

**TOWN OF MADISONVILLE,
LOUISIANA**

Annual Financial Statements

June 30, 2019



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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the Town of Madisonville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

A Professional Accounting Corporation

Covington, LA
December 17, 2019

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

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

For the Year Ended June 30, 2019

As management of the Town of Madisonville, Louisiana (the Town), we offer readers this narrative overview and financial analysis of the financial activities of the Town as of June 30, 2019, and for the year then ended.

Financial Highlights

The Town's assets exceeded its liabilities by \$12,133,479 and \$10,908,128 at June 30, 2019 and 2018, respectively (*net position*). Of this amount, \$2,208,901 and \$1,527,127, respectively, (*unrestricted net position*) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$1,225,351 and \$724,740 for the years ended June 30, 2019 and 2018, respectively.

The Town's governmental funds reported combined ending fund balances of \$2,405,665 and \$2,140,481 at June 30, 2019 and 2018, respectively. Combined governmental fund balances increased by \$265,184 and decreased by \$36,132 for the years ended June 30, 2019 and 2018, respectively.

Overview of Financial Statements

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

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

Government-Wide Financial Statements

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

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

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

For the Year Ended June 30, 2019

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

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

Fund Financial Statements

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

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

Notes to the Financial Statements

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

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2019

Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current Assets	\$ 2,445,832	\$ 2,151,538	\$ 3,002,260	\$ 2,354,032	\$ 5,448,092	\$ 4,505,570
Capital Assets	4,335,563	4,313,429	4,932,720	4,808,786	9,268,283	9,122,215
Total Assets	6,781,395	6,464,967	7,934,980	7,162,818	14,716,375	13,627,785
Deferred Outflows of Resources	111,652	129,877	146,335	184,291	257,987	314,168
Liabilities						
Current and Other Liabilities	40,167	11,057	681,761	642,169	721,928	653,226
Long-Term Liabilities	292,135	328,628	1,750,285	2,011,312	2,042,420	2,339,940
Total Liabilities	332,302	339,685	2,432,046	2,653,481	2,764,348	2,993,166
Deferred Inflows of Resources	30,907	16,808	45,628	23,851	76,535	40,659
Net Position						
Net Investment in Capital Assets	4,335,563	4,313,429	3,613,720	3,263,786	7,949,283	7,577,215
Restricted - Sales Tax Usage	1,605,226	1,476,882	-	-	1,605,226	1,476,882
Restricted - Revenue Bonds	-	-	370,069	326,904	370,069	326,904
Unrestricted	589,049	448,040	1,619,852	1,079,087	2,208,901	1,527,127
Total Net Position	\$ 6,529,838	\$ 6,238,351	\$ 5,603,641	\$ 4,669,777	\$ 12,133,479	\$ 10,908,128

The amount of net investment in capital assets represents 65% of total net position. Net investment in capital assets consists of land, infrastructure, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2019

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 3,025	\$ 21,059	\$ 3,872,564	\$ 3,448,300	\$ 3,875,589	\$ 3,469,359
Operating Grants and Contributions	95,716	142,785	12,803	13,417	108,519	156,202
General Revenues						
Taxes	1,230,182	1,210,226	-	-	1,230,182	1,210,226
Licenses and Permits	206,993	195,195	-	-	206,993	195,195
Fines and Forfeitures	348,827	87,982	-	-	348,827	87,982
Other Revenue	84,039	47,896	52,044	17,996	136,083	65,892
Investment Earnings	7,611	5,666	16,306	9,385	23,917	15,051
Total Revenues	1,976,393	1,710,809	3,953,717	3,489,098	5,930,110	5,199,907
Expenses						
General Government	629,093	555,831	-	-	629,093	555,831
Public Safety	630,078	477,484	-	-	630,078	477,484
Public Works	404,425	561,405	-	-	404,425	561,405
Recreation	21,310	24,235	-	-	21,310	24,235
Gas	-	-	2,121,617	1,936,379	2,121,617	1,936,379
Sewer	-	-	394,832	460,990	394,832	460,990
Water	-	-	232,529	299,444	232,529	299,444
Garbage	-	-	227,741	110,495	227,741	110,495
Interest Expense	-	-	43,134	48,904	43,134	48,904
Total Expenses	1,684,906	1,618,955	3,019,853	2,856,212	4,704,759	4,475,167
Change in Net Position	291,487	91,854	933,864	632,886	1,225,351	724,740
Net Position, Beginning of Year	6,238,351	6,146,497	4,669,777	4,036,891	10,908,128	10,183,388
Net Position, End of Year	\$ 6,529,838	\$ 6,238,351	\$ 5,603,641	\$ 4,669,777	\$ 12,133,479	\$ 10,908,128

Financial Analysis of the Funds

The Town's General Fund had an increase in fund balance of \$136,840 for the year ended June 30, 2019. The Town's Special Revenue Fund had an increase in fund balance of \$128,344 for the year ended June 30, 2019. Total governmental fund amounts are different from governmental activities due to capital assets, depreciation of capital assets, and net pension liability.

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

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2019

Budget Highlights

As required by law, the Town adopts a budget for its General Fund and Special Revenue Fund. The Town amended its General Fund and Special Revenue Fund budgets for the year ended June 30, 2019.

Capital Asset Administration

Capital assets, net of accumulated depreciation, increased by \$146,067 for the year ended June 30, 2019. This was principally due to additions of \$164,726 and \$323,193 in governmental activities and business-type activities capital assets being depreciated, respectively, which exceeded depreciation of \$142,592 and \$199,260, respectively.

Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$1,545,000. The entire amount was secured by the revenues of the Gas Fund.

The Town's total long-term debt decreased by \$217,000 during the current fiscal year principally due to the anticipated scheduled payments. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

Requests for Information

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

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TOWN OF MADISONVILLE, LOUISIANA
Statement of Net Position
June 30, 2019

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,259,486	\$ 2,188,410	\$ 4,447,896
Receivables, Net	186,346	217,781	404,127
Restricted Cash and Cash Equivalents	-	596,069	596,069
Capital Assets, Net	4,335,563	4,932,720	9,268,283
Total Assets	6,781,395	7,934,980	14,716,375
Deferred Outflows of Resources			
Deferred Outflows on Pension Obligation	111,652	146,335	257,987
Total Deferred Outflows of Resources	111,652	146,335	257,987
Liabilities			
Accounts Payable	40,167	106,161	146,328
Customer Deposits	-	349,600	349,600
Bonds Payable			
Due in One Year	-	226,000	226,000
Due in More Than One Year	-	1,319,000	1,319,000
Net Pension Liability	292,135	431,285	723,420
Total Liabilities	332,302	2,432,046	2,764,348
Deferred Inflows of Resources			
Deferred Inflows on Pension Obligation	30,907	45,628	76,535
Total Deferred Inflows of Resources	30,907	45,628	76,535
Net Position			
Net Investment in Capital Assets	4,335,563	3,613,720	7,949,283
Restricted - Sales Tax Usage	1,605,226	-	1,605,226
Restricted - Revenue Bonds	-	370,069	370,069
Unrestricted	589,049	1,619,852	2,208,901
Total Net Position	\$ 6,529,838	\$ 5,603,641	\$ 12,133,479

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2019

Statement B

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 629,093	\$ 3,025	\$ 54,913	\$ (571,155)	\$ -	\$ (571,155)
Public Safety	630,078	-	40,803	(589,275)	-	(589,275)
Public Works	404,425	-	-	(404,425)	-	(404,425)
Recreation	21,310	-	-	(21,310)	-	(21,310)
Total Governmental Activities	1,684,906	3,025	95,716	(1,586,165)	-	(1,586,165)
Business-Type Activities						
Gas	2,121,617	3,242,260	7,598	-	1,128,241	1,128,241
Sewer	394,832	302,438	1,827	-	(90,567)	(90,567)
Water	232,529	203,285	1,883	-	(27,361)	(27,361)
Garbage	227,741	124,581	1,495	-	(101,665)	(101,665)
Interest Expense	43,134	-	-	-	(43,134)	(43,134)
Total Business-Type Activities	3,019,853	3,872,564	12,803	-	865,514	865,514
Total	\$ 4,704,759	\$ 3,875,589	\$ 108,519	(1,586,165)	865,514	(720,651)
General Revenues						
Taxes						
Sales and Use Taxes				996,352	-	996,352
Property Taxes				132,453	-	132,453
Franchise Taxes				97,767	-	97,767
Other Taxes				3,610	-	3,610
Licenses and Permits				206,993	-	206,993
Fines and Forfeitures				348,827	-	348,827
Other Revenues				84,039	52,044	136,083
Interest Income				7,611	16,306	23,917
Total General Revenues				1,877,652	68,350	1,946,002
Change in Net Position				291,487	933,864	1,225,351
Net Position, Beginning of Year				6,238,351	4,669,777	10,908,128
Net Position, End of Year				\$ 6,529,838	\$ 5,603,641	\$ 12,133,479

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

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

TOWN OF MADISONVILLE, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2019

Statement C

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 724,505	\$ 1,534,981	\$ 2,259,486
Receivables	98,744	87,602	186,346
	<hr/>		
Total Assets	\$ 823,249	\$ 1,622,583	\$ 2,445,832
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Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 22,810	\$ 17,357	\$ 40,167
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Total Liabilities	22,810	17,357	40,167
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Fund Balances			
Restricted for:			
Sales Tax Usage	-	1,605,226	1,605,226
Unassigned:			
General Fund	800,439	-	800,439
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Total Fund Balances	800,439	1,605,226	2,405,665
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Total Liabilities and Fund Balances	\$ 823,249	\$ 1,622,583	\$ 2,445,832
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The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

Statement D

Fund Balances - Total Governmental Funds	\$ 2,405,665
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental Capital Assets	6,061,216
Less: Accumulated Depreciation	(1,725,653)

Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(30,907)
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Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the funds.	111,652
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Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(292,135)</u>
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Net Position of Governmental Activities	<u>\$ 6,529,838</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Statement E

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Taxes			
Sales and Use Taxes	\$ 498,176	\$ 498,176	\$ 996,352
Property Taxes	132,453	-	132,453
Franchise Taxes	97,767	-	97,767
Other Taxes	3,610	-	3,610
Licenses and Permits	206,993	-	206,993
Intergovernmental Grants	55,265	35,831	91,096
Fines and Forfeitures	348,827	-	348,827
Other Revenues	56,009	19,358	75,367
Community Center Rentals	3,025	-	3,025
Donations	4,620	-	4,620
Interest Income	2,535	5,076	7,611
Total Revenues	1,409,280	558,441	1,967,721
Expenditures			
Current			
General Government	641,121	-	641,121
Public Safety	631,319	-	631,319
Public Works	-	415,648	415,648
Recreation	-	14,449	14,449
Total Expenditures	1,272,440	430,097	1,702,537
Net Change in Fund Balances	136,840	128,344	265,184
Fund Balances, Beginning of Year	663,599	1,476,882	2,140,481
Fund Balances, End of Year	\$ 800,439	\$ 1,605,226	\$ 2,405,665

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

TOWN OF MADISONVILLE, LOUISIANA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Statement F

Change in Fund Balances - Total Governmental Funds	\$ 265,184
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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 through depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	22,134
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Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions.	<u>4,169</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 291,487</u></u>
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The accompanying notes are an integral part of these financial statements.

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2019

Statement G

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 2,767,193	\$ -	\$ -	\$ -	\$ 2,767,193
Accounts Receivable, Net	144,584	8,084	36,019	29,094	217,781
Total Current Assets	2,911,777	8,084	36,019	29,094	2,984,974
Non-Current Assets					
Restricted Cash and Cash Equivalents	596,069	-	-	-	596,069
Capital Assets, Net	3,873,269	80,683	978,768	-	4,932,720
Total Non-Current Assets	4,469,338	80,683	978,768	-	5,528,789
Total Assets	7,381,115	88,767	1,014,787	29,094	8,513,763
Deferred Outflows of Resources					
Deferred Outflows on Pension Obligation	86,844	21,521	20,882	17,088	146,335
Total Assets and Deferred Outflows of Resources	\$ 7,467,959	\$ 110,288	\$ 1,035,669	\$ 46,182	\$ 8,660,098
Liabilities					
Current Liabilities					
Accounts Payable	\$ 98,949	\$ -	\$ -	\$ 7,212	\$ 106,161
Deficit in Pooled Cash	-	171,907	348,214	58,662	578,783
Total Current Liabilities	98,949	171,907	348,214	65,874	684,944
Current Liabilities Payable from Restricted Assets					
Bonds Payable	226,000	-	-	-	226,000
Non-Current Liabilities					
Customer Deposits	298,188	51,412	-	-	349,600
Bonds Payable	1,319,000	-	-	-	1,319,000
Net Pension Liability	255,950	63,426	61,544	50,365	431,285
Total Non-Current Liabilities	1,873,138	114,838	61,544	50,365	2,099,885
Total Liabilities	2,198,087	286,745	409,758	116,239	3,010,829
Deferred Inflows of Resources					
Deferred Inflows on Pension Obligation	27,078	6,710	6,511	5,329	45,628
Total Deferred Inflows of Resources	27,078	6,710	6,511	5,329	45,628
Net Position					
Net Investment in Capital Assets	2,554,269	80,683	978,768	-	3,613,720
Restricted - Revenue Bonds	370,069	-	-	-	370,069
Unrestricted Net Position	2,318,456	(263,850)	(359,368)	(75,386)	1,619,852
Total Net Position	5,242,794	(183,167)	619,400	(75,386)	5,603,641
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 7,467,959	\$ 110,288	\$ 1,035,669	\$ 46,182	\$ 8,660,098

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

Statement H

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Operating Revenues					
Charges for Services					
Gas Sales	\$ 3,242,260	\$ -	\$ -	\$ -	\$ 3,242,260
Sewer Service Charges	-	-	302,438	-	302,438
Water Sales	-	203,285	-	-	203,285
Garbage Collection Fees	-	-	-	124,581	124,581
Total Operating Revenues	3,242,260	203,285	302,438	124,581	3,872,564
Operating Expenses					
Gas Purchased	1,037,153	-	-	-	1,037,153
Salaries and Related Benefits	337,845	72,468	56,443	117,969	584,725
Administrative and General	172,999	39,725	194,781	4,459	411,964
Repairs and Maintenance	306,803	51,152	59,009	-	416,964
Depreciation	156,233	1,924	41,103	-	199,260
Garbage Collection	-	-	-	105,313	105,313
Insurance	45,944	11,410	10,281	-	67,635
Utilities	20,812	7,767	33,215	-	61,794
Water Purchases	-	44,791	-	-	44,791
Auto and Truck	18,186	3,292	-	-	21,478
Authority Fees	25,642	-	-	-	25,642
Total Operating Expenses	2,121,617	232,529	394,832	227,741	2,976,719
Operating Income (Loss)	1,120,643	(29,244)	(92,394)	(103,160)	895,845
Nonoperating Revenues (Expenses)					
Grant Income and Other Contributions	22,892	1,883	38,577	1,495	64,847
Interest Income	16,306	-	-	-	16,306
Interest Expense	(43,134)	-	-	-	(43,134)
Total Nonoperating Revenues (Expenses)	(3,936)	1,883	38,577	1,495	38,019
Change in Net Position	1,116,707	(27,361)	(53,817)	(101,665)	933,864
Net Position, Beginning of Year	4,126,087	(155,806)	673,217	26,279	4,669,777
Net Position, End of Year	\$ 5,242,794	\$ (183,167)	\$ 619,400	\$ (75,386)	\$ 5,603,641

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

Statement I

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 3,253,901	\$ 204,931	\$ 301,555	\$ 117,024	\$ 3,877,411
Payments to Suppliers	(1,609,095)	(158,137)	(309,546)	(119,196)	(2,195,974)
Payments to Employees	(325,935)	(82,149)	(72,572)	(79,363)	(560,019)
Net Cash Provided by (Used in) Operating Activities	1,318,871	(35,355)	(80,563)	(81,535)	1,121,418
Cash Flows from Non-Capital Financing Activities					
Grant Income and Other Contributions	22,892	1,883	38,577	1,495	64,847
Interfund Borrowings and Transfers from Other Funds	366,765	91,736	41,986	76,647	577,134
Net Cash Provided by Non-Capital Financing Activities	389,657	93,619	80,563	78,142	641,981
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(264,851)	(58,343)	-	-	(323,194)
Interest Paid on Capital Debt	(43,134)	-	-	-	(43,134)
Principal Paid on Capital Debt	(217,000)	-	-	-	(217,000)
Net Cash Used in Capital and Related Financing Activities	(524,985)	(58,343)	-	-	(583,328)
Cash Flows from Investing Activities					
Interest Received	16,306	-	-	-	16,306
Net Cash Provided by Investing Activities	16,306	-	-	-	16,306
Net Increase (Decrease) in Cash and Cash Equivalents	1,199,849	(79)	-	(3,393)	1,196,377
Cash and Cash Equivalents, Beginning of Year	2,163,413	79	-	3,393	2,166,885
Cash and Cash Equivalents, End of Year	\$ 3,363,262	\$ -	\$ -	\$ -	\$ 3,363,262

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

Statement I

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 1,120,643	\$ (29,244)	\$ (92,394)	\$ (103,160)	\$ 895,845
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation	156,233	1,924	41,103	-	199,260
(Increase) Decrease in:					
Accounts Receivable	(20,805)	260	(883)	(7,557)	(28,985)
Increase (Decrease) in:					
Accounts Payable	18,444	-	(12,260)	(9,424)	(3,240)
Customer Deposits	32,446	1,386	-	-	33,832
Net Pension Liability	11,910	(9,681)	(16,129)	38,606	24,706
Net Cash Provided by (Used in) Operating Activities	\$ 1,318,871	\$ (35,355)	\$ (80,563)	\$ (81,535)	\$ 1,121,418
Cash and Cash Equivalents	\$ 2,767,193	\$ -	\$ -	\$ -	\$ 2,767,193
Restricted Cash and Cash Equivalents	596,069	-	-	-	596,069
Total Cash and Cash Equivalents	\$ 3,363,262	\$ -	\$ -	\$ -	\$ 3,363,262

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Introduction

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

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

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

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

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

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

Fund Financial Statements

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

Budgets and Budgetary Accounting

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

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

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

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

Cash

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash (Continued)

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

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

Property Taxes

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

For the year ended June 30, 2019, the Town levied taxes of 8.55 mills that were dedicated to the General Fund.

Sales Taxes

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

Accumulated Unpaid Vacation Leave and Sick Pay

Town employees earn one week of vacation leave after one year of service, and two weeks of vacation leave after four years of service. Any vacation not taken at the end of the year is forfeited. Upon termination of service, employees are paid for unused vacation leave. The Town employees earn one day per month of sick leave, which can be accumulated up to thirty days. Sick leave is forfeited upon termination. There was no material accumulated vacation leave as of June 30, 2019 for which the Town would be held liable.

Accounts Receivable

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

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance was \$15,000 at June 30, 2019.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

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

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

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

Pensions

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity

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

1. *Net Investment in Capital Assets* - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

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

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

Interfund Transactions

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

Use of Estimates

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

For fiscal year ended June 30, 2019, the Town adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. This Statement defines debt for purposes of disclosure in notes to the financial statements; clarifies which liabilities governments should include when disclosing information related to debt; and requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Statement also requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant termination events with finance-related consequences and significant subjective acceleration clauses. The adoption of this Statement had no impact on the Town's financial statements.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Special Revenue Fund. All annual appropriations lapse at fiscal year-end. The Town was in compliance with the Local Budget Act at June 30, 2019. See Note 1 for the procedures the Town follows regarding budgets and budgetary accounting.

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At June 30, 2019, the Town was in compliance with the deposit and investment laws and regulations.

Excess Expenditures Over Appropriations

There were no individual funds which had total actual expenditures and other uses over budgeted appropriations greater than five percent for the year ended June 30, 2019.

Deficit Fund Balance

As of June 30, 2019, the Water Fund and Garbage Fund had deficit fund balances in the amount of \$183,167 and \$75,386, respectively. This is due to the effect of the implementation of GASB 68 and 71, which required the Town to record its proportionate share of the pension plan net pension liability.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 3. Cash and Cash Equivalents

Custodial Credit Risk

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

As of June 30, 2019, \$3,766,489 of the Town's bank balance of \$5,127,803 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. The custodial bank must advertise and sell the pledged securities within ten days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Note 4. Receivables

The net receivables at June 30, 2019 were as follows:

	General Fund	Special Revenue Fund	Proprietary Funds	Total
Taxes				
Sales and Use	\$ 87,602	\$ 87,602	\$ -	\$ 175,204
Franchise	11,142	-	-	11,142
Utility Accounts				
Sales	-	-	217,781	217,781
Total	\$ 98,744	\$ 87,602	\$ 217,781	\$ 404,127

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2019:

Governmental Activities	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Depreciated				
Land	\$ 651,641	\$ -	\$ -	\$ 651,641
Total Capital Assets Not Depreciated	651,641	-	-	651,641
Capital Assets Being Depreciated				
Automobiles	593,169	42,393	(15,485)	620,077
Recreation Equipment	204,477	-	-	204,477
Equipment	186,941	12,264	-	199,205
Office Equipment and Furniture	39,532	-	-	39,532
Buildings and Improvements	265,137	-	-	265,137
Street and Sidewalk Improvements	2,001,980	87,575	-	2,089,555
Infrastructure	1,930,501	-	-	1,930,501
Other	38,597	22,494	-	61,091
Total Capital Assets Being Depreciated	5,260,334	164,726	(15,485)	5,409,575
Less Accumulated Depreciation for:				
Automobiles	(507,768)	(24,984)	15,485	(517,267)
Recreation Equipment	(164,516)	(1,406)	-	(165,922)
Equipment	(175,095)	(6,787)	-	(181,882)
Office Equipment and Furniture	(33,308)	(1,224)	-	(34,532)
Buildings and Improvements	(251,329)	(4,436)	-	(255,765)
Street and Sidewalk Improvements	(305,550)	(50,232)	-	(355,782)
Infrastructure	(148,810)	(48,263)	-	(197,073)
Other	(12,170)	(5,260)	-	(17,430)
Total Accumulated Depreciation	(1,598,546)	(142,592)	15,485	(1,725,653)
Total Capital Assets Being Depreciated, Net	3,661,788	22,134	-	3,683,922
Total	\$ 4,313,429	\$ 22,134	\$ -	\$ 4,335,563

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 5. Capital Assets (Continued)

Business-Type Activities	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Depreciated				
Land	\$ 138,149	\$ -	\$ -	\$ 138,149
Total Capital Assets Not Depreciated	138,149	-	-	138,149
Capital Assets Being Depreciated				
Gas Distribution System	5,723,288	264,850	(11,909)	5,976,229
Water Distribution System	242,202	58,343	-	300,545
Sewer Plant and Lines	2,447,805	-	-	2,447,805
Total Capital Assets Being Depreciated	8,413,295	323,193	(11,909)	8,724,579
Less Accumulated Depreciation for:				
Gas Distribution System	(2,034,901)	(156,233)	11,909	(2,179,225)
Water Distribution System	(233,451)	(1,924)	-	(235,375)
Sewer Plant and Lines	(1,474,305)	(41,103)	-	(1,515,408)
Total Accumulated Depreciation	(3,742,657)	(199,260)	11,909	(3,930,008)
Total Capital Assets Being Depreciated, Net	4,670,638	123,933	-	4,794,571
Total	\$ 4,808,787	\$ 123,933	\$ -	\$ 4,932,720

Depreciation was charged to governmental functions as follows for the year ended June 30, 2019:

General Government - Town Hall	\$ 1,700
Public Safety	11,681
Public Works - Street Maintenance	74,087
Public Works - Infrastructure	48,263
Recreation	6,861
Total	\$ 142,592

Note 6. Employee Pension Plan

Municipal Employees' Retirement System of Louisiana (the System)

Plan Description and Provisions

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

Eligibility

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

Retirement Benefits

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

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

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

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

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

Note 6. Employee Pension Plan (Continued)

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

Survivor's Benefits

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

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

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

Deferred Retirement Option Plan (DROP) Benefits

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

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

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

Note 6. Employee Pension Plan (Continued)

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

Disability Benefits

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

Cost-of-Living Increases

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

Deferred Benefits

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

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. The employer contribution rate in effect during the fiscal year ended June 30, 2019 was 14.00% for Plan B.

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

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

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

At June 30, 2019, the Town reported a liability of \$723,420 for its proportionate share of the net pension liability which is recorded on the financial statements as follows:

	Net Pension Liability
Governmental Activities	\$ 292,135
Business-Type Activities	
Gas Fund	255,950
Water Fund	63,426
Sewer Fund	61,544
Garbage Fund	<u>50,365</u>
Total	<u>\$ 723,420</u>

The net pension liability was measured as of June 30, 2018, and was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At June 30, 2018, the Town's proportion was .85528%.

For the year ended June 30, 2019, the Town recognized pension expense of \$193,793. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,939	\$ 32,583
Changes of Assumptions	27,071	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	117,581	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions		
Changes in Proportion	10,860	41,537
Difference in Contributions	-	2,415
Employer Contributions Subsequent to the Measurement Date	<u>88,006</u>	<u>-</u>
Total	<u>\$ 245,457</u>	<u>\$ 76,535</u>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

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

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

Deferred outflows of resources in the amount of \$88,006 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 44,804
2021	28,038
2022	5,679
2023	<u>2,395</u>
Total	<u>\$ 80,916</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.275%, net of investment expense
Projected Salary Increases	5.00% (2.60% inflation, 2.40% merit)
Mortality Rates	RP-2000 Employee for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	3 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid into the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

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

Actuarial Assumptions (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.7% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.0%, for the year ended June 30, 2018.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.20%
Public Fixed Income	35%	1.50%
Alternatives	15%	0.60%
Totals	<u>100%</u>	4.30%
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

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

Actuarial Assumptions (Continued)

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.275%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.275%) or one percentage point higher (8.275%) than the current rate:

	1% Decrease (6.275%)	Current Discount Rate (7.275%)	1% Increase (8.275%)
Town's Proportionate Share of the Net Pension Liability	\$ 949,401	\$ 723,420	\$ 531,317

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the Municipal Employees' Retirement System of Louisiana for the year ended June 30, 2018. Access to the report can be found on the Louisiana Legislative Auditor's website at www.lia.la.gov.

Municipal Employees' Retirement System of Louisiana (the System)

Plan Description and Provisions

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

Upon death of any member with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes. Any member who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Note 6. Employee Pension Plan (Continued)

Municipal Police Employees' Retirement System of Louisiana

Plan Description and Provisions (Continued)

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

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

The member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, the member shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

The Municipal Police Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security, and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

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

Plan Description and Provisions (Continued)

The following is a brief description of the plan and its benefits and is provided for general information purposes only:

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability, and survivor benefits is based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55.

Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month, whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

Note 6. Employee Pension Plan (Continued)

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

Plan Description and Provisions (Continued)

Deferred Retirement Option Plan: A member is eligible to elect to enter the DROP when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and, upon later termination, he shall receive additional retirement benefits based on the additional service.

For those eligible to enter the DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis, but will never lose money. For those eligible to enter the DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

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

During the year ended June 30, 2019, an employee of the Town began contributing to the System. These contributions were made after the June 30, 2018 measurement date for the System. As a result, there is no pension liability reflected on the Statement of Net Position for the MPERS pension.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Employee Pension Plan (Continued)

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

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

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions Subsequent to the Measurement Date	\$ 12,530	\$ -
Total	\$ 12,530	\$ -

Deferred outflows of resources in the amount of \$12,530 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ending June 30, 2020.

Note 7. Deferred Compensation Plan

Police employees of the Town are eligible to participate in the Town's deferred compensation plan. The employees must contribute a minimum of 5% and may contribute up to 100% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. For fiscal year ended June 30, 2019, the Town contributed 12% for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The Town does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2019, the Town's police retirement expense totaled \$32,403.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 8. Lake Pontchartrain Basin Maritime Museum

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

Note 9. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2019, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town had no settled claims resulting from these risks that exceeded its commercial coverage.

Note 10. Long-Term Liabilities

The following is a summary of long-term debt activity of the Town for the year ended June 30, 2019:

	Revenue Bonds
Balance at July 1, 2018	\$ 1,762,000
Proceeds	-
Retirements	<u>(217,000)</u>
Balance at June 30, 2019	<u>\$ 1,545,000</u>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 10. Long-Term Liabilities (Continued)

Long-term debt was composed of the following at June 30, 2019:

Revenue Bonds

\$1,080,000 Gas Utility Revenue Bonds, Series 2015, due in annual installments with semi-annual interest payments at 2.5% per annum through December 1, 2027, secured by the revenues of the Gas Fund.	\$ 960,000
\$1,057,000 Gas Utility Revenue Bonds dated July 24, 2006, due in annual installments with semi-annual interest payments at 2.25% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	268,000
\$743,000 Gas Utility Revenue Bonds dated July 24, 2006, due in annual installments with semi-annual interest payments at 3.75% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	202,000
\$432,000 Gas Utility Revenue Bonds dated December 1, 2006, due in annual installments with semi-annual interest payments at 2.25% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	<u>115,000</u>
Total	<u>\$ 1,545,000</u>

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2020	\$ 226,000	\$ 37,120
2021	235,000	30,854
2022	239,000	24,390
2023	130,000	19,500
2024	135,000	16,188
2025-2028	<u>580,000</u>	<u>27,500</u>
Total	<u>\$ 1,545,000</u>	<u>\$ 155,552</u>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 11. Restricted Assets

Revenue Bonds

As shown in Note 10, the Town has \$1,545,000 of future debt service requirements of Gas Utility Revenue Bonds. The proceeds of these bonds were used to construct and acquire extensions, improvements, and replacements of the Town's natural gas utility system. The bond resolution of these issues requires the Town to restrict and maintain the following funds:

Revenue Bond Sinking Fund

The requirement calls for the establishment and maintenance of a Gas Utility Revenue Bond Sinking Fund sufficient to pay promptly and in full the principal and interest on bonds authorized as they become due and payable. This requirement has been met as of June 30, 2019.

Revenue Bond Reserve Fund

Each month, the Town is required to deposit ten percent of the amount to be deposited in the sinking fund until the reserve is equal to the reserve fund requirement. This fund is restricted to be used to pay bonds in case of default. This requirement has been met as of June 30, 2019.

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the gas system. Regular deposits equal to five percent of the amount to be deposited in the sinking fund per month are to be deposited with the regularly designated fiscal agent of the Town. This requirement has been met as of June 30, 2019.

Note 12. Excess Expenditures Over Appropriations

During the year ended June 30, 2019, there were no excess expenditures over appropriations for the governmental funds.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 13. Recently Issued Accounting Pronouncements

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

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

Note 14. Subsequent Events

On May 16, 2019, the State Bond Commission approved the issuance and sale by the Town of \$1,000,000 of Gas Utility Revenue Bonds, Series 2019A, and \$1,000,000 of Gas Utility Revenue Bonds, Series 2019B. These bonds were issued subsequent to June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF MADISONVILLE, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

Schedule I

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales and Use Taxes	\$ 405,000	\$ 405,000	\$ 498,176	\$ 93,176
Property Taxes	130,000	130,000	132,453	2,453
Franchise Taxes	107,000	107,000	97,767	(9,233)
Other	-	-	3,610	3,610
Licenses and Permits	152,500	152,500	206,993	54,493
Other Revenues	4,706	4,706	56,009	51,303
Fines and Forfeitures	111,000	311,000	348,827	37,827
Community Center Rentals	5,000	5,000	3,025	(1,975)
Boat Trailer Permits	15,500	15,500	-	(15,500)
Intergovernmental Grants	-	-	55,265	55,265
Interest Income	4,500	4,500	2,535	(1,965)
Donations	5,000	5,000	4,620	(380)
Total Revenues	940,206	1,140,206	1,409,280	269,074
Expenditures				
Current				
Police Expenses	471,353	610,933	502,919	108,014
Other	111,500	111,500	152,033	(40,533)
Salaries	145,131	258,940	149,956	108,984
Insurance	10,500	110,500	119,064	(8,564)
Legal Fees	116,000	116,000	82,414	33,586
Aldermen Fees	-	-	78,000	(78,000)
Pension Expense	-	-	65,568	(65,568)
Repairs and Maintenance	9,000	9,000	32,317	(23,317)
Payroll Taxes	-	-	22,718	(22,718)
Utilities	28,000	28,000	21,231	6,769
Accounting and Auditing	25,000	25,000	15,767	9,233
Advertising	7,000	7,000	4,377	2,623
Auto and Truck	-	-	2,391	(2,391)
Capital Outlays	-	23,684	23,685	(1)
Total Expenditures	923,484	1,300,557	1,272,440	28,117
Net Change In Fund Balance	\$ 16,722	\$ (160,351)	136,840	\$ 297,191
Fund Balance, Beginning of Year			663,599	
Fund Balance, End of Year			\$ 800,439	

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2019

Schedule II

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales and Use Taxes	\$ 495,000	\$ 495,000	\$ 498,176	\$ 3,176
Intergovernmental Grants	-	-	35,831	35,831
Other Revenues	-	-	19,358	19,358
Interest Income	-	-	5,076	5,076
Total Revenues	495,000	495,000	558,441	63,441
Expenditures				
Current				
Salaries and Payroll Taxes	136,738	136,738	94,104	42,634
Repairs and Maintenance	125,600	125,600	81,726	43,874
Utilities	30,000	30,000	40,058	(10,058)
Recreation	48,000	48,000	30,556	17,444
Insurance	-	-	38,001	(38,001)
Payroll Taxes	-	-	15,540	(15,540)
Pension Expense	-	-	14,908	(14,908)
Accounting and Auditing	8,500	8,500	3,300	5,200
Capital Outlays	200,000	200,000	111,904	88,096
Total Expenditures	548,838	548,838	430,097	118,741
Net Change In Fund Balance	\$ (53,838)	\$ (53,838)	128,344	\$ 182,182
Fund Balance, Beginning of Year			<u>1,476,882</u>	
Fund Balance, End of Year			<u>\$ 1,605,226</u>	

See independent auditor's report.

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

Schedule III

Schedule of Town's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2019

	2019	2018	2017	2016	2015
Town's Portion of the Net Pension Liability	0.85528%	0.91876%	0.96504%	0.88382%	0.86534%
Town's Proportionate Share of the Net Pension Liability	\$ 723,420	\$ 794,940	\$ 799,929	\$ 600,684	\$ 406,274
Town's Covered Payroll	\$ 646,345	\$ 769,794	\$ 709,023	\$ 610,915	\$ 563,120
Town's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	111.92%	103.27%	112.82%	84.72%	66.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.60%	63.49%	62.11%	68.71%	76.94%

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

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

See independent auditor's report

TOWN OF MADISONVILLE, LOUISIANA
Required Supplementary Information Under
GASB Statement No. 68
Schedule of Town's Contributions
For the Year Ended June 30, 2019

Schedule IV

	2019	2018	2017	2016	2015
Municipal Employees Retirement System					
Contractually Required Contribution	\$ 88,006	\$ 83,376	\$ 71,098	\$ 67,356	\$ 58,037
Contributions in Relation to the Contractually Required Contribution	(88,006)	(83,376)	(71,098)	(67,356)	(58,037)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 638,300	\$ 646,345	\$ 769,794	\$ 709,023	\$ 610,915
Contributions as a Percentage of Covered Payroll	13.79%	12.90%	9.24%	9.50%	9.50%
Municipal Police Employees Retirement System					
	2019				
Contractually Required Contribution	\$ 12,530				
Contributions in Relation to the Contractually Required Contribution	(12,530)				
Contribution Deficiency (Excess)	\$ -				
Town's Covered Payroll	\$ 38,854				
Contributions as a Percentage of Covered Payroll	32.25%				

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

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

See independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Compensation Paid to Members
of the Board of Aldermen
For the Year Ended June 30, 2019

Official	Term Expires	Compensation
James Bouey, Alderman P.O. Box 142 Madisonville, LA 70447	June 30, 2021	\$ 6,600
Timothy Bounds, Alderman P.O. Box 835 Madisonville, LA 70447	June 30, 2021	\$ 6,600
Kevin Doran, Alderman 308 Colleen Court Madisonville, LA 70447	June 30, 2021	\$ 6,600
Brad Haddox, Mayor Pro Tem 902 Pine Street Madisonville, LA 70447	June 30, 2021	\$ 6,600
Chris Hitzman, Alderman 1113 Pine Street Madisonville, LA 70447	June 30, 2021	\$ 6,600

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2019

Agency Head
Jean Pelloat, Mayor

Purpose	Amount
Salary	\$45,000
Benefits - Insurance	\$0
Benefits - Retirement	\$6,300
Benefits - Other	\$3,443
Car Allowance	\$0
Vehicle Provided by Government	\$1,368
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$808
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$408
Cell Phone	\$1,152

See independent auditor's report.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 17, 2019

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

A Professional Accounting Corporation

Covington, LA
December 17, 2019

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2019

A. Summary of Auditor's Results

Financial Results:

- | | |
|--|---------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c) Noncompliance material to the financial statements noted? | None reported |

Federal Awards

Not Applicable.

B. Findings - Financial Statement Audit

None.

C. Compliance and Other Matters

Other Matter

In accordance with Act 774 of the 2017 Regular Legislative Session, the Louisiana Legislative Auditor issued agreed-upon procedures to test the Town's compliance with certain laws and regulations during fiscal year ended June 30, 2019. The report is available for inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at the Louisiana Legislative Auditor's website.

TOWN OF MADISONVILLE, LOUISIANA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

Findings - Compliance and Other Matters

Compliance

2018-001 Inadequate Collateralization of Bank Deposits

Status: This finding has been resolved.