

Financial Report



For the year ended December 31, 2017

Financial Report

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

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Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Joey Bouziga, Mayor
and Members of the Town Council,
Town of Golden Meadow,
Golden Meadow, Louisiana.

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Golden Meadow, State of Louisiana (the Town) as of and for the year ended December 31, 2017, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Town'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 on the previous page 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 Golden Meadow, Louisiana, as of December 31, 2017, 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 through 12, the Schedule of Funding Progress for the OPEB Plan, the Schedule of the Town's Proportionate Share of the Net Pension Liability and Schedule of the Town's Contributions on pages 71 through 75, 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.

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 Town Council, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and Statistical Information Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, on page 95 is presented for purposes of additional analysis as required by the *U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and is also not a required part of the basic financial statements.

The Schedule of Compensation Paid to Members of the Town Council on page 77, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 78, and the Schedule of Expenditures of Federal Awards on page 95 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Statistical Information Section has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2018 on our consideration of the Town of Golden Meadow, Louisiana's internal control over financial reporting and 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* in considering the Town's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 27, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Golden Meadow, Louisiana

The Town Clerk and the Mayor are responsible for the overview and analysis of the financial activities of the Town of Golden Meadow (the Town) for the year ended December 31, 2017. The narrative provided is designed to introduce the financial highlights and offer an overview of the financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and facts known to date. This narrative includes a government-wide financial analysis of revenues, expenses and changes in the net position. Further detail offers our readers a financial analysis of the Town's funds consisting of the governmental fund types and proprietary funds.

FINANCIAL HIGHLIGHTS

Assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$16,162,509 (net position). Of this amount, \$3,721,455 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position increased by \$787,263 (or 5.12%) during 2017.

The Town's governmental activities revenue decreased \$878,513 (or -25.41%) primarily due to decreases in operating and capital grants and contributions.

The Town's governmental activities expenses increased \$128,790 (or 6.43%) primarily due to increases in general government expenses and public safety expenses.

The Town did not have any funds with a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's annual report consists of five parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) required and other supplementary information, (4) statistical information; and (5) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements reported in Exhibits A and B are designed to be similar to private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements, combine governmental funds' current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government.

The Statement of Net Position reported in Exhibit A presents information on all 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.

The Statement of Activities reported in Exhibit B presents information showing how the government's net position changed during the most recent fiscal year. All changes in the assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods. For example, earned but unused compensation time result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities which reflect the Town's basic services include the financial activities of the following: general government (Town administration) public safety (police department), streets and highways (street, road and sidewalk maintenance), drainage and levee (drainage and levee maintenance), culture and recreation (parks/playgrounds and pool) and sanitation (animal control, grass cutting, building demolition and trash collection). The business-type activities of the Town include a gas distribution operation and a sewerage collection and treatment system.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds, rather than generic fund types. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major fund presentation in Exhibits C through G is presented on a sources and uses of liquid resources basis. This is the manner in which the financial budget is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term 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 current financing requirements. The Town has presented the General Fund and Capital Projects Fund as major governmental funds.

Proprietary Funds include enterprise funds on the fund financial statements illustrated in Exhibits H through J. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. These enterprise funds are presented as major funds and consist of the Gas Distribution System Fund and the Sewerage Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges.

While the total column on the business-type fund financial statements for enterprise funds (see Exhibit H and I) is the same as the business-type column at the government-wide financial statements, the governmental funds total column requires a reconciliation because of the different measurement focus which is reflected on the page following each statement (see Exhibit D and F). The flow of current financial resources will reflect capital expenditures and interfund transfers as other financial sources and debt service principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements.

Capital Assets

General capital assets include land, construction in progress, buildings and improvements, infrastructure, vehicles, machinery and equipment and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the Town's capitalization threshold (see Note 1d, Exhibit K). The Town has recorded all material infrastructure assets acquired since 1984. Accumulated depreciation is recorded based on the date of acquisition and the life span of the asset.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the financial statements and can be found in Exhibit K of this report.

Other Information

In addition to the basic financial statements and notes to financial statements, this report also presents required supplementary information concerning the Town's progress in funding its obligations to provide postemployment and pension benefits to its employees. Required supplementary information can be found on Exhibits L, M, N, O and P of this report.

Schedules of Compensation Paid to Members of the Town Council and Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer can be found in Statements 1 and 2 of this report. The Statistical Section (Tables 1 through 8) are included for additional information and analysis and do not constitute a part of the audited financial statements.

Government-Wide Financial Analysis

Town of Golden Meadow Condensed Statements of Net Position December 31, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 5,426,552	\$ 5,127,646	\$ 272,204	\$ 69,874	\$ 5,698,756	\$ 5,197,520
Restricted assets	-	-	6,046	12,632	6,046	12,632
Capital assets	8,894,872	8,585,995	3,339,890	2,938,125	12,234,762	11,524,120
Total assets	<u>14,321,424</u>	<u>13,713,641</u>	<u>3,618,140</u>	<u>3,020,631</u>	<u>17,939,564</u>	<u>16,734,272</u>
Deferred outflows of resources	<u>418,412</u>	<u>475,073</u>	<u>33,723</u>	<u>36,240</u>	<u>452,135</u>	<u>511,313</u>
Total assets and deferred outflows of resources	<u>14,739,836</u>	<u>14,188,714</u>	<u>3,651,863</u>	<u>3,056,871</u>	<u>18,391,699</u>	<u>17,245,585</u>
Liabilities:						
Current liabilities	169,017	149,850	278,547	20,710	447,564	170,560
Long-term obligations	1,408,258	1,329,607	146,037	134,792	1,554,295	1,464,399
Total liabilities	<u>1,577,275</u>	<u>1,479,457</u>	<u>424,584</u>	<u>155,502</u>	<u>2,001,859</u>	<u>1,634,959</u>
Deferred inflows of resources	<u>224,142</u>	<u>232,306</u>	<u>3,189</u>	<u>3,074</u>	<u>227,331</u>	<u>235,380</u>
Total liabilities and deferred inflows of resources	<u>1,801,417</u>	<u>1,711,763</u>	<u>427,773</u>	<u>158,576</u>	<u>2,229,190</u>	<u>1,870,339</u>
Net Position:						
Net investment in capital assets	8,835,205	8,503,440	3,339,890	2,938,125	12,175,095	11,441,565
Restricted	265,959	25,247	-	-	265,959	25,247
Unrestricted	3,837,255	3,948,264	(115,800)	(39,830)	3,721,455	3,908,434
Total net position	<u>\$ 12,938,419</u>	<u>\$ 12,476,951</u>	<u>\$ 3,224,090</u>	<u>\$ 2,898,295</u>	<u>\$ 16,162,509</u>	<u>\$ 15,375,246</u>

For more detailed information see Exhibit A, Statement of Net Position.

Approximately 75% of the Town's net position as of December 31, 2017, reflects the government's net investment in capital assets less any related outstanding debt used to acquire those assets that is still outstanding. The Town government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Approximately 2% of the Town's net position is subject to external restrictions as to its use.

The remaining unrestricted net position of 23% is available for future use as directed by the Mayor and the Town Council to meet ongoing obligations of the government to citizens and creditors.

The following table provides a summary of the statement of activities for the year ended December 31, 2017, with comparative figures from 2016:

**Town of Golden Meadow
Condensed Statements of Activities
For the Years Ended December 31, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total	
	For the year ended December 31,		For the year ended December 31,		For the year ended December 31,	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for service	\$ 930,346	\$ 768,394	\$ 140,580	\$ 145,993	\$ 1,070,926	\$ 914,387
Operating grants and contributions	105,746	605,974	-	-	105,746	605,974
Capital grants and contributions	579,636	982,636	477,518	212,438	1,057,154	1,195,074
General Revenues:						
Property taxes	208,949	212,852	-	-	208,949	212,852
Sales taxes	607,137	773,710	-	-	607,137	773,710
Franchise taxes	62,763	66,805	-	-	62,763	66,805
Grants and contributions not restricted to specific programs	16,896	14,257	-	-	16,896	14,257
Other	68,000	33,358	357	5,138	68,357	38,496
Total revenues	<u>2,579,473</u>	<u>3,457,986</u>	<u>618,455</u>	<u>363,569</u>	<u>3,197,928</u>	<u>3,821,555</u>
Expenses:						
General government	476,253	447,251	-	-	476,253	447,251
Public safety	772,892	713,184	-	-	772,892	713,184
Streets and highways	319,304	314,643	-	-	319,304	314,643
Drainage and levee	313,356	291,666	-	-	313,356	291,666
Culture and recreation	232,879	215,161	-	-	232,879	215,161
Sanitation	15,748	19,185	-	-	15,748	19,185
Interest on long-term obligations	1,724	2,276	-	-	1,724	2,276
Gas distribution	-	-	84,959	128,510	84,959	128,510
Sewerage	-	-	193,550	148,913	193,550	148,913
Total expenses	<u>2,132,156</u>	<u>2,003,366</u>	<u>278,509</u>	<u>277,423</u>	<u>2,410,665</u>	<u>2,280,789</u>
Increase (decrease) in net position before transfers	447,317	1,454,620	339,946	86,146	787,263	1,540,766
Transfers	<u>14,151</u>	<u>18,037</u>	<u>(14,151)</u>	<u>(18,037)</u>	<u>-</u>	<u>-</u>
Change in net position	461,468	1,472,657	325,795	68,109	787,263	1,540,766
Net position, January 1	12,476,951	11,004,294	2,898,295	2,830,186	15,375,246	13,834,480
Net position, December 31,	<u>\$ 12,938,419</u>	<u>\$ 12,476,951</u>	<u>\$ 3,224,090</u>	<u>\$ 2,898,295</u>	<u>\$ 16,162,509</u>	<u>\$ 15,375,246</u>

The Town's change in net position was \$787,263 for the current fiscal year for a total net position of \$16,162,509 as of December 31, 2017.

Governmental activity operating grant revenues decreased \$500,228 from the prior year primarily because of multiple grants for improvements to Oakridge Park in the prior year. Additionally, capital grants decreased \$403,000 as the Town completed the federally funded Seawall Phase III Project during the year ended December 31, 2017. Also, sales tax revenues were down approximately -22% or \$166,573 as the oil and gas dependent economy of South Louisiana retracted.

Governmental activity expenses increased by \$128,790 from the prior year. The increase in expenses was primarily due to the \$29,002 increase in general government expenses, the \$59,708 increase in public safety expenses, and the \$21,690 increase in drainage and levee expenses.

Business-type activity charges for services revenues decreased because of the continued abandonment of the Town's gas distribution system, as gas sales decreased by approximately \$15,000. As of December 31, 2017, 5 of the 6 system segments have been abandoned and connected to South Coast Gas Company, Inc. as the provider of natural gas in the Town.

Financial Analysis of the Government's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirement. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balances of the Town's governmental funds as of December 31, 2017 were \$5,030,473 as compared to \$4,763,369 as of December 31, 2016, an increase of \$267,104. The fund balance in the amount of \$461,834 is restricted for various departments in the General Fund. The remaining \$4,509,924 of general fund balance is available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the General Fund was \$4,971,758, compared with a fund balance of \$4,809,996 at the end of 2016, the fund balance increased by \$161,762.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net deficit of the Gas Distribution System Fund as of December 31, 2017 was \$12,307. This fund is used to account for and report gas distribution services to the Town. This fund is self-supported from program revenues. This fund encompasses all assets associated with gas distribution system. Net investment in capital assets at the end of the current fiscal year totaled \$193,624.

The Sewerage Fund of the Town had a net deficit of \$103,493 as of December 31, 2017. This fund encompasses all assets associated with sewerage operations of the Town. This fund is self-supported from program revenues. This fund encompasses all assets associated with sewerage collection. Net investment in capital assets at the end of the current fiscal year totaled \$3,146,266.

For the year ended December 31, 2017, the Gas Distribution System and Sewerage Funds had operating losses of \$43,406 and \$94,523, respectively. The operating loss incurred in the Gas Distribution System Fund was the result of a 29% decline in revenues and a 34% decrease in expenses because of the continued sell-off of the gas distribution system to a private provider. The Sewerage Fund's loss is primarily due to salaries and related expenses.

General Fund Budgetary Highlights

The major difference between the original General Fund budget and the final amended budget was additional funds from ad valorem taxes and decreases in sales tax receipts. The final budget more closely reflects anticipated revenues from these sources.

Budgeted General Fund expenditures were increased for additional capital outlay, public safety and general government expenses during the year.

Capital Asset and Debt Administration

Capital Assets: The Town's net investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$12,234,762 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings and improvements, furnishings and equipment, streets and roads, drainage systems, park, swimming pool, gas system and sewer system facilities. The net increase in the Town's net investment in capital assets (net of depreciation) for the current fiscal year was \$710,642.

Major capital asset events during the current fiscal year included the following:

- Began work on Town Hall Turnaround
- Continued work on Sewer System Phase IV Project
- Continued work on Sewer System Phase V Project
- Completed work on Skate Park in Oakridge Park
- Completed work on Seawall Phase III

Town of Golden Meadow
Capital Assets
(Net of Depreciation)
December 31, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 98,028	\$ 105,128	\$ 2,500	\$ 2,500	\$ 100,528	\$ 107,628
Construction in progress	123,465	1,365,717	770,910	300,333	894,375	1,666,050
Buildings and improvements	2,017,520	2,084,953	377,360	388,971	2,394,880	2,473,924
Seawall	4,368,312	2,968,219	-	-	4,368,312	2,968,219
Swimming pool	240,797	254,897	-	-	240,797	254,897
Autos and trucks	75,622	73,864	11,665	19,646	87,287	93,510
Sidewalks, streets and drainage	992,334	1,023,143	-	-	992,334	1,023,143
Oakridge Park	789,232	490,296	-	-	789,232	490,296
Furniture, equipment and other	189,562	219,778	42,356	31,108	231,918	250,886
Sewer system	-	-	1,965,324	2,021,247	1,965,324	2,021,247
Gas distribution system	-	-	169,775	174,320	169,775	174,320
Total	\$ 8,894,872	\$ 8,585,995	\$ 3,339,890	\$ 2,938,125	\$ 12,234,762	\$ 11,524,120

Additional information on the Town's capital assets can be found in Note 9, Exhibit K of this report.

Non-current liabilities: At the end of the current fiscal year, the Town had total outstanding non-current liabilities of \$1,554,295 which represents capital leases, compensated absences, other postemployment benefit obligations and net pension liability. The leases, compensated absences other postemployment benefit obligations and net pension liability will be serviced by general revenues of the Town, except those recognized in the enterprise funds, which will be serviced by fund revenues.

Economic Factors and Next Year's Budget and Rates

- Overall, the Town is anticipating a slight increase in sales taxes and has budgeted a 7% increase for the 2018 fiscal year.
- The Town has budgeted \$69,710 for the purchase of a backhoe.
- Lease payments of \$24,612 for John Deere tractor with a boom mower.
- One 2018 Chevy Tahoe with equipment for \$37,800.

Requests for Information

This financial report is designed to provide a general overview of the Town of Golden Meadow's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town Clerk, P. O. Box 307, Golden Meadow, La. 70357. General information relating to the Town can be found at the Town's website, www.townofgoldenmeadow-la.gov.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION**Town of Golden Meadow, Louisiana**

December 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,851,328	\$ 72,441	\$ 3,923,769
Investments	940,000	-	940,000
Receivables (net)	141,800	17,052	158,852
Due from other governments	322,193	320,082	642,275
Internal balances	137,371	(137,371)	-
Prepaid insurance	33,860	-	33,860
Restricted assets:			
Cash and cash equivalents	-	6,046	6,046
Capital assets:			
Non-depreciable	221,493	773,410	994,903
Depreciable, net	8,673,379	2,566,480	11,239,859
Total assets	14,321,424	3,618,140	17,939,564
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	418,412	33,723	452,135
Total assets and deferred outflows of resources	14,739,836	3,651,863	18,391,699
LIABILITIES			
Accounts payable and other current liabilities	53,666	33,066	86,732
Contracts payable	115,351	239,435	354,786
Liabilities payable from restricted assets	-	6,046	6,046
Non-current liabilities:			
Due within one year	23,442	-	23,442
Due in more than one year	1,384,816	146,037	1,530,853
Total liabilities	1,577,275	424,584	2,001,859
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	193,202	-	193,202
Pensions	30,940	3,189	34,129
Total deferred inflows of resources	224,142	3,189	227,331
Total liabilities and deferred inflows of resources	1,801,417	427,773	2,229,190
NET POSITION (DEFICIT)			
Net investment in capital assets	8,835,205	3,339,890	12,175,095
Restricted for:			
Streets and highways	95,699	-	95,699
Drainage and levee	111,545	-	111,545
Capital projects	58,715	-	58,715
Unrestricted	3,837,255	(115,800)	3,721,455
Total net position	\$ 12,938,419	\$ 3,224,090	\$ 16,162,509

See notes to financial statements.

STATEMENT OF ACTIVITIES

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 476,253	\$ 137,009	\$ 39,509	\$ -
Public safety	772,892	770,925	35,783	-
Streets and highways	319,304	-	29,120	98,683
Drainage and levee	313,356	-	1,334	396,779
Culture and recreation	232,879	22,412	-	84,174
Sanitation	15,748	-	-	-
Interest on long-term obligations	1,724	-	-	-
Total governmental activities	<u>2,132,156</u>	<u>930,346</u>	<u>105,746</u>	<u>579,636</u>
Business-type activities:				
Gas distribution	84,959	41,553		-
Sewerage	193,550	99,027		477,518
Total business-type activities	<u>278,509</u>	<u>140,580</u>		<u>477,518</u>
Total primary government	<u>\$ 2,410,665</u>	<u>\$ 1,070,926</u>	<u>\$ 105,746</u>	<u>\$ 1,057,154</u>

General revenues:

Taxes:

- Property
- Sales taxes
- Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers (to) from other funds

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See notes to financial statements.

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (299,735)		\$ (299,735)
33,816		33,816
(191,501)		(191,501)
84,757		84,757
(126,293)		(126,293)
(15,748)		(15,748)
(1,724)		(1,724)
<u>(516,428)</u>		<u>(516,428)</u>
	\$ (43,406)	(43,406)
	<u>382,995</u>	<u>382,995</u>
	<u>339,589</u>	<u>339,589</u>
<u>(516,428)</u>	<u>339,589</u>	<u>(176,839)</u>
208,949	-	208,949
607,137	-	607,137
62,763	-	62,763
16,896	-	16,896
21,712	357	22,069
46,288	-	46,288
14,151	(14,151)	-
<u>977,896</u>	<u>(13,794)</u>	<u>964,102</u>
461,468	325,795	787,263
<u>12,476,951</u>	<u>2,898,295</u>	<u>15,375,246</u>
<u>\$ 12,938,419</u>	<u>\$ 3,224,090</u>	<u>\$ 16,162,509</u>

BALANCE SHEET
GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

December 31, 2017

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 3,850,950	\$ 378	\$ 3,851,328
Investments	940,000	-	940,000
Receivables (net, where applicable of allowances for uncollectibles):			
Taxes	122,921	-	122,921
Accounts	18,879	-	18,879
Due from other funds	229,283	-	229,283
Due from other governmental units	171,823	150,370	322,193
	<u>\$ 5,333,856</u>	<u>\$ 150,748</u>	<u>\$ 5,484,604</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 53,666		\$ 53,666
Contracts payable	115,230	\$ 121	115,351
Due to other funds	-	91,912	91,912
	<u>168,896</u>	<u>92,033</u>	<u>260,929</u>
Deferred Inflows of Resources			
Unavailable revenue- property taxes	193,202	-	193,202
	<u>362,098</u>	<u>92,033</u>	<u>454,131</u>
Fund Balances			
Restricted			
Levee maintenance	139,578	-	139,578
Drainage maintenance	82,339	-	82,339
Streets	239,917	-	239,917
Capital Projects	-	58,715	58,715
Unassigned	4,509,924	-	4,509,924
	<u>4,971,758</u>	<u>58,715</u>	<u>5,030,473</u>
	<u>\$ 5,333,856</u>	<u>\$ 150,748</u>	<u>\$ 5,484,604</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Town of Golden Meadow, Louisiana

December 31, 2017

Fund Balances - Governmental Funds		\$ 5,030,473
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	\$ 13,752,679	
Accumulated depreciation	<u>(4,857,807)</u>	8,894,872
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Prepaid insurance		33,860
Deferred outflows of resources		418,412
Non-current obligations are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences	\$ (15,442)	
Other postemployment benefits	(78,425)	
Capitalized lease obligations	(59,667)	
Net pension liability	<u>(1,254,724)</u>	(1,408,258)
Deferred inflows of resources		<u>(30,940)</u>
Changes in Net Position of Governmental Activities		<u>\$ 12,938,419</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 816,086		\$ 816,086
Fines and forfeitures	770,925		770,925
Intergovernmental	291,675	\$ 396,779	688,454
Licenses and permits	101,832	-	101,832
Franchise fees	62,763	-	62,763
Charges for services	57,589	-	57,589
Investment income	24,783	-	24,783
Miscellaneous	51,191	5,850	57,041
	<u>2,176,844</u>	<u>402,629</u>	<u>2,579,473</u>
Expenditures			
Current:			
General government	384,995	-	384,995
Public safety	666,613	-	666,613
Streets and highways	243,600	-	243,600
Sanitation	12,550	-	12,550
Drainage and levee	179,739	-	179,739
Culture and recreation	152,002	-	152,002
Debt service:			
Principal retirement	22,888	-	22,888
Interest and fiscal charges	1,724	-	1,724
Capital outlay	303,247	359,162	662,409
	<u>1,967,358</u>	<u>359,162</u>	<u>2,326,520</u>
Excess of revenues over expenditures	<u>209,486</u>	<u>43,467</u>	<u>252,953</u>
Other Financing Sources (Uses)			
Operating transfers in	14,151	61,875	76,026
Operating transfers out	(61,875)	-	(61,875)
	<u>(47,724)</u>	<u>61,875</u>	<u>14,151</u>
Net Change in Fund Balances	161,762	105,342	267,104
Fund Balances			
Beginning of year	4,809,996	(46,627)	4,763,369
End of year	<u>\$ 4,971,758</u>	<u>\$ 58,715</u>	<u>\$ 5,030,473</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

Net Change in Fund Balance - Total Governmental Funds \$ 267,104

Amounts reported for governmental activities in the
Statement of Activities are 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	\$ 662,409	
Depreciation expense	<u>(346,432)</u>	315,977

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to increase (decrease) net assets	(7,100)
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Some expenditures are reported in the governmental funds which do not effect net position Decrease in prepaid insurance	(2,570)
---	---------

The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current
financial resources of governmental funds. Neither
transaction, however has any effect on net assets.

Principal payments on capital leases	\$ 22,888	
Other postemployment benefits	1,963	
Net pension liability	(132,055)	
Compensated absences	<u>(4,739)</u>	<u>(111,943)</u>

Change in Net Position of Governmental Activities **\$ 461,468**

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Ad Valorem	\$ 190,000	\$ 200,397	\$ 208,949	\$ 8,552
Sales	750,000	575,996	607,137	31,141
Fines and forfeitures	638,010	757,406	770,925	13,519
Intergovernmental:				
State of Louisiana:				
Video poker	8,500	5,813	4,152	(1,661)
Beer taxes	2,750	2,206	2,248	42
Appropriations from State	30,000	291,274	105,783	(185,491)
State supplemental pay	30,000	29,000	28,683	(317)
Parish Transportation Fund	21,000	21,042	20,383	(659)
Maintenance Agreement	7,000	7,000	7,000	-
Lafourche Parish Council:				
Grants	-	-	84,174	84,174
Off track betting	1,200	849	743	(106)
Maintenance Agreement	8,700	8,600	-	(8,600)
Lafourche Housing Authority	8,500	7,811	7,811	-
Lafourche Parish Drainage District No. 1	25,000	30,698	30,698	-
Licenses and permits - occupational licenses	135,000	101,871	101,832	(39)
Franchise fees	69,500	60,046	62,763	2,717
Charges for services	73,900	68,693	57,589	(11,104)
Investment income	10,000	22,556	24,783	2,227
Miscellaneous:				
Donations	1,500	1,750	1,750	-
Mineral royalties	10,000	7,346	9,753	2,407
Other	12,000	39,229	39,688	459
Total revenues	<u>2,032,560</u>	<u>2,239,583</u>	<u>2,176,844</u>	<u>(62,739)</u>
Expenditures				
Current:				
General government	340,808	384,581	384,995	(414)
Public safety	628,513	674,292	666,613	7,679
Streets and highways	248,026	247,622	243,600	4,022
Sanitation	18,018	12,325	12,550	(225)
Drainage and levee	207,238	182,541	179,739	2,802
Culture and recreation	153,107	157,512	152,002	5,510
Debt Service:				
Principal retirement	-	-	22,888	(22,888)
Interest and fiscal charges	-	-	1,724	(1,724)
Capital outlay	145,412	374,727	303,247	71,480
Total expenditures	<u>1,741,122</u>	<u>2,033,600</u>	<u>1,967,358</u>	<u>66,242</u>
Excess of revenues over expenditures	<u>291,438</u>	<u>205,983</u>	<u>209,486</u>	<u>3,503</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	14,151	14,151
Operating transfers out	-	(9,876)	(61,875)	(51,999)
Total other financing sources (uses)	<u>-</u>	<u>(9,876)</u>	<u>(47,724)</u>	<u>(37,848)</u>
Net Change in Fund Balance	<u>\$ 291,438</u>	<u>\$ 196,107</u>	<u>\$ 161,762</u>	<u>\$ (34,345)</u>

See notes to financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

December 31, 2017

	Business-type Activities - Enterprise Funds		
	Gas Distribution System Fund	Sewerage Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current			
Cash and cash equivalents	\$ 44,189	\$ 28,252	\$ 72,441
Receivables:			
Accounts (net, where applicable of allowances for uncollectibles)	6,782	7,099	13,881
Unbilled service revenues	3,171	-	3,171
Due from other funds	7,760	-	7,760
Due from other governmental units	-	320,082	320,082
Total current assets	<u>61,902</u>	<u>355,433</u>	<u>417,335</u>
Restricted			
Cash and cash equivalents:			
Customer deposits	6,046	-	6,046
Capital Assets			
Non-depreciable	2,500	770,910	773,410
Depreciable, net	191,124	2,375,356	2,566,480
Total capital assets	<u>193,624</u>	<u>3,146,266</u>	<u>3,339,890</u>
Total assets	<u>261,572</u>	<u>3,501,699</u>	<u>3,763,271</u>
Deferred Outflows of Resources- Pensions	<u>17,239</u>	<u>16,484</u>	<u>33,723</u>
Total assets and deferred outflows of resources	<u>278,811</u>	<u>3,518,183</u>	<u>3,796,994</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current			
Payable from current assets:			
Accounts payable and accrued expenses	1,334	31,732	33,066
Contracts payable	-	239,435	239,435
Payable from restricted assets:			
Customers' meter deposits	6,046	-	6,046
Due to other funds	-	145,131	145,131
Total current liabilities	<u>7,380</u>	<u>416,298</u>	<u>423,678</u>
Non-current			
Net pension liability	53,529	51,184	104,713
Post employment benefits	31,829	6,369	38,198
Compensated absences	3,126	-	3,126
Total non-current liabilities	<u>88,484</u>	<u>57,553</u>	<u>146,037</u>
Total liabilities	<u>95,864</u>	<u>473,851</u>	<u>569,715</u>
Deferred Inflows of Resources- Pensions	<u>1,630</u>	<u>1,559</u>	<u>3,189</u>
Total liabilities and deferred inflows of resources	<u>97,494</u>	<u>475,410</u>	<u>572,904</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	193,624	3,146,266	3,339,890
Unrestricted	(12,307)	(103,493)	(115,800)
Total net position	<u>\$ 181,317</u>	<u>\$ 3,042,773</u>	<u>\$ 3,224,090</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Gas Distribution System Fund</u>	<u>Sewerage Fund</u>	<u>Total</u>
Operating Revenues			
Sales and service charges	\$ 41,553	\$ 99,027	\$ 140,580
Operating Expenses			
Salaries	24,816	28,628	53,444
Payroll taxes	1,915	2,190	4,105
Retirement	(2,634)	23,694	21,060
Hospitalization insurance	4,697	4,809	9,506
Utilities and telephone	392	15,114	15,506
Repairs and maintenance	2,620	35,084	37,704
Truck	3,320	523	3,843
Other insurance	4,482	9,187	13,669
Office	8,665	-	8,665
Postage and freight	942	-	942
Legal and auditing	9,000	-	9,000
Travel	50	1,700	1,750
Gas purchases	18,582	-	18,582
Bad debts	(6,100)	-	(6,100)
Depreciation	13,892	72,621	86,513
Miscellaneous	320	-	320
Total operating expenses	<u>84,959</u>	<u>193,550</u>	<u>278,509</u>
Operating loss	<u>(43,406)</u>	<u>(94,523)</u>	<u>(137,929)</u>
Non-operating Revenues			
Investment income	329	28	357
Intergovernmental grants	-	477,518	477,518
Total non-operating revenues	<u>329</u>	<u>477,546</u>	<u>477,875</u>
Other Financing Uses			
Transfers out	<u>(7,450)</u>	<u>(6,701)</u>	<u>(14,151)</u>
Change in Net Position	<u>(50,527)</u>	<u>376,322</u>	<u>325,795</u>
Net Position			
Beginning of year	<u>231,844</u>	<u>2,666,451</u>	<u>2,898,295</u>
End of year	<u>\$ 181,317</u>	<u>\$ 3,042,773</u>	<u>\$ 3,224,090</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Gas Distribution System Fund</u>	<u>Sewerage Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 32,806	\$ 99,507	\$ 132,313
Cash payments to suppliers	(43,894)	(30,724)	(74,618)
Cash payments to employees for services and benefits	(35,276)	(38,962)	(74,238)
Net cash provided by (used in) operating activities	<u>(46,364)</u>	<u>29,821</u>	<u>(16,543)</u>
Cash Flows from Noncapital Financing Activities			
Interfund lending	-	(74,518)	(74,518)
Transfers to other funds	(7,450)	(6,701)	(14,151)
Net cash used in noncapital financing activities	<u>(7,450)</u>	<u>(81,219)</u>	<u>(88,669)</u>
Cash Flows from Capital and Financing Activities			
Acquisition and construction of capital assets	-	(253,118)	(253,118)
Proceeds from intergovernmental capital grants	-	196,869	196,869
Net cash used in capital and financing activities	<u>-</u>	<u>(56,249)</u>	<u>(56,249)</u>
Cash Flows from Investing Activities			
Investment income	329	28	357
Net Decrease in Cash and Cash Equivalents	(53,485)	(107,619)	(161,104)
Cash and Cash Equivalents			
Beginning of year	103,720	135,871	239,591
End of year	<u>\$ 50,235</u>	<u>\$ 28,252</u>	<u>\$ 78,487</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (43,406)	\$ (94,523)	\$ (137,929)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	13,892	72,621	86,513
Other postemployment benefits	1,968	2,015	3,983
Pensions	(8,229)	18,344	10,115
Compensated absences	(221)	-	(221)
(Increase) decrease in assets:			
Receivables	(2,161)	480	(1,681)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(1,621)	30,884	29,263
Customer deposits	(6,586)	-	(6,586)
Total adjustments	<u>(2,958)</u>	<u>124,344</u>	<u>121,386</u>
Net cash used in operating activities	<u>\$ (46,364)</u>	<u>\$ 29,821</u>	<u>\$ (16,543)</u>

See notes to financial statements.

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Town of Golden Meadow, Louisiana

December 31, 2017

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NOTES TO FINANCIAL STATEMENTS**Town of Golden Meadow, Louisiana**

December 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Golden Meadow complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

a) Financial Reporting Entity

The Town of Golden Meadow, Louisiana was incorporated July 17, 1950, under the provisions of Act 136 (Lawrason Act) of 1898, State of Louisiana. The Town operates under a Mayor-Town Council form of government and provides the following services as authorized by its charter: public safety, streets and highways, drainage, levee maintenance, sanitation, culture-recreation, gas distribution system, sewerage, planning and zoning, and general administrative services.

As the governing authority of the township, the Town of Golden Meadow is the financial reporting entity for the Town of Golden Meadow, Louisiana. The financial reporting entity consists of (a) the primary government (the Town of Golden Meadow), (b) organizations for which the Town of Golden Meadow is financially accountable and (c) other organizations for which nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the Town for financial reporting purposes. The basic criteria are as follows:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Reporting Entity (Continued)

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 governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Town and the potential component unit.
4. Imposition of will by the Town on the potential component unit.
5. Financial benefit/burden relationship between the Town and the potential component unit.

Based on the previous criteria, the Town of Golden Meadow, Louisiana determined it has no component units.

b) Basis of Presentation

The Town's financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and the fund financial statements (individual major funds).

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for the primary government. For the most part, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs, which normally are supported by taxes and intergovernmental revenues.

Business-Type Activities are financed in whole or in part by fees charged to external parties for goods and services.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

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. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and programs.

Program revenue 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. This includes internally dedicated resources such as a restricted property tax.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

The daily accounts and operations of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped, into generic fund types and two broad fund categories as follows:

Governmental activities presented as governmental funds in the fund financial statements:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for and reports all financial resources except those required to be accounted for and reported in other funds. The General Fund is always a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Capital Projects Fund - accounts for and reports financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by Proprietary Funds). The Capital Projects Fund is reported as a major fund.

Proprietary Funds:

Enterprise funds - are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements, the two enterprise funds reported as major funds in the fund financial statements are as follows:

Gas Distribution System Fund - To account for and report the distribution of natural gas services to residents of the Town. All activities necessary to provide such services are accounted for and reported in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewerage Fund - To account for and report sewer services to residents within the Sewer Service District of the Town. All activities necessary to provide such services are accounted for and reported in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service. Billing and collection activities are contracted with the Lafourche Parish Waterworks District No. 1.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c) Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 in the year for which they are levied.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing resources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose the Town considers revenue to be available if collected within 60 days of the end of the current fiscal year. Charges for services and fines and forfeitures are recorded as earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the Town because they are generally not measurable or available until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting and Measurement Focus (Continued)

Nonexchange transactions, in which the Town receives value without directly giving value in return, include sales tax, property tax, grants and donations. Ad valorem taxes are recognized as revenue of the period for which levied. The current year property taxes are being levied to finance the subsequent year's budgeted expenditures by Town ordinance and legally are not available for funding current year expenditures, accordingly property taxes levied in 2017 shall be recognized as revenue in 2018. The 2017 tax levy is recorded as the deferred inflows of resources: unavailable revenue in the Town's 2017 fund financial statements. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include purpose and timing requirements, which specify the use and period when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due and (2) claims and judgments, compensated absences, other postemployment benefits and net pension expense are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of cost such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity

Cash, Cash Equivalents and Investments

Cash includes amounts in regular and money market accounts.

Investment policies are governed by state statutes and bond covenants. Additional details on authorized investments of the Town are disclosed in Note 4.

For purposes of the Statement of Cash Flows, cash and cash equivalents include the investment in the Louisiana Asset Management Pool (LAMP), certificates of deposit and other securities with maturities of three months or less from date purchased.

Investments are stated at fair value as established by the open market, except for the LAMP investment, which is a local government 2a7-like pool administered by a non-profit corporation organized under State of Louisiana law, which is permitted to be carried at amortized cost.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. There are no investments without an established market. Unrealized gains and losses on investments recorded at fair value are included in investment income.

Accounts Receivable

All trade and tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The allowances represent approximately 25.71% of receivables (including unbilled services and intergovernmental) from business-type activities.

Interfund Transactions

In the financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid. For reporting purposes, all interfund transactions between individual governmental funds have been eliminated in the government-wide financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, equipment and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual cost of more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets with an estimated cost amounted to \$253,576 or 1.86% of the cost of capital assets used in governmental activities.

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

Major outlays for capital assets and improvements are capitalized as projects at completion of construction. At this point the project costs are moved out of construction-in-progress and capitalized. Interest incurred during the construction phase of capital assets of business activities is included as part of the capitalization value of the assets constructed.

The Town capitalizes interest cost (net of interest earned) during the construction phase of major capital projects of proprietary funds. The objectives of the capitalizing interest are: (a) to obtain a measure of acquisition cost that more closely reflects the enterprise's total investment in the asset, and (b) to charge a cost that relates to the acquisition of a resource that will benefit future periods against the revenues of the period benefited. The amount of interest cost capitalized on major capital projects acquired/constructed with proceeds of restricted tax-exempt debt includes all interest cost of the borrowing less any interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings from the date of the borrowing until the assets are ready for their intended use. The Town did not capitalize interest cost during the year ended December 31, 2017.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Type of Capital Assets</u>	<u>No. of Years</u>
Buildings and improvements	10 - 40
Seawall	50
Christmas fixtures	10
Protection levee	25 - 40
Swimming pool and related equipment	5 - 40
Autos and trucks	5 - 7
Sidewalks, streets and drainage	7 - 40
Oakridge Park	15 - 40
Office furniture and fixtures	5 - 7
Departmental equipment	5 - 15
Gas Distribution and Sewer Systems	20 - 50

All infrastructure assets purchased by the Town since 1984 are recorded as capital assets and depreciated accordingly. All donated infrastructure accepted into the Town's maintenance program since 1984 has been capitalized and depreciated in accordance with the above capitalization policy.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position reports separate financial statement elements for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town's deferred outflows of resources relate to pensions. Deferred inflows of resources, 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 then. The Town has two items that qualify for reporting as deferred inflows of resources: pensions and property taxes. See Note 1c) for information regarding deferred inflows of resources related to property taxes, and see Note 17 for information regarding deferred outflows and inflows of resources related to pensions.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

Non-Current Liabilities

Non-current liabilities consist of capital leases, compensated absences, other postemployment benefits and net pension liability.

The accounting treatment of non-current liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide Statement of Net Position and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities.

Compensated Absences

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement.

In the government-wide financial statements and the proprietary fund types statements, the total compensated absences liability for earned compensatory time is recorded as an expense, allocated on a functional basis, and a long-term obligation. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, no compensated absence liabilities are recorded as of December 31, 2017 in the governmental fund-type fund financial statements.

Employees with one year or more of service earn a total of 5 to 10 days annual leave and 10 days sick leave per year. Employees may not carry over or accumulate annual leave. Any sick leave not used during any calendar year can be carried over and accumulated without limit. Any sick leave accumulated at the time of termination of employment by the Town shall not be paid. The Town can award compensation time for participation in events outside of normal work duties, which can be used as sick leave or annual leave days and is payable upon termination of employment with the Town.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

Other Postemployment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement. The Town has recorded liabilities for postemployment health care benefits as of December 31, 2017.

In the government-wide financial statements and the proprietary fund type fund statements, the other postemployment benefits liability is recorded as long-term obligations and allocated to expenses on a functional basis.

In the governmental fund type fund financial statements other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

Pensions

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

Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

- b) Restricted net position - Consists of assets and deferred outflows of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or other enabling legislation.
- c) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a) Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b) Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c) Committed - amounts that can be used only for specific purposes determined by a formal action of the Town Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.
- d) Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Amounts may be assigned by a majority vote of the Town Council or by the Town Clerk under the authorization of the Mayor.
- e) Unassigned - all other spendable amounts.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

For the classification of governmental fund balances, the Town considers an expenditure to be made from the most restrictive first when more than one classification is available. The Town's fund balance was classified as restricted and unassigned as of December 31, 2017.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

e) New GASB Statements

During the year ending December 31, 2017, the Town implemented the following GASB Statements:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*" addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This statement did not affect the Town's financial statements.

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the Town's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) New GASB Statements (Continued)

Statement No. 81, "*Irrevocable Split Interest Agreements*" provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the Town's financial statements.

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did affect the District's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*" replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) New GASB Statements (Continued)

liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) New GASB Statements (Continued)

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at year-end. The Capital Projects Fund presents budgets by project as opposed to annual budgets and are therefore not reported in the accompanying financial report. The Town Council approves each project budget and maintains effective controls of costs.

The Town does not employ encumbrance accounting; under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a) Not later than December 16, a proposed operating budget for the year commencing the following January 1 shall be submitted to the Town Council. The operating budget includes proposed expenditures and the means of financing them.
- b) The Town Council conducts public hearings to obtain taxpayer comments.
- c) All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress.
- d) The level of budgetary control is at the fund, department or project level and any amendment involving the transfer of monies from one fund, department or project to another or any amendment for amounts exceeding any current expenditure amount budgeted must be approved by the Town Council.
- e) All budgeted amounts, which are not expended, or obligated through contracts, lapse at year end.
- f) Budgets for all governmental fund types are adopted on a basis consistent with GAAP, except for cash transfers. Cash transfers between bank accounts are charged to other financing sources and (uses).
- g) The budget was amended once during the year.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana Law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2017 levy was based, was \$9,134,570.

Note 3 - PROPERTY TAXES (Continued)

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

The Town has levied property taxes for maintenance of levees, drainage and streets and for general corporate purposes. The various tax rates for the year ended December 31, 2017 were as follows:

<u>Description</u>	<u>Tax Rate Per \$1,000</u>
Levee Maintenance	\$5.09
Drainage Maintenance	5.09
Street Maintenance	5.00
General	5.97

As indicated in Note 1c, property taxes are recorded as revenue by the Town in the year the taxes finance budgeted expenditures. Property taxes, which are paid under protest, are recorded as revenue in the year the taxes are settled.

Note 4 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash and certificates of deposits) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank, or with a trust company for the account of the political subdivision.

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$ 1,846,588	\$ 1,782,502
Certificates of deposit	940,000	940,000
Total	\$ 2,786,588	\$ 2,722,502

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a written policy for custodial credit risk, which reflects state law. As of December 31, 2017, \$2,091,730 of the Town's bank balance of \$2,786,588 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the Town's name by state statutes.

As of December 31, 2017, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Town. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the Town's investment policy emphasizes maintaining liquidity to match specific cash flows.

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's investment policy requires the application of the prudent-investor rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affair, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.*

The Town's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. Because LAMP as of December 31, 2017, had a weighted average maturity of 51 days, it was presented as an investment with a maturity of less than one year. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2017 amounted to \$2,146,413 and are reported as cash equivalents.

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Cash on hand	\$ 900
Reported amount of cash deposits	1,782,502
Reported amount of investments - certificates of deposit	940,000
Reported amount of investments - LAMP	<u>2,146,413</u>
Total	<u>\$ 4,869,815</u>
Cash and cash equivalents	\$ 3,923,769
Investments	940,000
Cash and cash equivalents - restricted	<u>6,046</u>
Total	<u>\$ 4,869,815</u>

Note 5 - RECEIVABLES

Receivables and the applicable allowances for doubtful accounts as of December 31, 2017 were as follows:

	Amount	Allowance for Uncollectibles	Net Receivables
Governmental Activities:			
General Fund:			
Sales taxes	\$ 75,873		\$ 75,873
Property taxes	47,048		47,048
Franchise fees	17,549		17,549
Mineral royalties	<u>1,330</u>		<u>1,330</u>
Total governmental activities	<u>\$ 141,800</u>		<u>\$ 141,800</u>
Business-type Activities:			
Gas Distribution System Fund:			
Accounts	\$ 15,853	\$ (5,900)	\$ 9,953
Sewerage Fund:			
Accounts	<u>7,099</u>	<u>-</u>	<u>7,099</u>
Total business-type activities	<u>\$ 22,952</u>	<u>\$ (5,900)</u>	<u>\$ 17,052</u>

Unbilled service receivables included in the business-type activities amount to \$3,171 as of December 31, 2017.

Note 5 - RECEIVABLES (Continued)

An allowance based upon past experience has been established for customers' gas billings and sewerage fees. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as reductions to revenue at the time information becomes available which would indicate the uncollectability of the particular receivable.

Note 6 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2017 consisted of the following:

	<u>State</u>	<u>Lafourche Parish School Board</u>	<u>Lafourche Parish Government</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 108,792	\$ 58,213	\$ 4,818	\$ 171,823
Capital Projects Fund	<u>150,370</u>	<u>-</u>	<u>-</u>	<u>150,370</u>
Total	<u>\$ 259,162</u>	<u>\$ 58,213</u>	<u>\$ 4,818</u>	<u>\$ 322,193</u>
Business-type Activities:				
Sewerage Fund	<u>\$ 320,082</u>			<u>\$ 320,082</u>

Note 7 - RESTRICTED ASSETS

Restricted assets as of December 31, 2017 in the enterprise funds consist of \$6,046 of customer meter deposits.

Note 8 - RECONCILIATION OF DUE FROM (TO) OTHER FUNDS

A reconciliation of due from (to) other funds as of December 31, 2017 is as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Capital Projects Fund	\$ 91,912	
Sewerage Fund	<u>137,371</u>	
Total General Fund	<u>229,283</u>	
Capital Projects Fund		
General Fund		<u>\$ 91,912</u>
Gas Distribution System Fund		
Sewerage Fund	<u>7,760</u>	
Sewerage Fund		
General Fund		137,371
Gas Distributions System Fund		<u>7,760</u>
Total Sewerage Fund		<u>145,131</u>
Totals	<u>\$ 237,043</u>	<u>\$ 237,043</u>

Note 9 - CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 01/01/17	Addition	Deletions	Balance 12/31/17
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 105,128	\$ -	\$ (7,100)	\$ 98,028
Construction in progress	1,365,717	567,007	(1,809,259)	123,465
Total capital assets not being depreciated	1,470,845	567,007	(1,816,359)	221,493
Capital assets being depreciated:				
Buildings and improvements	2,448,756	-	-	2,448,756
Seawall	3,205,954	1,469,109	-	4,675,063
Christmas fixtures	16,904	-	-	16,904
Protection levee	164,195	-	-	164,195
Swimming pool	521,088	5,088	-	526,176
Autos and trucks	225,990	36,340	(27,410)	234,920
Sidewalks, streets and drainage	3,410,341	49,937	-	3,460,278
Oakridge Park	1,101,427	340,150	-	1,441,577
Office furniture and fixtures	83,560	1,500	-	85,060
Equipment:				
Street department	337,773	-	-	337,773
Sanitation department	11,400	-	-	11,400
Police department	126,547	2,537	-	129,084
Total capital assets being depreciated	11,653,935	1,904,661	(27,410)	13,531,186
Less accumulated depreciation for:				
Buildings and improvements	(363,803)	(67,433)	-	(431,236)
Seawall	(237,735)	(69,016)	-	(306,751)
Christmas fixtures	(16,904)	-	-	(16,904)
Protection levee	(164,195)	-	-	(164,195)
Swimming pool	(266,191)	(19,188)	-	(285,379)
Autos and trucks	(152,126)	(34,582)	27,410	(159,298)
Sidewalks, streets and drainage	(2,387,198)	(80,746)	-	(2,467,944)
Oakridge Park	(611,131)	(41,214)	-	(652,345)
Office furniture and fixtures	(74,482)	(3,269)	-	(77,751)
Equipment:				
Street department	(157,359)	(21,384)	-	(178,743)
Sanitation department	(11,400)	-	-	(11,400)
Police department	(96,261)	(9,600)	-	(105,861)
Total accumulated depreciation	(4,538,785)	(346,432)	27,410	(4,857,807)
Total capital assets being depreciated, net	7,115,150	1,558,229	-	8,673,379
Total governmental activities capital assets, net	\$ 8,585,995	\$ 2,125,236	\$ (1,816,359)	\$ 8,894,872

Note 9 - CHANGE IN CAPITAL ASSETS (Continued)

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,500			\$ 2,500
Construction in progress	300,332	\$ 470,578	\$ -	770,910
Total capital assets not being depreciated	<u>302,832</u>	<u>470,578</u>	<u>-</u>	<u>773,410</u>
Capital assets being depreciated:				
Sewer system phase I	862,391	-	-	862,391
Sewer system phase II	1,083,020	-	-	1,083,020
Sewer system phase III	984,834	-	-	984,834
Buildings - sewer system	464,442	-	-	464,442
Gas distribution system	432,842	-	-	432,842
Autos and trucks	46,410	-	-	46,410
Furniture and fixtures	91,583	-	-	91,583
Equipment and machinery	64,609	17,700	-	82,309
Total capital assets being depreciated	<u>4,030,131</u>	<u>17,700</u>	<u>-</u>	<u>4,047,831</u>
Less accumulated depreciation for:				
Sewer system phase I	(427,464)	(16,496)	-	(443,960)
Sewer system phase II	(415,961)	(19,731)	-	(435,692)
Sewer system phase III	(65,572)	(19,697)	-	(85,269)
Buildings-sewer system	(75,471)	(11,611)	-	(87,082)
Gas distribution system	(258,522)	(4,545)	-	(263,067)
Autos and trucks	(26,764)	(7,981)	-	(34,745)
Furniture and fixtures	(91,583)	-	-	(91,583)
Equipment and machinery	(33,501)	(6,452)	-	(39,953)
Total accumulated depreciation	<u>(1,394,838)</u>	<u>(86,513)</u>	<u>-</u>	<u>(1,481,351)</u>
Total capital assets being depreciated, net	<u>2,635,293</u>	<u>(68,813)</u>	<u>-</u>	<u>2,566,480</u>
Total business-type activities capital assets, net	<u>\$ 2,938,125</u>	<u>\$ 401,765</u>	<u>\$ -</u>	<u>\$ 3,339,890</u>

As of December 31, 2017, construction in progress in governmental activities consisted of the cost of the Town Hall turnaround and waterline on Jervis Drive. Construction in progress of business activities as of December 31, 2017 consisted of planning, design, engineering, right of ways, and other professional services for the Town's Sewer System Phase IV, Phase V, and Phase VI projects.

Note 9 - CHANGE IN CAPITAL ASSETS (Continued)

The Town has active construction projects as of December 31, 2017. At year end the Town's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
<u>Governmental Activities:</u>		
Town Hall Turnaround	\$ 97,605	\$ 16,005
Waterline on Jervis Drive	17,625	9,915
Total governmental activities	\$ 115,230	\$ 25,920
<u>Business-Type Activities:</u>		
Sewer Phase IV	\$ 68,875	\$ 1,713,705
Sewer Phase V	305,460	560,405
Total business-type activities	\$ 374,335	\$ 2,274,110
Totals	\$ 489,565	\$ 2,300,030

Depreciation expense was charged to functions of the Town as follows:

<u>Governmental Activities:</u>	
General government	\$ 45,058
Public safety	52,021
Culture and recreation	73,256
Streets and highways	56,348
Drainage and levee	116,846
Sanitation	2,903
Total depreciation expense - governmental activities	\$ 346,432
<u>Business-Type Activities:</u>	
Gas distribution	\$ 13,892
Sewerage	72,621
Total depreciation expense - business-type activities	\$ 86,513

Note 10 - ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities as of December 31, 2017 consisted of the following:

	<u>Vendors</u>	<u>Payroll and Related Costs</u>	<u>Court Bonds Posted</u>	<u>Liability for Work Completed on Contracts</u>	<u>Totals</u>
<u>Governmental Activities:</u>					
General Fund	\$ 14,148	\$ 20,876	\$ 18,642	\$ 115,230	\$ 168,896
Capital Projects Fund	-	-	-	121	121
Total governmental activities	<u>\$ 14,148</u>	<u>\$ 20,876</u>	<u>\$ 18,642</u>	<u>\$ 115,351</u>	<u>\$ 169,017</u>
<u>Business-type Activities:</u>					
Gas Distribution System Fund	\$ 1,334				\$ 1,334
Sewerage Fund	31,497	\$ 235		\$ 239,435	271,167
Total business-type activities	<u>\$ 32,831</u>	<u>\$ 235</u>		<u>\$ 239,435</u>	<u>\$ 272,501</u>

Note 11 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Activity in deferred outflows and inflows of resources for the year ended December 31, 2017 was as follows:

	<u>Balance 01/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
<u>Governmental Activities:</u>				
Deferred outflows of resources				
Amounts related to pensions	<u>\$ 475,073</u>		<u>\$ 56,661</u>	<u>\$ 418,412</u>
Deferred inflows of resources				
Amounts related to property taxes	\$ 200,885	\$ 193,202	\$ 200,885	\$ 193,202
Amounts related to pensions	31,421	-	481	30,940
Total deferred inflows of resources	<u>\$ 232,306</u>	<u>\$ 193,202</u>	<u>\$ 201,366</u>	<u>\$ 224,142</u>
<u>Business-Type Activities:</u>				
Deferred outflows of resources				
Amounts related to pensions				
Gas Distribution System Fund	\$ 26,105	\$ -	\$ 8,866	\$ 17,239
Sewerage Fund	10,135	6,349	-	16,484
Total deferred outflows of resources	<u>\$ 36,240</u>	<u>\$ 6,349</u>	<u>\$ 8,866</u>	<u>\$ 33,723</u>
Deferred inflows of resources				
Amounts related to pensions				
Gas Distribution System Fund	\$ 2,214	\$ -	\$ 584	\$ 1,630
Sewerage Fund	860	699	-	1,559
Total deferred inflows of resources	<u>\$ 3,074</u>	<u>\$ 699</u>	<u>\$ 584</u>	<u>\$ 3,189</u>

Note 12 - NON-CURRENT LIABILITIES

The Town is in a lease agreement for financing the acquisition of a tractor. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The asset acquired through the capital lease has an aggregate cost of \$115,881 and accumulated depreciation of \$19,957 as of December 31, 2017. During the year ended December 31, 2017, the Town made lease payments of \$24,612 including \$1,724 of interest. The capital lease outstanding as of December 31, 2017 is being liquidated by the General Fund.

The following is a summary of the non-current liabilities for the year ended December 31, 2017:

	<u>Payable January 1, 2017</u>	<u>Obligations Retired</u>	<u>New Issues</u>	<u>Payable December 31, 2017</u>	<u>Within One Year Totals</u>
<u>Governmental Activities</u>					
Lease obligations	\$ 82,555	\$ 22,888	\$ -	\$ 59,667	\$ 23,442
Compensated absences payable	10,703	5,936	10,675	15,442	-
Net pension liability	1,178,849	-	75,875	1,254,724	-
Other postemployment benefits	80,388	12,962	10,999	78,425	-
Total governmental activities	<u>\$ 1,352,495</u>	<u>\$ 41,786</u>	<u>\$ 97,549</u>	<u>\$ 1,408,258</u>	<u>\$ 23,442</u>
<u>Business-type Activities</u>					
Compensated absences payable	\$ 3,347	\$ 1,494	\$ 1,273	\$ 3,126	\$ -
Net pension liability	97,230	16,511	23,994	104,713	-
Other postemployment benefits	34,215	-	3,983	38,198	-
Total business-type activities	<u>\$ 134,792</u>	<u>\$ 18,005</u>	<u>\$ 29,250</u>	<u>\$ 146,037</u>	<u>\$ -</u>

The annual requirements to amortize the capital lease is as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 23,442	\$ 1,170
2019	24,008	604
2020	<u>12,217</u>	<u>87</u>
	<u>\$ 59,667</u>	<u>\$ 1,861</u>

Note 13 - MAJOR SUPPLIERS - ENTERPRISE FUNDS

During the year ended December 31, 2017 the Town made all of its purchases of natural gas from one supplier totaling \$18,582.

Note 14 - RECONCILIATION OF OPERATING TRANSFERS

A reconciliation of operating transfers for the year ended December 31, 2017 is as follows:

	Transfers In	Transfers Out
General Fund:		
Capital Projects Fund	\$ -	\$ 61,875
Gas Distribution Fund	7,450	-
Sewer Fund	6,701	-
Capital Projects Fund		
General Fund	61,875	-
Gas Fund		
General Fund	-	7,450
Sewer Fund		
General Fund	-	6,701
	\$ 76,026	\$ 76,026

Transfers are used to (1) move revenues from the fund that statute, budget or bond indentures requires collecting to the fund that statute, budget or bond indentures requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Note 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Town carries commercial insurance. The Town is covered under a general liability contract for claims, including claims related to the gas distribution system, up to \$500,000. Any claims in excess of \$500,000 are to be paid by the Town. A suit is pending against the Town, its insurers and others. The Town has not provided for estimated losses from the aforementioned pending suit in its financial statements because the Town believes the ultimate settlement costs will not materially exceed the amounts provided by commercial insurance.

Note 16 - POSTEMPLOYMENT HOSPITALIZATION BENEFITS

Plan Description. The Town's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by a retirement system and the eligibility requirement to receive retiree medical benefits is age 60 and 10 years of service or completion of 25 years of service at any age.

Dependents can be covered under an eligible retiree's family plan if the dependent meets the definition of who can be covered in each option's contract. However, the employee must reimburse the Town for dependent coverage. Also, employees who retire without twenty-five years of service for the Town can continue the health insurance coverage for which they must reimburse the full cost of the premium.

Contribution Rates. Employees do not contribute to their postemployment benefit costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy. Until 2009, the Town recognized the cost of providing postemployment medical benefits (the Town's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the postemployment benefit on a pay-as-you-go basis. In 2017, the Town's portion of health care funding cost for retired employees totaled \$12,962.

Effective January 1, 2009, the Town implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB Codification Section P50) and began accruals of the OPEB costs in the government-wide and proprietary financial statements.

Annual Required Contribution. The Town's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification P50) has been used for the postemployment benefits. The actuarially computed ARC is as follows:

	Governmental Activities	Business Activities	Total
Normal cost	\$ 1,875	\$ 2,095	\$ 3,970
30-year UAAL amortization amount	10,557	2,498	13,055
Annual required contribution (ARC)	\$ 12,432	\$ 4,593	\$ 17,025

Note 16 - POSTEMPLOYMENT HOSPITALIZATION BENEFITS (Continued)

Net Postemployment Benefit Obligation (Asset) - The table below shows the Town's net other postemployment benefit (OPEB) obligation for fiscal year ending December 31, 2017:

	Governmental Activities	Business Activities	Total
Beginning Net OPEB Obligation	<u>\$ 80,388</u>	<u>\$ 34,215</u>	<u>\$ 114,603</u>
Annual required contribution	12,432	4,593	17,025
Interest on Net OPEB Obligation	3,216	1,369	4,585
ARC Adjustment	<u>(4,649)</u>	<u>(1,979)</u>	<u>(6,628)</u>
OPEB Cost	10,999	3,983	14,982
Current year retiree premium	<u>(12,962)</u>	<u>-</u>	<u>(12,962)</u>
Change in Net OPEB Obligation	<u>(1,963)</u>	<u>3,983</u>	<u>2,020</u>
Ending Net OPEB Obligation	<u>\$ 78,425</u>	<u>\$ 38,198</u>	<u>\$ 116,623</u>

The following table shows the Town's annual other postemployment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded postemployment benefits (OPEB) liability for last year:

<u>Activities</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
Governmental Activities	\$ 10,999	117.85%	\$ 78,425
Business Activities	3,983	0.00%	38,198
Total	<u>\$ 14,982</u>	86.52%	<u>\$ 116,623</u>

Funded Status and Funding Progress. In 2017, the Town made no contributions to its other postemployment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$212,944 which is defined as that portion, as determined by a particular actuarial cost method (the Town uses the Projected Unit Credit Cost Method), of the actuarial present value of postemployment plan benefits and expenses which is not provided by normal cost.

Note 16 - POSTEMPLOYMENT HOSPITALIZATION BENEFITS (Continued)

	Governmental Activities	Business Activities	Total
Actuarial Accrued Liability (AAL)	\$ 178,237	\$ 34,707	\$ 212,944
Actuarial Value of Plan Assets (AVP)	-	-	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 178,237</u>	<u>\$ 34,707</u>	<u>\$ 212,944</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%	0.00%
Covered Payroll (active plan members)			\$ 780,636
UAAL as a percentage of covered payroll	22.83%	4.45%	27.28%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for postemployment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Town and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Town and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method - The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Note 16 - POSTEMPLOYMENT HOSPITALIZATION BENEFITS (Continued)

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 20%.

Postemployment Benefit Plan Eligibility Requirements. Based on historical patterns most employees retire at 25 years of service. The retirement eligibility provisions used considered age 60 and 10 years of service, or if earlier, 25 years of service as the age that entitlement to benefits will commence. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays the blended premium for retirees but not for dependents. Because GASB 45 requires use of unblended rates, we have estimated the unblended rates prior to age 65 to be 130% of the blended rates. Retiree coverage ceases at age 65.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Note 16 - POSTEMPLOYMENT HOSPITALIZATION BENEFITS (Continued)

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	OPEB Costs and Contributions		
	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 14,398	\$ 14,268	\$ 14,983
Retiree premium	(17,643)	(12,023)	(12,962)
Change in net OPEB obligation	\$ (3,245)	\$ 2,245	\$ 2,021
% of contribution plus premium to cost	122.54%	84.27%	86.67%

In all years presented the contributions have been equal to the retiree premiums.

Note 17 - PENSION PLANS

Employees of the Town, with the exception of the policemen, are members of the Municipal Employees' Retirement System of Louisiana. Full-time policemen, not participating in the Federal Social Security System, are members of the Municipal Police Employees' Retirement System of Louisiana.

a) Municipal Employees' Retirement System

Plan Description. The Town contributes to the Municipal Employees Retirement System of Louisiana - Plan A (MERS), a cost-sharing, multiple-employer defined benefit pension plan that is administered by a Board of Trustees. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS provides benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of MERS. Effective June 30, 1970, the State Legislature provided an optional method for municipalities to cancel Social Security and come under the supplementary benefits in the MERS "Supplementary Plan". Effective October 1, 1978, the "Regular" and "Supplementary" Plans were replaced and are now known as Plans "A" and "B". Plan A combines the original and supplementary plan for those municipalities participating in both plans, while Plan B participates in only the original plan. MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Note 17 - PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

Membership. Membership is mandatory as a condition of employment beginning on the date employed for permanent employees working at least thirty-five hours per week.

Benefits Provided. MERS provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 3.0% of the member's monthly average final compensation multiplied by the years of creditable service. Members hired before January 1, 2013 can retire providing the member meets one of the following criteria: any age with twenty-five years of creditable service, age sixty with a minimum of ten years of creditable service, any age with five years of creditable service eligible for disability benefits, or survivor's benefits at the death of member. Also a member may receive actuarially reduced benefits at any age with 20 years of creditable service. Members hired on or after January 1, 2013 may retire providing the member meets one of the following: age sixty-seven with seven or more years of creditable service, age sixty-two with ten or more years of creditable service, age fifty-five with thirty or more years of creditable service. A member may receive an actuarially reduced benefit at any age with twenty-five years of creditable service. Members with 10 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's compensation and the dependent's relationship to the deceased member. The State Legislature authorized MERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP their status changes from active to retired even though they continue to work, draw their salary and defer the receipt of benefits for up to three years. During participation in DROP, employer contributions are paid into the DROP fund but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. The monthly retirement benefits are paid in an interest earning DROP account. MERS provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contribution requirements for all employers are actuarially determined each year. The actual employer contribution rate is determined July 1st each year and was 24.75% for the six months ended December 31, 2017; 22.75% for the year ended June 30, 2017.

In accordance with state statute, MERS 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.

Contributions to MERS from the Town were \$109,177 for the year ended December 31, 2017.

Note 17 - PENSION PLAN (Continued)

a) Municipal Employees' Retirement System (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions	
Expected Remaining	
Service Lives	3 years
Investment Rate of Return	7.40%, net of investment expense
Inflation Rate	2.775%
Projected Salary Increases	5.000%
Mortality Rates	
Annuitant and Beneficiary	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.
Disabled Lives	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 for females.
Cost of Living	
Adjustments	The present value of future retirement benefits is based on benefits currently being paid by MERS 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.

Note 17 - PENSION PLAN (Continued)

a) Municipal Employees' Retirement System (Continued)

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 2.60% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.20% for the year ended June 30, 2017. Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2017 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	2.30%
Public Fixed Income	35.00%	1.60%
Alternatives	15.00%	0.70%
Total	100.00%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.20%

Discount Rate. The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that 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 Public Retirement System Actuarial Committee taking into consideration the recommendation of System's actuary. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected 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 Collective Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the collective net pension liability using the discount rate of 7.40%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40%) or one percentage-point higher (8.40%) than the current rate:

Note 17 - PENSION PLAN (Continued)

a) Municipal Employees' Retirement System (Continued)

	1.00% Decrease (6.40%)	Current Discount Rate (7.40%)	1.00% Increase (8.40%)
Town's proportionate share of the net pension liability	\$1,325,283	\$1,039,982	\$796,628

Pension Plan Fiduciary Net Position. The Municipal Employees Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.state.la.us.

b) Municipal Police Employees' Retirement System

Plan Description. The Town contributes to the Municipal Police Employees Retirement System of Louisiana (MPERS), a cost-sharing, multiple-employer defined benefit pension plan. MPERS was established by Act 189 of the 1973 regular session of the Legislature of the State of Louisiana. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the MPERS website: www.lampers.org or on the Office of the Louisiana Legislative auditor's website: lla.state.la.us.

Membership. MPERS is mandatory for any eligible full time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests and not paying social security.

Benefits Provided. MPERS provides retirement, deferred retirement, disability and death benefits. Members hired before January 1, 2013 can retire providing the member meets one of the following criteria: any age with twenty-five years of creditable service, age fifty with a minimum of twenty years of creditable service, or twelve years of creditable service at age fifty-five. Upon the death of an active member, or disability retiree, MPERS benefits to the surviving spouse range from forty to sixty percent of the member's average final compensation. Each surviving child under the age of eighteen receives benefits equal to the greater of ten percent of the member's average final compensation or \$200 per month. Retirement benefits are generally equal to 3.33% of the member's monthly average final compensation (average monthly earnings during the highest 36 consecutive months or joined months) multiplied by the

Note 17 - PENSION PLAN (Continued)

b) Municipal Police Employees' Retirement System (Continued)

years of creditable service, not to exceed 100% of final salary. Members hired on or after January 1, 2013 eligibility for regular retirement, early retirement and survivor benefits are based on Hazardous Duty or Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan member meets eligibility requirements in one of the following: at any age with twenty-five years of creditable service or at age fifty five with twelve years of creditable service. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after being a member of MPERS and has thirty years of creditable service at any age, or has twenty-five years of creditable service at age 55, or 10 years of creditable service at age 60. Under each sub plan a member is eligible for early retirement at age 55 and 20 years of credible service. Under the Hazardous and Non-Hazardous sub plans, the benefit rates are 3% and 2.5%, respectively, of the average final compensation during the highest 60 consecutive months per number of years of creditable service. Upon the death of an active member, or disability retiree the surviving spouse benefits range from twenty five to fifty five percent of the member's average final compensation. Each surviving child under the age of eighteen receives the same benefit as member's hired before January 1, 2013. The State Legislature authorized MPERS to establish a Deferred Retirement Option Plan (DROP). A member has the option to enter DROP upon regular retirement. When a member enters DROP the employer and employee contributions cease. The amount deposited into the DROP account is equal to the benefit computed under MPERS. The duration of DROP is up to three years. If employment is terminated after the DROP period the participant may receive his benefit as lump sum or an annuity. If employment is not terminated, active contributing membership in MPERS shall resume and additional retirements benefits based on the additional service shall be available. MPERS provides an Initial Benefit Option to members who are eligible for regular retirement and have not participated in DROP. The program provides both a one-time single sum payment of up to thirty six months of regular retirement benefit however the regular monthly retirement benefit is reduced for life. MPERS provides permanent benefit increases, cost of living adjustments (COLA) not to exceed 3% to all regular retirees, disability, survivors and beneficiaries. An additional 2% COLA is available to all who are sixty five years old.

Contributions. According to state statute, contribution requirements for all employers are actuarially determined each year. The actual employer contribution rate is determined July 1st each year and was 31.75% for members hired before January 1, 2013 and Hazardous Duty members during the year ended June 30, 2017 and 30.75% for the six months ended year ended December 31, 2017. The actual employer contribution rate was 33.75% for Non Hazardous Duty members during the year ended June 30, 2017 and 30.75% for the six months ended December 31, 2017.

Note 17 - PENSION PLAN (Continued)

b) Municipal Police Employees' Retirement System (Continued)

In accordance with state statute, MPERS receives insurance premium tax monies as employer contributions. The tax is considered support from non-contributing entities.

Contributions to MPERS from the Town were \$34,533 for the year ended December 31, 2017.

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 Cost
Actuarial Assumptions	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	7.325%, net of investment expense
Inflation Rate	2.700%
Projected Salary Increases	9.75% 1-2 years of service 4.75% 3-23 years of service 4.25% over 23 years of service
Mortality Rates	
Annuitant and Beneficiary	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.
Employee	RP-2000 Employee Table set back 4 years for males and set back 3 years for females for active members.
Disabled Lives	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.
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.

Note 17 - PENSION PLAN (Continued)

b) Municipal Police Employees' Retirement System (Continued)

Estimates of arithmetic nominal rates of return for each major asset class based included in MPERS' target allocation as of June 30, 2017 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	53.00%	3.66%
Fixed Income	21.00%	0.52%
Alternatives	20.00%	1.10%
Other	6.00%	0.16%
Total	100.00%	5.44%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.19%

Discount Rate. The discount rate used to measure the collective pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that 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 Public Employee Retirement System Administration Commission taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, MPERS's fiduciary net position was projected to be available to make all projected 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 Collective Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the collective net pension liability using the discount rate of 7.325%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.325%) or one percentage-point higher (8.325%) than the current rate:

Note 17 - PENSION PLAN (Continued)

b) Municipal Police Employees' Retirement System (Continued)

	1.00% Decrease (6.325%)	Current Discount Rate (7.325%)	1.00% Increase (8.325%)
Town's proportionate share of the net pension liability	\$441,358	\$319,455	\$217,187

Pension Plan Fiduciary Net Position. The Municipal Employees Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report can be found at the Louisiana Legislative Auditor's website, www.lla.state.la.us.

c) Combined

Pension Liabilities. As of December 31, 2017, the Town reported a liability of \$1,359,437 (\$1,254,724 in governmental activities and \$104,713 in business-type activities) for its proportionate share of the net pension liabilities. The net pension liability was measured as of June 30, 2017 for the MERS and MPERS plans, 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 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 participating employers, actuarially determined. At June 30, 2017, the Town's proportion was .248596% of MERS, which was an increase of .01456% from its proportion measured as of June 30, 2016. At June 30, 2017, the Town's proportion was .036591% of MPERS, which was an increase of .00279% from its proportion measured as of June 30, 2016.

Pension Expense. For the year ended December 31, 2017, the Town recognized pension expense of \$285,406, (\$264,346 governmental activities and \$21,060 business type activities.)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 17 - PENSION PLAN (Continued)

b) Combined (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,092	\$ (34,129)
Net difference between projected and actual earnings on pension plan investments	244,866	-
Changes in proportion	90,306	-
Changes in assumptions	40,120	-
Town contributions subsequent to the measurement date	74,751	-
	\$ 452,135	\$ (34,129)

The Town reported \$74,751 as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended June 30th,	Principal
2018	\$ 137,633
2019	142,696
2020	62,152
2021	774
	\$ 343,255

Note 18 - ON-BEHALF PAYMENTS FOR SUPPLEMENTAL PAY

The Town recognizes as revenues and expenditures salary supplements, which includes the police, which the State of Louisiana has paid directly to the Town's employees. As of December 31, 2017, the total on-behalf payments made amounted to \$28,683.

Note 19 - ABANDONMENT OF GAS DISTRIBUTION SYSTEM

On March 17, 2009 the Town signed an agreement with South Coast Gas Company, Inc. (the Company) in which the Town agreed to cease transport, distribute, sell and supply gas in the territory serviced by its existing gas distribution system (the territory). In addition, the Town would surrender regulatory and supervisory jurisdiction of any gas distribution system in the territory to the Louisiana Public Service Commission. Also, the Town agreed to abandon its existing gas distribution system. In return, the Company agreed it would construct, own and operate a new gas distribution system, to transport, distribute, sell and supply gas within the territory. The Town also agreed to acquire, at the Town's expense, all right-of-way servitudes the Company considers necessary to construct, operate and maintain the new system.

The Company intends to construct the new system in 6 geographic sections or segments. Upon completion of a segment or portion thereof, the Company shall provide notice to the Town that customer meters and regulators are connected to service lines, Segment Connection Date. On the Segment Connection Date, the Town shall stop the flow of gas and cease to sell and supply gas within the segment. The Company will begin using its system to sell and supply gas to the customers within the segment. Also, all customer meters and regulators shall become property of the Company. In addition, the Town shall transfer the following assets on the Segment Connection Date or shortly thereafter:

- Maps, drawings, engineering and accounting records maintained on the segment,
- Any state and parish franchises and other consents,
- All past and current customers lists and deposits,
- Any existing gas line of the Town's system the Company specifically designates.

All responsibilities, obligations and liabilities associated with the Town's system shall remain with the Town unless as expressly provided above. The Company shall not assume any liabilities or obligations of the Town. In addition, the Town shall indemnify the Company and hold harmless from and against any such obligation and liability.

In consideration for the exclusive franchise granted to the Company and the transfer of certain assets, the Town shall receive \$25,000 and the agreement of the Company to construct a new gas distribution system. The Company has submitted a \$10,000 good faith deposit when the agreement for the purchase of the gas distribution system was proposed to the Town. At the time of acceptance of the agreement by the Town, the good faith deposit was retained and applied against the purchase price. The balance of the purchase price, \$15,000, shall be paid in equal installments of \$2,500 each upon the Segment Connection Date of each of the 6 segments. As of December 31, 2017, five segments have been connected to the Company's system. The Town does not anticipate any further obligations or liabilities in connection with the sale and abandonment of its gas distribution system, other than operating costs recognized on an on-going basis.

Note 20 - CONTINGENCIES

The Town received funding under grants from various Federal and state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

As of December 31, 2017, the Town was defendant to a lawsuit. In the opinion of Town management, the ultimate outcome of these legal matters will not have a material adverse effect on the Town's financial position.

Note 21 - SUBSEQUENT EVENTS

The abandonment of the gas distribution system was completed in February 2018. At the time of completion of the 6th segment, South Coast Gas Company Inc. acquired the regulators, gas lines, and the property right-of-ways related to those lines from the Town. The Town Council approved the closure of the bank accounts related to the Gas Fund, and the remaining current assets of approximately \$21,700 and liabilities of approximately \$7,380 were transferred to the General Fund to be used in the streets department. In addition, capital assets with a net book value of \$23,854, deferred outflows of resources of \$17,239, long-term obligations of \$88,484 and deferred inflows of resources amounting to \$1,630 were added to the governmental activities Statement of Net Position. The Town is anticipating to write-off the remaining net book value of the gas distribution system and recognize an abandonment loss of approximately \$169,800.

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through April 27, 2018 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN

Town of Golden Meadow, Louisiana

December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	-	\$ 217,045	\$ 217,045	0.00%	\$ 734,278	29.56%
1/1/2016	-	212,944	212,944	0.00%	780,636	27.28%

**SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

Town of Golden Meadow, Louisiana

December 31, 2017

	MERS		
	12/31/17	12/31/16	12/31/15
Town's proportion of the net pension liability	0.248596%	0.234037%	0.227073%
Town's proportionate share of the net pension liability	\$ 1,039,982	\$ 959,250	\$ 811,140
Town's covered-employee payroll	\$ 453,547	\$ 418,071	\$ 387,559
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	229.300%	229.447%	209.295%
Plan fiduciary net position as a percentage of the total pension liability	62.49%	62.11%	66.18%

**SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

Town of Golden Meadow, Louisiana

December 31, 2017

	MPERS		
	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
Town's proportion of the net pension liability	0.036591%	0.033803%	0.023926%
Town's proportionate share of the net pension liability	\$ 319,455	\$ 316,829	\$ 187,435
Town's covered-employee payroll	\$ 109,235	\$ 94,689	\$ 63,998
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	292.447%	334.600%	292.876%
Plan fiduciary net position as a percentage of the total pension liability	70.08%	66.04%	70.73%

SCHEDULE OF THE TOWN'S CONTRIBUTIONS**Town of Golden Meadow, Louisiana**

December 31, 2017

	MERS		
	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
Contractually required contributions	\$ 109,177	\$ 93,354	\$ 78,300
Contributions in relation to the contractually required contribution	<u>109,177</u>	<u>93,354</u>	<u>78,300</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 459,410</u>	<u>\$ 438,340</u>	<u>\$ 396,455</u>
Contributions as a percentage of covered-employee payroll	<u>23.76%</u>	<u>21.30%</u>	<u>19.75%</u>

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

Town of Golden Meadow, Louisiana

December 31, 2017

	<u>12/31/17</u>	<u>MPERS 12/31/16</u>	<u>12/31/15</u>
Contractually required contributions	\$ 34,533	\$ 32,971	\$ 22,378
Contributions in relation to the contractually required contribution	<u>34,533</u>	<u>32,971</u>	<u>22,378</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 110,512</u>	<u>\$ 107,632</u>	<u>\$ 73,663</u>
Contributions as a percentage of covered- employee payroll	<u>31.25%</u>	<u>30.63%</u>	<u>30.38%</u>

SUPPLEMENTARY INFORMATION

COMPENSATION PAID TO MEMBERS OF THE TOWN COUNCIL**Town of Golden Meadow**

For the year ended December 31, 2017

2017			
<u>Name</u>	<u>Office</u>	<u>Compensation</u>	<u>Per Diem*</u>
Joey Bouziga	Mayor	\$ 55,664	
Ashton Cheramie	Councilman	-	\$ 6,612
Willis Toups	Councilman	-	6,612
Lindberg Lorraine	Councilman	-	6,612
Jody Cheramie	Councilman	-	4,959
Laci Latiolais	Councilwoman	-	6,612
Totals		<u>\$ 55,664</u>	<u>\$ 31,407</u>

* Per diem paid at the rate of \$551 for the regular monthly meeting.
There are no additional per diem fees paid for attendance at special meetings of the Town.

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Town of Golden Meadow

December 31, 2017

Agency Head Name: Mayor Joey Bouziga

Purpose	Amount
Salary	\$ 55,664
Benefits - insurance	235
Benefits - retirement	13,220
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	483
	<u>\$ 69,602</u>

STATISTICAL INFORMATION SECTION
(UNAUDITED)

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**Town of Golden Meadow**

Last Ten Years

(Unaudited)

Year	General Government	Public Safety Police	Streets and Highways	Sanitation	Drainage and Levee	Culture and Recreation	Debt Service	Total
2008	\$ 304,564	\$ 342,853	\$ 238,986	\$ 14,767	\$ 246,692	\$ 111,043	\$ 23,650	\$ 1,282,555
2009	328,691	495,408	236,153	25,347	152,882	153,649	26,757	1,418,887
2010	513,738	565,486	216,896	16,162	157,377	172,639	37,930	1,680,228
2011	307,029	578,796	231,686	20,270	155,908	164,602	60,815	1,519,106
2012	374,422	593,862	195,676	21,154	146,089	158,468	65,290	1,554,961
2013	297,280	623,850	233,328	9,259	164,129	152,073	52,124	1,532,043
2014	357,176	590,497	256,058	14,290	157,039	133,899	31,714	1,540,673
2015	361,372	616,383	211,608	13,475	191,114	147,890	271,706	1,813,548
2016	388,930	640,895	244,840	16,654	175,335	153,087	24,816	1,644,557
2017	384,995	666,613	243,600	12,550	179,739	152,002	24,612	1,664,111

Note:

- (1) Includes General, Debt Service, and Capital Projects Fund (amounts do not include the Capital Outlay expenditures of the funds).

GENERAL GOVERNMENTAL REVENUE BY SOURCE (1)**Town of Golden Meadow**

Last Ten Years

(Unaudited)

Year	Taxes	Fines and Forfeitures	Intergovern- mental Revenues	License, Permits, and Franchises	Charges for Services	Investment Income	Miscellaneous Revenues	Total
2008	\$ 813,248	\$ 411,800	\$ 224,205	\$ 179,415	\$ 45,247	\$ 38,133	\$ 68,127	\$ 1,780,175
2009	690,700	750,791	467,486	181,560	41,896	11,278	38,337	2,182,048
2010	729,974	605,826	1,052,476	183,682	59,077	9,178	123,602	2,763,815
2011	760,773	585,627	188,949	174,574	43,658	6,141	46,418	1,806,140
2012	942,948	636,782	172,392	167,472	47,143	6,429	616,060	2,589,226
2013	1,185,760	598,663	1,371,251	186,690	52,605	4,914	56,014	3,455,897
2014	1,253,213	516,041	828,899	197,099	66,227	3,374	38,985	2,903,838
2015	1,100,132	902,182	703,371	223,042	53,440	5,634	71,550	3,059,351
2016	986,562	603,041	1,593,350	182,833	49,325	12,796	30,078	3,457,985
2017	816,086	770,925	688,454	164,595	57,589	24,783	57,041	2,579,473

Note:

(1) Includes General, Debt Service, and Capital Projects Fund.

PROPERTY TAX LEVIES AND COLLECTIONS**Town of Golden Meadow**

Last Ten Years

(Unaudited)

Year	Total Tax Levy	Current Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2008	\$ 183,114	\$ 175,025	95.6%	\$ 4,196	\$ 179,221	97.9%	\$ 3,893	2.1%
2009	181,835	168,608	92.7%	4,165	172,773	95.0%	9,062	5.0%
2010	194,029	181,698	93.6%	3,338	185,036	95.4%	8,993	4.6%
2011	186,174	171,924	92.3%	2,678	174,602	93.8%	11,572	6.2%
2012	186,466	166,189	89.1%	6,749	172,938	92.7%	13,528	7.3%
2013	201,673	149,030	73.9%	10,658	159,688	79.2%	41,985	20.8%
2014	195,138	144,060	73.8%	44,766	188,826	96.8%	6,312	3.2%
2015	213,815	172,037	80.5%	36,947	208,984	97.7%	4,831	2.3%
2016	200,884	120,911	60.2%	78,562	199,473	99.3%	1,411	0.7%
2017	193,202	146,154	75.6%	-	146,154	75.6%	47,048	24.4%

Note:

(1) The Town has not determined the year for which taxes were collected.

PRINCIPAL TAXPAYERS**Town of Golden Meadow**

December 31, 2017

(Unaudited)

Taxpayer	Type of Business	2017 Assessed Valuation	Percentage of Total Assessed Valuation
Texas Petroleum Investments	Oil & Gas	\$ 968,900	10.61%
Lafourche Telephone Co.	Telephone	626,280	6.86%
State Bank & Trust Co.	Bank	603,750	6.61%
United Community Bank	Bank	334,250	3.66%
Leboeuf Properties	Supermarket	279,300	3.05%
Frank's Supermarket	Supermarket	191,750	2.10%
LA Shrimp and Processing	Equipment	186,520	2.04%
Arrowhead Gulf Coast Holding	Oil & Gas	139,740	1.53%
The Vindez Corporation (Dollar General)	Retail	115,250	1.26%
Elysium Jennings	Oil & Gas	86,730	0.95%
Totals		\$ 3,532,470	38.67%

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA**

Town of Golden Meadow

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capital</u>
2008	2,193	\$ 8,657,850					
2009	2,385	8,597,390	\$ 25,000				
2010	2,183	9,173,900	256,348	\$ 344	\$ 256,004	2.79%	\$ 117.27
2011	2,193	8,802,570	253,777	14,400	239,377	2.72%	109.16
2012	2,101	8,816,370	251,085	14,400	236,685	2.68%	112.65
2013	2,071	9,535,360	248,259	14,400	233,859	2.45%	112.92
2014	2,076	9,226,370	245,305	14,400	230,905	2.50%	111.23
2015	2,060	10,109,430	-	-	-	0.00%	-
2016	2,038	9,497,770	-	-	-	0.00%	-
2017	2,000	9,134,570	-	-	-	0.00%	-

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**

Town of Golden Meadow

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2008				\$ 1,282,555	0.0%
2009				1,418,887	0.0%
2010	\$ 1,652	\$ 9,188	\$ 10,840	1,680,228	0.6%
2011	2,571	11,485	14,056	1,519,106	0.9%
2012	2,692	11,364	14,056	1,554,961	0.9%
2013	2,826	11,230	14,056	1,532,043	0.9%
2014	2,954	11,102	14,056	1,540,673	0.9%
2015	245,305	3,933	249,238	1,813,548	13.7%
2016	-	-	-	1,644,557	0.0%
2017	-	-	-	1,664,111	0.0%

Note:

(1) Includes General, Debt Service Fund (amounts do not include the Capital Outlay expenditures of the funds).

MISCELLANEOUS STATISTICS**Town of Golden Meadow**

December 31, 2017

(Unaudited)

Date of incorporation	July 17, 1950
Form of government	Mayor - Council
Area	4 square miles
Miles of street	11.5
Number of street lights	419
Fire protection: (volunteer firemen)	
Number of stations	2
Number of firemen	30
Police protection:	
Number of stations	1
Number of policemen and officers	5
Municipal gas department:	
Number of consumers - December 31, 2017	47
Average annual consumption per customer	55 MCF
Miles of gas mains	4.75
Municipal sewer department	
Number of consumers - December 31, 2017	315
Recreation and culture:	
Number of parks	1 with 40 acres
Number of libraries	1
Employees:	
Excluding policemen and summer pool workers	10

Table 8

INSURANCE IN FORCE**Town of Golden Meadow**

December 31, 2017

(Unaudited)

Name of Insurer	Policy Period		Details of Coverage	Amount
	From	To		
Lloyd's of London	7/21/2017	7/12/2018	Commercial property Multi-Purpose Building and Emergency Center Tenant improvements and betterments Wind/Hail Named Storm	\$ 1,800,000 100,000 25,000 3% or 57,000
Continental Insurance Company	12/21/2016	12/21/2019	Public Employee's Blanket Bond	10,000
CNA Surety	1/1/2017	1/1/2021	Public Official's Bond - Chief of Police	5,000
CNA Surety	12/1/2017	12/1/2018	Official Bond and Oath-Town Clerk	10,000
Western Surety Company	10/1/2016	10/1/2019	Public Official's Bond form Mayor and Town Council Members	10,000
Louisiana Municipal Risk Management Agency	1/1/2017	1/1/2018	Workmen's Compensation	LA Statutes
Lloyd's/Lane & Associates	3/6/2017	3/6/2018	Automobile Collision/Comprehension - Various Autos Total (actual CV for cost of repair/replacement, whichever is less) Deductible - specified perils Deductible - collision	312,762 250 250
Scottsdale Insurance Company	2/11/2017	2/11/2018	Commercial Inland Marine Coverage - Equipment Total Physical damage Deductible	168,211 1,000
Lloyd's of London	11/20/2017	11/20/2018	DMV Building 90% Replacement Cost Deductible DMV Building - Contents 90% Replacement Cost Deductible Wind and Hail - 5% deductible	151,700 2,500 52,000 2,500
Wright National Flood Insurance	12/19/2017	12/19/2018	Flood Insurance DMV Building Contents Deductible	199,700 57,900 1,250
Wright National Flood Insurance	8/20/2017	8/20/2018	Flood Insurance New Town Hall-Building New Town Hall-Contents Deductible	500,000 100,000 2,000

**Table 8
(Continued)**

INSURANCE IN FORCE

(continued)

Name of Insurer	Policy Period		Details of Coverage	Amount
	From	To		
Wright National Flood Insurance	8/26/2017	8/26/2018	Flood Insurance Senior Citizen-Building Deductible	\$ 100,000 2,000
St. Paul Travelers P&C	1/7/2017 - 1/7/2018		Water Pumping Station - Dursette Street Limit per accident Spoilage Deductible	1,030,000 25,000 2,500
Louisiana Citizens Property	8/25/2017 - 8/25/2018		Commercial Fire, Wind and Hail - 80% Swimming Pool Bathhouse Town Maintenance Building Pumping Station Park - Dressing/Restrooms Senior Citizens Building Senior Citizens Ceramic Shop Pavollion Deductible 80% Co-Insurance Wind and Hail - 5% deductible	75,000 45,000 15,000 40,000 90,000 15,000 60,000 2,500
Louisiana Municipal Risk Management Agency Liability Pool	5/1/2017 - 5/1/2018		Comprehensive Liability Coverage under the LMA Plan: 1 Comprehensive General Liability Medical Payments: Deductible - per person Deductible - per accident Deductible - per occurrence 2 Automobile Liability Deductible 3 Law Enforcement Officers' Comprehensive Liability Deductible 4 Public Official's Errors and Omissions Liability Deductible	500,000 1,000 10,000 50,000 500,000 - 500,000 1,000 500,000 1,000
Burns and Wilcox, Limited	5/5/2017 - 5/5/2018		Electronic Data Processing Equipment Deductible	20,484 500
Southern Cross Underwriters	11/12/2017 - 11/12/2018		Commercial Property Maintenance Building Cover Over Fuel Tank Deductible 80% Co-Insurance Wind and Hail - 5% deductible	100,000 30,000 2,500

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Joey Bouziga, Mayor
and Members of the Town Council,
Town of Golden Meadow,
Golden Meadow, 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, and each major fund of the Town of Golden Meadow, Louisiana (the Town) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 Town's financial statements that is more than inconsequential 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 over financial reporting was for the limited purpose described in the preceding 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 a material weakness. 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 27, 2018.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Joey Bouziga, Mayor
and Members of the Town Council,
Town of Golden Meadow,
Golden Meadow, Louisiana.

Compliance

We have audited the compliance of the Town of Golden Meadow, Louisiana (the Town) with the types of compliance requirements described in the *U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Uniform Guidance*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal major program and to test and report on internal control over compliance in accordance with *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Bouges & Bennett, L.L.C.
Certified Public Accountants.

Houma, Louisiana,
April 27, 2018.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Town of Golden Meadow

For the year ended December 31, 2017

Federal Grantor/Pass- Through Grantor/Program Title	Federal CFDA Number	Federal Pass-Through Entity Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passthrough:			
State of Louisiana			
Division of Administration			
Office of Community Development			
Community Development Block Grants			
Non-Entitlement Grants in Hawaii	14.228	2000150828	\$ 318,577
CDBG Disaster Recovery Municipalities	14.269	29 MIPC 2301	<u>81,729</u>
Total U.S. Department of Housing and Urban Development			<u>400,306</u>
U.S Environmental Protection Agency:			
Congressionally Mandated Projects	66.202	XP-00F72601	<u>60,699</u>
Delta Regional Authority:			
Delta Area Economic Development	90.201	LA-11998	<u>32,908</u>
U.S. Department of Homeland Security:			
Passthrough:			
State of Louisiana			
Governor's Office of Homeland			
Security and Emergency Preparedness			
Hazard Mitigation Grant	97.039	1786-057-0005	<u>269,371</u>
Total			<u>\$ 763,284</u>

See notes to schedule of expenditures of federal awards.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2017. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the SEFA presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Town has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the *Uniform Guidance*.

Note 3 - FINDINGS OF NONCOMPLIANCE

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2017.

Note 4 - SUBRECIPIENTS

The Town did not pass-through any of its federal awards to a subrecipient during the fiscal year.

Note 5 - NON-CASH ASSISTANCE

No Federal awards were expended in the form of non-cash assistance during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? Yes no

b) Federal Awards

Internal control over major programs:

- Material weakness (es) identified? yes no
- Significant deficiencies identified that are not
 considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major program: unmodified

Any audit findings disclosed that are required to be
Reported in accordance with
Uniform Guidance? yes no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

Section I Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2017.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2017.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2016.
No significant deficiencies were reported during the audit for year ended December 31, 2016.

Compliance and Other Matters

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2016.

Section II Internal Control and Compliance Material to Federal Awards

No internal control or compliance findings material to Federal Awards were noted during the audit for the year ending December 31, 2016.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2016

MANAGEMENT'S CORRECTIVE ACTION PLAN

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2017.
No significant deficiencies were reported during the audit for year ended December 31, 2017.

Compliance and Other Matters

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2017.

Section II Internal Control and Compliance Material to Federal Awards

No material weaknesses or significant deficiencies in internal control over compliance with requirements with federal programs were noted during our audit for the year ended December 31, 2017.

No compliance findings required to be reported in the *Uniform Guidance* were noted during our audit for the year ended December 31, 2017.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Honorable Joey Bouziga, Mayor
and Members of the Town Council,
Town of Golden Meadow,
Golden Meadow, Louisiana.

We have performed the procedures described in Schedule 1, which were agreed to by the Town of Golden Meadow, State of 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 year ended December 31, 2017. 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 the attestation standards established by the Association of International Certified Professional Accountants. 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 referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 1.

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 these 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 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 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
April 27, 2018.

**SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS OF
THE STATEWIDE AGREED-UPON PROCEDURES**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2017

The required procedures and our findings are as follows:

Procedures performed on the Town's written policies and procedures:

1. Obtain the Town's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Town does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget
Performance: Obtained and read the written policy for budgeting, and found it contained all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - 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.
Performance: Obtained and read the written policy for purchasing, and found it contained all requirements listed above, except as noted below.
Exceptions: Management's policy on purchasing does not include a provision discussing how purchases are initiated.
Management's response: Management will consider adding a provision discussing how purchases are initiated.
 - c) Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements, and found it to contain the requirements included above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the Town's written policies and procedures: (Continued)

- d) Receipts, including receiving, recording, and preparing deposits
Performance: Obtained and read the written policy for receipts, and found it to contain the requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Performance: Obtained and read the written policy for payroll/personnel, and found it contained all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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.
Performance: Obtained and read written policy for contracting, and found it contained all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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; and (5) monitoring card usage
Performance: Obtained and read the written policy for credit cards, and found it contained all requirements listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers
Performance: Obtained and read the travel and expense reimbursement policy, and found it contained all requirements listed above, except as noted below.
Exceptions: Management's policy on travel and expense reimbursements does not include dollar thresholds for certain categories of expense.
Management's response: Management will consider adding dollar thresholds for certain categories of expense.

Procedures performed on the Town's written policies and procedures: (Continued)

- 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.

Performance: Obtained and read the written policy for ethics, and found it contained none of the requirements listed above.

Exceptions: Management's policy on ethics does not include the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, the actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, and the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Management's response: Management will consider adding all of the necessary requirements listed above.

Procedures performed on the Town's council:

- 2. Obtain and review the council/committee minutes for the fiscal period, and:

- a) Report whether the managing council met (with a quorum) at least monthly, or on a frequency in accordance with the council's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of the council meetings, as well as advertising for council meetings in the local newspaper.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Performance: Inspected meeting minutes and the quarterly budget-to-actual comparisons for all funds presented to the Town council.

Exceptions: The council is provided quarterly budget-to-actual comparisons, however, the budget-to-actual comparisons are not referenced or included in the meeting minutes.

Management's response: Management will consider presenting, and referencing, monthly budget-to-actual comparisons during the meetings.

Procedures performed on the Town's council: (Continued)

- 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Performance: Inspected the council's meeting minutes and quarterly budget-to-actual comparisons to note any deficit spending and/or deficit fund balances.

Exceptions: The Town's budget showed deficit spending during the year. There was never a fund balance deficit shown in any of the quarterly budget-to-actual comparisons, therefore, there was no written plan to eliminate the deficit spending.

Management's response: Not applicable.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Performance: Inspected the council's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contracts, and disbursements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable

Procedures performed on the Town's bank reconciliations:

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the Town's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Performance: Selected 6 of the 17 bank accounts. Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's bank reconciliations: (Continued)

- b) Bank reconciliations include evidence that a member of management or a council member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exceptions: It was noted that the Mayor, who has check signing authority if needed, reviews and initials each bank reconciliation. However, each check requires two signatures. In one instance, there was no evidence that a member of management or council member reviewed a bank reconciliation.

Management's response: Management will ensure that a member of management or council member reviews all bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Performance: Inspected documents for items outstanding for more than 6 months. In our observation, we noted a bank account with 1 check and another bank account with 22 checks that were outstanding for longer than 6 months.

Exceptions: Management confirmed that a minimal amount of insignificant checks remain outstanding for more than 6 months.

Management's response: Management will continue to monitor the checks that remain outstanding, and, if possible, will reissue checks. Management will write off long outstanding checks.

Procedures performed on the Town collections:

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Using the listing provided by management, select all of the Town's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

Procedures performed on the Town collections: (Continued)

For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party); and (3) not required to share the same cash register or drawer with another employee.

Performance: Inspected policy manuals, and inquired of client as to all of the requirements.

Exceptions: Although the person involved with collecting cash is also responsible for depositing the cash in the bank, the Town requires that a separate individual prepare the deposits. The Town Clerk, who can receive cash collections, is responsible for recording the deposits and reconciling the bank statements; however, the Mayor reviews all bank statements and reconciliations. Also, all employees working together use the same cash drawer.

Management's response: Management will consider limiting the number of employees with cash collection duties and appointing a designated employee without cash collection responsibilities to make the deposits. Also, management will make an effort to limit the use of the cash drawer to one employee per day.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Performance: Inquired of management as to the existence of a formal process to reconcile cash collections to the general ledger by revenue source by a person that is not responsible for cash collections. It was noted that when bank reconciliations are prepared the collections, direct deposits and manual deposits are tied to the revenue accounts at this time.

Exceptions: The Town does not have a formal process to reconcile cash collections to the general ledger, other than bank reconciliations.

Management's response: Management will consider implementing a formal process to reconcile cash collections to the general ledger by revenue source by a person not responsible for cash collections.

Procedures performed on the Town's collections: (Continued)

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1) Using Town collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Performance: Because the highest dollar week of cash collections will be the week that monthly sales taxes are received, our test population was based across all revenue accounts, and all months throughout the year. We selected a sample of 25 cash receipt transactions.

Exceptions: In 8 instances cash was not deposited within one day of receipt. In half of the instances, the deposit was made within a week. In one instance, a receipt date was not documented, therefore we were unable to determine if the deposit was made within one day. The remaining receipts were deposited within a month.

Management's response: Management will ensure that deposits are made within one day of receipt.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Performance: Inspected the journal of cash receipts, deposit slips from the bank, and bank statements. Noted that all collections are supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Town has a process specifically defined (identified as such by the Town) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: The Town does not have a process specifically defined to determine completeness of all collections for each revenue source by a person who is not responsible for collections.

Management's response: Management will consider implementing a process to ensure completeness of all collections by a person not responsible for cash collections.

Procedures performed on the Town's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

8. Obtain a listing of Town disbursements from management or, alternately, obtain the general ledger and sort/filter for Town disbursements. Obtain management's representation that the listing or general ledger population is complete.

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. Using the disbursement population from #8 above, select 25 disbursements (or select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Performance: Selected 25 disbursements using a systematic sample based off of check numbers. Requested requisitions, purchase orders and related invoices, as well as inquired of the client.

Exceptions: Only 5 of the 25 disbursements were initiated using a purchase order.

Management's response: Management will consider updating the disbursement policy to properly describe when purchase orders are needed.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Selected 25 disbursements using a systematic sample based off of check numbers. Requested requisitions, purchase orders and related invoices, as well as inquired of the client. It was noted that the five disbursements tested that included a purchase order were approved by a person who did not initiate the purchase.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Procedures performed on the Town's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

Performance: Selected 25 disbursements using a systematic sample based off of check numbers. Requested requisitions, purchase orders and related invoices, as well as inquired of the client.

Exceptions: It was noted on 12 instances that receipt/completion of the goods/services was not documented. In 15 instances there was no documented evidence of approval on invoices.

Management's response: Management will ensure that all invoices contain proper documentation of approval and receipt or completion of goods and services.

10. Using Town documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Town's purchasing/disbursement system.

Performance: Inspected procedures and inquired of management as to separation of duties.

The Mayor approves the new vendor, and the Assistant Town Clerk, who is not responsible for processing payments, enters the vendor into the system.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

11. Using Town documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Performance: Inspected policy and observed documentation of parties responsible for signing checks and making the final authorization. Disbursements can be requested by any Town employee but require approval by the Mayor. The Mayor, one board member, or the Town Clerk if needed, are responsible for the approvals by means of signing checks.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Town documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as observed where the supply of unused checks is held. The unused checks are kept locked in the vault in Town Clerk's office. The Town Clerk, who can sign checks in the absence of the Mayor or board member, has access to the vault because it is located in her office. It is noted that all checks must have two signatures.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Performance: Inquired of management as to whether there is a signature stamp or machine.

Per management, there is no signature stamp or machine.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's credit cards, debit cards, fuel cards, P-cards:

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Performance: Obtained the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

15. Using the listing prepared by management, select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, 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.)]

Performance: Obtained the monthly combined statement and observed the supporting documentation, as well as approvals.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the Town's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- b) Report whether finance charges and/or late fees were assessed on the selected statements.
Performance: Traced all credit card payments and balances on the credit card statements in order to note if any fees were applied to balances.
Exceptions: The monthly combined statement that was examined included a \$1.75 year-to-date interest charge.
Management's response: Management will ensure that credit card statements are paid in a timely manner to avoid interest or late fees.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - 1) An original itemized receipt (i.e., identifies precisely what was purchased)
Performance: Traced each transaction to an original itemized receipt, if available.
Exceptions: In 6 instances it was noted that an original itemized receipt was not included with the monthly statement.
Management's response: Management will ensure that all original itemized receipts will accompany the monthly credit card statement.
 - 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
Performance: Observed documentation of the purpose of each transaction. Confirmed that all meal charge documentation included the names of the individuals participating.
Exceptions: In 17 instances, for meal charges, it was noted that the names of the individuals participating was not documented.
Management's response: Management will ensure that the names of all individuals participating will be included for meal charges.
 - 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
Performance: Obtained and read credit card policy, as well as, observed supporting documentation.
Exceptions: The credit card policy requires an itemized receipt as backup for all credit card transactions. Therefore, in 6 instances required documentation was not available.
Management's response: Management will ensure that all original itemized receipts will accompany the monthly credit card statement.

**Procedures performed on the Town's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Town's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law. None of the tested transactions were subject to public bid law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) For each transaction, compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's travel and expense reimbursements:

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Performance: Obtained a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain the Town's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Procedures performed on the Town's travel and expense reimbursements: (Continued)

Performance: Obtained and read the travel and expense reimbursement policy.

Exceptions: The travel policy only contained rates relating to meal reimbursements. It was noted that the meal rates listed were significantly higher than the GSA rates.

Management's response: Management will update its amounts in the travel policy for meals to not exceed the GSA rates. Also, management will consider adding dollar thresholds for all categories of expenses that do not exceed the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Town does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Selected the three employees who incurred the most travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to the GSA rates due to the Town's travel and expense reimbursement policy not containing rates for lodging. It was noted that the three highest travel expenditures were for hotel stays at conferences.

Exceptions: Nine of the twelve hotel rates per night exceed the GSA rates.

Management's response: Management will consider establishing rates for travel and expense reimbursements in the Town travel policy. Also, management will ensure that they do not pay for travel expenditures exceeding the GSA rates.

- b) Report whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Performance: Traced expense to the original itemized receipt with detail of purchase.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Performance: Traced expense to the original itemized receipt. Documentation of the business/public purpose was documented by the attending employee.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's travel and expense reimbursements: (Continued)

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: Although the individual items tested were in compliance with Article 7, Section 14 of the Louisiana Constitution, during testing it was noted on 17 instances that the expenses of spouses/guests were included on the Town's credit card.

Management's response: Management will ensure that only business related travel expenses will be paid by the Town.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected documentation to find all approvals.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's contracts:

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's contracts: (Continued)

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the auditor). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Obtained the listing of contract vendors and selected the five contract "vendors" that were paid the most money during the fiscal year. Inspected the written contracts that supports the service arrangements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Town complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Performance: For the contracts subject to the Louisiana Public Bid law, compared contract documentation to legal requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 2) If no, obtain supporting contract documentation and report whether the Town solicited quotes as a best practice.

Performance: Inspected contracts and supporting documentation. The Town received bids for one contract and the other was selected due to having a sole source.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Performance: Inspected contracts to agree to the actual expenditures. For contracts that were amended, contract terms were reviewed for scope and dollar amount compliance.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Procedures performed on the Town's contracts: (Continued)

Performance: Inspected the invoice and compared to the written contract information. The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Performance: Inspected board meeting minutes and confirmed the board approved the contracts requiring board approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's payroll and personnel:

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:

Performance: Obtained the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Inspected employment documents for the selected employees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Performance: For the employees tested that received pay raises, traced hourly rate changes during the period to personnel files, where they were approved in writing.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

Procedures performed on the Town's payroll and personnel: (Continued)

- a) Report whether 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.)

Performance: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Performance: Confirmed that attendance and leave records were reviewed and approved by the Mayor.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether there is written documentation that the Town maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Performance: Inquired and confirmed that the Town maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Performance: Inquired and inspected list of employees that were terminated during the period.

Management's representation of completeness confirmed in a separate letter. Per management, no employees were terminated during the period.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the Town's payroll and personnel: (Continued)

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Inspected payroll and retirement reporting forms to confirm if all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: It was noted that late fees were assessed twice to the Town due to the Town submitting retirement contributions late in two instances.

Management's response: Management will ensure that all retirement contributions are paid in a timely manner to avoid any late fees.

Procedures performed on the Town's ethics:

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Town maintained documentation to demonstrate that required ethics training was completed.

Performance: Inspected employee personnel files for the ethics course completion certificates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the Town during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Town's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exceptions: Not applicable.

Management's response: Not applicable.

Other procedures performed on the Town:

28. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Town reported the misappropriation to the Legislative Auditor and the District Attorney of the parish in which the Town is domiciled.

Other procedures performed on the Town: (Continued)

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: Not applicable.

Management's response: Not applicable.

29. Observe and report whether the Town has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

30. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.