hand are considered immaterial and have been accounted for using the purchase method.

#### Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

**Restricted Assets**

Restricted assets include cash and interest-bearing deposits of utility fund that are legally restricted as to their use. The restricted assets in the utility fund are related to the utility meter deposits.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Town maintains a threshold level of \$1,000 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. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

**Long-term debt**

The accounting treatment of long-term debt depends on whether the assets acquired or constructed with the proceeds of the debt are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term debt consists of utility meter deposits payable.

## TOWN OF MAMOU, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

#### Compensated Absences

Sick leave is earned at the rate of one day for each month worked, with a limit of twelve days per year. An employee may not carry over or accumulate more than forty-eight days of sick leave from one year to another. Sick leave is not payable at termination of employment. Vacation leave is earned over an anniversary year basis at the rate of one day for each month worked, with a limit of twelve days per year. An employee may not carry over or accumulate vacation leave from one employment anniversary date to another.

For fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term liabilities.

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plan.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category in the government-wide statement of net position, the deferred inflow of resources attributable to its pension plan.

The Town also reported deferred inflows of resources related to unavailable delinquent ad valorem tax revenue and state prisoner housing revenue totaling \$61,695 in the General Fund at December 31, 2019.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

**Equity Classifications**

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any notes or other borrowing attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position consists of net position with constraints placed on the use either by external groups, such as grantors, creditors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred. At December 31, 2019, the Town reported \$422,700 of restricted net position all of which was restricted by enabling legislation.
3. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

1. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
2. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, creditors, or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Mayor and Board of Aldermen and does not lapse at year-end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an ordinance by the Mayor and Board of Aldermen.
4. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town Clerk with the approval of a resolution by the Mayor and Board of Aldermen.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

5. Unassigned includes fund balance amounts within the General Fund which have not been classified within the above-mentioned categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year-end. The Town's major revenue sources that meet this availability criterion are ad valorem taxes and franchise fees.

There are three classifications of programmatic revenues for the Town, program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. The primary sources of program revenues are fees, fines, and charges paid by recipients of goods and services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the Town's utility system. Interest income is recorded as earned in the fund holding the interest-bearing asset. Substantially all other revenues are recorded when received.

Operating and Nonoperating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**F. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Gas, water and sewer revenue	Utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

**G. Capitalization of Interest Expense**

It is the policy of the Town of Mamou, Louisiana to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the proprietary funds. At December 31, 2019, there were no borrowings for assets under construction and no capitalized interest expense recorded.

**H. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

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 taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2019, taxes of 18.22 mills were levied on property with assessed valuations totaling \$9,566,840 and were dedicated as follows:

General corporate purposes	6.73 mills
Streets and recreation maintenance	<u>11.49</u> mills
Total	<u>18.22</u> mills

Total taxes levied for 2019 totaled \$174,312. Taxes receivable at December 31, 2019 totaled \$57,202.

(3) Sales and Use Tax

- A. Proceeds of the 1986 1% sales and use tax levied by the Town of Mamou, renewed in April 2011 (2019 collections \$317,323), are dedicated for any lawful corporate purposes of the Town. The tax will expire on April 30, 2036.
- B. Proceeds of the 1991 1% sales and use tax levied by the Town of Mamou, renewed in October 2015 (2019 collections \$317,323), are dedicated to the following purposes: Thirty-five percent (35%) for any lawful corporate purposes of the Town; ten percent (10%) for inducing and attracting commerce, industry and tourism in the Town, including the acquisition and improvement of land and buildings there for; and fifty-five percent (55%) for constructing, acquiring, improving and /or extending any work of capital improvement for the Town. The tax will expire on December 31, 2040.

(4) Cash, Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2019, the Town had cash and interest-bearing deposits (book balances) totaling \$1,887,885 as follows:

Demand deposits	\$ 90,845
Money market and savings accounts	1,442,875
Time deposits	<u>354,165</u>
Total	<u>\$ 1,887,885</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered, or the Town will not be able to recover the collateral securities that are in the possession of an outside party. 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 similar federal security 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 bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at December 31, 2019, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 1,855,632</u>
Insured	\$ 775,165
Pledged securities	<u>1,080,467</u>
Total	<u>\$ 1,855,632</u>

Deposits in the amount of \$1,080,467 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

The Town follows state law regarding its deposits and investments; however, it has not adopted a formal deposit and investment policy.

(5) Receivables

Receivables at December 31, 2019 totaling \$315,731 consist of the following:

	Governmental Activities	Business type Activities	Total
Accounts	\$ -	\$ 353,641	\$ 353,641
Unbilled utility	-	70,749	70,749
Allowance for uncollectible accounts	-	(204,349)	(204,349)
Ad valorem	57,202	-	57,202
Franchise tax	29,994	-	29,994
Other	<u>1,467</u>	<u>7,027</u>	<u>8,494</u>
Totals	<u>\$ 88,663</u>	<u>\$ 227,068</u>	<u>\$ 315,731</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$90,082 at December 31, 2019 consist of the following:

	Governmental Activities	Business type Activities	Total
<b>State of Louisiana -</b>			
Beer tax revenue receivable	\$ 1,448	\$ -	\$ 1,448
DOTD road maintenance	2,500	-	2,500
LCDBG grant funds	45,028	-	45,028
<b>Louisiana Department of Corrections -</b>			
state prisoner housing reimbursement	<u>41,106</u>	-	<u>41,106</u>
<b>Totals</b>	<u>\$90,082</u>	<u>\$ -</u>	<u>\$ 90,082</u>

(7) Restricted Assets

Restricted assets in the Enterprise Utility Fund at December 31, 2019 represent amounts held for customer deposits totaling \$263,478.

(8) Capital Assets

Capital asset balances and activity for the year ended December 31, 2019 is as follows:

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 269,650	\$ -	\$ -	\$ 269,650
Plaza mural	13,503	-	-	13,503
Construction in progress	56,880	485,578	542,458	-
Other capital assets:				
Buildings and improvements	3,415,905	31,370	-	3,447,275
Infrastructure	2,910,170	556,076	-	3,466,246
Equipment, furniture and fixtures	862,738	25,651	-	888,389
Vehicles	353,492	3,500	-	356,992
<b>Totals</b>	<u>7,882,338</u>	<u>1,102,175</u>	<u>542,458</u>	<u>8,442,055</u>
Less accumulated depreciation				
Buildings and improvements	1,427,109	93,928	-	1,521,037
Infrastructure	1,426,101	86,897	-	1,512,998
Equipment, furniture and fixtures	649,641	36,662	-	686,303
Vehicles	275,972	25,012	-	300,984
<b>Total accumulated depreciation</b>	<u>3,778,823</u>	<u>242,499</u>	<u>-</u>	<u>4,021,322</u>
<b>Governmental activities, capital assets, net</b>	<u>\$ 4,103,515</u>	<u>\$ 859,676</u>	<u>\$ 542,458</u>	<u>\$ 4,420,733</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
Business-type activities:				
Capital assets not being depreciated:				
Land - sewer system	\$ 63,910	\$ -	\$ -	\$ 63,910
Other capital assets:				
Gas system	724,388	-	-	724,388
Water system	2,637,607	-	-	2,637,607
Sewer system	4,936,832	-	-	4,936,832
Machinery and equipment	<u>440,424</u>	<u>25,545</u>	<u>-</u>	<u>465,969</u>
Totals	<u>8,803,161</u>	<u>25,545</u>	<u>-</u>	<u>8,828,706</u>
Less accumulated depreciation				
Gas system	592,305	23,551	-	615,856
Water system	2,233,803	52,496	-	2,286,299
Sewer system	3,115,169	105,812	-	3,220,981
Machinery and equipment	<u>260,720</u>	<u>26,523</u>	<u>-</u>	<u>287,243</u>
Total accumulated depreciation	<u>6,201,997</u>	<u>208,382</u>	<u>-</u>	<u>6,410,379</u>
Business-type activities, capital assets, net	<u>\$ 2,601,164</u>	<u>\$ (182,837)</u>	<u>\$ -</u>	<u>\$ 2,418,327</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 35,698
Police	26,453
Highways and streets	92,364
Culture and recreation	87,927
Judicial	<u>57</u>
 Total depreciation expense	 <u>\$ 242,499</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 34,543
Water	56,099
Sewer	<u>117,740</u>
 Total depreciation expense	 <u>\$ 208,382</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(9) Accounts and Other Payables

Accounts and other payables consist of the following at December 31, 2019:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 71,973	\$ 42,440	\$ 114,413
Retainage payable	45,028	-	45,028
Salaries payable	32,455	-	32,455
Payroll taxes	8,797	-	8,797
Compensated absences payable	<u>20,169</u>	<u>8,824</u>	<u>28,993</u>
 Totals	 <u>\$ 178,422</u>	 <u>\$ 51,264</u>	 <u>\$ 229,686</u>

(10) Unavailable Revenues

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is fully recognized as revenue in the government-wide financial statements. At December 31, 2019, governmental funds' revenues that have been earned but are unavailable totaled \$61,695 which was comprised of delinquent ad valorem tax revenue and state prisoner housing revenue.

(11) Pension Plan

Municipal Police Employees Retirement System of Louisiana (System)

The Town participates in a cost-sharing multiple-employer defined benefit pension plan, the Municipal Police Employees Retirement System of Louisiana (MPERS), administered by a separate public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan administered by this public employee retirement system to the State Legislature. The plan is not closed to new entrants. One employee of the Town participates in the system.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

**Plan Description – State of Louisiana – Municipal Police Employees’ Retirement System (MPERS)** provides retirement, disability, and survivor benefits to municipal police officers in Louisiana and their beneficiaries as defined in LRS 11:2211-11:2233.

MPERS financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest income is recognized when earned. Insurance premium tax monies are received as additional employer contributions and considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study.

**Benefits provided –** Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per the number of years of creditable service not to exceed 100% of final salary. Years of service required and/or age eligible for benefits are as follows: 25 years at any age; 20 years at age 55; 12 years at age 55; 20 years at any age with actuarial reduced benefits; 30 years at any age under non-hazardous duty sub plan commencing January 1, 2013; 25 years at age 55 under non-hazardous duty sub plan commencing January 1, 2013; and 10 years at age 60 under non-hazardous duty sub plan commencing January 1, 2013. Benefit percentages per year of service are as follows: 2.5% for membership commencing January 1, 2013 non-hazardous duty plan; 3.0% for hazardous duty plan; and 3.33% for membership prior to January 1, 2013.

**Contributions –** Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. In addition, MPERS receives insurance premium tax monies as additional employer contributions. These taxes are considered support from a noncontributing entity and appropriated by the Legislature each year based on an actuarial study. For the year ended December 31, 2019, the contribution percentages for employees and employers were 10.0% and 30.75%, respectively, through June 30, 2018 and 10.0% and 32.25%, respectively, commencing July 1, 2018. The amounts contributed from non-employer contributing entities and from the Town for the year ended December 31, 2019 were \$2,389 and \$11,733, respectively.

At December 31, 2019, the Town reported payables of \$1,201 for the outstanding amount of contributions due to the retirement system for the year.

**Net Pension Liability –** The Town’s net pension liability at December 31, 2019 of \$105,384 is comprised of its proportionate share of the net pension liability relating to the cost-sharing plan. The Town’s net pension liability for the plan was measured as of the plan’s measurement date, June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportionate share of the net pension liability for the plan was based on the Town’s required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Town’s proportion for the plan was 0.011604% and the change in proportion from the prior measurement date was an increase of 0.000281%.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Since the measurement date of the pension liability was June 30, 2019, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial report which may be accessed on their website at <http://lampers.org/>.

**Actuarial Assumptions** – The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for MPERS:

Valuation Date	June 30, 2019									
Actuarial Cost Method	Entry Age Normal									
<b>Actuarial Assumptions:</b>										
Investment Rate of Return	7.125%, net of investment expense									
Expected Remaining Service Lives	4 years									
Inflation Rate	2.50%									
Salary increases, including inflation and merit	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 30%;">Years of Service</th> <th style="text-align: center; width: 30%;">Salary Growth Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td><td style="text-align: center;">9.75%</td></tr> <tr> <td style="text-align: center;">3-23</td><td style="text-align: center;">4.75%</td></tr> <tr> <td style="text-align: center;">Over 23</td><td style="text-align: center;">4.25%</td></tr> </tbody> </table>		Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	Over 23	4.25%
Years of Service	Salary Growth Rate									
1-2	9.75%									
3-23	4.75%									
Over 23	4.25%									
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.									
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.									

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

**Cost of Living Adjustments** – MPERS has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the MPERS to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefits changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

**Discount Rate** – The discount rate used to measure the Town’s total liability for MPERS plan and the significant assumptions used in the determination of the discount rate was 7.125%, which was the same rate as the prior valuation. The plan member contributions will be made at the current contribution rate and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the Town’s total pension liability for the pension plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MPERS, the long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for MPERS in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternative	18.00%	1.06%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	100.00%	5.14%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>7.89%</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plan** – Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2019, the Town recognized \$17,789 in pension expense related to its pension plan. The Town also recognized revenue in the amount of \$2,389 in insurance premium tax monies from non-employer contributing entities.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension plan from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 221	\$ 3,242
Changes of assumptions	5,906	-
Net difference between projected and actual earnings on pension plan investments	6,847	-
Changes in proportion and differences between employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	3,085	4,698
Employer contributions subsequent to the measurement date	<u>5,889</u>	<u>-</u>
Total	<u>\$ 21,948</u>	<u>\$ 7,940</u>

Deferred outflows of resources of \$5,889 resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Fiscal Year Ended	Net Amount Recognized in Pension Expense
12/31/2020	\$ 5,122
12/31/2021	(1,838)
12/31/2022	3,122
12/31/2023	1,713

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability of the plan, calculated using the discount rate, as well as what the Town's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Current		
	1.0% Decrease	Discount Rate	1.0% Increase
	6.125%	7.125%	8.125%
Employer's proportionate share of the net pension liability	\$ 146,834	\$ 105,384	\$ 70,611

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(12) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen \$36,766 of supplemental pay during the year ended December 31, 2019. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(13) Litigation and Claims

At December 31, 2019, the Town is involved in several lawsuits claiming damages. In the opinion of the Town's legal counsel, the only exposure to the Town would be any costs in defense of the lawsuits with no liability to the Town in excess of insurance coverage.

(14) Risk Management

A. Commercial Insurance Coverage

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. The Town is self-insured for boiler and machinery coverage. The risk of any excess liability is handled by purchasing commercial insurance coverage. There have been no significant reductions in insurance coverage during the year nor have settlements exceeded coverage for the past three years.

B. Group Self-Insurance

Effective July 1, 1998, the Town established a self-insurance health plan to account for and finance its uninsured risk of loss for commercial group health insurance. The plan is administered by Health Scope Benefits, and the plan year ends on June 30 of each year. Under this plan, Sirius American Insurance Company agreed to reimburse the Town for specific incurred claims related to any one covered employee or dependent which exceeds the retention by the Town, which is \$30,000. For the plan year ending June 30, 2020, American Fidelity Assurance Company will reimburse the Town for aggregate incurred claims during the period of insurance less any amounts paid with respect to the specific incurred claims. No claims will be reimbursed until all claims in excess of the specific attachment point of \$275,477 exceed a corridor of the greater of the product of the enrollment times the factors of \$17.59 per employee or the annual corridor of \$30,000. Monthly payments are calculated based on the number of employees with single coverage multiplied by a funding factor of \$201 and the number of employees with family coverage multiplied by a funding factor of \$604. The Town currently funds the plan based upon actual claims incurred instead of the funding factors discussed above.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

The General and Utility Funds of the Town participate in the program and make payments to the Self-Insurance Fund based upon amounts needed to pay prior and current year claims. The claims liability of \$32,964 reported in the fund at December 31, 2019 is based on the loss that is probable at the date of the financial statements and the amount of the loss that can be reasonably estimated. The Town currently does not discount its claims liabilities.

Reconciliation of Claims Liabilities

Claims payable, January 1, 2019	\$ 45,951
Insurance claims incurred for year ended December 31, 2019	260,547
Payments made for year ended December 31, 2019	<u>(273,534)</u>
Claims payable, December 31, 2019	<u>\$ 32,964</u>

Claims payable of \$32,964 at December 31, 2019 was determined as follows:

A. Claims incurred prior to December 31, 2019 and paid in January 1, 2020 through March 31, 2020	\$ 19,689
B. Provision for claims incurred but not reported	<u>13,275</u>
Total claims payable	<u>\$ 32,964</u>

The provision for claims incurred but not reported of \$13,275 was calculated utilizing historical information adjusted for current trends.

(15) Enterprise Fund Contracts

The Town of Mamou, under contract dated January 1, 1997, is required to purchase its natural gas from the Louisiana Municipal Gas Authority. The contract automatically renews annually unless notice is given in writing six months in advance. The Town purchased natural gas during the year ended December 31, 2019 in the amount of \$ \$165,607, of which \$12,288 was owed for purchases for the month of December 2019.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(16) Segment Information for the Enterprise Fund

The Town of Mamou maintains one enterprise fund with three departments, which provide gas, water, and sewerage services. Segment information for the year ended December 31, 2019 was as follows:

	Gas Department	Water Department	Sewer Department	Total Enterprise Fund
Operating revenues	<u>\$ 683,433</u>	<u>\$ 540,451</u>	<u>\$ 481,264</u>	<u>\$ 1,705,148</u>
Operating expenses:				
Depreciation	34,543	56,099	117,740	208,382
Other	<u>500,461</u>	<u>360,780</u>	<u>269,395</u>	<u>1,130,636</u>
Total operating expenses	<u>535,004</u>	<u>416,879</u>	<u>387,135</u>	<u>1,339,018</u>
Operating income	<u>\$ 148,429</u>	<u>\$ 123,572</u>	<u>\$ 94,129</u>	<u>\$ 366,130</u>

(17) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Ricky Fontenot for the year ended December 31, 2019 follows:

Purpose	Amount
Salary	\$ 43,431
Car allowance	2,400
Benefits - insurance	3,007
Per diem	150
Registration fees	200
Conference travel	380
Total	<u>\$ 49,568</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(18) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2019 follows:

Ricky Fontenot, Mayor	\$ 45,831
<b>Aldermen:</b>	
Leisa Deshotel	9,000
David Brook Chapman	9,000
Derrell Wayne Thomas	9,000
Charles Reed	9,000
Robin Young	9,000
Total	<u>\$ 90,831</u>

(19) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at December 31, 2019 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major governmental funds:</b>		
General Fund	\$ -	\$ 110,793
Sales Tax Fund	29,978	-
<b>Proprietary funds:</b>		
Enterprise Fund	53,180	-
Group Health Self-Insurance Internal Service Fund	<u>27,635</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 110,793</u></b>	<b><u>\$ 110,793</u></b>

The receivable in the Group Health Self-Insurance Fund is for amounts owed from various other funds for their share of health insurance premiums. The amounts due from the General Fund to various other funds are for short-term loans.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

B. Transfers consisted of the following at December 31, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$1,069,226	\$ -
Sales Tax Special Revenue Fund	- <hr/>	<hr/> 457,703
Total governmental funds	1,069,226	457,703
Proprietary funds:		
Enterprise Fund	- <hr/>	<hr/> 611,523
Total	<hr/> \$1,069,226	<hr/> \$1,069,226

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(20) Operating Lease Revenues

Effective January 1, 2010, the Town agreed to lease Savoy Medical Center to Savoy Medical Management Group, Inc. for an initial primary term of 5 years beginning January 1, 2010 with options for four additional terms of five years each. During 2014, it was determined that Savoy Medical Management Group, Inc. was not able to make timely payment of the rent due and owing to the Town under the lease as a result of insufficient revenue and the financial condition of the hospital. The Town acknowledged the financial condition of the hospital and Savoy Medical Management Group, Inc.'s inability to make timely payment of rent under the lease. Therefore, on December 11, 2014, the Town adopted a resolution authorizing a termination and mutual release agreement with Savoy Medical Management Group, Inc. effective January 4, 2015. This agreement provides that the Town will forgive all rent, payments, and other consideration due and owing to the Town under the lease, whether past due or current. See Note 1.A. for further discussion regarding the Special Services Agreement between Savoy Medical Management Group, Inc., the Town of Mamou, and Evangeline Clinical Services, Inc.

Under the Savoy Care Center Nursing Home agreement commencing on April 2013 and renewed in April 2018, the town will receive \$39,820 per month through March 2021.

(21) Economic Dependency

The Town of Mamou owns a hospital facility and nursing home within the Town. The hospital was leased to Savoy Medical Management Group, Inc. (operating as Savoy Medical Center) for \$765,000 per year; however, this lease was terminated effective January 4, 2015. (See Note 1.A. and Note 21). The nursing home is leased to MH3F Healthcare Management, LLC (operating as Savoy Care Center Nursing Home) for \$477,840 per year. These leases provide a significant portion of the Town's total revenues. If the Town were to cease receiving these lease revenues, the Town's ability to continue to provide services at present levels would be threatened.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(22) Subsequent Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, changes in financial position, and cash flows of the Town during fiscal year 2020. Additionally, on March 17, 2020, the Town announced a temporary closure of the Town Hall lobby to the public through at least June 5, 2020. The duration of these uncertainties and the ultimate financial effects on the Town cannot be reasonably estimated at this time.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

TOWN OF MAMOU, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 309,000	\$ 299,500	\$ 316,412	\$ 16,912
Licenses and permits	131,000	138,000	140,795	2,795
Intergovernmental	77,000	62,500	94,636	32,136
Fines and forfeits	300,000	270,000	271,283	1,283
Miscellaneous	<u>525,840</u>	<u>512,840</u>	<u>518,144</u>	<u>5,304</u>
Total revenues	<u>1,342,840</u>	<u>1,282,840</u>	<u>1,341,270</u>	<u>58,430</u>
<b>Expenditures:</b>				
Current -				
General government:				
Administrative	677,000	789,220	707,429	81,791
Public safety:				
Police	910,000	974,000	982,326	(8,326)
Highways and streets	549,000	598,500	521,549	76,951
Culture and recreation	161,000	205,000	181,570	23,430
Judicial	<u>38,500</u>	<u>38,500</u>	<u>42,454</u>	<u>(3,954)</u>
Total expenditures	<u>2,335,500</u>	<u>2,605,220</u>	<u>2,435,328</u>	<u>169,892</u>
Deficiency of revenues over expenditures	<u>(992,660)</u>	<u>(1,322,380)</u>	<u>(1,094,058)</u>	<u>228,322</u>
<b>Other financing sources (uses):</b>				
Transfers from -				
Utility Fund	300,000	548,220	611,523	63,303
Sales Tax Fund	<u>700,000</u>	<u>417,000</u>	<u>457,703</u>	<u>40,703</u>
Total other financing sources (uses)	<u>1,000,000</u>	<u>965,220</u>	<u>1,069,226</u>	<u>104,006</u>
Net change in fund balance	7,340	(357,160)	(24,832)	332,328
Fund balance, beginning	<u>654,933</u>	<u>654,933</u>	<u>654,933</u>	<u>-</u>
Fund balance, ending	<u>\$ 662,273</u>	<u>\$ 297,773</u>	<u>\$ 630,101</u>	<u>\$ 332,328</u>

The accompanying notes are an integral part of this schedule.

TOWN OF MAMOU, LOUISIANA  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 676,531	\$ 605,100	\$ 634,645	\$ 29,545
Intergovernmental	-	450,000	405,255	(44,745)
Miscellaneous -				
Interest	700	500	465	(35)
Other	-	4,000	4,000	-
<b>Total revenues</b>	<b><u>677,231</u></b>	<b><u>1,059,600</u></b>	<b><u>1,044,365</u></b>	<b><u>(15,235)</u></b>
<b>Expenditures:</b>				
Current -				
General government	46,531	52,100	56,012	(3,912)
Capital outlay	155,000	650,000	575,324	74,676
<b>Total expenditures</b>	<b><u>201,531</u></b>	<b><u>702,100</u></b>	<b><u>631,336</u></b>	<b><u>70,764</u></b>
Excess of revenues over expenditures	475,700	357,500	413,029	55,529
<b>Other financing uses:</b>				
Transfers out	<u>(700,000)</u>	<u>(417,000)</u>	<u>(457,703)</u>	<u>(40,703)</u>
Net change in fund balance	(224,300)	(59,500)	(44,674)	14,826
Fund balances, beginning	<u>467,374</u>	<u>467,374</u>	<u>467,374</u>	<u>-</u>
<b>Fund balances, ending</b>	<b><u>\$ 243,074</u></b>	<b><u>\$ 407,874</u></b>	<b><u>\$ 422,700</u></b>	<b><u>\$ 14,826</u></b>

The accompanying notes are an integral part of this schedule.

TOWN OF MAMOU, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended December 31, 2019 \*

Year ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Municipal Police Employees' Retirement System of Louisiana:</b>					
2019	0.011604%	\$ 105,384	\$ 36,240	290.8%	71.01%
2018	0.011323%	95,725	36,240	264.1%	71.89%
2017	0.012529%	109,383	37,403	292.4%	70.08%
2016	0.012009%	112,558	33,641	334.6%	66.04%
2015	0.011899%	93,216	31,827	292.9%	70.73%

\* The amounts presented have a measurement date of June 30th of each fiscal year.

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

The accompanying notes are an integral part of this schedule.

TOWN OF MAMOU, LOUISIANA

**Schedule of Employer Contributions  
For the Year Ended December 31, 2019**

Year ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution			Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
		Contribution	Deficiency (Excess)			
<b>Municipal Police Employees' Retirement System of Louisiana:</b>						
2019	\$ 11,723	\$ 11,733	\$ (10)	\$ 36,210		32.40%
2018	11,416	11,416	-	36,240		31.50%
2017	11,325	11,353	(28)	36,240		31.33%
2016	11,383	10,893	490	37,115		29.35%
2015	9,660	9,684	(24)	31,670		30.58%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

The accompanying notes are an integral part of this schedule.

TOWN OF MAMOU, LOUISIANA

Notes to Required Supplementary Information

1. Budget and Budgetary Accounting

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

1. The Town Clerk prepares a proposed operating at the end of each fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

2. Pension Plan

Changes in Assumptions --- Changes in assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

TOWN OF MAMOU, LOUISIANA

Notes to Required Supplementary Information

Amounts reported in fiscal year ended December 31, 2019 for the pension plan reflect the following changes used to measure the total pension liability.

* Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2019	7.125%	7.125%	2.50%	4	4.25-9.75%
2018	7.20%	7.20%	2.60%	4	4.25-9.75%
2017	7.325%	7.325%	2.70%	4	4.25-9.75%
2016	7.50%	7.50%	2.875%	4	4.25-9.75%
2015	7.50%	7.50%	2.875%	4	4.25-9.75%

\* The amounts presented have a measurement date of June 30th of each fiscal year.

**OTHER SUPPLEMENTARY INFORMATION**

## **OTHER FINANCIAL INFORMATION**

TOWN OF MAMOU, LOUISIANA

Statement of Net Position  
December 31, 2019  
With Comparative Totals for December 31, 2018

	2019			2018 Totals
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$1,213,498	\$ 410,909	\$1,624,407	\$1,738,219
Receivables, net	88,663	227,068	315,731	334,366
Due from other governmental units	90,082	-	90,082	8,442
Inventory	-	26,098	26,098	33,658
Prepaid items	42,870	11,586	54,456	57,267
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	-	263,478	263,478	258,745
Capital assets, net	<u>4,420,733</u>	<u>2,418,327</u>	<u>6,839,060</u>	<u>6,704,679</u>
Total assets	<u>5,855,846</u>	<u>3,357,466</u>	<u>9,213,312</u>	<u>9,135,376</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	<u>21,948</u>	<u>-</u>	<u>21,948</u>	<u>19,956</u>
<b>LIABILITIES</b>				
Accounts and other payables	178,422	51,264	229,686	204,406
Claims payable	32,964	-	32,964	45,951
Internal balances	53,180	(53,180)	-	-
Customer deposits	-	263,478	263,478	258,745
Net pension liability	<u>105,384</u>	<u>-</u>	<u>105,384</u>	<u>95,725</u>
Total liabilities	<u>369,950</u>	<u>261,562</u>	<u>631,512</u>	<u>604,827</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	<u>7,940</u>	<u>-</u>	<u>7,940</u>	<u>11,939</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,420,733	2,418,327	6,839,060	6,704,679
Restricted for sales tax dedications	422,700	-	422,700	467,374
Unrestricted	<u>656,471</u>	<u>677,577</u>	<u>1,334,048</u>	<u>1,366,513</u>
Total net position	<u>\$5,499,904</u>	<u>\$3,095,904</u>	<u>\$8,595,808</u>	<u>\$8,538,566</u>

TOWN OF MAMOU, LOUISIANA

Balance Sheet  
Governmental Funds  
December 31, 2019  
With Comparative Amounts as of December 31, 2018

	2019			2018	
	Sales Tax Special Revenue				
	General	Total			
<b>ASSETS</b>					
Cash	\$ 72,335	\$ -	\$ 72,335	\$ 54,739	
Interest-bearing deposits	722,080	400,573	1,122,653	1,233,411	
Receivables:					
Taxes	87,196	-	87,196	100,480	
Other	1,467	-	1,467	7,377	
Due from other funds	-	29,978	29,978	19,621	
Due from other governmental units	45,054	45,028	90,082	8,442	
<b>Total assets</b>	<b>\$ 928,132</b>	<b>\$ 475,579</b>	<b>\$1,403,711</b>	<b>\$1,424,070</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 105,374	\$ 7,851	\$ 113,225	\$ 138,371	
Retainage payable	-	45,028	45,028	-	
Compensated absences payable	20,169	-	20,169	20,169	
Due to other funds	110,793	-	110,793	112,426	
<b>Total liabilities</b>	<b>236,336</b>	<b>52,879</b>	<b>289,215</b>	<b>270,966</b>	
Deferred inflows of resources:					
Unavailable revenue	61,695	-	61,695	30,797	
Fund balances -					
Nonspendable	-	-	-	-	
Restricted - operations and maintenance	-	341,082	341,082	354,998	
Restricted - capital expenditures	-	13,824	13,824	38,915	
Restricted - industry and tourism inducement	-	67,794	67,794	73,461	
Unassigned	630,101	-	630,101	654,933	
<b>Total fund balances</b>	<b>630,101</b>	<b>422,700</b>	<b>1,052,801</b>	<b>1,122,307</b>	
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 928,132</b>	<b>\$ 475,579</b>	<b>\$1,403,711</b>	<b>\$1,424,070</b>	

TOWN OF MAMOU, LOUISIANA  
 Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds  
 For the Year Ended December 31, 2019  
 With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			
	Sales Tax			
	General	Special Revenue	Total	2018
Revenues:				
Taxes	\$ 316,412	\$ 634,645	\$ 951,057	\$ 968,599
Licenses and permits	140,795	-	140,795	133,676
Intergovernmental	94,636	405,255	499,891	124,273
Fines and forfeits	271,283	-	271,283	292,541
Miscellaneous	518,144	4,465	522,609	515,088
Total revenues	<u>1,341,270</u>	<u>1,044,365</u>	<u>2,385,635</u>	<u>2,034,177</u>
Expenditures:				
Current -				
General government:				
Administrative	707,429	56,012	763,441	803,483
Public safety:				
Police	982,326	-	982,326	978,328
Highways and streets	521,549	-	521,549	554,540
Culture and recreation	181,570	-	181,570	176,096
Judicial	42,454	-	42,454	45,017
Capital outlay	<u>-</u>	<u>575,324</u>	<u>575,324</u>	<u>200,797</u>
Total expenditures	<u>2,435,328</u>	<u>631,336</u>	<u>3,066,664</u>	<u>2,758,261</u>
Excess (deficiency) of revenues over expenditures	<u>(1,094,058)</u>	<u>413,029</u>	<u>(681,029)</u>	<u>(724,084)</u>
Other financing sources (uses):				
Transfers in	1,069,226	-	1,069,226	1,111,349
Transfers out	<u>-</u>	<u>(457,703)</u>	<u>(457,703)</u>	<u>(489,732)</u>
Total other financing sources (uses)	<u>1,069,226</u>	<u>(457,703)</u>	<u>611,523</u>	<u>621,617</u>
Net changes in fund balances	(24,832)	(44,674)	(69,506)	(102,467)
Fund balances, beginning	<u>654,933</u>	<u>467,374</u>	<u>1,122,307</u>	<u>1,224,774</u>
Fund balances, ending	<u>\$ 630,101</u>	<u>\$ 422,700</u>	<u>\$1,052,801</u>	<u>\$1,122,307</u>

TOWN OF MAMOU, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended December 31, 2019  
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			Variance with Final Budget	
	Budget		Actual	Positive (Negative)	2018 Actual
	Original	Final			
<b>Taxes:</b>					
Ad valorem	\$ 179,000	\$ 175,000	\$ 181,068	\$ 6,068	\$ 185,740
Franchise -					
Electric	115,000	110,000	116,323	6,323	126,499
Telephone	8,000	8,000	6,523	(1,477)	7,577
Cable TV	7,000	6,500	12,498	5,998	7,595
Total taxes	<u>309,000</u>	<u>299,500</u>	<u>316,412</u>	<u>16,912</u>	<u>327,411</u>
<b>Licenses and permits:</b>					
Occupational licenses	131,000	138,000	137,129	(871)	129,138
Permits	-	-	3,666	3,666	4,538
Total licenses and permits	<u>131,000</u>	<u>138,000</u>	<u>140,795</u>	<u>2,795</u>	<u>133,676</u>
<b>Intergovernmental:</b>					
State of Louisiana -					
Beer taxes	7,000	6,500	6,676	176	6,585
Highway maintenance	5,000	5,000	5,000	-	5,000
State grants	20,000	-	49,082	49,082	61,591
Housing of state prisoners	45,000	45,000	21,878	(23,122)	51,097
Housing Authority	-	6,000	12,000	6,000	-
Total intergovernmental	<u>77,000</u>	<u>62,500</u>	<u>94,636</u>	<u>32,136</u>	<u>124,273</u>
<b>Fines and forfeits:</b>					
Fines and court costs	<u>300,000</u>	<u>270,000</u>	<u>271,283</u>	<u>1,283</u>	<u>292,541</u>
<b>Miscellaneous:</b>					
Interest	1,000	1,000	1,050	50	1,102
Nursing home lease revenue	477,840	477,840	477,840	-	466,980
Recreation complex	-	-	15,585	15,585	12,140
Other sources	47,000	34,000	23,669	(10,331)	34,259
Total miscellaneous	<u>525,840</u>	<u>512,840</u>	<u>518,144</u>	<u>5,304</u>	<u>514,481</u>
Total revenues	<u>\$1,342,840</u>	<u>\$1,282,840</u>	<u>\$1,341,270</u>	<u>\$ 58,430</u>	<u>\$1,392,382</u>

TOWN OF MAMOU, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended December 31, 2019  
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019					Variance with Final Budget					
	Budget		Actual	Positive (Negative)	2018 Actual						
	Original	Final									
<b>Current:</b>											
General government -											
Administrative:											
Mayor and council salaries	\$ 90,831	\$ 90,831	\$ 90,831	\$ -	\$ 84,600						
Other salaries and wages	238,169	244,169	246,856	(2,687)	248,553						
Group insurance	45,000	45,000	43,593	1,407	52,259						
Insurance	60,000	72,000	32,879	39,121	32,385						
Payroll taxes	25,000	30,000	30,536	(536)	29,875						
Materials and supplies	32,000	43,000	46,607	(3,607)	36,242						
Advertisements and recordings	1,500	6,000	6,232	(232)	5,450						
Legal fees	6,500	7,000	5,371	1,629	2,550						
Accounting and auditing	50,000	55,000	13,175	41,825	13,180						
Professional fees	62,000	75,100	89,687	(14,587)	77,739						
Miscellaneous	30,000	40,120	38,969	1,151	29,982						
Utilities and telephone	21,000	26,000	25,721	279	19,953						
Repairs and maintenance	11,000	51,000	36,972	14,028	109,183						
Training	4,000	4,000	-	4,000	3,064						
Total administrative	<u>677,000</u>	<u>789,220</u>	<u>707,429</u>	<u>81,791</u>	<u>745,015</u>						
Public safety -											
Police:											
Salaries	463,500	488,500	508,152	(19,652)	512,104						
Payroll taxes	35,000	35,000	42,757	(7,757)	42,992						
Retirement contribution	11,500	11,500	11,733	(233)	11,416						
Group insurance	105,000	105,000	104,625	375	95,806						
Utilities and telephone	30,000	28,000	24,090	3,910	29,073						
Insurance	60,000	105,000	106,785	(1,785)	101,878						
Auto	56,000	45,000	37,308	7,692	54,347						
Gas and repairs	27,000	28,000	28,406	(406)	28,616						
Professional fees	5,000	5,000	1,500	3,500	-						
Court and lab fees	60,000	60,000	51,669	8,331	39,117						
Miscellaneous	17,000	17,000	15,186	1,814	13,367						
Supplies	40,000	45,000	46,318	(1,318)	45,030						
Training	-	1,000	3,797	(2,797)	4,582						
Total police department	<u>910,000</u>	<u>974,000</u>	<u>982,326</u>	<u>(8,326)</u>	<u>978,328</u>						

(continued)

TOWN OF MAMOU, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended December 31, 2019  
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			Variance with Final Budget	2018		
	Budget		Actual				
	Original	Final					
<b>Highways and streets -</b>							
Salaries	205,000	195,000	188,026	6,974	205,961		
Payroll taxes	20,000	20,000	16,591	3,409	18,043		
Maintenance and supplies	90,000	140,000	119,102	20,898	123,231		
Lighting	63,000	63,000	60,345	2,655	63,380		
Group insurance	30,000	35,000	34,875	125	43,548		
Telephone	4,000	4,000	3,658	342	3,230		
Insurance	100,000	100,000	60,179	39,821	61,810		
Miscellaneous	13,000	18,000	15,745	2,255	12,191		
Auto	22,000	20,000	19,695	305	19,876		
Equipment rental	1,000	2,000	1,911	89	2,644		
Professional fees	1,000	1,500	1,422	78	626		
Total highways and streets	<u>549,000</u>	<u>598,500</u>	<u>521,549</u>	<u>76,951</u>	<u>554,540</u>		
<b>Culture and recreation -</b>							
Salaries	4,500	4,500	4,410	90	4,410		
Payroll taxes	500	500	426	74	426		
Repairs and maintenance	27,000	61,000	52,001	8,999	40,934		
Materials and supplies	17,000	18,000	21,134	(3,134)	27,096		
Utilities and telephone	58,000	60,000	59,323	677	58,543		
Insurance	43,000	47,000	34,626	12,374	35,287		
Miscellaneous	11,000	14,000	9,650	4,350	9,400		
Total culture and recreation	<u>161,000</u>	<u>205,000</u>	<u>181,570</u>	<u>23,430</u>	<u>176,096</u>		
<b>Judicial -</b>							
Salaries	17,500	17,500	15,240	2,260	16,532		
Payroll taxes	1,500	1,500	1,237	263	1,370		
Insurance	500	500	311	189	467		
Group insurance	-	-	8,719	(8,719)	8,710		
Materials and supplies	4,000	4,000	3,533	467	3,848		
Telephone	2,000	2,000	2,174	(174)	2,090		
Professional fees	12,000	12,000	11,000	1,000	12,000		
Miscellaneous	1,000	1,000	240	760	-		
Total judicial	<u>38,500</u>	<u>38,500</u>	<u>42,454</u>	<u>(3,954)</u>	<u>45,017</u>		
Total expenditures	<u>\$2,335,500</u>	<u>\$2,605,220</u>	<u>\$2,435,328</u>	<u>\$169,892</u>	<u>\$2,498,996</u>		

TOWN OF MAMOU, LOUISIANA  
 Special Revenue Fund  
 Sales Tax Fund

Budgetary Comparison Schedule  
 For the Year Ended December 31, 2019  
 With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019			Variance with Final Budget	2018		
	Budget		Actual				
	Original	Final					
Revenues:							
Taxes	\$ 676,531	\$ 605,100	\$ 634,645	\$ 29,545	\$ 641,188		
Intergovernmental:							
LCDBG	-	450,000	405,255	(44,745)	-		
Miscellaneous:							
Interest	700	500	465	(35)	607		
Other	-	4,000	4,000	-	-		
Total revenues	<u>677,231</u>	<u>1,059,600</u>	<u>1,044,365</u>	<u>(15,235)</u>	<u>641,795</u>		
Expenditures:							
Current -							
General government:							
Audit and accounting	-	-	10,015	(10,015)	9,520		
Miscellaneous	13,531	12,100	11,777	323	12,800		
Industry and tourism inducement	33,000	40,000	40,020	(20)	36,148		
Total general government	<u>46,531</u>	<u>52,100</u>	<u>61,812</u>	<u>(9,712)</u>	<u>58,468</u>		
Capital outlay -							
General government:							
Equipment	-	-	-	-	18,435		
Public safety:							
Vehicles and equipment	10,000	55,000	41,144	13,856	48,512		
Highways and streets:							
Street improvements	140,000	560,000	506,844	53,156	115,163		
Culture and recreation:							
Building improvements	5,000	35,000	21,536	13,464	13,887		
Total capital outlay	<u>155,000</u>	<u>650,000</u>	<u>569,524</u>	<u>80,476</u>	<u>200,797</u>		
Total expenditures	<u>201,531</u>	<u>702,100</u>	<u>631,336</u>	<u>70,764</u>	<u>259,265</u>		
Excess of revenues over expenditures	<u>475,700</u>	<u>357,500</u>	<u>413,029</u>	<u>55,529</u>	<u>382,530</u>		
Other financing uses:							
Transfers out	(700,000)	(417,000)	(457,703)	(40,703)	(489,732)		
Net change in fund balance	(224,300)	(59,500)	(44,674)	14,826	(107,202)		
Fund balance, beginning	<u>467,374</u>	<u>467,374</u>	<u>467,374</u>	<u>-</u>	<u>574,576</u>		
Fund balance, ending	<u>\$ 243,074</u>	<u>\$ 407,874</u>	<u>\$ 422,700</u>	<u>\$ 14,826</u>	<u>\$ 467,374</u>		

TOWN OF MAMOU, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 2019

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 31, 2019 and 2018:

<u>Department</u>	<u>2019</u>	<u>2018</u>
Gas (metered)	857	897
Water	1,661	1,657
Sewerage	1,224	1,227

TOWN OF MAMOU, LOUISIANA

Schedule of Insurance In Force  
(Unaudited)  
December 31, 2019

Description of Coverage	Coverage Amounts
Workmen's compensation -	Statutory
Employer's liability- policy limit	500,000
Bodily injury by accident	100,000
Bodily injury by disease	100,000
Surety bonds -	
Fidelity bond	150,000
Commercial general liability	500,000
Law enforcement officers' comprehensive liability	500,000
Automobile liability	500,000
Public officials' errors and omissions liability	500,000
Commercial fire and extended coverage -	
Buildings and contents	5,260,800
Vehicle physical damage	205,500

TOWN OF MAMOU, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds  
December 31, 2019

	Interest Rate	Maturity Date	Total Book Value
<b>Major Governmental Funds:</b>			
<b>General Fund -</b>			
Savings Account - Hospital Revenue	(J) 0.25%	N/A	\$ 344,701
Interest-bearing checking - General	(J) 0.10%	N/A	247,047
Interest-bearing checking - Payroll	(J) 0.05%	N/A	30,145
Interest-bearing checking - Insurance Contingency	(S) 0.10%	N/A	<u>100,187</u>
<b>Total General Fund</b>			<u>722,080</u>
<b>Special Revenue Funds -</b>			
Sales Tax Fund			
Interest-bearing checking - Sales Tax Fund	(S) 0.10%	N/A	385,571
Interest-bearing checking - Construction Account	(S) 0.10%	N/A	<u>15,002</u>
<b>Total Sales Tax Fund</b>			<u>400,573</u>
<b>Total Governmental Funds</b>			<u>1,122,653</u>
<b>Proprietary Fund:</b>			
Utility Fund:			
Operating Account -			
Interest-bearing checking	(C) 0.15%	N/A	172,208
Certificate of Deposit	(J) 0.35%	03/06/20	168,589
Water Revenue Fund -			
Interest-bearing checking	(S) 0.10%	N/A	37,871
Interest-bearing checking	(S) 0.10%	N/A	32,041
Interest-bearing checking	(S) 0.10%	N/A	100
Interest-bearing checking	(S) 0.10%	N/A	100
Meter Deposit Fund -			
Certificate of Deposit	(S) 0.20%	07/28/20	185,576
Interest-bearing checking	(J) 0.10%	N/A	<u>77,902</u>
<b>Total Proprietary Fund</b>			<u>674,387</u>
<b>Total Interest-bearing Deposits - All Funds</b>			<u>\$1,797,040</u>

Certificates of deposit, savings account and interest-bearing checking accounts with ---

- (C) Investar Bank, Ville Platte, Louisiana
- (J) JD Bank, Mamou, Louisiana
- (S) Sabine State Bank, Many, Louisiana

TOWN OF MAMOU, LOUISIANA

Comparative Statement of Net Position  
Proprietary Funds  
December 31, 2019 and 2018

ASSETS	Business-type Activities -		Governmental Activities -	
	Enterprise Fund		Internal Service Fund	
	2019	2018	2019	2018
<b>Current assets:</b>				
Cash	\$ -	\$ -	\$ 18,510	\$ 2,973
Interest-bearing deposits	410,909	447,096	-	-
<b>Receivables -</b>				
Accounts, net	150,964	153,594	-	-
Unbilled utility receivables	70,749	72,827	-	-
Accrued interest receivable	58	57	-	-
Other	5,297	31	-	-
Due from other funds	53,180	65,170	27,635	27,635
Inventory - natural gas	26,098	33,658	-	-
Prepaid items	11,586	12,724	-	-
<b>Total current assets</b>	<b>728,841</b>	<b>785,157</b>	<b>46,145</b>	<b>30,608</b>
<b>Noncurrent assets:</b>				
<b>Restricted assets -</b>				
Interest-bearing deposits	263,478	258,745	-	-
Capital assets, net	2,418,327	2,601,164	-	-
<b>Total noncurrent assets</b>	<b>2,681,805</b>	<b>2,859,909</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>3,410,646</b>	<b>3,645,066</b>	<b>46,145</b>	<b>30,608</b>
<b>LIABILITIES</b>				
<b>Current liabilities (payable from current assets):</b>				
Accounts and other payables	42,440	37,042	-	-
Compensated absences payable	8,824	8,824	-	-
Claims payable	-	-	32,964	45,951
<b>Total</b>	<b>51,264</b>	<b>45,866</b>	<b>32,964</b>	<b>45,951</b>
<b>Current liabilities (payable from restricted assets):</b>				
Customer deposits	263,478	258,745	-	-
<b>Total liabilities</b>	<b>314,742</b>	<b>304,611</b>	<b>32,964</b>	<b>45,951</b>
<b>NET POSITION</b>				
Net investment in capital assets	2,418,327	2,601,164	-	-
Unrestricted (deficit)	677,577	739,291	13,181	(15,343)
<b>Total net position</b>	<b>\$3,095,904</b>	<b>\$3,340,455</b>	<b>\$ 13,181</b>	<b>\$ (15,343)</b>

TOWN OF MAMOU, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Years Ended December 31, 2019 and 2018

	Business-type Activities-		Governmental Activities-	
	Enterprise Fund		Internal Service Fund	
	2019	2018	2019	2018
<b>Operating revenues:</b>				
Charges for services	\$1,628,464	\$1,686,992	\$ 419,803	\$ 501,215
Permits, reconnections and penalties	58,835	53,699	-	-
Miscellaneous	<u>17,849</u>	<u>16,644</u>	-	-
<b>Total operating revenues</b>	<b><u>1,705,148</u></b>	<b><u>1,757,335</u></b>	<b><u>419,803</u></b>	<b><u>501,215</u></b>
<b>Operating expenses:</b>				
Gas department expenses	500,461	494,274	-	-
Water department expenses	360,780	379,924	-	-
Sewerage department expenses	269,395	241,297	-	-
Depreciation expense	208,382	213,280	-	-
Self insurance expenses	-	-	<u>391,279</u>	<u>535,714</u>
<b>Total operating expenses</b>	<b><u>1,339,018</u></b>	<b><u>1,328,775</u></b>	<b><u>391,279</u></b>	<b><u>535,714</u></b>
<b>Operating income (loss)</b>	<b>366,130</b>	<b>428,560</b>	<b>28,524</b>	<b>(34,499)</b>
<b>Nonoperating revenues (expenses):</b>				
Interest income	<u>842</u>	<u>1,875</u>	-	-
Income (loss) before contributions and transfers	366,972	430,435	28,524	(34,499)
Capital contributions	-	<u>20,345</u>	-	-
<b>Income (loss) before transfers</b>	<b>366,972</b>	<b>450,780</b>	<b>28,524</b>	<b>(34,499)</b>
Transfers out	<u>(611,523)</u>	<u>(621,617)</u>	-	-
Change in net position	(244,551)	(170,837)	28,524	(34,499)
Net position, beginning	<u>3,340,455</u>	<u>3,511,292</u>	<u>(15,343)</u>	<u>19,156</u>
<b>Net position, ending</b>	<b><u>\$3,095,904</u></b>	<b><u>\$3,340,455</u></b>	<b><u>\$ 13,181</u></b>	<b><u>\$ (15,343)</u></b>

TOWN OF MAMOU, LOUISIANA  
 Enterprise Fund  
 Utility Fund

Departmental Analysis of Revenues and Expenses  
 Years Ended December 31, 2019 and 2018

	Totals		Gas		Water		Sewer	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Operating revenues:</b>								
Customers service charges	\$1,628,464	\$1,686,992	\$ 625,358	\$ 678,118	\$ 529,476	\$ 532,153	\$ 473,630	\$ 476,721
Permits, reconnections and penalties	58,835	53,699	49,060	21,587	9,775	16,915	-	15,197
Miscellaneous	17,849	16,644	9,015	13,164	1,200	980	7,634	2,500
<b>Total operating revenues</b>	<b>1,705,148</b>	<b>1,757,335</b>	<b>683,433</b>	<b>712,869</b>	<b>540,451</b>	<b>550,048</b>	<b>481,264</b>	<b>494,418</b>
<b>Operating expenses:</b>								
Salaries	277,364	225,304	117,181	91,328	97,515	80,615	62,668	53,361
Payroll taxes	22,786	18,796	9,688	7,815	7,889	6,745	5,209	4,236
Group Insurance	87,188	69,677	34,875	17,419	17,438	34,839	34,875	17,419
Gas purchased	165,607	231,890	165,607	231,890	-	-	-	-
Maintenance and supplies	252,438	200,582	100,375	55,063	99,092	100,521	52,971	44,998
Safe water drinking fee	18,995	19,061	-	-	18,995	19,061	-	-
Lab fees	8,888	8,403	-	-	1,068	1,263	7,820	7,140
Depreciation expense	208,382	213,280	34,543	30,082	56,099	54,119	117,740	129,079
Utilities	120,223	149,666	5,824	6,144	68,043	86,112	46,356	57,410
Telephone	11,660	8,519	4,883	5,180	1,084	701	5,693	2,638
Truck operation	34,132	34,623	12,936	11,069	13,108	14,100	8,088	9,454
Bad debt expense (recovery)	(2,071)	2,924	(923)	1,251	(672)	1,000	(476)	673
Insurance	66,715	58,988	22,629	19,627	21,212	19,006	22,874	20,355
Miscellaneous	12,484	14,879	777	2,837	2,117	1,790	9,590	10,252
Professional fees	47,108	66,252	23,126	41,310	11,382	13,002	12,600	11,940
Training	7,119	5,931	3,483	3,341	2,509	1,169	1,127	1,421
<b>Total operating expenses</b>	<b>1,339,018</b>	<b>1,328,775</b>	<b>535,004</b>	<b>524,356</b>	<b>416,879</b>	<b>434,043</b>	<b>387,135</b>	<b>370,376</b>
<b>Operating income</b>	<b>\$ 366,130</b>	<b>\$ 428,560</b>	<b>\$ 148,429</b>	<b>\$ 188,513</b>	<b>\$ 123,572</b>	<b>\$ 116,005</b>	<b>\$ 94,129</b>	<b>\$ 124,042</b>

**INTERNAL CONTROL,  
COMPLIANCE, AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Ricky Fontenot, Mayor  
and Members of the Board of Aldermen  
Town of Mamou, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund other than the Savoy Medical Management Group, Inc. Fund, and the aggregate remaining fund information of the Town of Mamou, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Mamou, Louisiana's basic financial statements and have issued our report thereon dated June 15, 2020. The opinion on the Town of Mamou, Louisiana's business-type activities was adverse because the financial statements do not include financial data of the Savoy Medical Management Group, Inc. Fund, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the omitted fund.

### **Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 15, 2020

TOWN OF MAMOU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2019

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

There were no items to be reported under this section.

B. Compliance

There were no items to be reported under this section.

C. Management Letter

A management letter was issued related to significant gas loss experienced by the Town's utility system.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting and Compliance

2018-001      Purchases of food and supplies for prisoners

CONDITION: The Town lacks proper controls over the purchase of food and supplies for prisoners held in the Town's jail facility.

RECOMMENDATION: It is recommended that the Town implement policies and procedures to ensure purchases of food and supplies for prisoners held in the Town's jail facility are reasonable and necessary, budgeted, documented and approved, received and safeguarded, and used solely for public purposes.

CURRENT STATUS: Resolved.

B. Compliance

2018-002      Failure to remit court-specific fees timely

CONDITION: The Town did not remit court-specific fees and the required CMIS Form A report to the Louisiana Supreme Court for the period July 2013 through May 2018 until June.

RECOMMENDATION: The Town should implement policies and procedures to ensure that court-specific fees and all related reports are submitted timely to the State as required by Louisiana Code of Criminal Procedures, Art. 887 Subparagraph F.

CURRENT STATUS: Resolved.

# **KOLDER, SLAVEN & COMPANY, LLC**

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## MANAGEMENT LETTER

The Honorable Ricky Fontenot, Mayor  
and Members of the Board of Aldermen  
Town of Mamou, Louisiana

We have completed our audit of the basic financial statements of the Town of Mamou, Louisiana, for the year ended December 31, 2019, and submit the following recommendation for your consideration:

A significant gas loss occurred in the Gas Utility Department. Despite efforts to locate and repair gas leaks, this loss has only improved slightly from the prior year. The Town should continue to investigate possible reasons for the significant gas loss and continue efforts to reduce the loss.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 15, 2020

**TOWN OF MAMOU, LOUISIANA**

Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Management of the Town  
of Mamou, Louisiana and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Mamou, Louisiana (The Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

#### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

#### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***Collections (excluding EFTs)***

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(The following procedures were not performed since there were no exceptions in a prior year.)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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(The following procedures were not performed since there were no exceptions in a prior year.)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.)]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny

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### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the ***person receiving reimbursement***.

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### ***Contracts***

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(The following procedures were not performed since there were no exceptions in a prior year.)

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

#### ***Ethics***

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(The following procedures were not performed since there were no exceptions in a prior year.)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

#### ***Debt Service***

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(The following procedures were not performed since there were no exceptions in a prior year.)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

#### ***Other***

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(The following procedures were not performed since there were no exceptions in a prior year.)

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

## **Management's Response:**

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No exceptions were found as a result of applying the procedures listed above except as follows:

### **Written Policies and Procedures:**

1. Written policies and procedures were obtained; however, they do not address the following: standard terms and conditions and the monitoring process for contracts.

***Management's response:*** Management will update policies and procedures to ensure that the above areas are addressed.

### **Board or Finance Committee:**

2. Minutes of meetings during the fiscal period did not include monthly budget to actual comparisons for any fund.

***Management's response:*** The entity will review its policies and procedures to ensure minutes include monthly budget to actual comparisons.

### **Bank Reconciliations:**

3. Bank reconciliations do not include evidence that management has researched items outstanding for more than 12 months.

***Management's response:*** Management will research all items outstanding for more than 12 months.

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards:**

4. One of three credit cards tested did not have all transactions supported by an original itemized receipt that identifies precisely what was purchased nor support by written documentation of the business/public purpose.

***Management's response:*** Management will maintain documentation of original itemized receipts that precisely identify what was purchased to support all transactions and provide written documentation to support the business/public purpose.

### **Payroll and Personnel:**

5. One of five employee's daily attendance and leave tested did not have written documentation noting supervisor approval.

***Management's response:*** Management will provide written documentation of supervisor approval for all employee's daily attendance and leave.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 15, 2020