

TOWN OF MARINGOUIN, LOUISIANA

FINANCIAL STATEMENTS

September 30, 2017

TOWN OF MARINGOUIN, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Town Council Members
Town of Maringouin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Maringouin, Louisiana, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability and schedule of pension contributions on pages 3 through 12 and 52 through 57 be presented to supplement the basic financial statements. Such information; although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 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 of Maringouin, Louisiana's basic financial statements. The accompanying water and sewer system schedule, schedule of insurance in force, schedule of mayor and town council and schedule of compensation, benefits and other payments to agency head on pages 58 through 61 are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relate directly-to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying, accounting and other records used to prepare the financial, statements or to the 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, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying water and sewer system schedule, schedule of insurance in force, and schedule of mayor and town council has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, on our consideration of the Town of Maringouin, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Maringouin, Louisiana's internal control over financial reporting and compliance.

Dier, Dupuy & Ruiz

March 23, 2018
Gonzales, Louisiana

TOWN OF MARINGOUIN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Town of Maringouin's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the Town's financial statements, which begin on page 14. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

The information contained within this MD&A should be considered only a part of a greater whole, as should all other sections in this financial report. The readers of this statement should take the time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) provided as required components of this annual financial report.

FINANCIAL HIGHLIGHTS

In 2017 the Town of Maringouin experienced an increase in total revenues relative to prior year. The increase was primarily a result of increases in charges for services in business-type activities of \$379,000, although total sales tax revenues decreased by \$98,000 compared to 2016.

The major financial highlights for 2017 are as follows.

- Assets of the Town's primary government exceeded its liabilities at the close of the year by approximately \$7.8 million (net position). Of this amount, approximately \$438,000 (unrestricted net position) may be used without restrictions to meet the Town's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by approximately \$294,000 during 2017.
- Governmental activities net position increased by approximately \$402,000.
- Business-type activities net position decreased by approximately \$108,000.
- As of the end of the year, the primary government's governmental funds reported combined fund balances of approximately \$2.9 million. Approximately 11% of the fund balances, \$315,000, is restricted for fire protection activities. Additionally, \$35,000 is restricted for debt service related the construction of the new town governmental complex.

Significant aspects of the Town's financial well-being as of and for the year ended September 30, 2017, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

The Town's financial statements focus on the government as a whole and on major individual funds. Both perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year, and enhance the Town's accountability.

This annual report consists of a series of financial statements. The government-wide Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

Fund financial statements start on page 16. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

Reporting on the Town as a Whole

Our analysis of the Town as a whole begins on page 14. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way to determine if the Town is in better condition as a result of the year's financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the Town's net position and related changes. One can think of the Town's net position—the difference between assets and liabilities—as a way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property and sales tax base and the condition of the Town's roads and buildings, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities we divide the Town into two kinds of activities, governmental and business-type.

Governmental activities - Most of the Town's basic services are reported here, including public safety, roads and streets, debt service, and general administration. Property and sales taxes, franchise fees, and private, state and federal grants finance most of these activities.

Business-type activities – The Town charges a fee to customers to help cover the cost of certain services it provides. The Town provides utility services to its residents including gas, water distribution, and wastewater treatment, which is all reported here.

At September 30, 2017, the Town's net position was \$7.8 million, of which \$438,000 was unrestricted. Restricted net positions are reported separately to show legal constraints from debt covenants and enabling legislation that limits the Town's ability to use those net positions for day-to-day operations.

Our analysis below of the primary government focuses on the net position and change in net position of the Town's governmental activities.

Town of Maringouin, Louisiana
Statement of Net Position
September 30, 2017 and 2016
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$2,994	\$3,447	\$ 402	\$ 393	\$ 3,396	\$ 3,840
Deferred outflows of resources	97	123	148	166	245	289
Capital assets	3,199	2,597	6,234	6,569	9,433	9,166
Total assets and deferred outflows of resources	<u>\$6,290</u>	<u>\$6,167</u>	<u>\$ 6,784</u>	<u>\$7,128</u>	<u>\$ 13,074</u>	<u>\$ 13,295</u>
Current and other liabilities	126	461	1,547	1,796	1,673	2,257
Deferred inflows of resources	23	16	23	28	46	44
Long-term liabilities	1,352	1,303	2,224	2,208	3,576	3,511
Total liabilities and deferred inflows of resources	<u>1,501</u>	<u>1,780</u>	<u>3,794</u>	<u>4,032</u>	<u>5,295</u>	<u>5,812</u>
Net position:						
Net investment in capital assets	2,238	1,623	4,580	4,835	6,818	6,458
Restricted	350	397	174	163	524	560
Unrestricted (deficit)	<u>2,201</u>	<u>2,367</u>	<u>(1,764)</u>	<u>(1,900)</u>	<u>437</u>	<u>467</u>
Total net position	<u>\$4,789</u>	<u>\$4,387</u>	<u>\$ 2,990</u>	<u>\$3,098</u>	<u>\$ 7,779</u>	<u>\$ 7,485</u>

The net position of the Town's governmental activities increased by \$402,000 during 2017. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The \$2.2 million in unrestricted net position of governmental activities represents the accumulated results of operations, or the residual that would remain after the Town paid off all its the debt. The changes in net position are discussed later in this analysis.

The net position of the Town's business-type activities decreased by approximately 3.5%, or \$108,000 during 2017. This operational improvement is due to increase in utility rates charged, and increase of \$390,000, when compared to 2016 charges for services when expenditures exceeded revenues by \$426,000. The Town operates natural gas, water distribution, and wastewater treatment systems. The primary focus of this activity is to operate on a profitable basis.

The results of this year's operations for the primary government as a whole as reported in the Statement of Activities are as follows:

Town of Maringouin, Louisiana						
Changes in Net Position						
September 30, 2017 and 2016						
(in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 94	\$ 101	\$ 1,068	\$ 689	\$ 1,161	\$ 790
Operating grants and contributions	2	9	-	-	2	9
Capital grants and contributions	189	345	-	85	189	430
General revenues:						
Sales taxes	1,597	1,695	-	-	1,597	1,695
Ad valorem taxes	18	18	-	-	18	18
Other general revenues	57	59	1	2	58	61
Total revenues	<u>1,957</u>	<u>2,227</u>	<u>1,069</u>	<u>776</u>	<u>3,027</u>	<u>3,003</u>
Functions/Program expenses:						
General government	625	414	-	-	625	414
Public safety	382	413	-	-	382	413
Roads and streets	519	496	-	-	519	496
Utility operations	-	-	1,112	1,134	1,112	1,134
Interest on long-term debt	29	29	65	68	94	97
Total expenses	<u>1,555</u>	<u>1,352</u>	<u>1,177</u>	<u>1,202</u>	<u>2,732</u>	<u>2,554</u>
Increase (decrease) in net position	402	875	(108)	(426)	294	449
Beginning net position	<u>4,387</u>	<u>3,512</u>	<u>3,098</u>	<u>3,524</u>	<u>7,485</u>	<u>7,036</u>
Ending net position	<u>\$4,789</u>	<u>\$4,387</u>	<u>\$ 2,990</u>	<u>\$3,098</u>	<u>\$ 7,779</u>	<u>\$ 7,485</u>

The increase in the primary government net position between 2017 and 2016 largely relates to an increase in utility charges for services and reductions in public safety.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. These statements focus on the major funds rather than generic fund types.

Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins on page 16 with the fund financial statements that provide detailed information about the most significant funds and not the Town as a whole. Some funds are required to be established by state law or by bond covenants. However, the Town Council establishes other funds to control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other types of resources. The Town's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds—Governmental 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 balances of spendable resources available at the end of the fiscal year. Most of the Town's basic services are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities, reported in the Statement of Net Position and the Statement of Activities, and governmental funds are described in a reconciliation to the financial statements. The governmental major funds presentation (Exhibits A-2 and A-4) is presented using the modified accrual basis of accounting and focuses on the major funds of the Town.

Proprietary funds—When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds are the same as the business-type activities we report in the government-wide statements but more detail and additional information, such as cash flows, is provided for proprietary funds.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-9.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the Town's major funds.

Financial Analysis of the Government's Funds

The general government operations of the Town are accounted for in the General Fund and Special Revenue Fund entitled the Fire Protection Fund. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. The following is a summary of general governmental operations for 2017 and 2016 by fund type:

	(in thousands)			
	2017			2016
	General Fund	Special Revenue Fund	Total	Total
Revenues and other financing sources	\$ 1,744	\$ 209	\$ 1,953	\$ 2,036
Expenditures	2,094	127	2,221	2,429
Net change in fund balance	(350)	82	(268)	(393)
Beginning of year	2,912	233	3,146	3,539
Ending of year	\$ 2,562	\$ 315	\$ 2,877	\$ 3,146

The Town's governmental funds experienced a decrease in fund balance of \$268,000 during 2017, primarily due to a decrease in sales tax revenue and an increase in general government expenditures. At year end, fund balances were approximately \$2.9 million. Approximately \$315,000 has been restricted for funding fire protection activities and \$35,000 for debt service. Of the remaining fund balance, \$2.5 million is unassigned and available for utilization at the Town's discretion. The unassigned fund balance is accounted for in the Town's General Fund.

The General Fund is the chief operating fund of the Town. At the end of the 2017 fiscal year the General Fund's total assets were approximately \$2.7 million, of which approximately \$956,000 are cash and cash equivalents and investments, which includes restricted cash of \$35,000. During 2017, the fund balance of the General Fund decreased by approximately \$350,000. This variation is primarily due to a decrease in sales and use tax revenue and an increase in general government and highway and street expenditures.

The Town's other major fund is the Fire Protection Fund, which is a special revenue fund. This fund balance increased by approximately \$82,000 during 2017, primarily due to an increase in sales tax revenue.

Sources of governmental revenues excluding other financing sources are summarized below.

<u>Revenue by source</u>	(in thousands)			
	2017		2016	
	Amount	Percent	Amount	Percent
Taxes	\$ 1,649	84.6	\$ 1,745	86.4
Licenses and permits	55	2.8	50	2.5
Intergovernmental	192	9.8	161	8.0
Other	55	2.8	62	3.1
Total	<u>\$ 1,951</u>	<u>100.0</u>	<u>\$ 2,018</u>	<u>100.0</u>

Revenues of the primary government for general governmental fund types decreased by approximately \$67,000 in 2017, mostly due to a decrease in tax revenue.

Expenditures of the governmental funds decreased by approximately \$208,000 in 2017. Expenditures, by each major function, are summarized in the following table.

<u>Expenditures by function</u>	(in thousands)			
	2017		2016	
	Amount	Percent	Amount	Percent
General government	\$ 543	24.4	\$ 369	15.2
Public safety	337	15.2	307	12.6
Roads and streets	383	17.3	361	14.9
Debt services	120	5.4	117	4.8
Capital outlay	838	37.7	1,275	52.5
	<u>\$ 2,221</u>	<u>100.0</u>	<u>\$ 2,429</u>	<u>100.0</u>

The \$208,000 decrease in 2017 expenditures was largely due to a decrease in capital outlay compared to 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Town's General Fund budget was amended. The amendment of the operating and capital budgets is a customary practice of the Town and is reflective of the financial changes that occur throughout the fiscal year. The most significant reasons for these budget amendments during 2017 were as follows:

- To reflect an increase in sales and use tax by \$350,000,
- An increase miscellaneous revenue by \$17,000,
- An increase in general government expenditures by \$51,000,
- An increase in road and street expenditures by \$15,000, and
- An increase in capital outlay by 210,000.

With these adjustments, the actual charges to appropriations (expenditures) were \$184,000 less than the related final budget appropriations of \$2.3 million. Actual revenues were \$166,000 less than related final budget of \$1.9 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017 the Town had \$9.4 million invested in a broad range of capital assets, including vehicles, fire equipment, computer equipment, office furniture, land, buildings, roads, and utility systems. This amount represents a net increase of approximately \$268,000, or approximately 3%, over last year and is related primarily to equipment purchases and capital projects net of current year depreciation. The Town's capital assets, net of depreciation, at September 30, 2017 were as follows:

	(in thousands)		
	Governmental Activities	Business- type Activities	Totals
Land	\$ 752	\$ 9	\$ 761
Buildings	1,476	1	1,477
Equipment and vehicles	356	48	404
Utility plant	-	6,176	6,176
Infrastructure	616	-	616
Total assets, net of depreciation	\$ 3,200	\$ 6,234	\$ 9,434

The Town's final 2017 capital outlay budget provided for expenditures of \$978,500, primarily for buildings and infrastructure. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

Debt

At year-end the Town had approximately \$3.6 million in long-term debt outstanding, comparable to the previous year, as shown below:

	<u>Balance at</u> <u>9/30/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>9/30/2017</u>
Revenue bonds	\$ 2,618,186	\$ -	\$ 111,889	\$2,506,297
General debt obligations				
Capital leases	167,960	-	58,477	109,483
Claim payable	60,184	-	-	60,184
Net pension liability	<u>894,712</u>	<u>5,771</u>	<u>-</u>	<u>900,483</u>
Total governmental	<u>\$ 3,741,042</u>	<u>\$ 5,771</u>	<u>\$ 170,366</u>	<u>\$3,576,447</u>

The state of Louisiana limits the amount of general obligation debt that municipalities can issue to 35% of the assessed value of all taxable property within the Town's corporate limits. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town's elected and appointed officials considered many factors when setting the 2018 fiscal year budget and tax rates, including the national and state economies. The largest taxpayers to the Town are primarily companies involved in the oil refining and petrochemical processing sectors which are located throughout Iberville Parish. The spending activities of these industries can significantly impact the Town's sales and use tax revenues.

A second important factor affecting the budget is the Town's sales tax collections, which are approximately 54.7% of total budgeted revenues. The Town believes that sales tax revenues may decrease in 2018 by as much as 5% compared to actual collections in 2017. Intergovernmental grant revenues are expected to decline by \$209,400. Total primary government expenditures for 2018 are projected to decrease approximately \$25,000 compared to actual 2017 expenditures.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town's Finance Office at (225) 625-2630 or P.O. Box 10, Maringouin, Louisiana, 70757.

BASIC FINANCIAL STATEMENTS

TOWN OF MARINGOUIN, LOUISIANA

Exhibit A

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,119,216	\$ 28,112	\$ 1,147,328
Investments	100,792	-	100,792
Due from other government	231,812	-	231,812
Accounts receivable, net	12,073	73,225	85,298
Grants receivable	89,367	-	89,367
Prepaid expenses	6,213	1,425	7,638
Internal balances	1,400,000	(1,400,000)	-
Restricted assets	34,851	299,506	334,357
Capital assets:			
Non-depreciable	751,924	8,852	760,776
Depreciable, net	2,447,437	6,225,594	8,673,031
Total assets	6,193,685	5,236,714	11,430,399
DEFERRED OUTFLOWS OF RESOURCES			
Pension liability	96,921	148,037	244,958
Total assets and deferred outflows of resources	\$ 6,290,606	\$ 5,384,751	\$ 11,675,357
LIABILITIES			
Accounts payable	\$ 37,028	\$ 13,340	\$ 50,368
Accrued expenses	22,086	8,390	30,476
Contracts payable	58,539	-	58,539
Customer deposits	-	125,730	125,730
Due to other government	7,676	-	7,676
Noncurrent liabilities:			
Due within one year	154,313	84,135	238,448
Due in more than one year	1,198,041	2,139,958	3,337,999
Total liabilities	1,477,683	2,371,553	3,849,236
DEFERRED INFLOWS OF RESOURCES			
Pension liability	23,478	23,023	46,501
Total liabilities and deferred inflows of resources	1,501,161	2,394,576	3,895,737
NET POSITION (DEFICIT)			
Net investment in capital assets	2,238,144	4,579,883	6,818,027
Restricted for:			
Debt service	34,851	173,776	208,627
Fire protection	315,003	-	315,003
Unrestricted	2,201,447	(1,763,484)	437,963
Total net position	4,789,445	2,990,175	7,779,620
Total liabilities and net position	\$ 6,290,606	\$ 5,384,751	\$ 11,675,357

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF MARINGOUIN, LOUISIANA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 625,788	\$ 63,945	\$ -	\$ 182,173	\$ (379,670)	\$ -	\$ (379,670)
Public safety:							
Police	265,779	28,508	-	-	(237,271)	-	(237,271)
Fire	117,041	-	2,302	7,311	(107,428)	-	(107,428)
Roads and streets	518,976	1,455	-	-	(517,521)	-	(517,521)
Interest on long-term debt	28,720	-	-	-	(28,720)	-	(28,720)
Total governmental activities	<u>1,556,304</u>	<u>93,908</u>	<u>2,302</u>	<u>189,484</u>	<u>(1,270,610)</u>	<u>-</u>	<u>(1,270,610)</u>
Business-type activities:							
Utility operations	1,176,998	1,067,530	-	399	-	(109,069)	(109,069)
Total primary government	<u>\$ 2,733,302</u>	<u>\$ 1,161,438</u>	<u>\$ 2,302</u>	<u>\$ 189,883</u>	<u>(1,270,610)</u>	<u>(109,069)</u>	<u>(1,379,679)</u>
General revenues:							
Taxes:							
Sales and use					1,597,014	-	1,597,014
Insurance premium					31,337	-	31,337
Ad valorem					17,882	-	17,882
Other					3,046	-	3,046
Grants and contributions not restricted to specific programs					17,786	-	17,786
Investment earnings					5,501	1,474	6,975
Total general revenues					<u>1,672,566</u>	<u>1,474</u>	<u>1,674,040</u>
Change in net position					401,956	(107,595)	294,361
NET POSITION							
Beginning of year					<u>4,387,489</u>	<u>3,097,770</u>	<u>7,485,259</u>
Ending of year					<u>\$ 4,789,445</u>	<u>\$ 2,990,175</u>	<u>\$ 7,779,620</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF MARINGOUIN, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2017

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 819,913	\$ 299,303	\$ 1,119,216
Investments	100,792	-	100,792
Due from other government	216,112	15,700	231,812
Accounts receivable, net	12,073	-	12,073
Grants receivable	89,367	-	89,367
Prepaid expenses	6,213	-	6,213
Restricted assets	34,851	-	34,851
Due from other funds	1,400,000	-	1,400,000
Total assets	<u>\$ 2,679,321</u>	<u>\$ 315,003</u>	<u>\$ 2,994,324</u>
LIABILITIES			
Accounts payable	\$ 37,028	\$ -	\$ 37,028
Accrued expenses	13,604	-	13,604
Contracts payable	58,539	-	58,539
Due to other government	7,676	-	7,676
Total liabilities	<u>116,847</u>	<u>-</u>	<u>116,847</u>
FUND BALANCE			
Restricted for debt service	34,851	-	34,851
Restricted for fire protection	-	315,003	315,003
Unassigned	2,527,623	-	2,527,623
Total fund balance	<u>2,562,474</u>	<u>315,003</u>	<u>2,877,477</u>
Total liabilities and fund balance	<u>\$ 2,679,321</u>	<u>\$ 315,003</u>	<u>\$ 2,994,324</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF MARINGOUIN, LOUISIANA

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

September 30, 2017

Total fund balances - governmental funds (Exhibit A-2)		\$	2,877,477
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds			3,199,361
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Capital leases payable	(62,217)		
Claims payable	(60,184)		
Accrued interest	(8,482)		
Deferred outflows related to pension liability	96,921		
Bonds payable	(899,000)		
Net pension liability	(330,953)		
Deferred inflows related to pension liability	(23,478)		
			<u>(1,287,393)</u>
Net position of governmental activities (Exhibit A)		\$	<u>4,789,445</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF MARINGOUIN, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the year ended September 30, 2017

	General Fund	Fire Protection Fund	Total Governmental
REVENUES			
Taxes:			
Sales and use	\$ 1,397,589	\$ 199,425	\$ 1,597,014
Insurance premium	31,337	-	31,337
Ad valorem	17,882	-	17,882
Other	3,046	-	3,046
Licenses and permits	55,120	-	55,120
Fines	28,508	-	28,508
Intergovernmental	182,173	9,613	191,786
Lease income	8,825	-	8,825
Investment earnings	5,501	-	5,501
Miscellaneous	12,132	50	12,182
Total revenues	<u>1,742,113</u>	<u>209,088</u>	<u>1,951,201</u>
EXPENDITURES			
Current function:			
General government	542,434	-	542,434
Public safety:			
Police	238,367	-	238,367
Fire	-	98,225	98,225
Roads and streets	383,404	-	383,404
Debt service	98,176	22,052	120,228
Capital outlay	831,177	7,179	838,356
Total expenditures	<u>2,093,558</u>	<u>127,456</u>	<u>2,221,014</u>
Excess (deficiency) of revenues over expenditures	(351,445)	81,632	(269,813)
OTHER FINANCING SOURCES			
Proceeds from insurance claims	1,455	-	1,455
Net change in fund balance	(349,990)	81,632	(268,358)
FUND BALANCE			
Beginning of year	<u>2,912,464</u>	<u>233,371</u>	<u>3,145,835</u>
End of year	<u>\$ 2,562,474</u>	<u>\$ 315,003</u>	<u>\$ 2,877,477</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF MARINGOUIN, LOUISIANA

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

For the year ended September 30, 2017

Net change in fund balance - total governmental fund (Exhibit A-4) \$ (268,358)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.

Capital outlay	\$ 838,356	
Depreciation and amortization expense	<u>(236,421)</u>	601,935

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.

Principal payments on debt		90,656
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest expense		852
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Changes in net pension obligations are reported only in the Statement of Activities		<u>(23,129)</u>
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Change in net position of governmental activities (Exhibit A-1)		<u>\$ 401,956</u>
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**TOWN OF MARINGOUIN, LOUISIANA
PROPRIETARY FUND - PUBLIC UTILITY FUND**

Exhibit A-6

STATEMENT OF NET POSITION

September 30, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 28,112
Accounts receivable, net	73,225
Prepays expenses	1,425
Restricted assets	<u>299,506</u>
Total current assets	<u>402,268</u>
Noncurrent assets:	
Capital assets:	
Non-depreciable	8,852
Depreciable, net	<u>6,225,594</u>
Total noncurrent assets	<u>6,234,446</u>
Total assets	6,636,714

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension liability	<u>148,037</u>
Total assets and deferred inflows of resources	<u>\$ 6,784,751</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 13,340
Accrued expenses	8,390
Customer deposits	125,730
Due to other funds	1,400,000
Current portion of long-term debt	<u>84,135</u>
Total current liabilities	<u>1,631,595</u>
Noncurrent liabilities:	
Long-term debt	1,570,428
Net pension liability	<u>569,530</u>
Total noncurrent liabilities	<u>2,139,958</u>
Total liabilities	3,771,553

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension liability	<u>23,023</u>
Total liabilities and deferred inflows of resources	<u>3,794,576</u>

NET POSITION (DEFICIT)

Net investment in capital assets	4,579,883
Restricted for debt service	173,776
Unrestricted	<u>(1,763,484)</u>
Total net position	<u>2,990,175</u>
Total liabilities and net position	<u>\$ 6,784,751</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF MARINGOUIN, LOUISIANA
PROPRIETARY FUND - PUBLIC UTILITY FUND**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

For the year ended September 30, 2017

OPERATING REVENUES

Charges for services:

Gas sales	\$ 379,526
Water sales	435,951
Sewer user fees	207,229
Other	<u>44,824</u>

Total operating revenues	<u>1,067,530</u>
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OPERATING EXPENSES

Personnel	318,060
Depreciation and amortization	372,452
Repairs and maintenance	208,805
Gas purchases	54,627
Professional services	61,779
Utilities	43,717
Insurance	25,488
Billing supplies	11,518
Other	<u>15,703</u>

Total operating expenses	<u>1,112,149</u>
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Operating loss	(44,619)
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NONOPERATING

Interest income	1,474
Interest expense	<u>(64,849)</u>

Total nonoperating, net	<u>(63,375)</u>
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Loss before capital grants and contributions	(107,994)
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CAPITAL GRANTS AND CONTRIBUTIONS

399

Net loss	(107,595)
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NET POSITION

Beginning of year	<u>3,097,770</u>
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End of year	<u>\$ 2,990,175</u>
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Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF MARINGOUIN, LOUISIANA
PROPRIETARY FUND - UTILITY FUND**

Exhibit A-8

STATEMENT OF CASH FLOWS

For the year ended September 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,069,063
Payments to suppliers	(432,092)
Payments to employees	<u>(287,278)</u>
Net cash provided by operating activities	<u>349,693</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Changes in customer meter deposits and restricted assets	(10,328)
Decrease in due to other funds	<u>(150,000)</u>
Net cash used by noncapital financing activities	<u>(160,328)</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Proceeds from capital grants	30,898
Capital asset additions	(54,641)
Principal paid on long-term debt	(79,710)
Interest paid on long-term debt	<u>(64,849)</u>
Net cash used by capital and related financing activities	<u>(168,302)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>1,474</u>
Net cash provided by investing activities	<u>1,474</u>
Net increase in cash	22,537

CASH AND CASH EQUIVALENTS

Beginning of period	<u>5,575</u>
End of period	<u>\$ 28,112</u>

**RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating loss	\$ (44,619)
Adjustments to operating loss:	
Decrease to allowance for doubtful accounts	19,952
Depreciation and amortization	372,452
Change in operating assets and liabilities:	
Accounts receivable	(18,419)
Prepaid assets	(1,425)
Accounts payable and accrued liabilities	(9,216)
Net pension liability and related deferred inflows and outflows	<u>30,968</u>
Net cash provided by operating activities	<u>\$ 349,693</u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF MARINGOUIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

The financial statements of the Town of Maringouin, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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

- Providing a Management’s Discussion and Analysis (MD&A) section which includes an analysis of the Town’s overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the Town’s activities; and
- A change in the fund financial statements to focus on the major funds.

Reporting Entity

For reporting purposes the Town of Maringouin, as the municipal governing authority, is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 61, established criteria for determining which component units should be considered part of the Town of Maringouin for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization, and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Maringouin and, where applicable, its component units. However, there are no component units to be included either blended within the Town's funds or discretely presented in these financial statements.

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government (the Town) and the fund financial statements (individual major funds and combined non-major funds). In 2017, there were no non-major funds. The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the Town. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the Town.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

Business-type activities are financed in whole or part by fees charged to external parties for utility services provided. The Town's utility services are classified as business-type activities.

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

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB 34. Emphasis is now on the major funds in either the governmental or business-type categories. Nonmajor funds (by category or fund type) are summarized into a single column.

The daily operations of the Town continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Also, the Town may elect to treat any fund as a major fund that may not meet the above criteria. The Town considers the General Fund, the Fire Protection special revenue and the Utility Fund major funds.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds and account groups of the primary government presented in the financial statements are described below.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Town are accounted for through governmental funds. Measurement is focused on changes in financial position rather than net income. The following are the governmental fund types of the Town:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Town has elected to treat the Fire Protection Fund, a special revenue fund, as a major fund.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs. The Town does not maintain any debt service funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The Town does not maintain any capital projects funds.

Proprietary Fund Types

Enterprise Funds - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund, the Utility Fund, is considered a major fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property (ad valorem) taxes are recognized in the year for which they are levied.

Fund Financial Statements

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, include sales and use taxes, ad valorem taxes, and federal and state aid and grants.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December, January and February of the current fiscal year. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt, which is recognized when due, and (2) claims and judgments, which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Cash and Cash Equivalents**

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts, and money market accounts. Cash equivalents include amounts in savings and time deposits and certificates of deposit with original maturities of ninety days or less. Certificates of deposit with maturities of ninety days or more are classified as investments.

Consolidated bank accounts have been established for the Town into which substantially all monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of the consolidation of bank accounts was to provide administrative efficiency and to maximize investment earnings. The accounts entitled "Cash and Cash Equivalents" are therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account plus its pro rata share of investments made through the investment of excess cash.

The investment policy of the Town is governed by state statutes that include depository and custodial contract provisions. The Town invests funds in accordance with La. R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully-collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement. The Town utilizes the Louisiana Asset Management Pool to invest idle funds.

For purposes of the Statement of Cash Flows, liquid investments of the enterprise fund with a maturity of three months or less are considered to be cash equivalents. See Note 2.

Accounts Receivable

In the government-wide statements receivables consist of all revenues earned at year-end and not yet received. For governmental activities uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. In business-type activities, uncollectible amounts due from sewer billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$210,727 was recorded at September 30, 2017.

Inventories

The Town does not record any inventories of materials or supplies. These items are recorded as expenditures when purchased rather than when consumed. Materials and supplies on hand at year end are not considered material and, accordingly, the failure to record such inventories is not considered to be a significant departure from generally accepted accounting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures when consumed, rather than when purchased.

Interfund Receivables and Payables

During the course of operations transactions may occur between individual funds. Those related to short-term borrowings are classified as “Due from other funds” or “Due to other funds” on the balance sheet and result primarily from participation in the consolidated cash account. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized upon completion of the construction projects.

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

Prior to the implementation of GASB 34 the infrastructure assets of the Town’s governmental funds were capitalized but not depreciated. These assets are comprised of the streets maintained by the Town and have been valued at historical cost.

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

Utility system	13-40 years
Buildings and structures	15-25 years
Equipment and Vehicles	5-10 years
Infrastructure	20 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Fund Financial Statements

In the fund financial statements capital acquisition and construction costs used in governmental fund operations are not capitalized and depreciated, but instead are reflected as expenditures in the governmental funds.

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The Town has capitalized \$38,800 in interest costs associated with sewer improvements in prior years.

Long-term Debt

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

In the government-wide statement of net position and in the proprietary fund financial statements, long-term debt is reported as a liability. The long-term debt consists primarily of utility revenue bonds and certificates of indebtedness for public improvements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Instead, the debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary fund debt is the same in the fund statements as it is in the government-wide statements. The Town is not obligated for any special assessment debt.

Compensated Absences

GASB Statement No. 16 provides that vacation leave should be accrued as a liability as the benefits are earned if (1) the rights to receive the compensation are attributable to services already rendered and, (2) it is probable that the employee will be compensated through paid time off or cash payment upon termination or retirement. Permanent, full-time employees earn annual leave on the anniversary date of their employment based upon years of service. Such leave may not carry over or accumulate from one anniversary date to another. Additionally, since vacation leave is not paid upon retirement or termination, there is no accrual of the liability for unused vacation leave.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

GASB Statement No. 16 requires the accrual for sick leave to the extent it is probable that benefits will be paid in cash upon termination or retirement rather than as payments for absences due to illness or other contingency. Sick leave is earned at the rate of one day per month to a maximum of ten days per year, and no more than thirty days may be accumulated at any time. Policy provides that sick leave is paid only for designated absences and that no payment for accrued sick leave is made upon retirement or termination. Therefore, accrual of the liability for unused sick leave is not required.

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted - consist of net position that is restricted by the Town's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

Governmental Fund Balances

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

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted - 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 or creditors.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. This includes the budget reserves.
- Assigned - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.
- Unassigned - All amounts not included in other spendable classifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Resources

When an expenditure is incurred in governmental funds that can be paid using either restricted or unrestricted resources (fund balance), the Town's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

When an expense is incurred in government activities that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense to the restricted net position before unrestricted net position is utilized.

Interfund Transfers

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts. No interfund transfers have been made by the Town during 2017.

Deferred Outflows an Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial elements, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Town has one item that qualifies for this category, pension liability, which is reported in the government-wide statement.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The Town has one item that qualify for this category, pension liability. The amounts deferred and recognized as an inflow of resources in the period that the amounts become available.

Budget Policies and Budgetary Accounting

The Town follows the following procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk and Mayor prepare a proposed budget and submit it to the Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published to inform the public that the proposed budget is available for public inspection and the date, time, and location of the public hearing concerning the budget.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policies and Budgetary Accounting (Continued)

3. A public hearing is held on the proposed budget at least ten days following publication of the call for the hearing.
4. After the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a budget and appropriation ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Total departmental expenditures constitute the legal level of budgetary control. That is, budgetary amendments involving the transfer of funds from one department, program or function to another or those involving increases in department expenditures resulting from proposed spending of revenues that exceed amounts estimated require approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. General and special revenue fund budgets as presented for comparison in this report are adopted under the modified accrual basis of accounting. The proprietary public utility fund budget as presented for comparison is adopted under the accrual basis of accounting. Such budgetary methods are consistent with generally accepted accounting principles (GAAP). Budgeted amounts presented are as originally adopted or as amended from time to time by the Town Council. Such amendments were not material in relation to the original appropriation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 23, 2018, the date the financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS

The Town may invest in the United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2017, the Town's deposits were adequately secured by the pledge of securities and therefore are exposed to custodial risk.

As of September 30, 2017, the Town had a balance of \$656,109 invested in Louisiana Asset Management Pool (LAMP).

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955 that operates in conformity with Rule 2a7 of the Securities and Exchange Commission that governs the accounting practice of investment pools.

LAMP is an investment pool with the following characteristics:

- The value of the portfolio is carried at amortized cost.
- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Investment by the Town in the LAMP pool is considered unclassified as to credit risk provided by GASB Codification Section 150.125 because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book form.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name.

Restricted Cash and Investments

Certain cash and investment deposit balances are restricted in that they comprise reserves that are required to be maintained under various bond indentures. See also Note 7. The following is a schedule of restricted cash and investment balances at September 30, 2017:

Primary Government	Amount
Debt service	\$ 208,627
Customer deposits	125,730
	\$ 334,357

NOTE 3 - DUE FROM OTHER GOVERNMENTS AND GRANTS RECEIVABLE

Due from other governments at September 30, 2017, consists of amounts due from the Parish of Iberville for sales tax of \$231,812. Grants receivable consist of \$89,367 from the State of Louisiana's Division of Administration for recreation capital project.

NOTE 4 - AD VALOREM TAXES

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes are to be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15% of fair market value; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (La. R.S. 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

(Continued)

NOTE 4 - AD VALOREM TAXES (CONTINUED)

All property taxes are recorded in governmental funds as explained in Note 1 above. Revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are considered available because they are substantially collected during the fiscal year and are therefore available to liquidate liabilities of the current period.

The property tax calendar is as follows:

Millage rates adopted	July 21, 2016
Levy date	July 21, 2016
Due date	December 31, 2016
Lien date	January 1, 2017
Collection dates	December 1, 2016 to February 28, 2017

For the year ended September 30, 2017, taxes of 4.20 mills were levied for general government and public purposes on property with assessed valuations totaling \$4,228,240. Total taxes levied and collected were \$17,759 and \$17,882, respectively. Property tax millage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year, and become delinquent thereafter.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS

As of September 30, 2017, the Public Utility Fund owed the General Fund \$1,400,000. There were no operating transfers between funds in the 2017 fiscal year.

(Continued)

NOTE 6 - CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 623,015	\$ -	\$ -	\$ 623,015
Construction in progress	1,220,264	128,909	(1,220,264)	128,909
Total capital assets not being depreciated	<u>1,843,279</u>	<u>128,909</u>	<u>(1,220,264)</u>	<u>751,924</u>
Capital assets being depreciated:				
Buildings and improvements	626,926	1,425,834	-	2,052,760
Equipment and vehicles	2,394,360	123,550	-	2,517,910
Infrastructure	1,337,630	380,327	-	1,717,957
Total capital assets being depreciated	<u>4,358,916</u>	<u>1,929,711</u>	<u>-</u>	<u>6,288,627</u>
Less accumulated depreciation for:				
Buildings and improvements	558,115	19,080	-	577,195
Equipment and vehicles	2,017,782	144,591	-	2,162,373
Infrastructures	1,028,872	72,750	-	1,101,622
Total accumulated depreciation	<u>3,604,769</u>	<u>236,421</u>	<u>-</u>	<u>3,841,190</u>
Total capital assets, being depreciated, net	<u>754,147</u>	<u>1,693,290</u>	<u>-</u>	<u>2,447,437</u>
Governmental activities capital assets, net	<u>\$ 2,597,426</u>	<u>\$ 1,822,199</u>	<u>\$ (1,220,264)</u>	<u>\$ 3,199,361</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,852	\$ -	\$ -	\$ 8,852
Capital assets being depreciated:				
Utility plant	10,504,537	-	-	10,504,537
Buildings	26,800	-	-	26,800
Equipment and vehicles	459,363	38,050	-	497,413
Total capital assets being depreciated	<u>10,990,700</u>	<u>38,050</u>	<u>-</u>	<u>11,028,750</u>
Less accumulated depreciation for:				
Utility plant	4,034,891	331,316	-	4,366,207
Buildings	25,391	187	-	25,578
Equipment and vehicles	370,422	40,949	-	411,371
Total accumulated depreciation	<u>4,430,704</u>	<u>372,452</u>	<u>-</u>	<u>4,803,156</u>
Total capital assets, being depreciated, net	<u>6,559,996</u>	<u>(334,402)</u>	<u>-</u>	<u>6,225,594</u>
Business-type activities capital assets, net	<u>\$ 6,568,848</u>	<u>\$ (334,402)</u>	<u>\$ -</u>	<u>\$ 6,234,446</u>

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the government activities as follows:

General government	\$	66,904
Police		22,803
Fire		18,816
Roads and streets		127,898
 Total depreciation expense - governmental activities	 \$	 <u>236,421</u>

Capital Leases

The Town has acquired various equipment under capital lease obligations. The lease payments relating to the equipment have been capitalized and included in equipment on the accompanying government-wide financial statements. The leased equipment has a cost of \$293,418 and \$136,057, which has been recorded in the governmental activities and business-type activities, respectively. Accumulated depreciation recognized on the leases as of September 30, 2017, was \$277,342 and \$130,356 in the governmental activities and business-type activities, respectively.

NOTE 7 - LONG-TERM DEBT

Debt Outstanding

The following is a summary of debt transactions of the Town for the year ended September 30, 2017:

	Balance 9/30/2016	Additions	Reductions	Balance 9/30/2017	Due within One Year
Governmental activities:					
Claims payable	\$ 60,184	\$ -	\$ -	\$ 60,184	\$ 60,184
2014 Sales Tax Revenue Bond	951,000	-	52,000	899,000	54,000
Net pension liability	341,773	-	10,820	330,953	-
Capital leases	100,873	-	38,656	62,217	40,129
Total governmental	1,453,830	\$ -	101,476	1,352,354	154,313
Business-type activities:					
2000 Sewer System Revenue Bond	\$ 432,164	\$ -	\$ 10,347	\$ 421,817	10,822
2005 Sewer Revenue Bond	455,022	-	8,542	446,480	8,903
2013 Water Revenue Refunding Bond	780,000	-	41,000	739,000	44,000
Net pension liability	552,939	16,591	-	569,530	-
Capital leases	67,087	-	19,821	47,266	20,410
Total business-type	2,287,212	16,591	79,710	2,224,093	84,135
Total long-term debt	\$ 3,741,042	\$ 16,591	\$ 181,186	\$ 3,576,447	238,448

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Debt Outstanding (Continued)

Long-term debt obligations for the primary government at September 30, 2017, are comprised of the following:

Government Activities

Claims payable-FEMA (see Note 10)	\$ 60,184
Capital lease payable in monthly payments of \$1,150, matures on April 2020, bearing interest of 2.93%, collateralized by equipment.	34,302
Capital lease payable in annual payments of \$22,052, matures on April 2018, bearing interest of 4.00%, collateralized by a vehicle.	21,205
Capital lease payable in monthly payments of \$512, matures on October 2018, bearing interest of 4.91%, collateralized by equipment.	6,710
\$1,000,000 Sales Tax Bond secured by a pledge and dedication of sales tax revenue, due in annual installments of various amounts through November 1, 2019; interest at 2.69%.	899,000
Net pension liability	330,953
Total long-term debt from governmental activities	\$ 1,352,354

Enterprise Fund

Revenue Bonds:

\$900,000 Water Revenue Bonds secured by a pledge and dedication of sewer revenues, due in annual installments of various amounts through January 1, 2031; interest at 3.38%	\$ 739,000
\$543,000 Sewer Revenue Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,465 through April 23, 2040; interest at 4.50%	421,817
\$525,000 Bond Anticipation Note secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,263 through April 23, 2045; interest at 4.12%	446,480

Capital Leases:

Capital lease payable in monthly payments of \$938, matures on December 2019, bearing interest of 2.93%, collateralized by equipment.	24,488
Capital lease payable in monthly payments of \$685, matures on December 2019, bearing interest of 2.93%, collateralized by equipment.	17,257
Capital lease payable in monthly payments of \$169, matures on July 2019, bearing interest of 2.93%, collateralized by equipment.	5,521
Net pension liability	569,530
Total long-term debt from business-type activities	\$ 2,224,093

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions

2000 Sewer Revenue Bond

In accordance with the indenture governing Sewerage Utility Fund Revenue Bonds, Series 2000, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the enterprise fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sewer Revenue Bond and Interest Sinking Funds require monthly transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Sewer Revenue Bond Reserve Fund requires monthly transfers of \$237. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$47,918.
4. The Sewer Contingency Fund requires monthly transfers of \$237. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund or Sewer Revenue Bond Reserve Fund. The current balance of the fund is \$30,872.

2013 Water Revenue Refunding Bond

In accordance with the indenture governing Water Revenue Refunding Bonds, Series 2013, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the enterprise fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Water Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Water Revenue Bond and Interest Sinking Funds require monthly transfers from the Water Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$44,862.
3. The Water Reserve Fund required a deposit equal to the highest combined principal and interest falling due in any year. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$34,699.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions (continued)

2013 Water Revenue Refunding Bond (continued)

4. The Water Depreciation and Contingency Fund require monthly transfers of \$315. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Water Revenue Bond Fund or Water Revenue Bond Reserve Fund. The current balance of the fund is \$15,425.

2014 Sales Tax Revenue Refunding Bond

In accordance with the indenture governing Sales tax revenue refunding bond, Series 2014, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the general fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Sales Tax Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sales Tax Revenue Bond and Interest Sinking Funds require monthly transfers from the Sales Tax Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$34,851.

The annual requirements to amortize outstanding debt principal and interest as of September 30, 2017, are as follows:

Year ending 9/30/2017	Governmental Activities					
	Capital Leases		Sales Tax Bond		Total Governmental Long-term debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 40,129	\$ 1,875	\$ 54,000	\$ 23,457	\$ 94,129	\$ 25,332
2019	14,115	450	56,000	21,977	70,115	22,427
2020	7,973	79	59,000	20,431	66,973	20,510
2021	-	-	61,000	18,817	61,000	18,817
2022-2026	-	-	342,000	67,707	342,000	67,707
2027-2031	-	-	327,000	18,035	327,000	18,035
	<u>\$ 62,217</u>	<u>\$ 2,404</u>	<u>\$ 899,000</u>	<u>\$ 170,424</u>	<u>\$ 961,217</u>	<u>\$ 172,828</u>

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions (continued)

2014 Sales Tax Revenue Refunding Bond (Continued)

Year ending 9/30/2017	Business-type Activities					
	Capital Leases		Sewer and Water Revenue Bond		Total Business-type Long- term debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 20,410	\$ 1,113	\$ 63,725	\$ 61,250	\$ 84,135	\$ 62,363
2019	21,016	507	65,597	58,874	86,614	59,381
2020	5,840	41	67,507	56,426	73,347	56,467
2021	-	-	70,457	53,887	70,457	53,887
2022-2026	-	-	392,078	227,880	392,078	227,880
2027-2031	-	-	451,005	148,811	451,005	148,811
2032-2036	-	-	197,417	86,262	197,417	86,262
2037-2041	-	-	210,229	39,381	210,229	39,381
2042-2046	-	-	89,282	4,838	89,281	4,838
	<u>\$ 47,266</u>	<u>\$ 1,661</u>	<u>\$ 1,607,297</u>	<u>\$ 737,609</u>	<u>\$ 1,654,563</u>	<u>\$ 739,270</u>

Interest incurred and expensed for the year ended September 30, 2017 is \$64,849.

NOTE 8 - PENSION AND RETIREMENT PLANS

The Town of Maringouin (the Town) is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS: 7937 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.mersla.com

MPERS: 7722 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.lampers.org

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended September 30, 2017, there were 84 contributing municipalities in Plan A and 68 in Plan B. The Town is a participant in Plan A only.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) 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.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2017, for the Town and covered employees were as follows:

	Town	Employees
Municipal Employees' Retirement System (Plan A)	22.75%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	31.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.75%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.25%	7.50%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

Plan	2017	2016	2015
MERS (Plan A)	87,992	75,363	74,082
MPERS	4,400	3,738	6,997
Total	\$ 92,392	\$ 79,101	\$ 81,079

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

The following schedule lists the Town's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2017 measurement date. The Town uses this measurement date to record its Net Pension Liability and associated amounts as of September 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2017 along with the change compared to the June 30, 2016 rate. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2017	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
	<u>2017</u>	<u>Rate</u>	<u>Rate</u>	<u>(Decrease)</u>
MERS	\$ 867,901	0.2070%	0.2052%	0.0018%
MPERS	<u>32,582</u>	0.0037%	0.0057%	-0.0020%
Total	<u>\$ 900,483</u>			

The following schedule list each pension plan's recognized net pension expense of the Town for the year ended September 30, 2017:

	<u>Total</u>
Municipal Employees' Retirement Fund	\$ 62,970
Municipal Police Employees' Retirement Fund	<u>4,609</u>
Total	<u>\$ 67,579</u>

(Continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 213	\$ 26,682
Changes of assumptions	16,829	-
Net difference between projected and actual earnings on pension plan investments	183,658	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	16,185	19,256
Differences between allocated and actual contributions	2,905	563
Employer contributions subsequent to the measurement date	25,168	-
	\$ 244,958	\$ 46,501

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' System (Plan A)	\$ 224,489	\$ 34,826
Municipal Police Employees' Retirement Fund	20,469	11,675
	\$ 244,958	\$ 46,501

The Town reported a total of \$25,168 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in net pension liability in the year ended September 30, 2018. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' System (Plan A)	\$ 22,982
Municipal Police Employees' Retirement Fund	2,186
	\$ 25,168

(Continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	MERS	MPERS	Total
2018	\$ 49,311	\$ 10,155	\$ 59,466
2019	71,550	(140)	71,411
2020	37,973	(2,646)	35,327
2021	7,847	(762)	7,085
	<u>\$ 166,682</u>	<u>\$ 6,607</u>	<u>\$ 173,289</u>

Actuarial Assumptions

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

	Valuation Date	Expected Remaining Service Lives	Investment Rate of Return, net
MERS	June 30, 2017	3 years	7.40%
MPERS	June 30, 2017	4 years	7.325%

The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014 for MERS and MPERS.

Mortality:

MERS

RP-2000 Healthy Annuitants Sex Distinction Mortality Tables projected to 2028 using scale AA (set forward 2 years for males and set forward 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Employee Sex Distinct Table set back 2 years for both males and females for active members.

RP-2000 Disabled Lives Mortality Table set back 5 years for males and sat back 3 for females.

MPERS

RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Mortality (continued):

MPERS (continued)

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Salary Increases:

MERS

5.0% (Including inflation and merit increases).

MPERS

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	9.75%
3-23	4.75%
Over 23	4.25%

Cost of Living Adjustments:

MERS

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 2% 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 and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

MPERS

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

The following methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

MERS

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 7.20% for the year ended June 30, 2017.

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 8.19% for the year ended June 30, 2017.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2017:

Asset Class	Target Allocation		Long - Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Equity	50%	53%	2.30%	3.66%
Fixed Income	35%	21%	1.60%	0.52%
Alternatives	15%	20%	0.70%	1.10%
Other	-	6%	0.00%	0.16%
Total	100%	100%	4.60%	5.44%
Inflation			2.60%	2.75%
Expected Arithmetic Nominal Return			7.20%	8.19%

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 7.40% and 7.325%, respectively for the year ended June 30, 2017.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Town's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Discount Rates	6.4%	7.4%	8.4%
Shares of Net Pension Liability	\$ 1,105,994	\$ 867,901	\$ 664,814
MPERS			
Discount Rates	6.325%	7.325%	8.325%
Shares of Net Pension Liability	\$ 45,015	\$ 32,582	\$ 22,151

(continued)

NOTE 9 - COMPENSATION TO GOVERNING BODY

The following is a schedule of payments to the council members for the fiscal year ended September 30, 2017:

<u>Council Members</u>	<u>Amount</u>
Kirkland Anderson	\$ 8,600
John Carriere	8,600
Veronica Hill	8,600
Brian Robinson	8,600
Clarence Wiley	8,600
Total	<u>\$ 43,000</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Suits and Claims

Various suits and claims arising in the ordinary course of operations are pending against the Town. The majority of the cases are either covered by insurance or other defenses, however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of the Town's management that the ultimate resolution of such litigation will not have a material effect on the financial position of the Town.

Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the past five years.

Grants

As a result of a prior federal audit conducted by the Office of the Inspector General, the Federal Emergency Management Agency has determined that \$60,184 in costs claimed by the Town for disaster clean up were either not allowable or were not supported. This liability has been recorded as long-term debt and is potentially payable from current general government resources. The Town has received other federal and state grants for specific purposes that are subject to review by the grantor agencies. Reviews of these programs could lead to requests for reimbursement by grantor agencies for costs, if any, that might be disallowed under the terms of the grant. Management believes that the amount of such disallowed costs, if any, would not be material.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF MARINGOUIN, LOUISIANA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
Sales and use	\$ 1,150,000	\$ 1,500,000	\$ 1,397,589	\$ (102,411)
Insurance premium	35,000	35,000	31,337	(3,663)
Ad valorem	16,000	17,500	17,882	382
Other	2,000	2,000	3,046	1,046
Licenses and permits	55,200	55,700	55,120	(580)
Fines	30,000	30,000	28,508	(1,492)
Intergovernmental	234,400	244,400	182,173	(62,227)
Lease income	-	-	8,825	8,825
Investment earnings	2,000	3,500	5,501	2,001
Miscellaneous	<u>3,000</u>	<u>20,000</u>	<u>12,132</u>	<u>(7,868)</u>
Total revenues	<u>1,527,600</u>	<u>1,908,100</u>	<u>1,742,113</u>	<u>(165,987)</u>
EXPENDITURES				
Current function:				
General government	458,300	509,300	542,434	(33,134)
Public safety - police	299,800	306,300	238,367	67,933
Roads and streets	373,900	388,900	383,404	5,496
Debt service	95,000	95,000	98,176	(3,176)
Capital outlay	<u>768,500</u>	<u>978,500</u>	<u>831,177</u>	<u>147,323</u>
Total expenditures	<u>1,995,500</u>	<u>2,278,000</u>	<u>2,093,558</u>	<u>184,442</u>
Excess (deficiency) of revenues over expenditures	(467,900)	(369,900)	(351,445)	18,455
OTHER FINANCING SOURCES				
Proceeds from insurance claims	<u>-</u>	<u>-</u>	<u>1,455</u>	<u>1,455</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,455</u>	<u>1,455</u>
Net change in fund balance	(467,900)	(369,900)	(349,990)	<u>\$ 19,910</u>
FUND BALANCE				
Beginning of year	<u>2,508,210</u>	<u>2,912,464</u>	<u>2,912,464</u>	
End of year	<u>\$ 2,040,310</u>	<u>\$ 2,542,564</u>	<u>\$ 2,562,474</u>	

**TOWN OF MARINGOUIN, LOUISIANA
FIRE PROTECTION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Sales and use tax	\$ 145,000	\$ 190,000	\$ 199,425	\$ 9,425
Intergovernmental	4,000	4,000	9,613	5,613
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>50</u>	<u>(5,950)</u>
Total revenues	<u>155,000</u>	<u>200,000</u>	<u>209,088</u>	<u>9,088</u>
EXPENDITURES				
Current function:				
Public safety - fire	117,900	133,900	98,225	35,675
Debt service	22,100	22,100	22,052	48
Capital outlay	<u>-</u>	<u>18,000</u>	<u>7,179</u>	<u>10,821</u>
Total expenditures	<u>140,000</u>	<u>174,000</u>	<u>127,456</u>	<u>46,544</u>
Net change in fund balance	15,000	26,000	81,632	<u>\$ 55,632</u>
FUND BALANCE				
Beginning of year	<u>161,592</u>	<u>233,371</u>	<u>233,371</u>	
End of year	<u>\$ 176,592</u>	<u>\$ 259,371</u>	<u>\$ 315,003</u>	

TOWN OF MARINGOUIN, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2017

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the accrual basis, covers the general, special revenue, debt service and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

Basis of Accounting

All of the Town's budgets are prepared on the modified accrual basis of accounting as described in Note 1 to the Town's financial statements for the year ended September 30, 2017.

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE
OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS (1)

As of the fiscal year ended (2):

	2017	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.2070%	0.0037%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 867,901	\$ 32,582
Employer's Covered-Employee Payroll	\$ 347,705	\$ 11,512
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	249.6%	283.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.4940%	70.0081%

As of the fiscal year ended (2):

	2016	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.2052%	0.0057%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 841,006	\$ 53,706
Employer's Covered-Employee Payroll	\$ 371,286	\$ 14,913
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	226.51%	360.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.1103%	66.0422%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of MERS's prior June 30th fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

	2017	
	MERS (Plan A)	MPERS
Contractually Required Contribution	\$ 86,057	\$ 3,540
Contributions in Relation to Contractually Required Contribution	85,742	4,327
Contribution Deficiency (Excess)	\$ 315	\$ (787)
Employer's Covered Employee Payroll	\$ 347,705	\$ 11,512
Contributions as a % of Covered Employee Payroll	24.7500%	30.7500%
	2016	
	MERS (Plan A)	MPERS
Contractually Required Contribution	\$ 72,588	\$ 4,704
Contributions in Relation to Contractually Required Contribution	72,812	4,810
Contribution Deficiency (Excess)	\$ (224)	\$ (106)
Employer's Covered Employee Payroll	\$ 367,534	\$ 14,933
Contributions as a % of Covered Employee Payroll	19.7500%	31.5000%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan A): Municipal Employees' Retirement System

MPERS: Municipal Police Employees' Retirement System

TOWN OF MARINGOUIN, LOUISIANA
NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION
LIABILITY AND SCHEDULE OF PENSION CONTRIBUTIONS

For the year ended September 30, 2017

NOTE 1 - NET PENSION LIABILITY

Changes of Benefit Terms

Municipal Employees' Retirement System (Plan A):

No Changes.

Municipal Police Employees' Retirement System:

No Changes.

Changes of Assumptions

Municipal Employees' Retirement System (Plan A):

The inflation rate decreased from 2.875% to 2.775%. Investment rate of return decreased from 7.50% to 7.40%. Long-term expected real rate of return decreased from 7.60% to 7.20%.

Municipal Police Employees' Retirement System:

The inflation rate decreased from 2.875% to 2.700%. Investment rate of return decreased from 7.500% to 7.325%. Long-term expected real rate of return decreased from 8.25% to 8.19%.

TOWN OF MARINGOUIN, LOUISIANA**WATER AND SEWER SYSTEM SCHEDULE**

September 30, 2017
(Without Audit)

Records maintained by the Town of Maringouin indicated the number of residential and commercial users for both water and sewer systems at September 30, 2017 were as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	1,089	455
Commercial	63	34
Governmental	<u>13</u>	<u>-</u>
Total	1,165	489

At September 30, 2017, the Town was charging the following rates for usage of their water and sewer systems:

Schedule of Water Rates

Residential - inside municipality:
\$15.00 – (minimum)
Plus usage = \$0.200 per 1,000 gallons

Residential - outside municipality:
\$17.00 – (minimum)
Plus usage = \$0.215 per 1,000 gallons

Commercial:
\$25.00 – (minimum)
Plus usage = \$0.190 per 1,000 gallons

Multi-unit structure with master meter (Ridgewood):
\$50.00 – (minimum)
Plus usage = \$0.210 per 1,000 gallons

Schedule of Sewer Rates

Residential:
\$22.50 base rate
Plus usage = \$0.200 per 1,000 gallons

Commercial:
\$30.00 base rate
Plus usage = \$0.195 per 1,000 gallons

TOWN OF MARINGOUIN

Maringouin, Louisiana

SCHEDULE OF INSURANCE IN FORCE

September 30, 2017

(Without Audit)

Issuer	Kind of Insurance	Insurance	Expiration Date
LA Municipal Risk Management Agency	Automobile Liability	\$500,000 CSL Bodily Injury and Property Damage	5/1/2018
	Commercial General Liability	\$500,0000 CSL Bodily Injury and Property Damage	5/1/2018
	Errors and Omissions	\$500,0000 CSL Errors and Omissions	5/1/2018
	Law Enforcement Officer	\$500,0000 CSL Personal Injury and Property Damage	5/1/2018
Rod Prejean	Automobile Liability	\$244,949 CSI. Automobile Damage	3/7/2018
L. Bouanchaud	Commercial General Liability	\$780,000 CSL Property Damage	10/31/2018
	Commercial General Liability	\$360,300 CSL Equipment Damage	10/31/2018

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE MAYOR AND TOWN COUNCIL

September 30, 2017
(Without Audit)

The Town's Mayor and Town Council at September 30, 2017 are as follows:

Demi Vorise
Post Office Box 697
Maringouin, LA 70757
(225) 625-2057

Town Council:

Kirkland Anderson
Post Office Box 684
Maringouin, LA 70757
(225) 937-4557

Clarence Wiley
Post Office Box 391
Maringouin, LA 70757
(225) 716-1105

John Carriere
10700 Highway 76
Maringouin, LA 70757
(225) 625-4527

Veronica Hill
Post Office Box 168
Maringoin, LA 70757
(225) 931-1827

Brian Robinson
Post Office Box 631
Maringoin, LA 70757
(225) 405-5186

TOWN OF MARINGOUIN

Maringouin, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

September 30, 2017

Agency Head: Demi Vorise, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 15,800
Per diem	375
Office supplies	40
Conference travel	1,027
	<u>\$ 17,242</u>



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

To the Honorable Mayor and
Town Council Members
Town of Maringouin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, 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 Maringouin, Louisiana as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Maringouin, Louisiana's basic financial statements, and have issued our report thereon dated March 23, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Town of Maringouin, Louisiana's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. [2017-001]

Compliance and Other matters

As part of obtaining reasonable assurance about whether the Town of Maringouin, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing* and which are described in the accompanying schedule of findings and responses as items 2017-002 and 2017-003.

Town of Maringouin, Louisiana's Response to Findings

The Town of Maringouin, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Maringouin, Louisiana's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deiz, Dupuy + Ruiz

Gonzales, Louisiana

March 23, 2018

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2017

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type-of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

- | | | | | | |
|---|-------|-----|-------|-------|---------------|
| • Material weakness(es) identified? | _____ | yes | _____ | X | no |
| • Significant deficiency(ies) identified that are not considered to be a material weaknesses? | _____ | X | yes | _____ | none reported |
| Noncompliance material to financial statements noted? | _____ | X | yes | _____ | no |

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2017-001 Legislative Audit Advisory Services Report

Criteria: In March 2009, the Louisiana Legislative Auditor issued an advisory services report relating to the best practices review of Town operating practices. The report outlined deficiencies in operations, opportunities to enhance procedures and recommendations for corrective action. The unresolved matters outlined in the report relate to the following:

Utility Customer Accounts

Reconciliation of the Master Water Meter

Condition: Management implemented procedures to report master water meter readings to the town clerk for reconciliation to customer usage in April 2017, although the procedures were not consistently performed monthly after implementation.

Effect: The Town is unable to determine if water billings to customer agrees to the total usage by town.

Cause: The Town did not adhere to the adopted policies and procedures to reconcile the Master Water Meter and management did not review the procedures to ensure the reconciliations were complete and accurate.

Recommendation: The Town should consider implementing the recommendations made by the Legislative Auditor to develop procedures to ensure that the Town Clerk is provided with adequate monthly master meter readings to reconcile usage to customers' billings.

Views of responsible officials and planned corrective action: The Town has adopted policies and procedures in March 2016 and implemented those procedures in April 2017. While the implementation process was finalized, Town management did not consistently monitor Town personnel to ensure the procedures were being conducted on a monthly basis.

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2017

B. FINDINGS – COMPLIANCE WITH STATE LAWS AND REGULATIONS

2017-002 Public Bid Law

Criteria: R.S. 38:2234 provides that political subdivisions may lease, rent, or purchase telecommunications or data processing systems, including equipment, and related services, through a Request for Proposal.

Condition: The Town acquired a data processing system, including equipment, and related services, through a Request for Proposal without providing public notice of the RFP and date scheduled for opening the RFP.

Effect: The Town is non-compliant with the telecommunications and data processing procurement law, a permissive alternative to public bid law.

Cause: The Town did not provide public notice of the RFP at least thirty days prior to the date scheduled for opening the RFPs.

Recommendation: The Town should comply with public bid laws or permissive alternatives for all purchases.

Views of responsible officials and planned corrective action: Management understand the context of this reportable item and is the laws and regulations effective to comply with the Louisiana Public Bid Law and will ensure compliance with the Public Bid Law is followed in future periods.

2017-003 Budget Law

Criteria: R.S. 38:2234 provides that the governing authority to amend the budget when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

Condition: The General Fund actual revenues had an unfavorable variance of 8.62% of the final budgeted amounts.

Effect: The Town is non-compliant with the Louisiana budget law.

Cause: The budget was not amended when actual revenues exceeded the budget by more than 5%.

Recommendation: The Town should monitor budgets on a continual basis to determine if budget amendments are necessary to comply with budget laws.

Views of responsible officials and planned corrective action: Management will continue to monitor actual revenues and expenditures throughout the year to ensure budget compliance in future fiscal years.

TOWN OF MARINGOUIN, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2017

FINDINGS – FINANCIAL STATEMENT AUDIT

2016-001 Legislative Audit Advisory Services Report

Observation: In March 2009, the Louisiana Legislative Auditor issued an advisory services report relating to the best practices review of Town operating practices. The report outlined deficiencies in operations, opportunities to enhance procedures and recommendations for corrective action. The unresolved matters outlined in the report relate to the following:

- Utility Customer Accounts

Utility Customer Accounts

Reconciliation of the Master Water Meter

Condition: Management has not implemented adequate procedures to report master water meter readings to the town clerk for reconciliation to customer usage.

Current Year Status: Similar finding reported in current year.

FINDINGS – NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

None noted.



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor, Town Council Members and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Maringouin (the "Town") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the functions noted above.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the functions noted above with the exception of how vendors are added to the vendor list.

Management's response: The Town intends to amend the purchasing policy to address how vendors are added to the vendor list.

- c) **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits.

Written policies and procedures were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Town does not have a contracting policy to address the functions noted above.

Management's response: The Town intends to prepare a contracting policy to address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The Town does not have a credit card policy to address the functions noted above.

Management's response: The Town intends to prepare a credit card policy to address the functions noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Town does not have an ethics policy to address the functions noted above.

Management's response: The Town intends to prepare an ethics policy to address the functions noted above.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Town does not have a debt service policy to address the functions noted above.

Management's response: The Town intends to prepare a debt policy to address the functions noted above.

Board (or Finance Committee, if applicable)

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

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

The Town's minutes reflected the board met monthly with a quorum.

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

The minutes include monthly budget to actual comparisons.

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

Not applicable.

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

The minutes reference non-budgetary information such as approval of contracts.

Bank Reconciliations

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

Obtained listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months.

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

The bank reconciliations prepared for accounts selected include evidence that each bank reconciliation has been reviewed.

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

Not applicable.

Collections

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

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

Collections are performed by four employees of the Town at two locations. Two of the four employees responsible for collecting cash are not bonded. One of the four employees responsible for collecting cash is responsible for depositing the cash in the bank. One of the four employees records the related transaction and reconciles the related bank account. One of the four employees at one location shares the same cash drawer.

Management's response: Efforts will be made to segregate duties in the collection process to the extent possible with the limited number of employees involved.

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

The entity does not have a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source, by a person who is not responsible for cash collections in the cash collection location selected.

Management's response: There are 4 employees that are responsible for cash collections at the Town's two cash collection sites. Efforts will be made to develop a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers to the extent possible with the limited number of employees involved at each location.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

One of the two cash collection sites did not make deposits within one day of collection. The number of days from receipt to deposit for the collection site is as follows:

<u>Location</u>	<u>Revenue Source</u>	<u>Number of Receipts</u>	<u>Number of Days from Collection to Deposit</u>
Town Hall	All other revenue sources	4	5-6 days

Management's response: Efforts will be made with the resources available to deposit cash collections within one day.

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

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The entity does not have a formal process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections.

Management's response: Efforts will be made to develop a formal process to determine completeness of all cash collections, including transfer, for each revenue source to the extent possible with the limited number of employees involved.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

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

Obtained listing of disbursements and management's representation that listing is complete.

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

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

We were unable to perform the above prescribed procedure because the entity does not have the resources available to separate duties for the initiation and approval of transactions. However, we noted that invoices and/or adequate supporting documentation was present for the each of the transactions, matched the associated payments, and checks were signed by authorized signor.

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

We were unable to perform the above prescribed procedure because the entity does not have the resources available to separate duties for the initiation and approval of transactions. However, we noted that invoices and/or adequate supporting documentation was present for the each of the transactions, matched the associated payments, and checks were signed by authorized signor.

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

We were unable to perform the above prescribed procedure because the entity does not have the resources available to separate duties for the initiation and approval of transactions. However, we noted that invoices and/or adequate supporting documentation was present for the each of the transactions, matched the associated payments, and checks were signed by authorized signor.

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

The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

Management's response: Due to the limited amount of Town administrative personnel, the Town is not able to properly segregate these functions of processing payment and adding vendors to the Town's purchasing/disbursement system.

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

The Mayor and Town Clerk have signatory authority. The Mayor also has authority to initiate purchases and the Town Clerk is responsible for initiating and recording purchases.

Management's response: Due to the limited number of resources available, the Town is unable to adequately segregate these duties. The Mayor reviews supporting documentation prior to signing checks for purchases/disbursements and reviews financial information in efforts to mitigate risk associated with the limited number of employees involved with these transactions. Management feels that this is the most cost-efficient process for the Town with the limited number of resources available to the Town.

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

The supply of unused checks is maintained in a locked location. The Town clerk who has signatory authority and system access to print checks has access to print checks has access to the supply of unused checks.

Management's response: The Town's mayor, through a contracted accounting firm, prepares the bank reconciliations as a monitoring control as oversight of disbursements.

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

The Town does not use signature stamps.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained listing of credit cards/debit cards/fuel cards and management's representation that listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

One credit card was selected.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Mayor receives all credit card statements received in the mail, and reviews all statements prior to forwarding to accounting. Review and approval is not evidenced in writing; however, the Mayor signs all disbursement checks for credit card disbursements.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Finance charges and/or late fees was assessed on the selected statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions noted.

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

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Obtained listing of travel and related expense reimbursements and management's representation that listing is complete.

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

Policies were obtained. No exceptions noted.

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

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

Expenses were paid in accordance with written policy.

- b) Report whether each expense is supported by:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Contracts

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

Obtained listing of contracts in effect and management's representation that listing was complete.

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

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

Formal/written contracts were obtained that supports the services arrangements. No exceptions noted.

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

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

No exceptions noted.

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

Not applicable.

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

The contracts selected were not amended during the current fiscal period.

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

Payments made on each contract were within the terms and conditions of the contract.

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

No exceptions noted.

Payroll and Personnel

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

Obtained listing of employees with their related salaries and management's representation that listing was complete.

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

No exceptions noted.

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

No changes noted.

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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

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

Four of eight employee times sheets evidenced that a supervisor approved the timesheets. One of eight employees selected is a salaried supervisor and does not require approval. Three of eight employee's time sheets were not required to be and were not approved by a supervisor.

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

Four of eight employees took leave during the period selected. Leave request were maintained by the Town, however, the leave records were not approved by a supervisor.

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

No exceptions noted.

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

Employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms were submitted to the applicable agencies by the required deadlines for the fiscal period.

Ethics (excluding nonprofits)

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

The Town maintained documentation demonstrating that required ethics training was completed.

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

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Town made the required debt service payments and maintained the required debt reserves.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management asserted that the entity did not have any misappropriations of public funds or assets.

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

The Town has posted on its premises and website the notice required by R.S. 24:523.1.

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

No exceptions noted.

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

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

Diaz, Deeping & Ruiz

Gonzales, Louisiana
March 23, 2018