

**TOWN OF MADISONVILLE,
LOUISIANA**

Annual Financial Statements

June 30, 2017



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Independent Auditor's Report

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of the Town of Madisonville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



A Professional Accounting Corporation

Covington, LA
December 12, 2017

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

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

For the Year Ended June 30, 2017

As management of the Town of Madisonville, Louisiana (the Town), we offer readers this narrative overview and financial analysis of the financial activities of the Town as of June 30, 2017, and for the year then ended.

Financial Highlights

The Town's assets exceeded its liabilities by \$10,183,388 and \$9,964,214 at June 30, 2017 and 2016, respectively (*net position*). Of this amount, \$929,395 and \$769,227, respectively, (*unrestricted net position*) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$219,174 and \$61,690, for the years ended June 30, 2017 and 2016, respectively.

The Town's governmental funds reported combined ending fund balances of \$2,176,613 and \$2,176,883, at June 30, 2017 and 2016, respectively. Combined governmental fund balances decreased by \$270 and increased by \$1,150, for the years ended June 30, 2017 and 2016, respectively.

Overview of Financial Statements

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

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

Government-Wide Financial Statements

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

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

TOWN OF MADISONVILLE, LOUISIANA Management's Discussion and Analysis

For the Year Ended June 30, 2017

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

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

Fund Financial Statements

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

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

Notes to the Financial Statements

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

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2017

Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current Assets	\$ 2,182,462	\$ 2,197,543	\$ 1,629,705	\$ 1,665,501	\$ 3,812,167	\$ 3,863,044
Capital Assets	4,160,995	3,942,697	5,006,713	5,054,269	9,167,708	8,996,966
Total Assets	6,343,457	6,140,240	6,636,418	6,719,770	12,979,875	12,860,010
Deferred Outflows of Resources	145,117	100,446	205,891	110,241	351,008	210,687
Liabilities						
Current and Other Liabilities	5,849	20,660	566,379	500,285	572,228	520,945
Long-Term Liabilities	330,714	281,710	2,231,215	2,289,974	2,561,929	2,571,684
Total Liabilities	336,563	302,370	2,797,594	2,790,259	3,134,157	3,092,629
Deferred Inflows of Resources	5,514	5,952	7,824	7,902	13,338	13,854
Net Position						
Net Investment in Capital Assets	4,160,995	3,942,697	3,244,713	3,083,269	7,405,708	7,025,966
Restricted - Boat Launch Parking Lot	-	59,161	-	-	-	59,161
Restricted - Sales Tax Usage	1,562,177	1,740,080	-	-	1,562,177	1,740,080
Restricted - Revenue Bonds	-	-	286,108	369,780	286,108	369,780
Unrestricted	423,325	190,426	506,070	578,801	929,395	769,227
Total Net Position	\$ 6,146,497	\$ 5,932,364	\$ 4,036,891	\$ 4,031,850	\$ 10,183,388	\$ 9,964,214

The amount of net investment in capital assets represents 73% of total net position. Net investment in capital assets consists of land, infrastructure, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2017

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 17,025	\$ 24,375	\$2,631,397	\$2,418,414	\$ 2,648,422	\$2,442,789
Operating Grants and Contributions	91,721	20,471	54,391	-	146,112	20,471
General Revenues						
Taxes	1,134,232	1,171,783	-	-	1,134,232	1,171,783
Licenses and Permits	207,336	183,326	-	-	207,336	183,326
Fines and Forfeitures	60,280	36,407	-	-	60,280	36,407
Other Revenue	22,063	25,883	33,743	55,513	55,806	81,396
Extraordinary Item - Madisonville						
Investment Earnings	4,212	4,541	4,756	1,914	8,968	6,455
Special Item - Loss on Disposal of Capital Assets	-	(8,140)	-	-	-	(8,140)
Total Revenues	1,536,869	1,458,646	2,724,287	2,475,841	4,261,156	3,934,487
Expenses						
General Government	490,052	578,983	-	-	490,052	578,983
Public Safety	609,900	485,677	-	-	609,900	485,677
Public Works	372,368	423,629	-	-	372,368	423,629
Recreation	48,594	46,536	-	-	48,594	46,536
Gas	-	-	1,659,122	1,529,633	1,659,122	1,529,633
Sewer	-	-	430,098	398,403	430,098	398,403
Water	-	-	270,281	238,232	270,281	238,232
Garbage	-	-	107,119	114,986	107,119	114,986
Interest Expense	-	-	54,448	56,718	54,448	56,718
Total Expenses	1,520,914	1,534,825	2,521,068	2,337,972	4,041,982	3,872,797
Change in Net Position Before Transfers	15,955	(76,179)	203,219	137,869	219,174	61,690
Transfers	198,178	-	(198,178)	-	-	-
Change in Net Position	214,133	(76,179)	5,041	137,869	219,174	61,690
Net Position, Beginning of Year	5,932,364	6,008,543	4,031,850	3,893,981	9,964,214	9,902,524
Net Position, End of Year	\$ 6,146,497	\$ 5,932,364	\$ 4,036,891	\$ 4,031,850	\$ 10,183,388	\$ 9,964,214

Financial Analysis of the Funds

The Town's General Fund had an increase in fund balance of \$177,633 for the year ended June 30, 2017. The Town's Special Revenue Fund had a decrease in fund balance of \$177,903, for the year ended June 30, 2017. Total governmental fund amounts are different from governmental activities due to capital assets, depreciation of capital assets, and net pension liability.

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

TOWN OF MADISONVILLE, LOUISIANA
Management's Discussion and Analysis

For the Year Ended June 30, 2017

Budget Highlights

As required by law, the Town adopts a budget for its General Fund and Special Revenue Fund. The Town amended its Special Revenue Fund budget for the year ended June 30, 2017.

Capital Asset Administration

Capital assets, net of accumulated depreciation, increased by \$170,742, for the year ended June 30, 2017. This was principally due to the extension and replacement of gas lines.

Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$1,971,000. The entire amount was secured by the revenues of the Gas Fund.

The Town's total debt decreased by \$201,000 during the current fiscal year due to the anticipated scheduled payments. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

Requests for Information

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

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Net Position
June 30, 2017

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,593,902	\$ 1,146,442	\$ 2,740,344
Investments	111,929	71,202	183,131
Receivables, Net	178,503	211,744	390,247
Inventory	-	3,337	3,337
Internal Balances	298,128	(298,128)	-
Restricted Cash and Cash Equivalents	-	495,108	495,108
Capital Assets, Net	4,160,995	5,006,713	9,167,708
Total Assets	6,343,457	6,636,418	12,979,875
Deferred Outflows of Resources			
Deferred Outflows on Pension Obligation	145,117	205,891	351,008
Total Deferred Outflows of Resources	145,117	205,891	351,008
Liabilities			
Accounts Payable	5,849	81,358	87,207
Customer Deposits	-	276,021	276,021
Bonds Payable			
Due in One Year	-	209,000	209,000
Due in More Than One Year	-	1,762,000	1,762,000
Net Pension Liability	330,714	469,215	799,929
Total Liabilities	336,563	2,797,594	3,134,157
Deferred Inflows of Resources			
Deferred Inflows on Pension Obligation	5,514	7,824	13,338
Total Deferred Inflows of Resources	5,514	7,824	13,338
Net Position			
Net Investment in Capital Assets	4,160,995	3,244,713	7,405,708
Restricted - Sales Tax Usage	1,562,177	-	1,562,177
Restricted - Revenue Bonds	-	286,108	286,108
Unrestricted	423,325	506,070	929,395
Total Net Position	\$ 6,146,497	\$ 4,036,891	\$ 10,183,388

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2017

Statement B

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 490,052	\$ 17,025	\$ 73,595	\$ (399,432)	\$ -	\$ (399,432)
Public Safety	609,900	-	18,126	(591,774)	-	(591,774)
Public Works	372,368	-	-	(372,368)	-	(372,368)
Recreation	48,594	-	-	(48,594)	-	(48,594)
Total Governmental Activities	1,520,914	17,025	91,721	(1,412,168)	-	(1,412,168)
Business-Type Activities						
Gas	1,659,122	2,060,923	24,040	-	425,841	425,841
Sewer	430,098	272,241	2,885	-	(154,972)	(154,972)
Water	270,281	186,146	27,466	-	(56,669)	(56,669)
Garbage	107,119	112,087	-	-	4,968	4,968
Interest Expense	54,448	-	-	-	(54,448)	(54,448)
Total Business-Type Activities	2,521,068	2,631,397	54,391	-	164,720	164,720
Total	\$ 4,041,982	\$ 2,648,422	\$ 146,112	(1,412,168)	164,720	(1,247,448)
General Revenues						
Taxes						
Sales Taxes				933,182	-	933,182
Property Taxes				120,704	-	120,704
Franchise Taxes				74,493	-	74,493
Other Taxes				5,853	-	5,853
Licenses and Permits				207,336	-	207,336
Fines and Forfeitures				60,280	-	60,280
Other Revenues				22,063	33,743	55,806
Investment Earnings				4,212	4,756	8,968
Transfers				198,178	(198,178)	-
Total General Revenues and Transfers				1,626,301	(159,679)	1,466,622
Change in Net Position				214,133	5,041	219,174
Net Position, Beginning of Year				5,932,364	4,031,850	9,964,214
Net Position, End of Year				\$ 6,146,497	\$ 4,036,891	\$ 10,183,388

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

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

TOWN OF MADISONVILLE, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2017

Statement C

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 465,778	\$ 1,128,124	\$ 1,593,902
Investments	-	111,929	111,929
Due from Other Funds	308,277	249,970	558,247
Receivables	95,110	83,393	178,503
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Total Assets	\$ 869,165	\$ 1,573,416	\$ 2,442,581
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Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 4,759	\$ 1,090	\$ 5,849
Due to Other Funds	249,970	10,149	260,119
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Total Liabilities	254,729	11,239	265,968
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Fund Balances			
Restricted for:			
Sales Tax Usage	-	1,562,177	1,562,177
Unassigned:			
General Fund	614,436	-	614,436
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Total Fund Balances	614,436	1,562,177	2,176,613
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Total Liabilities and Fund Balances	\$ 869,165	\$ 1,573,416	\$ 2,442,581
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The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Statement D

Fund Balances - Total Governmental Funds	\$ 2,176,613
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental Capital Assets	5,618,746
Less: Accumulated Depreciation	(1,457,751)

Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	145,117
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Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,514)
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Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(330,714)</u>
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Net Position of Governmental Activities	<u><u>\$ 6,146,497</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF MADISONVILLE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

Statement E

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Taxes			
Sales Taxes	\$ 466,594	\$ 466,588	\$ 933,182
Property Taxes	120,704	-	120,704
Franchise Taxes	74,493	-	74,493
Other	5,853	-	5,853
Licenses and Permits	207,336	-	207,336
Intergovernmental Grants	18,126	67,740	85,866
Fines and Forfeitures	60,280	-	60,280
Other Revenues	12,239	-	12,239
Boat Trailer Permits	9,360	-	9,360
Community Center Rentals	7,665	-	7,665
Donations	5,855	-	5,855
Interest Income	1,820	2,392	4,212
Total Revenues	990,325	536,720	1,527,045
Expenditures			
Current			
General Government	474,803	-	474,803
Public Safety	609,900	-	609,900
Public Works	21,333	582,284	603,617
Recreation	-	37,173	37,173
Total Expenditures	1,106,036	619,457	1,725,493
Deficiency of Revenues over Expenditures	(115,711)	(82,737)	(198,448)
Other Financing Sources (Uses)			
Transfers In	293,344	-	293,344
Transfers Out	-	(95,166)	(95,166)
Total Other Financing Sources (Uses)	293,344	(95,166)	198,178
Net Change in Fund Balances	177,633	(177,903)	(270)
Fund Balances, Beginning of Year	436,803	1,740,080	2,176,883
Fund Balances, End of Year	\$ 614,436	\$ 1,562,177	\$ 2,176,613

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

TOWN OF MADISONVILLE, LOUISIANA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Statement F

Change in Fund Balances - Total Governmental Funds	\$ (270)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	218,298
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Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions.	<u>(3,895)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 214,133</u></u>
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The accompanying notes are an integral part of these financial statements.

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2017

Statement G

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 1,113,019	\$ 11,477	\$ -	21,946	\$ 1,146,442
Investments	-	-	71,202	-	71,202
Inventory	3,337	-	-	-	3,337
Accounts Receivable, Net	126,804	16,286	26,684	10,470	180,244
Other Receivables	31,500	-	-	-	31,500
Total Current Assets	1,274,660	27,763	97,886	32,416	1,432,725
Non-Current Assets					
Restricted Cash and Cash Equivalents	495,108	-	-	-	495,108
Capital Assets, Net	3,919,364	26,375	1,060,974	-	5,006,713
Total Non-Current Assets	4,414,472	26,375	1,060,974	-	5,501,821
Total Assets	5,689,132	54,138	1,158,860	32,416	6,934,546
Deferred Outflows of Resources					
Deferred Outflows on Pension Obligation	124,051	39,229	42,611	-	205,891
Total Assets and Deferred Outflows of Resources	\$ 5,813,183	\$ 93,367	\$ 1,201,471	32,416	\$ 7,140,437
Liabilities					
Current Liabilities					
Accounts Payable	\$ 52,346	\$ 1,029	\$ 1,091	26,892	\$ 81,358
Due to Other Funds	6,124	1,350	290,654	-	298,128
Total Current Liabilities	58,470	2,379	291,745	26,892	379,486
Current Liabilities Payable from Restricted Assets					
Bonds Payable	209,000	-	-	-	209,000
Non-Current Liabilities					
Customer Deposits	229,450	46,571	-	-	276,021
Bonds Payable	1,762,000	-	-	-	1,762,000
Net Pension Liability	282,706	89,401	97,108	-	469,215
Total Non-Current Liabilities	2,274,156	135,972	97,108	-	2,507,236
Total Liabilities	2,541,626	138,351	388,853	26,892	3,095,722
Deferred Inflows of Resources					
Deferred Inflows on Pension Obligation	4,714	1,491	1,619	-	7,824
Total Deferred Inflows of Resources	4,714	1,491	1,619	-	7,824
Net Position					
Net Investment in Capital Assets	2,157,364	26,375	1,060,974	-	3,244,713
Restricted - Revenue Bonds	286,108	-	-	-	286,108
Unrestricted Net Position	823,371	(72,850)	(249,975)	5,524	506,070
Total Net Position	3,266,843	(46,475)	810,999	5,524	4,036,891
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,813,183	\$ 93,367	\$ 1,201,471	32,416	\$ 7,140,437

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

Statement H

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Operating Revenues					
Charges for Services					
Gas Sales	\$ 2,060,923	\$ -	\$ -	\$ -	\$ 2,060,923
Sewer Service Charges	-	-	272,241	-	272,241
Water Sales	-	186,146	-	-	186,146
Garbage Collection Fees	-	-	-	112,087	112,087
Total Operating Revenues	2,060,923	186,146	272,241	112,087	2,631,397
Operating Expenses					
Gas Purchased	726,086	-	-	-	726,086
Salaries and Related Benefits	317,465	176,801	143,374	-	637,640
Administrative and General	158,451	7,748	147,331	3,829	317,359
Repairs and Maintenance	191,562	23,632	44,285	-	259,479
Depreciation	144,354	4,766	41,922	-	191,042
Garbage Collection	-	-	-	103,290	103,290
Insurance	56,972	7,742	23,340	-	88,054
Utilities	13,290	4,787	29,846	-	47,923
Water Purchases	-	44,355	-	-	44,355
Auto and Truck	30,022	450	-	-	30,472
Authority Fees	20,920	-	-	-	20,920
Total Operating Expenses	1,659,122	270,281	430,098	107,119	2,466,620
Operating Income (Loss)	401,801	(84,135)	(157,857)	4,968	164,777
Nonoperating Revenues (Expenses)					
Cell Tower Lease	-	-	32,243	-	32,243
Grant Income and Other Contributions	24,040	27,466	4,385	-	55,891
Interest Income	2,499	-	2,257	-	4,756
Interest Expense	(54,448)	-	-	-	(54,448)
Total Nonoperating Revenues (Expenses)	(27,909)	27,466	38,885	-	38,442
Income (Loss) Before Transfers	373,892	(56,669)	(118,972)	4,968	203,219
Transfers					
Transfers In	-	67,028	93,223	-	160,251
Transfers Out	(351,729)	-	-	(6,700)	(358,429)
Total Transfers	(351,729)	67,028	93,223	(6,700)	(198,178)
Change in Net Position	22,163	10,359	(25,749)	(1,732)	5,041
Net Position, Beginning of Year	3,244,680	(56,834)	836,748	7,256	4,031,850
Net Position, End of Year	\$ 3,266,843	\$ (46,475)	\$ 810,999	\$ 5,524	\$ 4,036,891

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

Statement I

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 2,029,357	\$ 181,798	\$ 281,365	\$ 111,989	\$ 2,604,509
Payments to Suppliers	(1,188,530)	(87,982)	(255,371)	(94,004)	(1,625,887)
Payments to Employees	(283,975)	(171,371)	(127,781)	-	(583,127)
Net Cash Provided by (Used in) Operating Activities	556,852	(77,555)	(101,787)	17,985	395,495
Cash Flows from Non-Capital Financing Activities					
Cell Tower Lease	-	-	32,243	-	32,243
Grant Income and Other Contributions	24,040	27,466	4,385	-	55,891
Interfund Borrowings and Transfers from Other Funds	(349,917)	61,516	62,902	(6,700)	(232,199)
Net Cash (Used in) Provided by Non-Capital Financing Activities	(325,877)	88,982	99,530	(6,700)	(144,065)
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(143,487)	-	-	-	(143,487)
Interest Paid on Capital Debt	(54,448)	-	-	-	(54,448)
Principal Paid on Capital Debt	(201,000)	-	-	-	(201,000)
Net Cash Used in Capital and Related Financing Activities	(398,935)	-	-	-	(398,935)
Cash Flows from Investing Activities					
Interest Received	2,499	-	2,257	-	4,756
Net Cash Provided by Investing Activities	2,499	-	2,257	-	4,756
Net (Decrease) Increase in Cash and Cash Equivalents	(165,461)	11,427	-	11,285	(142,749)
Cash and Cash Equivalents, Beginning of Year	1,773,588	50	-	10,661	1,784,299
Cash and Cash Equivalents, End of Year	\$ 1,608,127	\$ 11,477	\$ -	\$ 21,946	\$ 1,641,550

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

Statement I (Continued)

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Reconciliation of Operating Income (Loss) to Net					
Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 401,801	\$ (84,135)	\$ (157,857)	\$ 4,968	\$ 164,777
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided by (Used in) Operating Activities					
Depreciation	144,354	4,766	41,922	-	191,042
(Increase) Decrease in:					
Accounts Receivable	(41,270)	(9,187)	9,124	(98)	(41,431)
Other Receivables	(31,500)	-	-	-	(31,500)
Increase (Decrease) in:					
Accounts Payable	8,773	732	(10,569)	13,115	12,051
Customer Deposits	41,204	4,839	-	-	46,043
Net Pension Liability	33,490	5,430	15,593	-	54,513
Net Cash Provided by (Used in)					
Operating Activities					
	<u>\$ 556,852</u>	<u>\$ (77,555)</u>	<u>\$ (101,787)</u>	<u>\$ 17,985</u>	<u>\$ 395,495</u>
Reconciliation of Total Cash and Cash Equivalents					
Cash and Cash Equivalents	\$ 1,113,019	\$ 11,477	\$ -	\$ 21,946	\$ 1,146,442
Restricted Cash and Cash Equivalents	495,108	-	-	-	495,108
Total Cash and Cash Equivalents					
	<u>\$ 1,608,127</u>	<u>\$ 11,477</u>	<u>\$ -</u>	<u>\$ 21,946</u>	<u>\$ 1,641,550</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Introduction

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

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

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

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

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

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

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

Cash and Investments

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

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

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

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

Property Taxes

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

For the year ended June 30, 2017, the Town levied taxes of 8.55 mills that were dedicated to the General Fund.

Sales Taxes

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

Accumulated Unpaid Vacation Leave and Sick Pay

Town employees earn one week of vacation leave after one year of service, and two weeks of vacation leave after four years of service. Any vacation not taken at the end of the year is forfeited. Upon termination of service, employees are paid for unused vacation leave. The Town employees earn one day per month of sick leave, which can be accumulated up to thirty days. Sick leave is forfeited upon termination. There was no material accumulated vacation leave as of June 30, 2017, for which the Town would be held liable.

Accounts Receivable

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

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance was \$15,000, at June 30, 2017.

Capital Assets

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

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

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

Pensions

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

Fund Equity

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity (Continued)

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

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

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

Interfund Transactions

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

Use of Estimates

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

Impact of Recently Adopted Accounting Principles

For the year ended June 30, 2017, the following statements were implemented:

GASB 77, Tax Abatement Disclosures, improves financial reporting by providing financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. There were no abatement programs which reduced the tax revenues of the Town for fiscal year ended June 30, 2017.

GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 78, amends Statements 67 and 68 to require the presentation of covered payroll instead of covered-employee payroll. Covered payroll is defined as payroll on which contributions to a pension plan are based. Other provisions of this Statement do not impact the financial reporting of the Town. As a result of implementation of this Statement, the pension-related schedules in the required supplementary information have been adjusted to reflect covered payroll amounts for all years presented.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Special Revenue Fund. All annual appropriations lapse at fiscal year-end. The Town was in compliance with the Local Budget Act at June 30, 2017. See Note 1 for the procedures the Town follows regarding budgets and budgetary accounting.

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At June 30, 2017, the Town was in compliance with the deposit and investment laws and regulations.

Excess Expenditures Over Appropriations

There were no individual funds which had total actual expenditures and other uses over budgeted appropriations greater than five percent for the year ended June 30, 2017.

Deficit Fund Balance

As of June 30, 2017, the Water Fund had a deficit fund balance in the amount of \$46,475. This is due to the effect of the implementation of GASB 68 and 71, which required the Town to record its proportionate share of the pension plan net pension liability.

Note 3. Cash and Cash Equivalents

Custodial Credit Risk

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

As of June 30, 2017, \$1,980,481 of the Town's bank balance of \$3,287,480 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 4. Investments

Investments of \$183,131, which are stated at market using published market quotes as of June 30, 2017, consist of shares in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at June 30, 2017, is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

LAMP is administered by LAMP, Inc., a nonprofit 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 pool 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 LRS 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investment pools:

- *Credit Risk:* LAMP is rated AAA by Standard & Poor's.
- *Custodial Credit 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 in 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.
- *Concentration of Credit Risk:* Pooled investments are excluded from the five percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM 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 WAM for LAMP's total investments was 39, as of June 30, 2017.
- *Foreign Currency Risk:* Not applicable to money market-like pools.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 4. Investments (Continued)

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Note 5. Receivables

The net receivables at June 30, 2017, were as follows:

	General Fund	Special Revenue Fund	Proprietary Funds	Total
Taxes				
Sales and Use	\$ 83,393	\$ 83,393	\$ -	\$ 166,786
Franchise	11,717	-	-	11,717
Utility Accounts				
Sales	-	-	180,244	180,244
Intergovernmental	-	-	31,500	31,500
Total	\$ 95,110	\$ 83,393	\$ 211,744	\$ 390,247

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2017:

Governmental Activities	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital Assets Not Depreciated				
Land	\$ 651,641	\$ -	\$ -	\$ 651,641
Construction in Progress	45,485	15,043	(45,485)	15,043
Total Capital Assets Not Depreciated	697,126	15,043	(45,485)	666,684
Capital Assets Being Depreciated				
Automobiles	508,761	51,792	-	560,553
Recreation Equipment	204,477	-	-	204,477
Equipment	181,565	5,376	-	186,941
Office Equipment and Furniture	30,960	8,572	-	39,532
Buildings and Improvements	265,137	-	-	265,137
Street and Sidewalk Improvements	1,440,728	285,596	-	1,726,324
Infrastructure	1,930,501	-	-	1,930,501
Other	3,072	35,525	-	38,597
Total Capital Assets Being Depreciated	4,565,201	386,861	-	4,952,062
Less Accumulated Depreciation for:				
Automobiles	(467,750)	(20,897)	-	(488,647)
Recreation Equipment	(161,704)	(1,406)	-	(163,110)
Equipment	(145,228)	(16,814)	-	(162,042)
Office Equipment and Furniture	(30,960)	(1,123)	-	(32,083)
Buildings and Improvements	(238,259)	(6,565)	-	(244,824)
Street and Sidewalk Improvements	(220,372)	(38,841)	-	(259,213)
Infrastructure	(52,285)	(48,262)	-	(100,547)
Other	(3,072)	(4,213)	-	(7,285)
Total Accumulated Depreciation	(1,319,630)	(138,121)	-	(1,457,751)
Total Capital Assets Being Depreciated, Net	3,245,571	248,740	-	3,494,311
Total	\$ 3,942,697	\$ 263,783	\$ (45,485)	\$ 4,160,995

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Business-Type Activities	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital Assets Not Depreciated				
Land	\$ 138,149	\$ -	\$ -	\$ 138,149
Construction in Progress	1,164,497	126,687	(1,291,184)	-
Total Capital Assets Not Depreciated	1,302,646	126,687	(1,291,184)	138,149
Capital Assets Being Depreciated				
Gas Distribution System	4,415,305	1,307,983	-	5,723,288
Water Distribution System	242,203	-	-	242,203
Sewer Plant and Lines	2,447,807	-	-	2,447,807
Total Capital Assets Being Depreciated	7,105,315	1,307,983	-	8,413,298
Less Accumulated Depreciation for:				
Gas Distribution System	(1,735,836)	(144,354)	-	(1,880,190)
Water Distribution System	(226,574)	(4,766)	-	(231,340)
Sewer Plant and Lines	(1,391,282)	(41,922)	-	(1,433,204)
Total Accumulated Depreciation	(3,353,692)	(191,042)	-	(3,544,734)
Total Capital Assets Being Depreciated, Net	3,751,623	1,116,941	-	4,868,564
Total	\$ 5,054,269	\$ 1,243,628	\$ (1,291,184)	\$ 5,006,713

Depreciation was charged to governmental functions as follows, for the year ended June 30, 2017:

General Government - Town Hall	\$ 1,530
Public Works - Street Maintenance	78,908
Public Works - Infrastructure	46,262
Recreation	11,421
Total	\$ 138,121

Note 7. Employee Pension Plan

Municipal Employees' Retirement System of Louisiana (the System)

Plan Description and Provisions

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

Eligibility

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

Retirement Benefits

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

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

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

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

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

Note 7. Employee Pension Plan (Continued)

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

Survivor's Benefits

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

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

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

DROP Benefits

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

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

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

Note 7. Employee Pension Plan (Continued)

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

Disability Benefits

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

Cost-of-Living Increases

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

Deferred Benefits

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

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. The employer contribution rate in effect during the fiscal year ended June 30, 2017, was 11% for Plan B.

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plan (Continued)

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

At June 30, 2017, the Town reported a liability of \$799,929 for its proportionate share of the net pension liability which is recorded on the financial statements as follows:

	Net Pension Liability
Governmental Activities	\$ 330,714
Business-Type Activities	
Gas Fund	282,706
Water Fund	89,401
Sewer Fund	97,108
	<hr/>
Total	<u><u>\$ 799,929</u></u>

The net pension liability was measured as of June 30, 2016, and was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At June 30, 2016, the Town's proportion was .965039%.

For the year ended June 30, 2017, the Town recognized pension expense of \$90,801. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 6,561	\$ 11,559
Changes of Assumptions	39,861	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	196,077	-
Changes in Proportion	37,411	1,779
Employer Contributions Subsequent to the Measurement Date	71,098	-
	<hr/>	<hr/>
Total	<u><u>\$ 351,008</u></u>	<u><u>\$ 13,338</u></u>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plan (Continued)

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

Deferred outflows of resources in the amount of \$71,098 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2017	\$ 78,268
2018	82,794
2019	75,667
2020	29,843
Total	\$ 266,572

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.5%, net of investment expense
Projected Salary Increases	5.00% (2.875% inflation, 2.125% merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	4 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plan (Continued)

Actuarial Assumptions (Continued)

The mortality rate assumption used was verified by combining data from the System with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2006 to June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.6%, for the year ended June 30, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.60%
Public Fixed Income	35%	1.80%
Real Assets	15%	0.80%
Totals	100%	5.20%
Inflation		2.50%
Expected Arithmetic Nominal Return		7.60%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee (PR SAC), taking into consideration the recommendation of the System's actuary.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Town's Proportionate Share of the Net Pension Liability	\$ 1,034,813	\$ 799,929	\$ 599,526

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the Municipal Employees' Retirement System of Louisiana for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website at www.la.la.gov.

Note 8. Lake Pontchartrain Basin Maritime Museum

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 9. Pledged Assets

The Town has a letter of credit agreement totaling \$10,000 in favor of St. Tammany Parish. The letter of credit guarantees the correction of damages that may occur while work is being performed on the gas system outside the Town's city limits. As of June 30, 2017, the letter of credit has not been drawn upon.

Note 10. Contingent Liabilities

The Town is a defendant in several lawsuits, which are currently pending. The majority of the cases are covered by insurance and, in the opinion of legal counsel for the Town, the result of these cases is not probable that a judgment against the Town will occur.

Note 11. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2017, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town had no settled claims resulting from these risks that exceeded its commercial coverage.

Note 12. Long-Term Liabilities

The following is a summary of long-term debt activity of the Town for the year ended June 30, 2017:

	Revenue Bonds
Balance at July 1, 2016	\$ 2,172,000
Proceeds	-
Retirements	<u>(201,000)</u>
Balance at June 30, 2017	<u><u>\$ 1,971,000</u></u>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 12. Long-Term Liabilities (Continued)

Long-term debt was composed of the following at June 30, 2017:

Revenue Bonds

\$1,080,000 Gas Utility Revenue Bonds, Series 2015, due in annual installments with semi-annual interest payments at 2.5% per annum through December 1, 2027, secured by the revenues of the Gas Fund.	\$ 1,040,000
\$1,057,000 Gas Utility Revenue Bonds dated July 24, 2006, due in annual installments with semi-annual interest payments at 2.25% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	429,000
\$743,000 Gas Utility Revenue Bonds dated July 24, 2006, due in annual installments with semi-annual interest payments at 3.75% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	319,000
\$432,000 Gas Utility Revenue Bonds dated December 1, 2006, due in annual installments with semi-annual interest payments at 2.25% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	<u>183,000</u>
Total	<u><u>\$ 1,971,000</u></u>

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

Years Ending June 30,	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 209,000	\$ 51,034
2019	217,000	43,134
2020	226,000	37,120
2021	235,000	30,854
2022	239,000	24,390
2023-2027	695,000	63,188
Thereafter	<u>150,000</u>	<u>1,875</u>
Total	<u><u>\$ 1,971,000</u></u>	<u><u>\$ 251,595</u></u>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 13. Restricted Assets

Boat Launch Parking Lot

In 2009, the Town received a donation in the amount of \$58,374, which is held in a checking account and is restricted for the upkeep of the boat launch parking lot. These funds were utilized during fiscal year ended June 30, 2017, in accordance with their intended purpose.

Revenue Bonds

As shown in Note 12, the Town has \$1,971,000 of future debt service requirements of Gas Utility Revenue Bonds. The proceeds of these bonds were used to construct and acquire extensions, improvements, and replacements of the Town's natural gas utility system. The bond resolution of these issues requires the Town to restrict and maintain the following funds:

Revenue Bond Sinking Fund

The requirement calls for the establishment and maintenance of a Gas Utility Revenue Bond Sinking Fund sufficient to pay promptly and in full the principal and interest on bonds authorized as they become due and payable. This requirement has been met as of June 30, 2017.

Revenue Bond Reserve Fund

Each month, the Town is required to deposit ten percent of the amount to be deposited in the sinking fund until the reserve is equal to the reserve fund requirement. This fund is restricted to be used to pay bonds in case of default. This requirement has been met as of June 30, 2017.

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the gas system. Regular deposits equal to five percent of the amount to be deposited in the sinking fund per month are to be deposited with the regularly designated fiscal agent of the Town. This requirement has been met as of June 30, 2017.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 14. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual fund balances due to/due from other funds at June 30, 2017, were as follows:

Due to/Due from Other Funds	Due to	Due from
General Fund		
Sales Tax Fund	\$ 249,970	\$ 10,149
Gas Fund	-	6,124
Water Fund	-	1,350
Sewer Fund	-	290,654
Sales Tax Fund		
General Fund	10,149	249,970
Gas Fund		
General Fund	6,124	-
Water Fund		
General Fund	1,350	-
Sewer Fund		
General Fund	<u>290,654</u>	<u>-</u>
Total All Funds	<u>\$ 558,247</u>	<u>\$ 558,247</u>

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

Note 15. Excess Expenditures Over Appropriations

During the year ended June 30, 2017, the Special Revenue Fund's actual expenditures of \$619,457 exceeded budgeted expenditures of \$617,800, resulting in an unfavorable variance of \$1,657.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF MADISONVILLE, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

Schedule I

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales Taxes	\$ 516,000	\$ 516,000	\$ 466,594	\$ (49,406)
Property Taxes	120,000	120,000	120,704	704
Franchise Taxes	62,000	62,000	74,493	12,493
Other	7,000	7,000	5,853	(1,147)
Licenses and Permits	171,600	171,600	207,336	35,736
Other Revenues	10,113	10,113	12,239	2,126
Fines and Forfeitures	50,000	50,000	60,280	10,280
Community Center Rentals	-	-	7,665	7,665
Boat Trailer Permits	15,300	15,300	9,360	(5,940)
Intergovernmental Grants	-	-	18,126	18,126
Investment Earnings	5,000	5,000	1,820	(3,180)
Donations	2,640	2,640	5,855	3,215
Total Revenues	959,653	959,653	990,325	30,672
Expenditures				
Current				
Police Expenses	478,000	478,000	584,805	(106,805)
Insurance	137,000	137,000	94,510	42,490
Salaries	115,500	115,500	104,897	10,603
Utilities	77,000	77,000	60,574	16,426
Other	115,000	115,000	88,906	26,094
Legal Fees	42,000	42,000	27,674	14,326
Aldermen Fees	57,000	57,000	57,000	-
Repairs and Maintenance	53,400	53,400	23,883	29,517
Pension Expense	16,300	16,300	11,752	4,548
Payroll Taxes	14,200	14,200	14,024	176
Accounting and Auditing	15,200	15,200	20,325	(5,125)
Auto and Truck	10,000	10,000	8,587	1,413
Advertising	2,700	2,700	3,247	(547)
Capital Outlays	10,000	10,000	5,852	4,148
Total Expenditures	1,143,300	1,143,300	1,106,036	37,264
Deficiency of Revenues over Expenditures	(183,647)	(183,647)	(115,711)	67,936
Other Financing Sources (Uses)				
Transfers In	-	-	293,344	293,344
Total Other Financing Sources (Uses)	-	-	293,344	293,344
Net Change In Fund Balance	\$ (183,647)	\$ (183,647)	177,633	\$ 361,280
Fund Balance, Beginning of Year			436,803	
Fund Balance, End of Year			\$ 614,436	

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2017

Schedule II

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes				
Sales and Use	\$ 516,000	\$ 516,000	\$ 466,588	\$ (49,412)
Intergovernmental Grants	4,600	4,600	67,740	63,140
Interest Income	1,900	1,900	2,392	492
Total Revenues	522,500	522,500	536,720	14,220
Expenditures				
Current				
Salaries	182,700	182,700	158,716	23,984
Repairs and Maintenance	157,000	27,000	26,829	171
Recreation	30,000	30,000	37,173	(7,173)
Insurance	25,600	25,600	38,139	(12,539)
Payroll Taxes	14,000	14,000	10,396	3,604
Pension Expense	12,000	12,000	13,325	(1,325)
Accounting and Auditing	1,900	1,900	3,260	(1,360)
Capital Outlays	164,600	324,600	331,619	(7,019)
Total Expenditures	587,800	617,800	619,457	(1,657)
Deficiency of Revenues over Expenditures	(65,300)	(95,300)	(82,737)	12,563
Other Financing Sources (Uses)				
Transfers Out	-	(95,166)	(95,166)	-
Total Other Financing Sources (Uses)	-	(95,166)	(95,166)	-
Net Change In Fund Balance	\$ (65,300)	\$ (190,466)	(177,903)	\$ 12,563
Fund Balance, Beginning of Year			1,740,080	
Fund Balance, End of Year			\$ 1,562,177	

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Required Supplementary Information Under
GASB Statement No. 68
Schedule of Town's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2017

Schedule III

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

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

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

See independent auditor's report

TOWN OF MADISONVILLE, LOUISIANA
Required Supplementary Information Under
GASB Statement No. 68
Schedule of Town's Contributions
For the Year Ended June 30, 2017

Schedule IV

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

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

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

See independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Compensation Paid to Members
of the Board of Aldermen
For the Year Ended June 30, 2017

<u>Official</u>	<u>Term Expires</u>	<u>Compensation</u>
Brad Haddox, Mayor Pro Tem P.O. Box 156 Madisonville, LA 70447	June 30, 2017	\$ 6,600
Timothy Bounds, Alderman P.O. Box 835 Madisonville, LA 70447	June 30, 2017	\$ 6,600
James Bouey, Alderman P.O. Box 142 Madisonville, LA 70447	June 30, 2017	\$ 6,600
Kevin Doran, Alderman 308 Colleen Ct. Madisonville, LA 70447	June 30, 2017	\$ 6,600
Chris Hitzman, Alderman 1113 Pine St. Madisonville, LA 70447	June 30, 2017	\$ 6,600

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2017

Agency Head
Jean Pelloat, Mayor

Purpose	Amount
Salary	\$24,000
Benefits - Insurance	\$0
Benefits - Retirement	\$2,640
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 12, 2017.

Internal Control Over Financial Reporting

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Schedule of Findings and Responses For the Year Ended June 30, 2017

Compliance and Other Matters

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

Purpose of this Report

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



A Professional Accounting Corporation

Covington, LA
December 12, 2017

TOWN OF MADISONVILLE, LOUISIANA

**Schedule of Findings and Responses
For the Year Ended June 30, 2017**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Results:

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

Federal Awards

Not Applicable

B. Findings – Financial Statement Audit

None

AGREED-UPON PROCEDURES REPORT
Town of Madisonville, Louisiana

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2016 - June 30, 2017

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

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Town of Madisonville (the Town) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Town of Madisonville and the Legislative Auditor, State of Louisiana (LLA), solely to assist the users in assessing certain controls and in evaluating management's assertions about the Town of Madisonville's compliance with certain laws and regulations during the period of July 1, 2016 through June 30, 2017, in accordance with Act 774 of the 2014 Regular Legislative Session prescribed by the LLA. 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 results are as follows:

Utility Payments and Adjustments

1. Obtain the entity's written policies and procedures over utility payments and adjustments and report whether those written policies and procedures address:
 - Account adjustment and required approval for adjustments
 - Procedures for customer cut-offs and/or payment plans
 - Deposits required for new accounts
 - Use and controls over receipt books
 - Procedures for cash drawer shortages
 - Account write-off procedures

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- Timely payment deposit requirements
- Regularly scheduled meter readings and subsequent customer billings
- Location and timing of payment acceptance
- Use of separate cash drawers
- Bonding of employees handling cash
- Requirement of surprise audits of cash receipts

Results: We performed the procedure above and noted no exceptions.

2. Report if the entity is maintaining documentation of nightly cash drawer counts.

Results: The Town maintained documentation of nightly cash drawer counts from January 2017 onward; however, no such documentation was available for June through December 2016.

Management's Response: This procedure was performed during the Act 774 procedures for fiscal year ended June 30, 2016 with the exception that documentation of nightly cash drawer counts was not maintained. Upon receipt of that report, the Town promptly amended its policies to ensure proper documentation was maintained. This exception was corrected.

Board Oversight

1. Obtain the entity's written policies and procedures over budgeting (or report that the entity does not have any written policies and procedures over budgeting) and report whether those written policies and procedures address preparing, adopting, monitoring, and amending the budget.

Results: We performed the procedure above and noted no exceptions.

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

- 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.
- 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).
 - 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.
- 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.

Results: We performed the procedure above and noted no exceptions.

Traffic Tickets

1. Obtain the entity's written policies and procedures over traffic tickets (or report that the entity does not have any written policies and procedures over traffic tickets) and report whether those written policies and procedures address the following:
 - Maintaining ticket books in a secure location
 - Collecting/recording fine payments
 - Remittance of fine payments to the state treasury, per R.S. 32:266
 - Reporting moving violations to the Louisiana Department of Public Safety within 30 days of final disposition, per R.S. 32:393(C)(1)(b)
 - Reducing or dismissing fines
 - Timely deposit of fine payments
 - Location and timing of payment acceptance

Results: We performed the procedure above and noted no exceptions.

2. Observe the location where unissued ticket books are maintained and report whether the location is secured/locked and access is limited to personnel not responsible for issuing tickets. Inquire of management, review supporting documentation, and report whether ticket books are pre-numbered and issued to officers in numerical sequence. Report whether the entity tracks which ticket books are issued to which officers.

Results: We performed the procedure above and noted no exceptions.

3. Obtain a listing of all ticket books that were issued to officers during the fiscal period and management's representation that the listing is complete. Randomly select two ticket books, randomly select 5 tickets from each book, and perform the following for the ten tickets:
 - Trace each ticket to final disposition or report that the entity does not have documentation of final disposition.
 - If the ticket was marked as paid, trace to deposit documentation. Report any tickets that cannot be traced to deposit documentation.
 - If the ticket was not marked as paid, trace to final disposition. Report whether the final disposition was handled in accordance with entity policy and state/local law. If ticket selected was marked as void, report whether all copies of the ticket book documentation are present or accounted for.

Results: We performed the procedure above and noted no exceptions.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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. 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.

This report is intended solely for the use of management of the Town of Madisonville and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

A Professional Accounting Corporation

Covington, LA
December 12, 2017