

TOWN OF MARINGOUIN, LOUISIANA

FINANCIAL STATEMENTS

September 30, 2019

TOWN OF MARINGOUIN, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability and schedule of pension contributions on pages 3 through 12 and 52 through 58 be presented to supplement the basic financial statements. Such information; although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Maringouin, Louisiana's basic financial statements. The accompanying water and sewer system schedule, schedule of insurance in force, schedule of mayor and town council and schedule of compensation, benefits and other payments to agency head on pages 60 through 63 are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020, on our consideration of the Town of Maringouin, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Maringouin, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Maringouin, Louisiana's internal control over financial reporting and compliance.



March 6, 2020
Gonzales, Louisiana

TOWN OF MARINGOUIN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Town of Maringouin's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the Town's financial statements, which begin on page 14. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

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

FINANCIAL HIGHLIGHTS

In 2019, the Town of Maringouin experienced an increase in total revenues relative to prior year. The increase was primarily due to an increase of capital grants and contributions and sales tax revenue in governmental activities of \$7,000 and \$267,000, respectively, compared to 2018; charges for services in business-type activities decreased by \$16,000 and business-type capital grants increased by \$122,000.

The major financial highlights for 2019 are as follows.

- Assets of the Town's primary government exceeded its liabilities at the close of the year by approximately \$8.6 million (net position). Of this amount, approximately \$1.5 million (unrestricted net position) may be used without restrictions to meet the Town's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by approximately \$661,000 during 2019.
- Governmental activities net position increased by approximately \$489,000.
- Business-type activities net position increased by approximately \$172,000.
- As of the end of the year, the primary government's governmental funds reported combined fund balances of approximately \$3.5 million. Approximately 12% of the fund balances, or \$422,000, is restricted for fire protection activities. Additionally, \$36,000 is restricted for debt service related the construction of the new town governmental complex.

Significant aspects of the Town's financial well-being as of and for the year ended September 30, 2019, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

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

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

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

Reporting on the Town as a Whole

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

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

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

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

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

At September 30, 2019, the Town's net position was \$8.6 million, of which \$1.5 million was unrestricted. Restricted net positions are reported separately to show legal constraints from debt covenants and enabling legislation that limits the Town's ability to use those net positions for day-to-day operations.

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

Town of Maringouin, Louisiana
Statement of Net Position
September 30, 2019 and 2018
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 3,571	\$ 3,145	\$ 520	\$ 489	\$ 4,091	\$ 3,634
Deferred outflows of resources	60	105	102	126	162	231
Capital assets	3,050	3,018	5,713	5,899	8,763	8,917
Total assets and deferred outflows of resources	<u>\$ 6,681</u>	<u>\$ 6,268</u>	<u>\$ 6,335</u>	<u>\$ 6,514</u>	<u>\$ 13,016</u>	<u>\$ 12,782</u>
Current and other liabilities	75	64	991	1,245	1,066	1,309
Deferred inflows of resources	33	32	28	30	61	62
Long-term liabilities	1,203	1,291	2,024	2,119	3,227	3,410
Total liabilities and deferred inflows of resources	<u>1,311</u>	<u>1,387</u>	<u>3,043</u>	<u>3,394</u>	<u>4,354</u>	<u>4,781</u>
Net position (deficit):						
Net investment in capital assets	2,253	2,151	4,229	4,329	6,482	6,480
Restricted	459	404	192	182	651	586
Unrestricted (deficit)	<u>2,658</u>	<u>2,326</u>	<u>(1,129)</u>	<u>(1,391)</u>	<u>1,529</u>	<u>935</u>
Total net position	<u>\$ 5,370</u>	<u>\$ 4,881</u>	<u>\$ 3,292</u>	<u>\$ 3,120</u>	<u>\$ 8,662</u>	<u>\$ 8,001</u>

The net position of the Town's governmental activities increased by \$489,000 during 2019. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The \$2.7 million in unrestricted net position of governmental activities represents the accumulated results of operations, or the residual that would remain after the Town paid off all its the debt. The changes in net position are discussed later in this analysis.

The net position of the Town's business-type activities increased by approximately 2.1%, or \$172,000 during 2019. This operational improvement is due to increases in capital grants and contributions of \$122,000. The Town operates natural gas, water distribution, and wastewater treatment systems. The primary focus of this activity is to operate on a profitable basis.

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

Town of Maringouin, Louisiana
Changes in Net Position
September 30, 2019 and 2018
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 86	\$ 93	\$ 1,174	\$ 1,190	\$ 1,260	\$ 1,283
Operating grants and contributions	11	9	-	-	11	9
Capital grants and contributions	7	-	129	7	136	7
General revenues:						
Sales taxes	1,698	1,431	-	-	1,698	1,431
Ad valorem taxes	17	17	-	-	17	17
Other general revenues	70	95	2	2	72	97
Total revenues	1,889	1,645	1,305	1,199	3,194	2,844
Functions/Program expenses:						
General government	520	561	-	-	520	561
Public safety	345	412	-	-	345	412
Roads and streets	513	555	-	-	513	555
Utility operations	-	-	1,073	1,008	1,073	1,008
Interest on long-term debt	22	25	60	61	82	86
Total expenses	1,400	1,553	1,133	1,069	2,533	2,622
Increase in net position	489	92	172	130	661	222
Beginning net position	4,881	4,789	3,120	2,990	8,001	7,779
Ending net position	\$ 5,370	\$ 4,881	\$ 3,292	\$ 3,120	\$ 8,662	\$ 8,001

The increase in the primary government net position between 2019 and 2018 largely relates to increases in sales tax collections by \$267,000, in utility capital grants and contributions by \$129,000, and a decrease in governmental activities expenses related to general governmental maintenance and repairs (\$33,800), public safety – police salaries (\$36,400), and highway and street decreases in salaries (\$12,200) and supplies (\$15,800).

Fund Financial Statements

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

Reporting the Town's Most Significant Funds

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

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

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

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

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

Financial Analysis of the Government's Funds

The general government operations of the Town are accounted for in the General Fund and Special Revenue Fund entitled the Fire Protection Fund. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. The following is a summary of general governmental operations for 2019 and 2018 by fund type:

	(in thousands)			
	2019			2018
	General Fund	Special Revenue Fund	Total	Total
Revenues and other financing sources	\$ 1,677	\$ 203	\$ 1,880	\$ 1,636
Expenditures	1,317	149	1,466	1,424
Net change in fund balance	360	54	414	212
Beginning of year	2,720	369	3,089	2,877
Ending of year	\$ 3,080	\$ 423	\$ 3,503	\$ 3,089

The Town's governmental funds experienced an increase in fund balance of \$414,000 during 2019, primarily due a decrease in general government expenditures while also experiencing an increase in sales tax revenues. At year end, fund balances were approximately \$3.5 million. Approximately \$423,000 has been restricted for funding fire protection activities and \$36,000 for debt service. Of the remaining fund balance, \$3 million is unassigned and available for utilization at the Town's discretion. The unassigned fund balance is accounted for in the Town's General Fund.

The General Fund is the chief operating fund of the Town. At the end of the 2019 fiscal year the General Fund's total assets were approximately \$3.1 million, of which approximately \$2 million is cash, cash equivalents and investments, which includes restricted cash of \$36,000. During 2019, the fund balance of the General Fund increased by approximately \$360,000.

The Town's other major fund is the Fire Protection Fund, which is a special revenue fund. This fund balance increased by approximately \$54,000 during 2019, due to an increase in sales tax revenue and a decrease in debt service expenses.

(continued)

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

<u>Revenue by source</u>	(in thousands)			
	2019		2018	
	Amount	Percent	Amount	Percent
Taxes	\$ 1,748	93.0	\$ 1,480	91.6
Charges for services	73	3.9	72	4.5
Fines	14	0.7	22	1.4
Intergovernmental	18	1.0	9	0.6
Other	27	1.4	33	1.9
Total	<u>\$ 1,880</u>	<u>100.0</u>	<u>\$ 1,616</u>	<u>100.0</u>

Revenues of the primary government for governmental fund types increased by approximately \$264,000 in 2019, due to increase in sales tax taxes of \$268,000.

Expenditures of the governmental funds increased by approximately \$42,000 in 2019. Expenditures, by each major function, are summarized in the following table.

<u>Expenditures by function</u>	(in thousands)			
	2019		2018	
	Amount	Percent	Amount	Percent
General government	\$ 427	29.1	\$ 459	32.2
Public safety	282	19.2	342	24.0
Roads and streets	377	25.7	407	28.6
Debt services	93	6.3	120	8.4
Capital outlay	287	19.6	96	6.8
	<u>\$ 1,466</u>	<u>100.0</u>	<u>\$ 1,424</u>	<u>100.0</u>

The increase in expenditures was largely due to an increase in capital outlay compared to 2018, which were related to a road rehabilitation project, purchase of new firefighting gear and equipment, and a new vehicle for highways and streets department during the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Town’s General Fund budget was amended. The amendment of the operating and capital budgets is a customary practice of the Town and is reflective of the financial changes that occur throughout the fiscal year. The most significant reasons for these budget amendments during 2019 were as follows:

- To reflect an increase in sales and use tax by \$125,000,
- An increase insurance premium revenue by \$10,500,
- An increase in general government expenditures by \$37,000,
- A decrease in roads and streets by \$54,000.

With these adjustments, the actual charges to appropriations (expenditures) were \$397,500 less than the related final budget appropriations of \$1,714,900. Actual revenues were \$126,600 more than related final budget of \$1,549,300.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019 the Town had \$8.7 million invested in a broad range of capital assets, including vehicles, fire equipment, computer equipment, office furniture, land, buildings, roads, and utility systems. This amount represents a net decrease of approximately \$154,000, or approximately 2%, over last year and is related primarily to equipment purchases and capital projects net of current year depreciation. The Town's capital assets, net of depreciation, at September 30, 2019 were as follows:

	(in thousands)		
	Governmental Activities	Business-type Activities	Totals
Land	\$ 623	\$ 9	\$ 632
Buildings	1,401	1	1,402
Equipment and vehicles	260	57	317
Utility plant	-	5,646	5,646
Infrastrure	745	-	745
Construction in progress	21	-	21
Total assets, net of depreciation	\$ 3,050	\$ 5,713	\$ 8,763

The Town’s final 2019 capital outlay budget provided for expenditures of \$295,000, primarily for recreation infrastructure, a patrol unit for the police department and a road project. More detailed information about the Town’s capital assets is presented in Note 6 to the financial statements.

Debt

At year-end the Town had approximately \$3.1 million in long-term debt outstanding, comparable to the previous year, as shown below:

	<u>Balance at 9/30/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 9/30/2019</u>
Revenue bonds	\$ 2,388,572	\$ -	\$ 121,597	\$ 2,266,975
General debt obligations				
Capital leases	48,943	-	35,131	13,812
Claim payable	60,184	-	-	60,184
Net pension liability	912,280	56,451	82,360	886,371
Total governmental	<u>\$ 3,409,979</u>	<u>\$ 56,451</u>	<u>\$ 239,088</u>	<u>\$ 3,227,342</u>

The state of Louisiana limits the amount of general obligation debt that municipalities can issue to 35% of the assessed value of all taxable property within the Town's corporate limits. More detailed information about the Town's long-term liabilities is presented in Notes 7 and 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town's elected and appointed officials considered many factors when setting the 2019 fiscal year budget and tax rates, including the national and state economies. The largest taxpayers to the Town are primarily companies involved in the oil refining and petrochemical processing sectors which are located throughout Iberville Parish. The spending activities of these industries can significantly impact the Town's sales and use tax revenues.

A second important factor affecting the budget is the Town's sales tax collections, which are approximately 55% of total budgeted revenues. The Town believes that sales tax revenues may decrease in 2020 by as much as 10.7% compared to actual collections in 2019. Intergovernmental grant revenues are expected to decline by \$120,000 as a grant funded project was completed in 2019. Total General Fund expenditures for 2020 are projected to increase approximately \$276,200 compared to actual 2019 expenditures due to increase public safety and roads and streets departments spending.

Contacting the Town's Financial Management

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

BASIC FINANCIAL STATEMENTS

TOWN OF MARINGOUIN, LOUISIANA

Exhibit A

STATEMENT OF NET POSITION

September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,312,251	\$ 21,920	\$ 2,334,171
Investments	102,191	-	102,191
Due from other government	289,800	42,930	332,730
Accounts receivable, net	12,177	130,656	142,833
Prepaid expenses	7,613	773	8,386
Internal balances	810,000	(810,000)	-
Restricted assets	36,266	324,007	360,273
Capital assets:			
Non-depreciable	643,791	8,852	652,643
Depreciable, net	2,406,415	5,704,006	8,110,421
Total assets	<u>6,620,504</u>	<u>5,423,144</u>	<u>12,043,648</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension liability	<u>60,406</u>	<u>101,688</u>	<u>162,094</u>
Total deferred outflows of resources	<u>60,406</u>	<u>101,688</u>	<u>162,094</u>
Total assets and deferred outflows of resources	<u>\$ 6,680,910</u>	<u>\$ 5,524,832</u>	<u>\$ 12,205,742</u>
LIABILITIES			
Accounts payable	\$ 39,014	\$ 38,781	\$ 77,795
Accrued expenses	24,246	10,178	34,424
Customer deposits	-	132,562	132,562
Due to other government	10,801	-	10,801
Noncurrent liabilities:			
Due within one year	127,157	73,346	200,503
Due in more than one year	1,076,258	1,950,581	3,026,839
Total liabilities	<u>1,277,476</u>	<u>2,205,448</u>	<u>3,482,924</u>
DEFERRED INFLOWS OF RESOURCES			
Pension liability	<u>33,469</u>	<u>27,823</u>	<u>61,292</u>
Total liabilities and deferred inflows of resources	<u>1,310,945</u>	<u>2,233,271</u>	<u>3,544,216</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	2,253,233	4,229,044	6,482,277
Restricted for:			
Debt service	36,266	191,445	227,711
Fire protection	423,247	-	423,247
Unrestricted (deficit)	<u>2,657,219</u>	<u>(1,128,928)</u>	<u>1,528,291</u>
Total net position	<u>5,369,965</u>	<u>3,291,561</u>	<u>8,661,526</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,680,910</u>	<u>\$ 5,524,832</u>	<u>\$ 12,205,742</u>

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

TOWN OF MARINGOUIN, LOUISIANA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 519,816	\$ 69,731	\$ -	\$ -	\$ (450,085)	\$ -	\$ (450,085)
Public safety:							
Police	242,877	13,653	1,760	7,088	(220,376)	-	(220,376)
Fire	102,210	-	8,706	-	(93,504)	-	(93,504)
Roads and streets	512,765	2,850	-	-	(509,915)	-	(509,915)
Interest on long-term debt	22,222	-	-	-	(22,222)	-	(22,222)
Total governmental activities	<u>1,399,890</u>	<u>86,234</u>	<u>10,466</u>	<u>7,088</u>	<u>(1,296,102)</u>	<u>-</u>	<u>(1,296,102)</u>
Business-type activities:							
Utility operations	<u>1,132,838</u>	<u>1,173,716</u>	<u>-</u>	<u>128,608</u>	<u>-</u>	<u>169,486</u>	<u>169,486</u>
Total primary government	<u>\$ 2,532,728</u>	<u>\$ 1,259,950</u>	<u>\$ 10,466</u>	<u>\$ 135,696</u>	<u>(1,296,102)</u>	<u>169,486</u>	<u>(1,126,616)</u>
General revenues:							
Taxes:							
Sales and use					1,697,861	-	1,697,861
Insurance premium					31,313	-	31,313
Ad valorem					17,403	-	17,403
Other					1,745	-	1,745
Grants and contributions not restricted to specific programs							
Pension revenue					8,487	-	8,487
Other					6,964	-	6,964
Investment earnings					19,571	2,263	21,834
Gain on sale of capital assets					1,875	-	1,875
Total general revenues					<u>1,785,219</u>	<u>2,263</u>	<u>1,787,482</u>
Change in net position					489,117	171,749	660,866
NET POSITION							
Beginning of year					<u>4,880,848</u>	<u>3,119,812</u>	<u>8,000,660</u>
Ending of year					<u>\$ 5,369,965</u>	<u>\$ 3,291,561</u>	<u>\$ 8,661,526</u>

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

TOWN OF MARINGOUIN, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2019

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,907,267	\$ 404,984	\$ 2,312,251
Investments	102,191	-	102,191
Due from other government	271,537	18,263	289,800
Accounts receivable, net	12,177	-	12,177
Prepaid expenses	7,613	-	7,613
Restricted assets	36,266	-	36,266
Due from other funds	<u>810,000</u>	<u>-</u>	<u>810,000</u>
Total assets	<u>\$ 3,147,051</u>	<u>\$ 423,247</u>	<u>\$ 3,570,298</u>
LIABILITIES			
Accounts payable	\$ 39,014	\$ -	\$ 39,014
Accrued expenses	17,164	-	17,164
Due to other government	<u>10,801</u>	<u>-</u>	<u>10,801</u>
Total liabilities	<u>66,979</u>	<u>-</u>	<u>66,979</u>
FUND BALANCE			
Nonspendable	7,613	-	7,613
Restricted for debt service	36,266	-	36,266
Restricted for fire protection	-	423,247	423,247
Unassigned	<u>3,036,193</u>	<u>-</u>	<u>3,036,193</u>
Total fund balance	<u>3,080,072</u>	<u>423,247</u>	<u>3,503,319</u>
Total liabilities and fund balance	<u>\$ 3,147,051</u>	<u>\$ 423,247</u>	<u>\$ 3,570,298</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

September 30, 2019

Total fund balances - governmental funds (Exhibit A-2)		\$	3,503,319
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds			3,050,206
Pension liabilities, deferred inflows and deferred outflows of resources			
Deferred outflows related to pension liability	60,406		
Deferred inflows related to pension liability	(33,469)		
Net pension liability	<u>(346,258)</u>		(319,321)
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Capital leases payable	(7,973)		
Claims payable	(60,184)		
Accrued interest	(7,082)		
Bonds payable	<u>(789,000)</u>		<u>(864,239)</u>
Net position of governmental activities (Exhibit A)		\$	<u>5,369,965</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

For the year ended September 30, 2019

	General Fund	Fire Protection Fund	Total Governmental
REVENUES			
Taxes:			
Sales and use	\$ 1,504,201	\$ 193,660	\$ 1,697,861
Insurance premium	31,313	-	31,313
Ad valorem	17,403	-	17,403
Other	1,745	-	1,745
Charges for services:			
Licenses and permits	51,311	-	51,311
Lease income	18,420	-	18,420
Other	2,850	-	2,850
Fines	13,653	-	13,653
Intergovernmental	8,848	8,706	17,554
Investment earnings	19,571	-	19,571
Miscellaneous	6,541	423	6,964
Total revenues	<u>1,675,856</u>	<u>202,789</u>	<u>1,878,645</u>
EXPENDITURES			
Current function:			
General government	427,229	-	427,229
Public safety:			
Police	197,128	-	197,128
Fire	-	84,823	84,823
Roads and streets	376,971	-	376,971
Debt service	92,852	-	92,852
Capital outlay	223,213	63,967	287,180
Total expenditures	<u>1,317,393</u>	<u>148,790</u>	<u>1,466,183</u>
Excess of revenues over expenditures	358,463	53,999	412,462
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	1,875	-	1,875
Total other financing sources	<u>1,875</u>	<u>-</u>	<u>1,875</u>
Net change in fund balance	360,338	53,999	414,337
FUND BALANCE			
Beginning of year	<u>2,719,734</u>	<u>369,248</u>	<u>3,088,982</u>
End of year	<u>\$ 3,080,072</u>	<u>\$ 423,247</u>	<u>\$ 3,503,319</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

For the year ended September 30, 2019

Net change in fund balance - total governmental fund (Exhibit A-4) \$ 414,337

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

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

Capital outlay	\$ 287,180	
Depreciation and amortization expense	<u>(255,025)</u>	32,155

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

Principal payments on debt		70,115
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest expense		515
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Changes in net pension obligations are reported only in the Statement of Activities		<u>(28,005)</u>
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Change in net position of governmental activities (Exhibit A-1)		<u>\$ 489,117</u>
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TOWN OF MARINGOUIN, LOUISIANA
PROPRIETARY FUND - PUBLIC UTILITY FUND

Exhibit A-6

STATEMENT OF NET POSITION

September 30, 2019

ASSETS

Current assets:	
Cash and cash equivalents	\$ 21,920
Accounts receivable, net	130,656
Due from other government	42,930
Prepays expenses	773
Restricted assets	<u>324,007</u>
Total current assets	<u>520,286</u>
Noncurrent assets:	
Capital assets:	
Non-depreciable	8,852
Depreciable, net	<u>5,704,006</u>
Total noncurrent assets	<u>5,712,858</u>
Total assets	6,233,144

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension liability	<u>101,688</u>
Total assets and deferred inflows of resources	<u>\$ 6,334,832</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 38,781
Accrued expenses	10,178
Customer deposits	132,562
Due to other funds	810,000
Current portion of long-term debt	<u>73,346</u>
Total current liabilities	<u>1,064,867</u>
Noncurrent liabilities:	
Long-term debt	1,410,468
Net pension liability	<u>540,113</u>
Total noncurrent liabilities	<u>1,950,581</u>
Total liabilities	3,015,448

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension liability	<u>27,823</u>
Total liabilities and deferred inflows of resources	<u>3,043,271</u>

NET POSITION (DEFICIT)

Net investment in capital assets	4,229,044
Restricted for debt service	191,445
Unrestricted	<u>(1,128,928)</u>
Total net position	<u>3,291,561</u>
Total liabilities and net position	<u>\$ 6,334,832</u>

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

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

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

For the year ended September 30, 2019

OPERATING REVENUES

Charges for services:

Gas sales	\$ 476,585
Water sales	441,396
Sewer user fees	206,397
Other	49,338
	49,338

Total operating revenues	1,173,716
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OPERATING EXPENSES

Personnel	298,002
Depreciation	336,519
Repairs and maintenance	174,086
Gas purchases	95,605
Professional services	63,692
Utilities	37,281
Insurance	24,339
Billing supplies	17,684
Other	25,657
	25,657

Total operating expenses	1,072,865
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Operating income	100,851
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NONOPERATING

Interest income	2,263
Interest expense	(59,973)
	(59,973)

Total nonoperating, net	(57,710)
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Income before capital grants and contributions	43,141
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CAPITAL GRANTS AND CONTRIBUTIONS

	128,608
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Net income	171,749
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NET POSITION

Beginning of year	3,119,812
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End of year	\$ 3,291,561
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Notes on Exhibit A-9 are an integral part of this statement.

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

STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,186,055
Payments to employees	(275,612)
Payments to suppliers	<u>(416,978)</u>
Net cash provided by operating activities	<u>493,465</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Decrease in due to other funds	<u>(290,000)</u>
Net cash used by noncapital financing activities	<u>(290,000)</u>

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

Proceeds from capital grants	92,278
Capital asset additions	(150,324)
Principal paid on long-term debt	(86,613)
Interest paid on long-term debt	<u>(59,973)</u>
Net cash used by capital and related financing activities	<u>(204,632)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>2,263</u>
Net increase in cash and cash equivalents	1,096

CASH AND CASH EQUIVALENTS

Beginning of period	<u>344,831</u>
End of period	<u>\$ 345,927</u>

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

Operating income	\$ 100,851
Adjustments to operating income:	
Increase to allowance for doubtful accounts	10,082
Depreciation and amortization	336,519
Change in operating assets and liabilities:	
Accounts receivable	(3,677)
Accounts payable and accrued liabilities	36,288
Net pension liability and related deferred inflows and outflows	<u>13,402</u>
Net cash provided by operating activities	<u>\$ 493,465</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS
TO THE STATEMENT OF NET POSITION:**

Cash and cash equivalents	\$ 21,920
Restricted cash	<u>324,007</u>
Total cash	<u>\$ 345,927</u>

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

TOWN OF MARINGOUIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

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

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

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

Reporting Entity

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

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

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government (the Town) and the fund financial statements (individual major funds and combined non-major funds). In 2019, there were no non-major funds. The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (continued)

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

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

Fund Financial Statements

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

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

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

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 2.

Accounts Receivable

In the government-wide statements receivables consist of all revenues earned at year-end and not yet received. For governmental activities uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. In business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$28,883 was recorded at September 30, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Prepaid Expenses

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

Interfund Receivables and Payables

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

Capital Assets

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

Government-wide Statements

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

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is recorded over the assets' estimated useful lives using the straight-line method of depreciation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

The range of estimated useful lives by type of asset is as follows:

Utility system	5-40 years
Buildings and structures	5-39 years
Equipment and Vehicles	5-15 years
Infrastructure	5-20 years

Fund Financial Statements

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

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

Capitalized Interest

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

Long-term Debt

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

Government-wide and Proprietary Fund Net Position

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

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

Governmental Fund Balances

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Resources

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

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

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

Interfund Transfers

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts. No interfund transfers have been made by the Town during 2019.

Deferred Outflows and Inflows of Resources

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

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

Budget Policies and Budgetary Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policies and Budgetary Accounting (Continued)

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

Estimates

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

Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 6, 2020, the date the financial statements were available to be issued.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2019, the Town was not exposed to custodial credit risk.

As of September 30, 2019, the Town had a balance of \$784,650 invested in Louisiana Asset Management Pool (LAMP).

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

LAMP is an investment pool with the following characteristics:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 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 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 or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (NUMBER - days) from LAMP's monthly Portfolio Holdings) as of (DATE - month-end).
- Foreign currency risk: Not applicable.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The investments in LAMP are stated at fair value. 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 net asset 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.

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

Investments, which consist of nonnegotiable certificates of deposits, are not subject to fair value measures.

Restricted Cash and Investments

Certain cash and investment deposit balances are restricted in that they comprise reserves that are required to be maintained under various bond indentures. See also Note 7. The following is a schedule of restricted cash and investment balances at September 30, 2019:

Primary Government	Amount
Debt service	227,711
Customer deposits	132,562
	\$ 360,273

NOTE 3 - DUE FROM OTHER GOVERNMENTS AND GRANTS RECEIVABLE

Due from other governments at September 30, 2019, consists of amounts due from the Parish of Iberville for sales tax of \$289,800. Grants receivable consist of \$22,930 from the State of Louisiana’s Department of Environmental Quality (DEQ) and \$20,000 from the Community Water Enrichment Fund (CWEF) for a utility project to install automatic meter readers.

NOTE 4 - AD VALOREM TAXES

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

NOTE 4 - AD VALOREM TAXES (CONTINUED)

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

The property tax calendar is as follows:

Millage rates adopted	July 21, 2018
Levy date	July 21, 2018
Due date	December 31, 2018
Lien date	January 1, 2019
Collection dates	December 1, 2018 to February 28, 2019

For the year ended September 30, 2019, taxes of 4.22 mills were levied for general government and public purposes on property with assessed valuations totaling \$4,092,620. Total taxes levied and collected were \$17,272 and \$17,403, respectively. Collections also include unpaid amounts from prior assessment years. Property tax millage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year and become delinquent thereafter.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS

As of September 30, 2019, the Public Utility Fund owed the General Fund \$810,000. There were no operating transfers between funds in the 2019 fiscal year.

(Continued)

NOTE 6 - CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 623,015	\$ -	\$ -	\$ 623,015
Construction in progress	19,440	20,776	(19,440)	20,776
Total capital assets not being depreciated	<u>642,455</u>	<u>20,776</u>	<u>(19,440)</u>	<u>643,791</u>
Capital assets being depreciated:				
Buildings and improvements	1,725,557	-	-	1,725,557
Equipment and vehicles	2,490,629	128,858	(20,926)	2,598,561
Infrastructure	1,847,565	156,986	-	2,004,551
Total capital assets being depreciated	<u>6,063,751</u>	<u>285,844</u>	<u>(20,926)</u>	<u>6,328,669</u>
Less accumulated depreciation for:				
Buildings and improvements	280,044	43,987	-	324,031
Equipment and vehicles	2,227,488	131,595	(20,926)	2,338,157
Infrastructures	1,180,623	79,443	-	1,260,066
Total accumulated depreciation	<u>3,688,155</u>	<u>255,025</u>	<u>(20,926)</u>	<u>3,922,254</u>
Total capital assets, being depreciated, net	<u>2,375,596</u>	<u>30,819</u>	<u>-</u>	<u>2,406,415</u>
Governmental activities capital assets, net	<u>\$ 3,018,051</u>	<u>\$ 51,595</u>	<u>\$ (19,440)</u>	<u>\$ 3,050,206</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,852	\$ -	\$ -	\$ 8,852
Construction in progress	6,600	-	(6,600)	-
Total capital assets not being depreciated	<u>15,452</u>	<u>-</u>	<u>(6,600)</u>	<u>8,852</u>
Capital assets being depreciated:				
Utility plant	10,508,898	156,924	-	10,665,822
Buildings	26,800	-	-	26,800
Equipment and vehicles	497,413	-	-	497,413
Total capital assets being depreciated	<u>11,033,111</u>	<u>156,924</u>	<u>-</u>	<u>11,190,035</u>
Less accumulated depreciation for:				
Utility plant	4,694,431	325,804	-	5,020,235
Buildings	25,765	188	-	25,953
Equipment and vehicles	429,314	10,527	-	439,841
Total accumulated depreciation	<u>5,149,510</u>	<u>336,519</u>	<u>-</u>	<u>5,486,029</u>
Total capital assets, being depreciated, net	<u>5,883,601</u>	<u>(179,595)</u>	<u>-</u>	<u>5,704,006</u>
Business-type activities capital assets, net	<u>\$ 5,899,053</u>	<u>\$ (179,595)</u>	<u>\$ (6,600)</u>	<u>\$ 5,712,858</u>

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

General government	\$ 89,615
Police	31,409
Fire	17,387
Roads and streets	<u>116,614</u>
Total depreciation expense - governmental activities	<u>\$ 255,025</u>

Capital Leases

The Town has acquired various equipment under capital lease obligations. The lease payments relating to the equipment have been capitalized and included in equipment on the accompanying government-wide financial statements. The leased equipment has a cost of \$293,418 and \$136,057, which has been recorded in the governmental activities and business-type activities, respectively. Accumulated depreciation recognized on the leases as of September 30, 2019, was \$293,418 and \$136,057 in the governmental activities and business-type activities, respectively.

NOTE 7 - LONG-TERM DEBT

Debt Outstanding

The following is a summary of debt transactions of the Town for the year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Claims payable	\$ 60,184	\$ -	\$ -	\$ 60,184	\$ 60,184
2014 Sales Tax Revenue Bond	845,000	-	56,000	789,000	59,000
Net pension liability	364,008	35,142	52,892	346,258	-
Capital leases	22,088	-	14,115	7,973	7,973
Total governmental	<u>1,291,280</u>	<u>\$ 35,142</u>	<u>123,007</u>	<u>1,203,415</u>	<u>127,157</u>
Business-type activities:					
2000 Sewer System Revenue Bond	\$ 410,995	\$ -	\$ 11,320	\$ 399,675	11,840
2005 Sewer System Revenue Bond	437,577	-	9,277	428,300	9,667
2013 Water Revenue Refunding Bond	695,000	-	45,000	650,000	46,000
Net pension liability	548,272	21,309	29,468	540,113	-
Capital leases	26,855	-	21,016	5,839	5,839
Total business-type	<u>2,118,699</u>	<u>21,309</u>	<u>116,081</u>	<u>2,023,927</u>	<u>73,346</u>
Total long-term debt	<u>\$ 3,409,979</u>	<u>\$ 56,451</u>	<u>\$ 239,088</u>	<u>\$ 3,227,342</u>	<u>200,503</u>

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Debt Outstanding (Continued)

Long-term debt obligations for the primary government at September 30, 2019, are comprised of the following:

Governmental Activities

Claims payable-FEMA (see Note 10)	\$ 60,184
Capital lease payable in monthly payments of \$1,150, matures on April 2020, bearing interest of 2.93%, collateralized by equipment.	7,973
\$1,000,000 Sales Tax Bond secured by a pledge and dedication of sales tax revenue, due in annual installments of various amounts through November 1, 2029; interest at 2.69%.	789,000
Net pension liability	346,258
Total long-term debt from governmental activities	\$ 1,203,415

Enterprise Fund

Revenue Bonds:

\$900,000 Water Revenue Bonds secured by a pledge and dedication of sewer revenues, due in annual installments of various amounts through January 1, 2031; interest at 3.38%	\$ 650,000
\$543,000 Sewer Revenue Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,465 through April 23, 2040; interest at 4.50%	399,676
\$525,000 Bond Anticipation Note secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,263 through April 23, 2045; interest at 4.12%	428,299

Capital Leases:

Capital lease payable in monthly payments of \$938, matures on December 2019, bearing interest of 2.93%, collateralized by equipment.	2,801
Capital lease payable in monthly payments of \$685, matures on December 2019, bearing interest of 2.93%, collateralized by equipment.	1,366
Capital lease payable in monthly payments of \$169, matures on July 2019, bearing interest of 2.93%, collateralized by equipment.	1,672
Net pension liability	540,113
Total long-term debt from business-type activities	\$ 2,023,927

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions

2000 Sewer Revenue Bond

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

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sewer Revenue Bond and Interest Sinking Funds require monthly transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Sewer Revenue Bond Reserve Fund requires monthly transfers of \$237. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$53,846.
4. The Sewer Contingency Fund requires monthly transfers of \$237. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund or Sewer Revenue Bond Reserve Fund. The current balance of the fund is \$36,320.

2013 Water Revenue Refunding Bond

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

1. The Water Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Water Revenue Bond and Interest Sinking Funds require monthly transfers from the Water Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$44,309.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions (continued)

2013 Water Revenue Refunding Bond (continued)

3. The Water Reserve Fund required a deposit equal to the highest combined principal and interest falling due in any year. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$34,699.
4. The Water Depreciation and Contingency Fund require monthly transfers of \$315. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Water Revenue Bond Fund or Water Revenue Bond Reserve Fund. The current balance of the fund is \$22,271.

2014 Sales Tax Revenue Refunding Bond

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

1. The Sales Tax Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sales Tax Revenue Bond and Interest Sinking Funds require monthly transfers from the Sales Tax Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$36,266.

The annual requirements to amortize outstanding debt principal and interest as of September 30, 2019, are as follows:

Year ending 9/30/2019	Governmental Activities				Total Governmental Long-term	
	Capital Leases		2014 Sales Tax Revenue Bond		Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 7,973	\$ 79	\$ 59,000	\$ 20,431	\$ 66,973	\$ 20,510
2021	-	-	61,000	18,817	61,000	18,817
2022	-	-	63,000	17,149	63,000	17,149
2023	-	-	66,000	15,414	66,000	15,414
2024	-	-	68,000	13,611	68,000	13,611
2025-2029	-	-	385,000	38,399	385,000	38,399
2030-2034	-	-	87,000	1,170	87,000	1,170
	<u>\$ 7,973</u>	<u>\$ 79</u>	<u>\$ 789,000</u>	<u>\$ 124,991</u>	<u>\$ 796,973</u>	<u>\$ 125,070</u>

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Year ending 9/30/2019	Business-type Activities					
	Capital Leases		Sewer and Water Revenue Bond		Total Business-type Long-term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,839	\$ 41	\$ 67,507	\$ 56,426	\$ 73,346	\$ 56,467
2021	-	-	70,457	53,887	70,457	53,887
2022	-	-	72,449	51,255	72,449	51,255
2023	-	-	75,485	48,528	75,485	48,528
2024	-	-	78,568	45,688	78,568	45,688
2025-2029	-	-	436,825	181,988	436,825	181,988
2030-2034	-	-	293,046	106,148	293,046	106,148
2035-2039	-	-	224,794	58,884	224,794	58,884
2040-2044	-	-	144,376	14,486	144,376	14,486
2045-2049	-	-	14,468	195	14,468	195
	<u>\$ 5,839</u>	<u>\$ 41</u>	<u>\$ 1,477,975</u>	<u>\$ 617,485</u>	<u>\$ 1,483,814</u>	<u>\$ 617,526</u>

NOTE 8 - PENSION AND RETIREMENT PLANS

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

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

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

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

The Town implemented Government Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions* and Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an Amendment of GASB Statement No. 68. These standards require the Town to record its proportional share of each of the pension plans net pension liability and report the following disclosures:

(Continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

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

Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers.

Funding Policy

The Town's net pension liabilities are typically liquidated through the General Fund and Public Utility Fund. Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2019, for the City and covered employees were as follows:

	Town	Employees
Municipal Employees' Retirement System (Plan A)	26.00%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	32.25%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.25%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.75%	7.50%

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

Plan	2019	2018	2017
MERS (Plan A)	\$ 94,347	\$ 89,323	\$ 87,992
MPERS	6,628	10,222	4,400
Total	\$ 100,975	\$ 99,545	\$ 92,392

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

The following schedule lists the Town's proportionate share of the net pension liability allocated by each of the pension plans for based on the June 30, 2019 measurement date. The Town uses this measurement date to record its net pension liability and associated amounts as of September 30, 2019 in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2018 rate. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2019	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS	\$ 804,409	0.1925%	0.1985%	-0.0060%
MPERS	81,962	0.0090%	0.1068%	-0.0978%
Total	<u>\$ 886,371</u>			

The following schedule list each pension plan's recognized net pension expense of the Town for the year ended September 30, 2019:

	Total
Municipal Employees' Retirement Fund	\$ 41,279
Municipal Police Employees' Retirement Fund	14,340
Total	<u>\$ 55,618</u>

The Town's proportionate share of non-employer contributions were \$12,353 and \$1,858 for MERS and MPERS, respectively, for the year ended September 30, 2019.

(Continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

At September 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 172	\$ 22,148
Changes of assumptions	24,920	-
Net difference between projected and actual earnings on pension plan investments	85,105	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	26,866	37,863
Differences between allocated and actual contributions	684	1,281
Employer contributions subsequent to the measurement date	24,347	-
	\$ 162,094	\$ 61,292

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' System (Plan A)	\$ 124,453	\$ 45,187
Municipal Police Employees' Retirement Fund	37,641	16,105
	\$ 162,094	\$ 61,292

The Town reported \$24,347 as deferred outflow of resources related to pension contributions into the MERS plan made subsequent to the measurement date of June 30, 2019, which will be recognized as a reduction in net pension liability in the year ended September 30, 2020. There were no contributions into the MPERS made subsequent to the measurement date of June 30, 2019.

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

Year	MERS	MPERS	Total
2020	\$ 27,152	\$ 10,470	\$ 37,622
2021	12,064	9,811	21,875
2022	10,188	(1,260)	8,928
2023	6,697	1,333	8,030
	\$ 56,101	\$ 20,354	\$ 76,455

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2019 are as follows:

	Valuation Date	Expected Remaining Service Lives	Investment Rate of Return, net
MERS	June 30, 2019	3 years	7.000%
MPERS	June 30, 2019	4 years	7.125%

The MERS actuarial assumptions used in the June 30, 2019 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018. The MPERS actuarial assumptions used in the June 30, 2019 valuation was based on the results of an experience study, for the period July 1, 2009 through June 30, 2014.

Mortality:

MERS

PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for healthy annuitants and beneficiaries.

PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees.

PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale for disabled annuitants.

MPERS

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

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

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

MERS

Years of Service	Salary Growth Rate
1- 4	6.40%
>4	4.50%

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Salary Increases (continued):

MPERS

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

Cost of Living Adjustments:

MERS

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

MPERS

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

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

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

MERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

MERS (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2019.

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.125% for the year ended June 30, 2019.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2019:

Asset Class	Target Allocation		Long - Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Equity	50%	49%	2.15%	3.28%
Fixed Income	35%	33%	1.51%	0.80%
Alternatives	15%	18%	0.64%	1.06%
Total	100%	100%	4.30%	5.14%
Inflation			2.70%	2.75%
Expected Arithmetic Nominal Return			7.00%	7.89%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 7.000% and 7.125%, respectively for the year ended June 30, 2019.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

The following table presents the Town’s proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Town’s proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the retirement systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Discount Rates	6.000%	7.000%	8.000%
Shares of Net Pension Liability	\$ 1,048,806	\$ 804,409	\$ 597,780
MPERS			
Discount Rates	6.125%	7.125%	8.125%
Shares of Net Pension Liability	\$ 114,200	\$ 81,962	\$ 54,918

NOTE 9 - COMPENSATION TO GOVERNING BODY

The following is a schedule of payments to the council members for the fiscal year ended September 30, 2019:

<u>Council Members</u>	<u>Amount</u>
<u>2019</u>	
Kirkland Anderson	\$ 2,300
John Carriere	2,300
Brian Robinson	2,300
Sam Watson	6,900
Cherise D Gougisha	6,900
Jerome Martin	6,900
Veronica Hill	9,200
Clarence Wiley	9,200
Total	<u>\$ 46,000</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Risk Management

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

Grants

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

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF MARINGOUIN, LOUISIANA
GENERAL FUND**

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

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
Sales and use	\$ 1,250,000	\$ 1,375,000	\$ 1,504,201	\$ 129,201
Insurance premium	30,000	40,500	31,313	(9,187)
Ad valorem	17,000	17,000	17,403	403
Other	2,500	2,000	1,745	(255)
Charges for services:				
Licenses and permits	54,700	60,800	51,311	(9,489)
Lease income	10,000	12,000	18,420	6,420
Other	-	-	2,850	2,850
Fines	25,000	13,000	13,653	653
Intergovernmental	-	-	8,848	8,848
Investment earnings	7,500	17,000	19,571	2,571
Miscellaneous	3,000	12,000	6,541	(5,459)
Total revenues	<u>1,399,700</u>	<u>1,549,300</u>	<u>1,675,856</u>	<u>126,556</u>
EXPENDITURES				
Current function:				
General government	467,600	504,600	427,229	77,371
Public safety - police	333,000	333,800	197,128	136,672
Roads and streets	499,500	445,500	376,971	68,529
Debt service	92,500	92,500	92,852	(352)
Capital outlay	330,000	338,500	223,213	115,287
Total expenditures	<u>1,722,600</u>	<u>1,714,900</u>	<u>1,317,393</u>	<u>397,507</u>
Excess (deficiency) of revenues over expenditures	(322,900)	(165,600)	358,463	524,063
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	1,875	1,875
Net change in fund balance	(322,900)	(165,600)	360,338	<u>\$ 525,938</u>
FUND BALANCE				
Beginning of year	<u>2,974,464</u>	<u>2,719,734</u>	<u>2,719,734</u>	
End of year	<u>\$ 2,651,564</u>	<u>\$ 2,554,134</u>	<u>\$ 3,080,072</u>	

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

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

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Sales and use tax	\$ 155,000	\$ 170,000	\$ 193,660	\$ 23,660
Intergovernmental	4,000	-	8,706	8,706
Miscellaneous	500	500	423	(77)
Total revenues	<u>159,500</u>	<u>170,500</u>	<u>202,789</u>	<u>32,289</u>
EXPENDITURES				
Current function:				
Public safety - fire	132,300	134,800	84,823	49,977
Capital outlay	70,000	70,000	63,967	6,033
Total expenditures	<u>202,300</u>	<u>204,800</u>	<u>148,790</u>	<u>56,010</u>
Net change in fund balance	(42,800)	(34,300)	53,999	<u>\$ 88,299</u>
FUND BALANCE				
Beginning of year	<u>421,055</u>	<u>326,448</u>	<u>369,248</u>	
End of year	<u>\$ 378,255</u>	<u>\$ 292,148</u>	<u>\$ 423,247</u>	

TOWN OF MARINGOUIN, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2019

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

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

The annual operating budget, prepared on the modified accrual basis for governmental funds, covers the General Fund and special revenue fund; enterprise funds are prepared on the accrual basis. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

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

Basis of Accounting

All of the Town's budgets are prepared on the modified accrual basis of accounting as described in Note 1 to the Town's financial statements for the year ended September 30, 2019.

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

As of the fiscal year ended (2):	2019	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.1925%	0.0090%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 804,409	\$ 81,962
Employer's Covered-Employee Payroll	\$ 355,938	\$ 28,361
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	226.00%	289.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.68%	71.01%
As of the fiscal year ended (2):	2018	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.1985%	0.1068%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 822,016	\$ 90,264
Employer's Covered-Employee Payroll	\$ 359,047	\$ 31,510
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	228.94%	286.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.94%	71.89%
As of the fiscal year ended (2):	2017	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.2070%	0.0037%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 867,901	\$ 32,582
Employer's Covered-Employee Payroll	\$ 347,705	\$ 11,512
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	249.61%	283.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.49%	70.01%

(Continued)

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

As of the fiscal year ended (2):	2016	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.2052%	0.0057%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 841,006	\$ 53,706
Employer's Covered-Employee Payroll	\$ 371,286	\$ 14,913
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	226.51%	360.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.11%	66.04%

As of the fiscal year ended (2):	2015	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.2131%	0.0056%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 761,241	\$ 43,698
Employer's Covered-Employee Payroll	\$ 367,534	\$ 14,933
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	207.12%	292.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.18%	70.73%

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

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

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

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

	2019	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 94,223	\$ 9,099
Contributions in Relation to Contractually Required Contribution	94,347	6,628
Contribution Deficiency (Excess)	<u>\$ (124)</u>	<u>\$ 2,471</u>
Employer's Covered Employee Payroll	\$ 362,396	\$ 29,590
Contributions as a % of Covered Employee Payroll	26.00%	30.75%
	2018	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 90,102	\$ 9,699
Contributions in Relation to Contractually Required Contribution	89,705	10,457
Contribution Deficiency (Excess)	<u>\$ 397</u>	<u>\$ (758)</u>
Employer's Covered Employee Payroll	\$ 346,546	\$ 31,541
Contributions as a % of Covered Employee Payroll	26.00%	30.75%
	2017	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 86,057	\$ 3,540
Contributions in Relation to Contractually Required Contribution	85,742	4,327
Contribution Deficiency (Excess)	<u>\$ 315</u>	<u>\$ (787)</u>
Employer's Covered Employee Payroll	\$ 347,705	\$ 11,512
Contributions as a % of Covered Employee Payroll	24.75%	30.75%

(Continued)

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

	2016	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 73,329	\$ 4,735
Contributions in Relation to Contractually Required Contribution	72,812	4,810
Contribution Deficiency (Excess)	<u>\$ 517</u>	<u>\$ (75)</u>
Employer's Covered Employee Payroll	\$ 371,286	\$ 14,913
Contributions as a % of Covered Employee Payroll	19.75%	31.75%
	2015	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 72,588	\$ 4,704
Contributions in Relation to Contractually Required Contribution	72,081	4,700
Contribution Deficiency (Excess)	<u>\$ 507</u>	<u>\$ 4</u>
Employer's Covered Employee Payroll	\$ 367,534	\$ 14,933
Contributions as a % of Covered Employee Payroll	19.75%	31.50%

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

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

MERS (Plan A): Municipal Employees' Retirement System

MPERS: Municipal Police Employees' Retirement System

TOWN OF MARINGOUIN, LOUISIANA

**NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION
LIABILITY AND SCHEDULE OF PENSION CONTRIBUTIONS**

For the year ended September 30, 2019

NOTE 1 - NET PENSION LIABILITY

Changes of Benefit Terms

Municipal Employees' Retirement System (Plan A):

No Changes.

Municipal Police Employees' Retirement System:

No Changes.

Changes of Assumptions

Municipal Employees' Retirement System (Plan A):

In 2019, the inflation rate decreased from 2.60% to 2.50%. Investment rate of return decreased from 7.275% to 7.000%. Long-term expected real rate of return decreased from 7.28% to 7.00%.

In 2018, the inflation rate decreased from 2.70% to 2.60%. Investment rate of return decreased from 7.400% to 7.275%. Long-term expected real rate of return decreased from 7.20% to 7.00%.

Municipal Police Employees' Retirement System:

In 2019, the inflation rate decreased from 2.6% to 2.5%. Investment rate of return decreased from 7.2% to 7.125%. Long-term expected real rate of return decreased from 8.03% to 7.89%.

In 2018, the inflation rate has remain constant at 2.6%. Investment rate of return decreased from 7.325% to 7.200%. Long-term expected real rate of return decreased from 8.19% to 8.03%.

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

September 30, 2019
(Without Audit)

Records maintained by the Town of Maringouin indicated the number of residential and commercial users for both water and sewer systems at September 30, 2019 were as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	1,099	439
Commercial	63	34
Governmental	<u>13</u>	<u>-</u>
Total	<u>1,175</u>	<u>473</u>

At September 30, 2019, the Town was charging the following rates for usage of their water and sewer systems:

Schedule of Water Rates

Residential - inside municipality:
\$15.61 – (minimum)
Plus usage = \$0.208 per 100 gallons

Residential - outside municipality:
\$17.69 – (minimum)
Plus usage = \$0.224 per 100 gallons

Commercial:
\$26.02 – (minimum)
Plus usage = \$0.198 per 100 gallons

Multi-unit structure with master meter (Ridgewood):
\$52.02 – (minimum)
Plus usage = \$0.214 per 100 gallons

Schedule of Sewer Rates

Residential:
\$23.42 base rate
Plus usage = \$0.208 per 100 gallons

Commercial:
\$31.22 base rate
Plus usage = \$0.203 per 100 gallons

TOWN OF MARINGOUIN, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE

September 30, 2019
(Without Audit)

Issuer	Kind of Insurance	Insurance	Expiration Date
LA Municipal Risk Management Agency	Automobile Liability	\$500,000 CSL Bodily Injury and Property Damage	5/1/2020
	Commercial General Liability	\$500,0000 CSL Bodily Injury and Property Damage	5/1/2020
	Errors and Omissions	\$500,0000 CSL Errors and Omissions	5/1/2020
	Law Enforcement Officer	\$500,0000 CSL Personal Injury and Property Damage	5/1/2020
Rod Prejean	Automobile Liability	\$212,449 CSL Automobile Damage	3/7/2020
L. Bouanchaud	Commercial General Liability	\$1,415,000 CSL Property Damage	10/31/2020
	Commercial General Liability	\$105,000 CSL Business Personal Property Damage	10/31/2020

TOWN OF MARINGOUIN, LOUISIANA

SCHEDULE MAYOR AND TOWN COUNCIL

September 30, 2019
(Without Audit)

The Town's Mayor and Town Council at September 30, 2019 are as follows:

Maurice Harris
Post Office Box 655
Maringouin, LA 70757
(225) 937-7107

Town Council:

Sam Watson
Post Office Box 449
Maringouin, LA 70757
(225) 625-4527

Clarence Wiley
Post Office Box 391
Maringouin, LA 70757
(225) 276-7657

Jerome "Gillis" Martin
Post Office Box 33
Maringouin, LA 70757
(225) 270-7489

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

Cherise Gougisha
Post Office Box 531
Maringoin, LA 70757
(225) 270-5910

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD

September 30, 2019

Agency Head: Demi Vorise, Mayor

Purpose	Amount
Salary	\$ 4,250

Agency Head: Maurice Harris, Mayor

Purpose	Amount
Salary	\$ 12,750
Reimbursements	362
Registration fees	635
	\$ 13,747



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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 Maringouin, Louisiana as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Maringouin, Louisiana's basic financial statements and have issued our report thereon dated March 6, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Town of Maringouin, Louisiana's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-002 and 2019-003 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2019-001 to be a significant deficiency.

Compliance and Other matters

As part of obtaining reasonable assurance about whether the Town of Maringouin, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-004.

Town of Maringouin, Louisiana's Response to Findings

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

Purpose of this Report

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



Gonzales, Louisiana
March 6, 2020

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2019

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type-of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001 Legislative Audit Advisory Services Report

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

Reconciliation of the Master Water Meter

Condition: Management implemented procedures to report master water meter readings to the town utility clerk to reconcile monthly the master water meter to customer usage. The reconciliation was prepared consistently during the current fiscal year. However, reconciliations resulted in a significant number of gallons of water unaccounted for each month the reconciliation was prepared and management did not take action to determine the nature of the variance, nor provide an explanation for the gallons unaccounted for at the time the reconciliation was prepared.

Effect: The Town is unable to reconcile the Town’s total water consumption to the consumption billed to customers and has a significant number of gallons of water unaccounted for.

Cause: The variances as a result of the monthly reconciliations are due to, but not limited to, facilities owned by the Town that consume water and are either not metered or read for consumption.

Recommendation: The Town should meter all Town facilities and monitor other water consumption of the Town, such as flushing of water lines/hydrants, to minimize the number of gallons of water unaccounted for and develop an acceptable level of variance of unaccounted gallons during the reconciliation process. The Town should also consider providing explanations for gallons unaccounted for that exceed the variances.

Views of responsible officials and planned corrective action: The Town agrees with the above recommendations and intends to monitor all Town water consumption by developing a reconciliation process that minimizes and documents gallons of water unaccounted for.

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2019

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2019-002 Gas Utility Billing

Criteria: Town Ordinance defines the rates and determination of monthly service charges for gas billing. With the assistance of a third-party consultant, gas rates are determined and applied on a monthly basis in accordance with criteria set by ordinance.

Condition: The Town's gas utility rate determined for May through August 2019 did not agree to the actual rates charged to customers for the months. The actual rates used to bill the Town customers were less than rates determined by criteria set by ordinance, for the respective months noted, resulting in the Town underbilling its customers for gas consumption.

Effect: The Town underbilled gas customers for the period May 2019 through August 2019.

Cause: The Town does not have adequate controls in place to ensure accurate rates are applied in the billing software to all utility rates and codes for the services provided by the Town. The Town also lacks procedures for maintaining documentation used to determine the monthly gas rates.

Recommendation: The Town of Maringouin should consider developing policies and procedures that document the determination and application of monthly gas rates performed by the Town's third-party consultant. The documentation should be reviewed, approved and retained to verify that rates charged to customers are in accordance with formulas set by ordinance and agree to amounts billed to customers.

Views of responsible officials and planned corrective action: Prior to utility bills begin mailed, management with randomly test utility bills to ensure customers were charged at rates as determined by Town ordinance.

2019-003 Utility Customer Accounts / Past Due Balances and Adjustments to Customer Accounts

Criteria: Town Policy defines the timeline for when payments for utility services are due as well as the cut-off process for delinquent utility users. In addition, the Town does not define guidelines for adjusting utility customer accounts, nor does the Town have a consistent process to make adjustments to customer accounts.

Condition: Management of the Town did not consistently cut-off services on past due accounts. In addition, adjustments were made to customer accounts and the Town failed to maintain documentation to support that the adjustment was approved by someone other than the individual making the adjustment and/or the reason for which the adjustment was made.

Effect: Continuing to provide utility services after the cut-off date and not actively trying to collect all delinquent utility account balances, or forgiving, reducing or adjusting downwards a utility customer's account absent any error on the part of the Town is prohibited by Article VII, Section 14(A) of the Louisiana Constitution.

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2019

B. FINDINGS – FINANCIAL STATEMENT AUDIT

**2019-003 Utility Customer Accounts / Past Due Balances and Adjustments to Customer Accounts
(continued)**

Cause: Management did not adhere to the Town’s cut-off policy nor consider the recommendations from the Utility Committee Chair to cut-off utility services to customer with past due balances. The Town does not have adequate controls in place to document, review and approve adjustments made to customer accounts.

Recommendation: The Town of Maringouin should take action to collect on all past due balances and enforce the Town’s policy going forward. The Town should also amend its Utility Policy to include a policy for reviewing, approving and making adjustments to customer accounts.

Views of responsible officials and planned corrective action: Management is in the process of updating utility collection and cut-off policies for past due utility balances. Management plans to implement policies by May 2020. Additionally, management has implemented a process for documenting approval of adjustments to customer utility accounts in February 2020. The process ensures an explanation for the adjustment, customer information and identified the adjustment approver for each customer account adjustment made.

C. FINDINGS – COMPLIANCE WITH STATE LAWS AND REGULATIONS

2019-004 Public Bid Law

Criteria: For purchases of materials and supplies with a value of more than \$30,000, local governmental entities must advertise and let for contract with the lowest responsible bidder or make certain purchases through an alternative procurement method as a cost-savings alternative.

Condition: The Town purchased a vehicle during the year and did not maintain documentation to support that the Town complied with public bid law requirements.

Effect: The Town appears to be non-compliant with the public bid law.

Cause: The Town did not maintain supporting documentation to determine that the Town met the conditions to an alternative procurement method allowable under public bid law.

Recommendation: The Town should obtain required documentation prior to approving and executing payments for all purchases to ensure compliance with public bid laws.

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

TOWN OF MARINGOUIN, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2019

FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001 Legislative Audit Advisory Services Report

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

- Utility Customer Accounts

Utility Customer Accounts

Reconciliation of the Master Water Meter

Condition: Management implemented procedures to report master water meter readings to the town utility clerk to reconcile monthly the master water meter to customer usage. The reconciliation was prepared consistently during the current fiscal year. However, reconciliations resulted in a significant number of gallons of water unaccounted for each month the reconciliation was prepared. In addition, management did not take action to determine the nature of the variance, nor provide an explanation for the gallons unaccounted for at the time the reconciliation was prepared.

Current Year Status: Similar finding reported in current year.

2018-002 Sewer and Gas Utility Billing

Observation: Town Ordinance defines the rates and determination of monthly service charges for water, sewer and gas billing. With the assistance of a third-party consultant, gas rates are determined and applied on a monthly basis in accordance with criteria set by ordinance. Water and sewer base rates as well as usage charged per 100 gallons of water consumption are to be increased by the annual Consumer Price Index (CPI) on January 1st each year.

Condition: The Town incorrectly billed commercial sewer users for the period January 1, 2018 through September 30, 2018 and all gas customers for the month of August 2018. The Town did not adjust the sewer rates for commercial customers beginning January 1, 2018 to reflect the annual Consumer Price Index (CPI) increase in the base rates as well as usage charged per 100 gallons of water consumption. The Town's rate determined for August 2018 did not agree to the actual rates charged to customers for that month. The rates used to determine sewer and gas utility service charges for the period and month noted, resulted in the Town underbilling customers.

Current Year Status: Similar finding reported in current year.

FINDINGS – NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

None



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Town of Maringouin (the "Town") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

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

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

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

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

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

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

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

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

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

The Town does not have a contracting policy.

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

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

The Town does not have a credit card policy.

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

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

The Town does not have a debt service policy.

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

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Town does not have a disaster recovery/business continuity policy.

Management's response: The Town intends to prepare a disaster recovery/business continuity policy to address the functions noted above.

Collections

2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Cash collections are performed by five employees at two collection locations. Cash drawers were shared by three employees at one location.

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

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted for one of the two collection locations. At one location, each employee responsible for collecting cash is responsible for preparing/making deposits.

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

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted for one of the two collection locations. At one location, each employee responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledgers without another employee/official responsible for reconciling ledger postings to each other and to deposit.

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

- 4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

- 5. Randomly select two deposit dates for each of the 5 bank accounts (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Receipts for collections such as utility user charges are supported by billing statements issued by the Town. Receipts are not issued for Sales Taxes collected from Parish.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

One deposit selected was an insurance reimbursement from the prior mayor and collection documentation was not maintained for the transaction.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Documentation was not retained by the Town for one deposit; therefore, DDR was unable to determine the number of days from the receipt date to depositing in the bank.

Management's Response: Management will review procedures for such collections and implement procedures to document the receipt of all collections and to deposit collections within one day or in a reasonable time frame for the resources available to the Town.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exception noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 6. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained listing of locations that process payments and management's representation that listing is complete.

- 7. For each location selected under #6 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

- b) At least two employees are involved in processing and approving payments to vendors.

Town Clerk and Mayor are responsible for approving payments to vendors. Town Clerk is also responsible for processing the vendor payment. Exception noted.

Management's response: Due to the limited amount of Town administrative personnel, the Town is not able to properly segregate these functions of processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The person responsible for processing payments is not prohibited from adding/modifying vendor files and there is no evidence that another employee is responsible for periodically reviewing changes to vendor files.

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

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Town Clerk is responsible for processing checks for payment, signing checks and is also responsible for mailing payments to vendors.

Management's response: Due to the limited amount of Town administrative personnel, the Town is not able to properly segregate these functions.

8. For each location selected under #6 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.

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

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

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

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

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

10. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Finance charges or late fees were assessed on two of three monthly statements selected.

11. Using the monthly statements or combined statements selected under #10 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

(1) – No exceptions noted.

(2) – Written documentation of business/public purpose was noted for fifteen of seventeen transactions charged on the three credit cards selected. Written documentation of business/public purpose for two transactions charged between the three credit cards selected was not noted.

(3) – No meals were noted in the seventeen transactions charged on the three credit cards selected.

Management's Response: Management intends to prepare a credit card policy and implement procedures to ensure adequate documentation for all transactions is obtained and maintained.

Payroll and Personnel

12. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions noted.

13. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #12 above, obtain attendance records and leave documentation for the pay period, and:

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

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

14. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The Town does not make termination payments.

15. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management represented that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums have been paid, and associated forms have been filed, by required deadlines. DDR found that September's workers' compensation premium was not paid by required deadline.

Management's Response: Efforts will be made to ensure timely payments are made.

Ethics

16. Using the 5 randomly selected employees/officials from procedure #12 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Three of the five employees selected had the documentation demonstrating the ethics policy had been read during the fiscal period. Two of the three employees did not have the documentation demonstrating the ethics policy had been read during the fiscal period.

Management's Response: The Town intends to review procedures related to the ethics policy to ensure that all employees have the required documentation each fiscal period.

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

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

Dien, Dupuy & Ruiz

Gonzales, Louisiana
March 6, 2020