

**TOWN OF MADISONVILLE,
LOUISIANA**

Annual Financial Statements

June 30, 2018



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Independent Auditor's Report

To the Honorable Jean Pelloat, Mayor
and Members of the Board of Aldermen
Town of Madisonville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town), as of and for the year ended June 30, 2018, 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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 9, the budgetary comparison information presented as schedules I and II, and the required supplementary information under GASB 68 presented as schedules III and IV, 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid to members of the board of aldermen and the schedule of compensation, benefits, and other payments to agency head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2018, on our consideration of the Town of Madisonville, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 11, 2018

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

For the Year Ended June 30, 2018

As management of the Town of Madisonville, Louisiana (the Town), we offer readers this narrative overview and financial analysis of the financial activities of the Town as of June 30, 2018, and for the year then ended.

Financial Highlights

The Town's assets exceeded its liabilities by \$10,908,128 and \$10,183,388 at June 30, 2018 and 2017, respectively (*net position*). Of this amount, \$1,527,127 and \$929,395, respectively, (*unrestricted net position*) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$724,740 and \$219,174 for the years ended June 30, 2018 and 2017, respectively.

The Town's governmental funds reported combined ending fund balances of \$2,140,481 and \$2,176,613 at June 30, 2018 and 2017, respectively. Combined governmental fund balances decreased by \$36,132 and \$270 for the years ended June 30, 2018 and 2017, respectively.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to Financial Statements

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole, using an accounting method similar to that used by private-sector companies. The basis of accounting used is accrual accounting. The government-wide statements reflect all of the Town's assets (including capital assets) and all of the Town's liabilities. The two government-wide financial statements are as follows:

- *Statement of Net Position:* This statement presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- *Statement of Activities:* This statement presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

TOWN OF MADISONVILLE, LOUISIANA Management's Discussion and Analysis

For the Year Ended June 30, 2018

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

- The governmental activities of the Town include General Government, Public Safety, Public Works, and Recreation.
- The business-type activities of the Town include Natural Gas, Water, Sewer, and Garbage Funds.

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The Town has two types of funds:

- *Governmental Funds:* These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The Town's major governmental funds are the General Fund and the Special Revenue Fund.
- *Proprietary Funds:* These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The Town's major proprietary funds are Gas, Water, Sewer, and Garbage.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements directly follow the proprietary fund financial statements.

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2018

Government-Wide Financial Analysis

A condensed version of the government-wide statement of net position is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current Assets	\$ 2,151,538	\$ 2,182,462	\$ 2,354,032	\$ 1,629,705	\$ 4,505,570	\$ 3,812,167
Capital Assets	4,313,429	4,160,995	4,808,786	5,006,713	9,122,215	9,167,708
Total Assets	6,464,967	6,343,457	7,162,818	6,636,418	13,627,785	12,979,875
Deferred Outflows of Resources	129,877	145,117	184,291	205,891	314,168	351,008
Liabilities						
Current and Other Liabilities	11,057	5,849	642,169	566,379	653,226	572,228
Long-Term Liabilities	328,628	330,714	2,011,312	2,231,215	2,339,940	2,561,929
Total Liabilities	339,685	336,563	2,653,481	2,797,594	2,993,166	3,134,157
Deferred Inflows of Resources	16,808	5,514	23,851	7,824	40,659	13,338
Net Position						
Net Investment in Capital Assets	4,313,429	4,160,995	3,263,786	3,244,713	7,577,215	7,405,708
Restricted - Sales Tax Usage	1,476,882	1,562,177	-	-	1,476,882	1,562,177
Restricted - Revenue Bonds	-	-	326,904	286,108	326,904	286,108
Unrestricted	448,040	423,325	1,079,087	506,070	1,527,127	929,395
Total Net Position	\$ 6,238,351	\$ 6,146,497	\$ 4,669,777	\$ 4,036,891	\$ 10,908,128	\$ 10,183,388

The amount of net investment in capital assets represents 69% of total net position. Net investment in capital assets consists of land, infrastructure, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2018

A condensed version of the government-wide statement of activities is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 21,059	\$ 17,025	\$3,448,300	\$2,631,397	\$ 3,469,359	\$ 2,648,422
Operating Grants and Contributions	142,785	91,721	13,417	54,391	156,202	146,112
General Revenues						
Taxes	1,210,226	1,134,232	-	-	1,210,226	1,134,232
Licenses and Permits	195,195	207,336	-	-	195,195	207,336
Fines and Forfeitures	87,982	60,280	-	-	87,982	60,280
Other Revenue	47,896	22,063	17,996	33,743	65,892	55,806
Investment Earnings	5,666	4,212	9,385	4,756	15,051	8,968
Special Item - Loss on Disposal of Capital Assets	-	-	-	-	-	-
Total Revenues	1,710,809	1,536,869	3,489,098	2,724,287	5,199,907	4,261,156
Expenses						
General Government	555,831	490,052	-	-	555,831	490,052
Public Safety	477,484	609,900	-	-	477,484	609,900
Public Works	561,405	372,368	-	-	561,405	372,368
Recreation	24,235	48,594	-	-	24,235	48,594
Gas	-	-	1,936,379	1,659,122	1,936,379	1,659,122
Sewer	-	-	460,990	430,098	460,990	430,098
Water	-	-	299,444	270,281	299,444	270,281
Garbage	-	-	110,495	107,119	110,495	107,119
Interest Expense	-	-	48,904	54,448	48,904	54,448
Total Expenses	1,618,955	1,520,914	2,856,212	2,521,068	4,475,167	4,041,982
Change in Net Position Before Transfers	91,854	15,955	632,886	203,219	724,740	219,174
Transfers	-	198,178	-	(198,178)	-	-
Change in Net Position	91,854	214,133	632,886	5,041	724,740	219,174
Net Position, Beginning of Year	6,146,497	5,932,364	4,036,891	4,031,850	10,183,388	9,964,214
Net Position, End of Year	\$ 6,238,351	\$ 6,146,497	\$ 4,669,777	\$ 4,036,891	\$ 10,908,128	\$ 10,183,388

Financial Analysis of the Funds

The Town's General Fund had an increase in fund balance of \$49,163 for the year ended June 30, 2018. The Town's Special Revenue Fund had a decrease in fund balance of \$85,295, for the year ended June 30, 2018. Total governmental fund amounts are different from governmental activities due to capital assets, depreciation of capital assets, and net pension liability.

Amounts reported for business-type activities in the Town's individual funds are identical to business-type activities reported in the government-wide presentation.

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2018

Budget Highlights

As required by law, the Town adopts a budget for its General Fund and Special Revenue Fund. The Town amended its Special Revenue Fund budget for the year ended June 30, 2018.

Capital Asset Administration

Capital assets, net of accumulated depreciation, decreased by \$45,493, for the year ended June 30, 2018. This was principally due to depreciation.

Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$1,762,000. The entire amount was secured by the revenues of the Gas Fund.

The Town's total debt decreased by \$209,000 during the current fiscal year due to the anticipated scheduled payments. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning this report or the need for additional information should be directed to Wayne Morlier, Chief of Staff, P.O. Box 160, Madisonville, Louisiana 70447.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF MADISONVILLE, LOUISIANA
Statement of Net Position
June 30, 2018

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,968,752	\$ 1,622,981	\$ 3,591,733
Receivables, Net	181,137	188,796	369,933
Internal Balances	1,649	(1,649)	-
Restricted Cash and Cash Equivalents	-	543,904	543,904
Capital Assets, Net	4,313,429	4,808,786	9,122,215
Total Assets	6,464,967	7,162,818	13,627,785
Deferred Outflows of Resources			
Deferred Outflows on Pension Obligation	129,877	184,291	314,168
Total Deferred Outflows of Resources	129,877	184,291	314,168
Liabilities			
Accounts Payable	11,057	109,401	120,458
Customer Deposits	-	315,768	315,768
Bonds Payable			
Due in One Year	-	217,000	217,000
Due in More Than One Year	-	1,545,000	1,545,000
Net Pension Liability	328,628	466,312	794,940
Total Liabilities	339,685	2,653,481	2,993,166
Deferred Inflows of Resources			
Deferred Inflows on Pension Obligation	16,808	23,851	40,659
Total Deferred Inflows of Resources	16,808	23,851	40,659
Net Position			
Net Investment in Capital Assets	4,313,429	3,263,786	7,577,215
Restricted - Sales Tax Usage	1,476,882	-	1,476,882
Restricted - Revenue Bonds	-	326,904	326,904
Unrestricted	448,040	1,079,087	1,527,127
Total Net Position	\$ 6,238,351	\$ 4,669,777	\$ 10,908,128

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2018

Statement B

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
General Government	\$ 555,831	\$ 21,059	\$ 106,412	\$ (428,360)	\$ -	\$ (428,360)
Public Safety	477,484	-	36,373	(441,111)	-	(441,111)
Public Works	561,405	-	-	(561,405)	-	(561,405)
Recreation	24,235	-	-	(24,235)	-	(24,235)
Total Governmental Activities	1,618,955	21,059	142,785	(1,455,111)	-	(1,455,111)
Business-Type Activities						
Gas	1,936,379	2,824,360	8,084	-	896,065	896,065
Sewer	460,990	305,133	2,777	-	(153,080)	(153,080)
Water	299,444	187,557	2,556	-	(109,331)	(109,331)
Garbage	110,495	131,250	-	-	20,755	20,755
Interest Expense	48,904	-	-	-	(48,904)	(48,904)
Total Business-Type Activities	2,856,212	3,448,300	13,417	-	605,505	605,505
Total	\$ 4,475,167	\$ 3,469,359	\$ 156,202	(1,455,111)	605,505	(849,606)
General Revenues						
Taxes						
Sales Taxes				972,072	-	972,072
Property Taxes				126,713	-	126,713
Franchise Taxes				106,095	-	106,095
Other Taxes				5,346	-	5,346
Licenses and Permits				195,195	-	195,195
Fines and Forfeitures				87,982	-	87,982
Other Revenues				47,896	17,996	65,892
Investment Earnings				5,666	9,385	15,051
Total General Revenues				1,546,965	27,381	1,574,346
Change in Net Position				91,854	632,886	724,740
Net Position, Beginning of Year				6,146,497	4,036,891	10,183,388
Net Position, End of Year				\$ 6,238,351	\$ 4,669,777	\$ 10,908,128

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

TOWN OF MADISONVILLE, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2018

Statement C

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 698,379	\$ 1,270,373	\$ 1,968,752
Due from Other Funds	386,399	121,803	508,202
Receivables	96,431	84,706	181,137
	<hr/>		
Total Assets	\$ 1,181,209	\$ 1,476,882	\$ 2,658,091
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Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 11,057	\$ -	\$ 11,057
Due to Other Funds	506,553	-	506,553
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Total Liabilities	517,610	-	517,610
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Fund Balances			
Restricted for:			
Sales Tax Usage	-	1,476,882	1,476,882
Unassigned:			
General Fund	663,599	-	663,599
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Total Fund Balances	663,599	1,476,882	2,140,481
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Total Liabilities and Fund Balances	\$ 1,181,209	\$ 1,476,882	\$ 2,658,091
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The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Statement D

Fund Balances - Total Governmental Funds	\$ 2,140,481
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental Capital Assets	5,911,975
Less: Accumulated Depreciation	(1,598,546)

Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	129,877
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Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the funds.	(16,808)
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Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(328,628)</u>
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Net Position of Governmental Activities	<u><u>\$ 6,238,351</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

Statement E

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Taxes			
Sales Taxes	\$ 486,036	\$ 486,036	\$ 972,072
Property Taxes	126,713	-	126,713
Franchise Taxes	106,095	-	106,095
Other	5,346	-	5,346
Licenses and Permits	195,195	-	195,195
Intergovernmental Grants	36,373	100,000	136,373
Fines and Forfeitures	87,982	-	87,982
Other Revenues	38,439	-	38,439
Boat Trailer Permits	13,724	-	13,724
Community Center Rentals	7,335	-	7,335
Donations	6,412	-	6,412
Interest Income	1,279	4,387	5,666
Total Revenues	1,110,929	590,423	1,701,352
Expenditures			
Current			
General Government	554,606	-	554,606
Public Safety	503,463	-	503,463
Public Works	3,697	663,924	667,621
Recreation	-	11,794	11,794
Total Expenditures	1,061,766	675,718	1,737,484
Net Change in Fund Balances	49,163	(85,295)	(36,132)
Fund Balances, Beginning of Year	614,436	1,562,177	2,176,613
Fund Balances, End of Year	\$ 663,599	\$ 1,476,882	\$ 2,140,481

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

TOWN OF MADISONVILLE, LOUISIANA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Statement F

Change in Fund Balances - Total Governmental Funds	\$ (36,132)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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 through depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>	167,477
<p>Losses on disposal of capital assets 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.</p>	(15,043)
<p>Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions.</p>	<u>(24,448)</u>
Change in Net Position of Governmental Activities	<u>\$ 91,854</u>

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS**

TOWN OF MADISONVILLE, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2018

Statement G

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 1,619,509	\$ 79	\$ -	\$ 3,393	\$ 1,622,981
Accounts Receivable, Net	123,779	8,344	35,136	21,537	188,796
Due from Other Funds	366,765	-	-	17,985	384,750
Total Current Assets	2,110,053	8,423	35,136	42,915	2,196,527
Non-Current Assets					
Restricted Cash and Cash Equivalents	543,904	-	-	-	543,904
Capital Assets, Net	3,764,651	24,264	1,019,871	-	4,808,786
Total Non-Current Assets	4,308,555	24,264	1,019,871	-	5,352,690
Total Assets	6,418,608	32,687	1,055,007	42,915	7,549,217
Deferred Outflows of Resources					
Deferred Outflows on Pension Obligation	111,027	35,124	38,140	-	184,291
Total Assets and Deferred Outflows of Resources	\$ 6,529,635	\$ 67,811	\$ 1,093,147	\$ 42,915	\$ 7,733,508
Liabilities					
Current Liabilities					
Accounts Payable	\$ 80,505	\$ -	\$ 12,260	\$ 16,636	\$ 109,401
Due to Other Funds	-	80,171	306,228	-	386,399
Total Current Liabilities	80,505	80,171	318,488	16,636	495,800
Current Liabilities Payable from Restricted Assets					
Bonds Payable	217,000	-	-	-	217,000
Non-Current Liabilities					
Customer Deposits	265,742	50,026	-	-	315,768
Bonds Payable	1,545,000	-	-	-	1,545,000
Net Pension Liability	280,932	88,874	96,506	-	466,312
Total Non-Current Liabilities	2,091,674	138,900	96,506	-	2,327,080
Total Liabilities	2,389,179	219,071	414,994	16,636	3,039,880
Deferred Inflows of Resources					
Deferred Inflows on Pension Obligation	14,369	4,546	4,936	-	23,851
Total Deferred Inflows of Resources	14,369	4,546	4,936	-	23,851
Net Position					
Net Investment in Capital Assets	2,219,651	24,264	1,019,871	-	3,263,786
Restricted - Revenue Bonds	326,904	-	-	-	326,904
Unrestricted Net Position	1,579,532	(180,070)	(346,654)	26,279	1,079,087
Total Net Position	4,126,087	(155,806)	673,217	26,279	4,669,777
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,529,635	\$ 67,811	\$ 1,093,147	\$ 42,915	\$ 7,733,508

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

Statement H

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Operating Revenues					
Charges for Services					
Gas Sales	\$ 2,824,360	\$ -	\$ -	\$ -	\$ 2,824,360
Sewer Service Charges	-	-	305,133	-	305,133
Water Sales	-	187,557	-	-	187,557
Garbage Collection Fees	-	-	-	131,250	131,250
Total Operating Revenues	2,824,360	187,557	305,133	131,250	3,448,300
Operating Expenses					
Gas Purchased	915,490	-	-	-	915,490
Salaries and Related Benefits	276,242	145,741	125,432	-	547,415
Administrative and General	111,853	24,516	168,348	7,671	312,388
Repairs and Maintenance	349,687	56,612	76,884	-	483,183
Depreciation	154,713	2,111	41,103	-	197,927
Garbage Collection	-	-	-	102,824	102,824
Insurance	50,654	10,793	19,996	-	81,443
Utilities	19,172	5,821	29,227	-	54,220
Water Purchases	-	46,347	-	-	46,347
Auto and Truck	33,820	7,503	-	-	41,323
Authority Fees	24,748	-	-	-	24,748
Total Operating Expenses	1,936,379	299,444	460,990	110,495	2,807,308
Operating Income (Loss)	887,981	(111,887)	(155,857)	20,755	640,992
Nonoperating Revenues (Expenses)					
Grant Income and Other Contributions	12,995	2,556	15,862	-	31,413
Interest Income	7,172	-	2,213	-	9,385
Interest Expense	(48,904)	-	-	-	(48,904)
Total Nonoperating Revenues (Expenses)	(28,737)	2,556	18,075	-	(8,106)
Change in Net Position	859,244	(109,331)	(137,782)	20,755	632,886
Net Position, Beginning of Year	3,266,843	(46,475)	810,999	5,524	4,036,891
Net Position, End of Year	\$ 4,126,087	\$ (155,806)	\$ 673,217	\$ 26,279	\$ 4,669,777

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

Statement I

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 2,898,514	\$ 198,954	\$ 296,681	\$ 120,183	\$ 3,514,332
Payments to Suppliers	(1,477,265)	(152,621)	(283,286)	(120,751)	(2,033,923)
Payments to Employees	(255,337)	(139,108)	(118,246)	-	(512,691)
Net Cash Provided by (Used in) Operating Activities	1,165,912	(92,775)	(104,851)	(568)	967,718
Cash Flows from Non-Capital Financing Activities					
Grant Income and Other Contributions	12,995	2,556	15,862	-	31,413
Interfund Borrowings and Transfers from Other Funds	(372,889)	78,821	86,776	(17,985)	(225,277)
Net Cash (Used in) Provided by Non-Capital Financing Activities	(359,894)	81,377	102,638	(17,985)	(193,864)
Cash Flows from Capital and Related Financing Activities					
Interest Paid on Capital Debt	(48,904)	-	-	-	(48,904)
Principal Paid on Capital Debt	(209,000)	-	-	-	(209,000)
Net Cash Used in Capital and Related Financing Activities	(257,904)	-	-	-	(257,904)
Cash Flows from Investing Activities					
Interest Received	7,172	-	2,213	-	9,385
Net Cash Provided by Investing Activities	7,172	-	2,213	-	9,385
Net Increase (Decrease) in Cash and Cash Equivalents	555,286	(11,398)	-	(18,553)	525,335
Cash and Cash Equivalents, Beginning of Year	1,608,127	11,477	-	21,946	1,641,550
Cash and Cash Equivalents, End of Year	\$ 2,163,413	\$ 79	\$ -	\$ 3,393	\$ 2,166,885

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2018

Statement I

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 887,981	\$ (111,887)	\$ (155,857)	\$ 20,755	\$ 640,992
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation	154,713	2,111	41,103	-	197,927
(Increase) Decrease in:					
Accounts Receivable	3,025	7,942	(8,452)	(11,067)	(8,552)
Other Receivables	31,500	-	-	-	31,500
Inventory	3,337	-	-	-	3,337
Increase (Decrease) in:					
Accounts Payable	28,159	(1,029)	11,169	(10,256)	28,043
Customer Deposits	36,292	3,455	-	-	39,747
Net Pension Liability	20,905	6,633	7,186	-	34,724
Net Cash Provided by (Used in) Operating Activities	\$ 1,165,912	\$ (92,775)	\$ (104,851)	\$ (568)	\$ 967,718
Cash and Cash Equivalents	\$ 1,619,509	\$ 79	\$ -	\$ 3,393	\$ 1,622,981
Restricted Cash and Cash Equivalents	543,904	-	-	-	543,904
Total Cash and Cash Equivalents	\$ 2,163,413	\$ 79	\$ -	\$ 3,393	\$ 2,166,885

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Introduction

The Town of Madisonville, Louisiana (the Town), was incorporated in 1817, under the provisions of a special charter. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety, highways and streets, sanitation and utilities, recreation, public improvements, and general administrative services.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (LRS) 21:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Town's basic financial statements include the accounts of all town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in its own name)
- The Town holds the corporate powers of the organization
- The Town appoints a voting majority of the organization's board
- The Town is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Town
- There is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town has no component units.

Government-Wide and Fund Financial Statements

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

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

Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Separate fund financial statements are provided for the Town's governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The focus of governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Town reports these major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources, except those that are required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of a 1% sales tax dedicated to constructing, improving, maintaining, and operating recreational facilities, constructing and maintaining streets, sidewalks, and bridges, operating a garbage disposal center, and purchasing equipment.

The focus of proprietary funds' measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Town has four proprietary funds to account for the natural gas, water, sewer, and garbage collection services it provides to the residents and businesses of the Town.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, licenses and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the Town's proprietary funds consist of charges to customers and users of its natural gas, water, sewer, and garbage collection services. Operating expenses for the Town's proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

At the beginning of each fiscal year, an annual budget is prepared on a basis consistent with generally accepted accounting principles for all major governmental funds. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

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

- a) The Mayor, Board of Aldermen, Municipal Clerk, and other advisory personnel assemble the necessary financial information.
- b) The proposed budget is made available for public inspection.
- c) A public hearing is held for any recommendations or changes to the budget. The budget is legally adopted through passage of an ordinance by the Board of Aldermen.

The Town does not utilize encumbrance accounting. Budgets are amended as necessary throughout the year.

Cash and Investments

Cash balances of all funds are combined to the extent possible. Interest earned on deposits is distributed to the individual funds based on the investment balances of the participating funds during the year.

For the purpose of the proprietary fund statement of cash flows, all highly liquid investments (including certificates of deposit) with a maturity of three months or less when purchased are considered cash equivalents.

Cash and cash equivalents include amounts in demand deposits. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Cash and cash equivalents consist of cash, as defined above, including restricted cash. Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by GASB 31, are reported at fair value, which is determined using published market prices.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied and billed in November of each year and are due and payable on or before January 1st of the following year. All unpaid taxes become delinquent on March 31st of the following year. The Town bills and collects its own property taxes. The Town recognizes property tax revenues when levied, to the extent that they are determined to be collectible.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

For the year ended June 30, 2018, the Town levied taxes of 8.21 mills that were dedicated to the General Fund.

Sales Taxes

The Town imposes a two percent sales and use tax. One percent of this tax is dedicated for particular purposes and is accounted for in the Special Revenue Fund. The other one percent is unrestricted and is included in the General Fund.

Accumulated Unpaid Vacation Leave and Sick Pay

Town employees earn one week of vacation leave after one year of service, and two weeks of vacation leave after four years of service. Any vacation not taken at the end of the year is forfeited. Upon termination of service, employees are paid for unused vacation leave. The Town employees earn one day per month of sick leave, which can be accumulated up to thirty days. Sick leave is forfeited upon termination. There was no material accumulated vacation leave as of June 30, 2018, for which the Town would be held liable.

Accounts Receivable

Balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance was \$15,000, at June 30, 2018.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing assets.

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Capital outlays are recorded as expenditures of the General Fund and Special Revenue Fund in the governmental fund financial statements and as assets in the government-wide financial statements, to the extent the Town's capitalization threshold is met. In accordance with GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Town has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general capital assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as capital assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

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

Description	Estimated Useful Lives
Infrastructure	20 - 40 Years
Buildings and Building Improvements	20 - 40 Years
Utility Systems	30 - 40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	3 - 15 Years

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity

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

1. Net Investment in Capital Assets - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity (Continued)

2. Restricted - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted - All other net position is reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

1. Restricted Fund Balance - Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
2. Unassigned Fund Balance - All amounts not included in other spendable classifications.

Interfund Transactions

Permanent re-allocation of resources between funds of the Town is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Recently Issued Accounting Pronouncements

Government Accounting Standards Board Statement No. 85 (GASB 85)

The objective of GASB Statement No. 85, *Omnibus 2017*, is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management is still evaluating the potential impact of adoption on the Town's financial statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (Continued)

Government Accounting Standards Board Statement No. 87 (GASB 87)

The objective of GASB Statement No. 87, *Leases*, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on the Town's financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Special Revenue Fund. All annual appropriations lapse at fiscal year-end. The Town was in compliance with the Local Budget Act at June 30, 2018. See Note 1 for the procedures the Town follows regarding budgets and budgetary accounting.

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At June 30, 2018, the Town was not in compliance with the deposit and investment laws and regulations.

Excess Expenditures Over Appropriations

There were no individual funds which had total actual expenditures and other uses over budgeted appropriations greater than five percent for the year ended June 30, 2018.

Deficit Fund Balance

As of June 30, 2018, the Water Fund had a deficit fund balance in the amount of \$155,806. This is due to the effect of the implementation of GASB 68 and 71, which required the Town to record its proportionate share of the pension plan net pension liability.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 3. Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be recovered. The Town's deposit policy for custodial credit risk is that all uninsured deposits be collateralized by pledged securities as required by state law.

As of June 30, 2018, \$3,219,488 of the Town's bank balance of \$4,339,086 was exposed to custodial credit risk. These deposits were secured from risk by the pledge of securities owned by the fiscal agent bank totaling \$3,999,639 in market value. However, \$165,671 of the bank balance was unsecured. Under state law, demand deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Therefore, the amount that is unsecured is a violation of state law.

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. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Note 4. Receivables

The net receivables at June 30, 2018, were as follows:

	General Fund	Special Revenue Fund	Proprietary Funds	Total
Taxes				
Sales and Use	\$ 84,706	\$ 84,706	\$ -	\$ 169,412
Franchise	11,725	-	-	11,725
Utility Accounts				
Sales	-	-	188,796	188,796
Total	\$ 96,431	\$ 84,706	\$ 188,796	\$ 369,933

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$15,000 for the business-type activities.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2018:

Governmental Activities	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital Assets Not Depreciated				
Land	\$ 651,641	\$ -	\$ -	\$ 651,641
Construction in Progress	15,043	-	(15,043)	-
Total Capital Assets Not Depreciated	666,684	-	(15,043)	651,641
Capital Assets Being Depreciated				
Automobiles	560,553	32,616	-	593,169
Recreation Equipment	204,477	-	-	204,477
Equipment	186,941	-	-	186,941
Office Equipment and Furniture	39,532	-	-	39,532
Buildings and Improvements	265,137	-	-	265,137
Street and Sidewalk Improvements	1,726,324	275,656	-	2,001,980
Infrastructure	1,930,501	-	-	1,930,501
Other	38,597	-	-	38,597
Total Capital Assets Being Depreciated	4,952,062	308,272	-	5,260,334
Less Accumulated Depreciation for:				
Automobiles	(488,647)	(19,121)	-	(507,768)
Recreation Equipment	(163,110)	(1,406)	-	(164,516)
Equipment	(162,042)	(13,053)	-	(175,095)
Office Equipment and Furniture	(32,083)	(1,225)	-	(33,308)
Buildings and Improvements	(244,824)	(6,505)	-	(251,329)
Street and Sidewalk Improvements	(259,213)	(46,337)	-	(305,550)
Infrastructure	(100,547)	(48,263)	-	(148,810)
Other	(7,285)	(4,885)	-	(12,170)
Total Accumulated Depreciation	(1,457,751)	(140,795)	-	(1,598,546)
Total Capital Assets Being Depreciated, Net	3,494,311	167,477	-	3,661,788
Total	\$ 4,160,995	\$ 167,477	\$ (15,043)	\$ 4,313,429

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Business-Type Activities	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital Assets Not Depreciated				
Land	\$ 138,149	\$ -	\$ -	\$ 138,149
Construction in Progress	-	-	-	-
Total Capital Assets Not Depreciated	138,149	-	-	138,149
Capital Assets Being Depreciated				
Gas Distribution System	5,723,288	-	-	5,723,288
Water Distribution System	242,203	-	-	242,203
Sewer Plant and Lines	2,447,807	-	-	2,447,807
Total Capital Assets Being Depreciated	8,413,298	-	-	8,413,298
Less Accumulated Depreciation for:				
Gas Distribution System	(1,880,190)	(154,714)	-	(2,034,904)
Water Distribution System	(231,340)	(2,111)	-	(233,451)
Sewer Plant and Lines	(1,433,204)	(41,102)	-	(1,474,306)
Total Accumulated Depreciation	(3,544,734)	(197,927)	-	(3,742,661)
Total Capital Assets Being Depreciated, Net	4,868,564	(197,927)	-	4,670,637
Total	\$ 5,006,713	\$ (197,927)	\$ -	\$ 4,808,786

Depreciation was charged to governmental functions as follows, for the year ended June 30, 2018:

General Government - Town Hall	\$ 1,225
Public Safety	6,638
Public Works - Street Maintenance	72,228
Public Works - Infrastructure	48,263
Recreation	12,441
Total	\$ 140,795

Note 6. Employee Pension Plan

Municipal Employees' Retirement System of Louisiana (the System)

Plan Description and Provisions

All of the Town's full-time employees other than police employees, the Mayor, and the Police Chief, participate in the System, a cost-sharing, multiple-employer defined benefit pension plan. The System was established and provided for by LRS 11:1731. The System is composed of two distinct plans, Plan A and Plan B, with separate asset and benefit provisions. All participating employees of the Town are members of Plan B.

Eligibility

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five (35) hours per week.

Retirement Benefits

Employees who were hired before January 1, 2013 can retire, providing they meet one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years of creditable service at death of member.

Employees hired on or after January 1, 2013 can retire, providing they meet one of the following criteria:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with a minimum of ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused sick leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions outlined in the statutes, the benefits are limited to specified amounts.

Note 6. Employee Pension Plan (Continued)

Municipal Employees' Retirement System of Louisiana (the System) (Continued)

Survivor's Benefits

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

For any member of Plan B who is eligible for normal retirement at time of death, the surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits.

During participation in the DROP, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies while participating in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Note 6. Employee Pension Plan (Continued)

Municipal Employees' Retirement System of Louisiana (the System) (Continued)

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten (10) years of creditable service, in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten (10) years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Cost-of-Living Increases

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed two percent of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost-of-living increase to all retirees and beneficiaries who are age sixty-five (65) and above equal to two percent of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after this date.

Deferred Benefits

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at the time of withdrawal.

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. The employer contribution rate in effect during the fiscal year ended June 30, 2018, was 13.25% for Plan B.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reported a liability of \$794,940 for its proportionate share of the net pension liability which is recorded on the financial statements as follows:

	Net Pension Liability
Governmental Activities	\$ 328,628
Business-Type Activities	
Gas Fund	280,932
Water Fund	88,874
Sewer Fund	96,506
Total	<u>\$ 794,940</u>

The net pension liability was measured as of June 30, 2017, and was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At June 30, 2017, the Town's proportion was .91876%.

For the year ended June 30, 2018, the Town recognized pension expense of \$162,486. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 4,164	\$ 17,257
Changes of Assumptions	35,002	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	167,491	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions		
Changes in Proportion	24,135	20,465
Difference in Contributions	-	2,937
Employer Contributions Subsequent to the Measurement Date	83,376	-
Total	<u>\$ 314,168</u>	<u>\$ 40,659</u>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources in the amount of \$83,376 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2018	\$ 80,182
2019	73,281
2020	29,137
2021	7,533
Total	\$ 190,133

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017, are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.4%, net of investment expense
Projected Salary Increases	5.00% (2.775% inflation, 2.225% merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	4 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid into the System and includes previously granted costs of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

Actuarial Assumptions (Continued)

The mortality rate assumption used was verified by combining data from the System with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 to June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 of 2.6 and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.2%, for the year ended June 30, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.30%
Public Fixed Income	35%	1.60%
Real Assets	15%	0.70%
Totals	100%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.20%

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

Actuarial Assumptions (Continued)

Based on these assumptions, the fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.4%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.4%) or one percentage point higher (8.4%) than the current rate:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
Town's Proportionate Share of the Net Pension Liability	\$ 1,028,564	\$ 794,940	\$ 595,757

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the Municipal Employees' Retirement System of Louisiana for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website at www.lla.la.gov.

Note 7. Deferred Compensation Plan

Police employees of the Town are eligible to participate in the Town's deferred compensation plan. The employees must contribute a minimum of 5% and may contribute up to 100% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. For fiscal year ended June 30, 2018, the Town contributed 11.25% for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The Town does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2018, the Town's police retirement expense totaled \$18,759.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 8. Lake Pontchartrain Basin Maritime Museum

On May 31, 1996, the Town entered into a management agreement with the Lake Pontchartrain Basin Maritime Museum, Inc. (the Museum), a nonprofit corporation, whereby the Town allows the Museum to use a portion of land for the construction and operation of a museum. The term of the agreement is for ninety-nine years. The Town retains title of the land along with any improvements constructed by the Museum. The Town also retains any liabilities related to defects at the time of the agreement. The Museum agrees to incur all necessary expenditures related to operation of the Museum. An addendum to this agreement was signed on March 9, 2001, whereby the Town also allows the Museum usage of a portion of land for a parking lot. During the year ended June 30, 2002, the United States Coast Guard donated the Madisonville Lighthouse to the Town. On May 24, 2002, the Town entered into another agreement with the Museum, whereby the Town allows the Museum the use of the Lighthouse, and the Museum agrees to preserve and restore the Lighthouse.

Note 9. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2018, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town had no settled claims resulting from these risks that exceeded its commercial coverage.

Note 10. Long-Term Liabilities

The following is a summary of long-term debt activity of the Town for the year ended June 30, 2018:

	Revenue Bonds
Balance at July 1, 2017	\$ 1,971,000
Proceeds	-
Retirements	<u>(209,000)</u>
Balance at June 30, 2018	<u>\$ 1,762,000</u>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 10. Long-Term Liabilities (Continued)

Long-term debt was composed of the following at June 30, 2018:

Revenue Bonds

\$1,080,000 Gas Utility Revenue Bonds, Series 2015, due in annual installments with semi-annual interest payments at 2.5% per annum through December 1, 2027, secured by the revenues of the Gas Fund.	\$ 1,000,000
\$1,057,000 Gas Utility Revenue Bonds dated July 24, 2006, due in annual installments with semi-annual interest payments at 2.25% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	350,000
\$743,000 Gas Utility Revenue Bonds dated July 24, 2006, due in annual installments with semi-annual interest payments at 3.75% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	262,000
\$432,000 Gas Utility Revenue Bonds dated December 1, 2006, due in annual installments with semi-annual interest payments at 2.25% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	<u>150,000</u>
Total	<u>\$ 1,762,000</u>

The future debt service requirements of the bonds are as follows:

Years Ending June 30,	Revenue Bonds	
	Principal	Interest
2019	\$ 217,000	\$ 43,134
2020	226,000	37,120
2021	235,000	30,854
2022	239,000	24,390
2023	130,000	19,500
2024-2028	<u>715,000</u>	<u>45,563</u>
Total	<u>\$ 1,762,000</u>	<u>\$ 200,561</u>

Note 11. Restricted Assets

Revenue Bonds

As shown in Note 10, the Town has \$1,762,000 of future debt service requirements of Gas Utility Revenue Bonds. The proceeds of these bonds were used to construct and acquire extensions, improvements, and replacements of the Town's natural gas utility system. The bond resolution of these issues requires the Town to restrict and maintain the following funds:

Revenue Bond Sinking Fund

The requirement calls for the establishment and maintenance of a Gas Utility Revenue Bond Sinking Fund sufficient to pay promptly and in full the principal and interest on bonds authorized as they become due and payable. This requirement has been met as of June 30, 2018.

Revenue Bond Reserve Fund

Each month, the Town is required to deposit ten percent of the amount to be deposited in the sinking fund until the reserve is equal to the reserve fund requirement. This fund is restricted to be used to pay bonds in case of default. This requirement has been met as of June 30, 2018.

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the gas system. Regular deposits equal to five percent of the amount to be deposited in the sinking fund per month are to be deposited with the regularly designated fiscal agent of the Town. This requirement has been met as of June 30, 2018.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 12. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual fund balances due to/due from other funds at June 30, 2018, were as follows:

Due to/Due from Other Funds	Due to	Due from
General Fund		
Sales Tax Fund	\$ 121,803	\$ -
Gas Fund	366,765	-
Water Fund	-	80,171
Sewer Fund	-	306,228
Garbage Fund	17,985	-
Sales Tax Fund		
General Fund	-	121,803
Gas Fund		
General Fund	-	366,765
Water Fund		
General Fund	80,171	-
Sewer Fund		
General Fund	306,228	-
Garbage Fund		
General Fund	-	17,985
Total All Funds	<u>\$ 892,952</u>	<u>\$ 892,952</u>

All interfund receivables/payables are considered short-term, as they are expected to be repaid within the next fiscal year.

Note 13. Excess Expenditures Over Appropriations

During the year ended June 30, 2018, the General Fund's actual expenditures of \$1,061,766 exceeded budgeted expenditures of \$1,037,401, resulting in an unfavorable variance of \$24,365.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF MADISONVILLE, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

Schedule I

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales Taxes	\$ 400,000	\$ 400,000	\$ 486,036	\$ 86,036
Property Taxes	125,000	125,000	126,713	1,713
Franchise Taxes	107,000	107,000	106,095	(905)
Other	5,000	5,000	5,346	346
Licenses and Permits	137,500	137,500	195,195	57,695
Other Revenues	6,206	6,206	38,439	32,233
Fines and Forfeitures	60,000	60,000	87,982	27,982
Community Center Rentals	5,000	5,000	7,335	2,335
Boat Trailer Permits	13,000	13,000	13,724	724
Intergovernmental Grants	24,000	24,000	36,373	12,373
Investment Earnings	-	-	1,279	1,279
Donations	5,500	5,500	6,412	912
Total Revenues	888,206	888,206	1,110,929	222,723
Expenditures				
Current				
Police Expenses	527,110	527,110	423,757	103,353
Insurance	62,000	62,000	147,796	(85,796)
Salaries	181,891	181,891	90,946	90,945
Utilities	28,000	28,000	13,265	14,735
Other	74,500	74,500	79,972	(5,472)
Legal Fees	-	-	74,335	(74,335)
Aldermen Fees	75,000	75,000	78,000	(3,000)
Repairs and Maintenance	12,400	12,400	35,694	(23,294)
Pension Expense	16,300	16,300	40,505	(24,205)
Payroll Taxes	14,200	14,200	13,563	637
Accounting and Auditing	31,000	31,000	21,946	9,054
Auto and Truck	1,000	1,000	2,585	(1,585)
Advertising	3,000	3,000	6,066	(3,066)
Capital Outlays	11,000	11,000	33,336	(22,336)
Total Expenditures	1,037,401	1,037,401	1,061,766	(24,365)
Net Change In Fund Balance	\$ (149,195)	\$ (149,195)	49,163	\$ 198,358
Fund Balance, Beginning of Year			614,436	
Fund Balance, End of Year			\$ 663,599	

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2018

Schedule II

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales and Use	\$ 400,000	\$ 486,000	\$ 486,036	\$ 36
Intergovernmental Grants	-	100,000	100,000	-
Interest Income	-	-	4,387	4,387
Total Revenues	<u>400,000</u>	<u>586,000</u>	<u>590,423</u>	<u>4,423</u>
Expenditures				
Current				
Salaries and Payroll Taxes	208,208	208,208	205,758	2,450
Payroll Taxes	15,868	15,868	9,557	6,311
Repairs and Maintenance	74,600	108,000	108,418	(418)
Recreation	10,000	10,000	11,794	(1,794)
Insurance	82,990	26,000	26,868	(868)
Pension Expense	26,780	26,780	13,160	13,620
Utilities	25,000	25,000	36,860	(11,860)
Accounting and Auditing	-	-	2,800	(2,800)
Capital Outlays	45,000	260,000	260,503	(503)
Total Expenditures	<u>488,446</u>	<u>679,856</u>	<u>675,718</u>	<u>4,138</u>
Net Change In Fund Balance	<u>\$ (88,446)</u>	<u>\$ (93,856)</u>	<u>(85,295)</u>	<u>\$ 8,561</u>
Fund Balance, Beginning of Year			<u>1,562,177</u>	
Fund Balance, End of Year			<u>\$ 1,476,882</u>	

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Required Supplementary Information Under
GASB Statement No. 68

Schedule III

Schedule of Town's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2018

	2018	2017	2016	2015
Town's Portion of the Net Pension Liability	0.91876%	0.96504%	0.88382%	0.86534%
Town's Proportionate Share of the Net Pension Liability	\$ 794,940	\$ 799,929	\$ 600,684	\$ 406,274
Town's Covered Payroll	\$ 646,345	\$ 769,794	\$ 709,023	\$ 610,915
Town's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	122.99%	103.91%	84.72%	66.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.49%	62.11%	68.71%	76.94%

* The amounts presented have a measurement date of the previous fiscal year-end.

** GASB 68 requires this schedule to show information for 10 years. The Town implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditor's report

TOWN OF MADISONVILLE, LOUISIANA
Required Supplementary Information Under
GASB Statement No. 68
Schedule of Town's Contributions
For the Year Ended June 30, 2018

Schedule IV

	2018	2017	2016	2015
Contractually Required Contribution	\$ 83,376	\$ 71,098	\$ 67,356	\$ 58,037
Contributions in Relation to the Contractually Required Contribution	(83,376)	(71,098)	(67,356)	(58,037)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 646,345	\$ 769,794	\$ 709,023	\$ 610,915
Contributions as a Percentage of Covered Payroll	12.90%	9.24%	9.50%	9.50%

* The amounts presented have a measurement date of the previous fiscal year-end.

** GASB 68 requires this schedule to show information for 10 years. The Town implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Compensation Paid to Members
of the Board of Aldermen
For the Year Ended June 30, 2018

<u>Official</u>	<u>Term Expires</u>	<u>Compensation</u>
Brad Haddox, Mayor Pro Tem P.O. Box 156 Madisonville, LA 70447	June 30, 2021	\$ 6,600
Timothy Bounds, Alderman P.O. Box 835 Madisonville, LA 70447	June 30, 2021	\$ 6,600
James Bouey, Alderman P.O. Box 142 Madisonville, LA 70447	June 30, 2021	\$ 6,600
Kevin Doran, Alderman 308 Colleen Ct. Madisonville, LA 70447	June 30, 2021	\$ 6,600
Chris Hitzman, Alderman 1113 Pine St. Madisonville, LA 70447	June 30, 2021	\$ 6,600

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2018

Agency Head
Jean Pelloat, Mayor

Purpose	Amount
Salary	\$45,000
Benefits - Insurance	\$0
Benefits - Retirement	\$5,963
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$796
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$616

See independent auditor's report.

**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**

Independent Auditor's Report

To the Honorable Jean Pelloat, Mayor
and Members of the Board of Aldermen
Town of Madisonville, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 consider 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'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and is described in the accompanying schedule of findings and responses as item 2018-001.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
November 11, 2018

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2018

A. Summary of Auditor's Results

Financial Results:

1. Type of auditor's report	Unmodified
2. Internal control over financial reporting	
A. Material weaknesses identified	No
B. Significant deficiencies identified not considered to be material weaknesses	None reported
C. Noncompliance material to the financial statements noted	Yes

Federal Awards

Not Applicable.

B. Findings - Financial Statement Audit

None.

C. Compliance and Other Matters

Compliance

2018-001 - Inadequate Collateralization of Bank Deposits

<i>Criteria:</i>	LRS 39:1225 requires funds deposited in local financial institutions exceeding FDIC insured maximums, currently \$250,000, to be collateralized 100% by an equal amount of securities pledged by the financial institution.
<i>Condition:</i>	The Town's bank failed to provide adequate collateralization for bank balances in excess of FDIC coverage.
<i>Effect:</i>	The effect is non-compliance with LRS 39:1225.
<i>Recommendation:</i>	We recommend that the Town closely monitor their bank balances and require their bank to pledge additional collateral as necessary.
<i>Management's Response:</i>	The Town will closely monitor bank balances and require the bank to pledge additional collateral as necessary.

Other Matter

In accordance with Act 774 of the 2017 Regular Legislative Session, the Louisiana Legislative Auditor issued agreed-upon procedures to test the Town's compliance with certain laws and regulations during fiscal year ended June 30, 2018. The report is available for inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at the Louisiana Legislative Auditor's website.