

Financial Report



For the year ended December 31, 2018

Financial Report

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

TABLE OF CONTENTS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

	<u>Exhibit</u>	<u>Page Number</u>
INTRODUCTORY SECTION		
Title Page		i
Table of Contents		ii - iv
FINANCIAL SECTION		
Independent Auditor's Report		1
Management's Discussion and Analysis		2 - 4
Basic Financial Statements:		5 - 12
Government-wide Financial Statements:		13
Statement of Net Position	A	14
Statement of Activities	B	15 - 16
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	20
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual - General Fund	G	21
Proprietary Funds:		
Statement of Net Position	H	22
Statement of Revenues, Expenses, and Changes in Net Position	I	23
Statement of Cash Flows	J	24
Contents of Notes to Financial Statements		25
Notes to Financial Statements	K	26 - 68

TABLE OF CONTENTS
(Continued)

	<u>Exhibit</u>	<u>Page Number</u>
FINANCIAL SECTION (continued)		
Required Supplementary Information Section		69
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	L	70
Schedule of the Town's Proportionate Share of Net Pension Liability		
MERS	M	71
MPERS	N	72
Schedule of the Town's Contributions		
MERS	O	73
MPERS	P	74
	<u>Statement</u>	
Supplementary Information Section		75
Compensation Paid to Members of the Town Council	1	76
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	2	77
	<u>Table</u>	
STATISTICAL INFORMATION SECTION (UNAUDITED)		78
General Governmental Expenditures by Function	1	79
General Governmental Revenue by Source	2	80
Property Tax Levies and Collections	3	81
Principal Taxpayers	4	82
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	5	83
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	6	84
Miscellaneous Statistics	7	85
Insurance in Force	8	86 - 87

TABLE OF CONTENTS
(Continued)

	<u>Page Number</u>
SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS	88
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89 - 90
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	91 - 93
Schedule of Expenditures of Federal Awards	94
Notes to Schedule of Expenditures of Federal Awards	95
Schedule of Findings and Questioned Cost	96 - 97
REPORTS BY MANAGEMENT	98
Schedule of Prior Year Findings and Questioned Costs	99
Management's Corrective Action Plan	100
	<u>Schedule</u>
STATEWIDE AGREED-UPON PROCEDURES	101
Independent Accountant's Report on Applying Agreed-upon Procedures	102
Schedule of Procedures and Associated Findings of the Statewide Agreed-upon Procedures	1 103 - 119

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Golden Meadow, State of Louisiana (the Town) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Golden Meadow, Louisiana, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Policy

As discussed in Notes 1e) and 13 to the financial statements, the Town adopted new guidance in Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 5 through 12, the Schedule of Changes in the Town's Total OPEB Liability and Related Ratios, the Schedule of the Town's Proportionate Share of the Net Pension Liability and Schedule of the Town's Contributions on pages 70 through 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Compensation Paid to Members of the Town Council, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and Statistical Information Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, on page 94 is presented for purposes of additional analysis as required by the *U.S Code of Federal Regulations Part 200, Uniform Administrative*

Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The Schedule of Compensation Paid to Members of the Town Council on page 76, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 77, and the Schedule of Expenditures of Federal Awards on page 94 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Statistical Information Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2019 on our consideration of the Town of Golden Meadow, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Bourgeois Bennett L.L.C.
Certified Public Accountants.

Houma, Louisiana,
May 13, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Golden Meadow, Louisiana

December 31, 2018

The Town Clerk and the Mayor are responsible for the overview and analysis of the financial activities of the Town of Golden Meadow (the Town) for the year ended December 31, 2018. The narrative provided is designed to introduce the financial highlights and offer an overview of the financial statements.

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

FINANCIAL HIGHLIGHTS

Assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$17,149,747 (net position). Of this amount, \$3,559,890 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

During the year ended December 31, 2018, the Town implemented GASBS No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions* and accordingly reduced net position as of January 1, 2018 by \$297,172 for its other postemployment benefit obligation as of that date.

The Town's net position increased by \$1,284,410 (or 63.15%) during 2018, primarily a result of capital grant received in business activities.

The Town's governmental activities revenue decreased \$323,413 (or -12.54%) primarily due to decreases in operating and capital grants.

The Town's governmental activities expenses increased \$27,632 (or 1.30%) primarily due to increases in public safety expenses.

The business activities of the include a loss recognized upon the completion of abandonment of the gas distribution system of \$165,223, exclusive of \$40,952 of net obligations transferred to governmental activities.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's annual report consists of seven parts: (1) management's discussion and analysis (this section); (2) basic financial statements; (3) required and other supplementary information; (4) statistical information; (5) various governmental compliance reports and schedules by certified public accountants and management; (6) a statistical section; and (7) a separate engagement for statewide agreed upon procedures.

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

Government-Wide Financial Statements

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

The Statement of Net Position reported in Exhibit A presents information on all the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

Fund Financial Statements

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

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major fund presentation in Exhibits C through G is presented on a sources and uses of liquid resources basis. This is the manner in which the financial budget is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The Town has presented the General Fund and Capital Projects Fund as major governmental funds.

Proprietary Funds include enterprise funds on the fund financial statements illustrated in Exhibits H through J. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. These enterprise funds are presented as major funds and consist of the Gas Distribution System Fund and the Sewerage Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges. During the year the gas distribution system was fully abandoned and the Gas Distribution was closed out after transfers of remaining assets and liabilities to other funds.

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

Capital Assets

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

Notes to the Financial Statements

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

Other Information

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

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

Government-Wide Financial Analysis

Town of Golden Meadow Condensed Statements of Net Position December 31, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 5,579,179	\$ 5,426,552	\$ 119,422	\$ 272,204	\$ 5,698,601	\$ 5,698,756
Restricted assets	-	-	-	6,046	-	6,046
Capital assets	8,638,988	8,894,872	4,765,680	3,339,890	13,404,668	12,234,762
Total assets	14,218,167	14,321,424	4,885,102	3,618,140	19,103,269	17,939,564
Deferred outflows of resources	353,576	418,412	25,981	33,723	379,557	452,135
Total assets and deferred outflows of resources	14,571,743	14,739,836	4,911,083	3,651,863	19,482,826	18,391,699
Liabilities:						
Current liabilities	67,880	169,017	161,802	278,547	229,682	447,564
Long-term obligations	1,715,635	1,408,258	115,826	146,037	1,831,461	1,554,295
Total liabilities	1,783,515	1,577,275	277,628	424,584	2,061,143	2,001,859
Deferred inflows of resources	266,301	224,142	5,635	3,189	271,936	227,331
Total liabilities and deferred inflows of resources	2,049,816	1,801,417	283,263	427,773	2,333,079	2,229,190
Net Position:						
Net investment in capital assets	8,638,988	8,894,872	4,765,680	3,339,890	13,404,668	12,234,762
Restricted	185,189	265,959	-	-	185,189	265,959
Unrestricted	3,697,750	3,777,588	(137,860)	(115,800)	3,559,890	3,661,788
Total net position	\$ 12,521,927	\$ 12,938,419	\$ 4,627,820	\$ 3,224,090	\$ 17,149,747	\$ 16,162,509

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

Approximately 78.16% of the Town's net position as of December 31, 2018, reflects the government's net investment in capital assets less any related outstanding debt used to acquire those assets that is still outstanding. The Town government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Approximately 1.08% of the Town's net position is subject to external restrictions as to its use.

The remaining unrestricted net position of 20.76% is available for future use as directed by the Mayor and the Town Council to meet ongoing obligations of the government to citizens and creditors. The following table provides a summary of the statement of activities for the year ended December 31, 2018, with comparative figures from 2017:

Town of Golden Meadow
Condensed Statements of Activities
For the Years Ended December 31, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	For the year ended December 31,		For the year ended December 31,		For the year ended December 31,	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for service	\$ 1,065,571	\$ 930,346	\$ 99,265	\$ 140,580	\$ 1,164,836	\$ 1,070,926
Operating grants and contributions	82,848	105,746	-	-	82,848	105,746
Capital grants and contributions	35,256	579,636	1,606,122	477,518	1,641,378	1,057,154
General Revenues:						
Property taxes	191,935	208,949	-	-	191,935	208,949
Sales taxes	721,134	607,137	-	-	721,134	607,137
Franchise taxes	66,047	62,763	-	-	66,047	62,763
Grants and contributions not restricted to specific programs	17,063	16,896	-	-	17,063	16,896
Other	76,206	68,000	2,580	357	78,786	68,357
Total revenues	<u>2,256,060</u>	<u>2,579,473</u>	<u>1,707,967</u>	<u>618,455</u>	<u>3,964,027</u>	<u>3,197,928</u>
Expenses:						
General government	482,582	476,253	-	-	482,582	476,253
Public safety	816,471	772,892	-	-	816,471	772,892
Streets and highways	318,362	319,304	-	-	318,362	319,304
Drainage and levee	298,335	313,356	-	-	298,335	313,356
Culture and recreation	223,698	232,879	-	-	223,698	232,879
Sanitation	19,170	15,748	-	-	19,170	15,748
Interest on long-term obligations	1,170	1,724	-	-	1,170	1,724
Gas distribution	-	-	220,640	84,959	220,640	84,959
Sewerage	-	-	299,189	193,550	299,189	193,550
Total expenses	<u>2,159,788</u>	<u>2,132,156</u>	<u>519,829</u>	<u>278,509</u>	<u>2,679,617</u>	<u>2,410,665</u>
Increase in net position before transfers	96,272	447,317	1,188,138	339,946	1,284,410	787,263
Transfers	(218,632)	14,151	218,632	(14,151)	-	-
Change in net position	<u>(122,360)</u>	<u>461,468</u>	<u>1,406,770</u>	<u>325,795</u>	<u>1,284,410</u>	<u>787,263</u>
Net position, January 1, as previously stated	12,938,419	12,476,951	3,224,090	2,898,295	16,162,509	15,375,246
Implementation of GASB No. 75	(294,132)	-	(3,040)	-	(297,172)	-
Net position, January 1, as restated	<u>12,644,287</u>	<u>12,476,951</u>	<u>3,221,050</u>	<u>2,898,295</u>	<u>15,865,337</u>	<u>15,375,246</u>
Net position, December 31,	<u>\$ 12,521,927</u>	<u>\$ 12,938,419</u>	<u>\$ 4,627,820</u>	<u>\$ 3,224,090</u>	<u>\$ 17,149,747</u>	<u>\$ 16,162,509</u>

The Town's change in net position was \$1,284,420 for the current fiscal year for a total net position of \$17,149,747 as of December 31, 2018.

Governmental activity operating grant revenues decreased \$22,898 from the prior year primarily because of decreases multiple recurring grants. Additionally, capital grant revenue decreased \$544,380 as the Town completed several government funded projects in the prior year, including the Seawall and Skate Park projects. Also, sales tax revenues were up 18.8% or \$115,997 as the economy within the Town increased with the opening of additional stores and shopping outlets in Town.

Governmental activity expenses increased by \$27,632 from the prior year. The increase in expenses was primarily due to the \$43,579 increase in public safety expenses.

Business-type activity charges for services revenues decreased \$41,315 because of the abandonment of the Town's gas distribution system, as gas sales decreased by \$39,444. During the year ended December 31, 2018, the final of the 6 system segments has been connected to the South Coast Gas Company, Inc. system. The Town recognized an abandonment loss of \$165,223 in its business activities, after recognition of transfers of long-term obligations in excess of capital assets amounting to \$40,952 to the governmental activities.

Financial Analysis of the Government's Funds

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

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

The combined fund balances of the Town's governmental funds as of December 31, 2018 were \$5,287,937 as compared to \$5,030,473 as of December 31, 2017, an increase of \$257,464. The fund balance in the amount of \$516,774 is restricted for various departments in the General Fund and capital projects. The remaining \$4,771,163 of fund balance is available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the General Fund was \$5,243,456, compared with a fund balance of \$4,971,758 at the end of 2017, the fund balance increased by \$271,698.

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

The Town completed its abandonment of the natural gas distribution system during the year. As a result, the Gas Distribution System Fund transferred or abandoned remaining assets and liabilities during the year. Transfers of current assets and liabilities to the General Fund amounted to \$11,635 for the year ended December 31, 2018. The Gas Distribution System Fund had transfers of long-

term liabilities in excess of capital assets to the Sewerage Fund of \$5,341. In addition the Gas Distribution Fund recognized an abandonment loss of \$124,271 for the year.

The Sewerage Fund of the Town had an unrestricted net position deficit of \$137,860 as of December 31, 2018. This fund encompasses all assets associated with sewerage operations of the Town. This fund is self-supported from program revenues. Net investment in capital assets at the end of the current fiscal year totaled \$4,765,680.

For the year ended December 31, 2018, the Sewerage Fund had operating losses of \$202,033. The Sewerage Fund's loss is primarily due to increases in salaries and related expenses and repairs to the collection system.

General Fund Budgetary Highlights

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

For the year ended December 31, 2018, the Sewerage Fund had an operating loss of \$202,033. The Sewerage Fund's loss is primarily due to increases in salaries and related expenses and repairs to the collection system.

General Fund Budgetary Highlights

The major difference between the original General Fund budget and the final amended budget was additional revenue of \$245,505 from fines and forfeitures. In addition, sales tax revenues were increased by \$47,672. Budgeted payroll and related expenditures lead the decreases in Culture and recreation and drainage and levee expenditures and more than offset increases Public Safety Department. The final budget revenues were less than actual revenues while actual expenditures exceeded budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets: The Town's net investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$13,404,668 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings and improvements, furnishings and equipment, streets and roads, drainage systems, park, swimming pool, and sewer system facilities. The net increase in the Town's net investment in capital assets (net of depreciation) for the current fiscal year was \$1,169,906.

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

- Continued work on Sewer System Phase IV Project
- Continued work on Sewer System Phase V Project
- Started engineering and design work on Sewer System Phase VI

**Town of Golden Meadow
Capital Assets
(Net of Depreciation)
December 31, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 100,528	\$ 98,028	\$ -	\$ 2,500	\$ 100,528	\$ 100,528
Construction in progress	3,453	123,465	2,454,615	770,910	2,458,068	894,375
Buildings and improvements	1,962,340	2,017,520	365,749	377,360	2,328,089	2,394,880
Seawall	4,274,811	4,368,312	-	-	4,274,811	4,368,312
Swimming pool	226,786	240,797	-	-	226,786	240,797
Autos and trucks	85,762	75,622	-	11,665	85,762	87,287
Sidewalks, streets and drainage	1,073,475	992,334	-	-	1,073,475	992,334
Oakridge Park	748,629	789,232	-	-	748,629	789,232
Furniture, equipment and other	163,204	189,562	35,916	42,356	199,120	231,918
Sewer system	-	-	1,909,400	1,965,324	1,909,400	1,965,324
Gas distribution system	-	-	-	169,775	-	169,775
Total	\$ 8,638,988	\$ 8,894,872	\$ 4,765,680	\$ 3,339,890	\$ 13,404,668	\$ 12,234,762

Additional information on the Town's capital assets can be found in Note 8, Exhibit K of this report.

Non-current liabilities: At the end of the current fiscal year, the Town had total outstanding non-current liabilities of \$1,831,461 which represents capital leases, compensated absences, other postemployment benefit obligations and net pension liability. The leases, compensated absences other postemployment benefit obligations and net pension liability will be serviced by general revenues of the Town, except those recognized in the enterprise funds, which will be serviced by fund revenues.

Economic Factors and Next Year's Budget and Rates

- Overall, the Town is anticipating General Fund revenues to exceed expenditures in 2019 by approximately \$293,000, including a slight increase in capital expenditures, which will include the following:
 - \$70,000 for the purchase of a backhoe.
 - Lease payments of \$24,612 for John Deere tractor with a boom mower.
 - One 2018 Chevy Tahoe with equipment for \$40,000.
 - \$101,000 to be spent on playground equipment paid for by the Lafourche Parish Council and Entergy
 - \$31,000 to be expended on the Doucet St waterline

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

December 31, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 4,509,527	\$ 159,353	\$ 4,668,880
Investments	540,000	-	540,000
Receivables (net)	169,957	8,523	178,480
Due from other governments	94,370	185,057	279,427
Internal balances	233,511	(233,511)	-
Prepaid insurance	31,814	-	31,814
Capital assets:			
Non-depreciable	103,981	2,454,615	2,558,596
Depreciable, net	8,535,007	2,311,065	10,846,072
Total assets	14,218,167	4,885,102	19,103,269
DEFERRED OUTFLOWS OF RESOURCES			
Other post employment benefits	9,666	(197)	9,469
Pensions	343,910	26,178	370,088
Total deferred outflows of resources	353,576	25,981	379,557
Total assets and deferred outflows of resources	14,571,743	4,911,083	19,482,826
LIABILITIES			
Accounts payable and other current liabilities	64,857	10,210	75,067
Contracts payable	3,023	151,592	154,615
Non-current liabilities:			
Due within one year	24,008	-	24,008
Due in more than one year	1,691,627	115,826	1,807,453
Total liabilities	1,783,515	277,628	2,061,143
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	191,548	-	191,548
Other post employment benefits	21,632	2,190	23,822
Pensions	53,121	3,445	56,566
Total deferred inflows of resources	266,301	5,635	271,936
Total liabilities and deferred inflows of resources	2,049,816	283,263	2,333,079
NET POSITION (DEFICIT)			
Net investment in capital assets	8,638,988	4,765,680	13,404,668
Restricted for:			
Streets and highways	22,677	-	22,677
Drainage and levee	118,031	-	118,031
Capital projects	44,481	-	44,481
Unrestricted	3,697,750	(137,860)	3,559,890
Total net position	\$ 12,521,927	\$ 4,627,820	\$ 17,149,747

See notes to financial statements.

STATEMENT OF ACTIVITIES

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

		<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 482,582	\$ 144,096	\$ 24,302	\$ -
Public safety	816,471	901,046	28,250	-
Streets and highways	318,362	-	27,870	-
Drainage and levee	298,335	-	2,426	-
Culture and recreation	223,698	20,429	-	35,256
Sanitation	19,170	-	-	-
Interest on long-term obligations	1,170	-	-	-
Total governmental activities	<u>2,159,788</u>	<u>1,065,571</u>	<u>82,848</u>	<u>35,256</u>
Business-type activities:				
Gas distribution	220,640	2,109		-
Sewerage	299,189	97,156		1,606,122
Total business-type activities	<u>519,829</u>	<u>99,265</u>		<u>1,606,122</u>
Total primary government	<u>\$ 2,679,617</u>	<u>\$ 1,164,836</u>	<u>\$ 82,848</u>	<u>\$ 1,641,378</u>
General revenues:				
Taxes:				
Property				
Sales taxes				
Franchise taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Transfers (to) from other funds				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as previously stated				
Implementation of GASBS No. 75				
Net position - beginning, as restated				
Net position - ending				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (314,184)		\$ (314,184)
112,825		112,825
(290,492)		(290,492)
(295,909)		(295,909)
(168,013)		(168,013)
(19,170)		(19,170)
(1,170)		(1,170)
<u>(976,113)</u>		<u>(976,113)</u>
	\$ (218,531)	(218,531)
	1,404,089	1,404,089
	<u>1,185,558</u>	<u>1,185,558</u>
<u>(976,113)</u>	<u>1,185,558</u>	<u>209,445</u>
191,935	-	191,935
721,134	-	721,134
66,047	-	66,047
17,063	-	17,063
50,772	73	50,845
25,434	2,507	27,941
<u>(218,632)</u>	<u>218,632</u>	<u>-</u>
<u>853,753</u>	<u>221,212</u>	<u>1,074,965</u>
<u>(122,360)</u>	<u>1,406,770</u>	<u>1,284,410</u>
12,938,419	3,224,090	16,162,509
<u>(294,132)</u>	<u>(3,040)</u>	<u>(297,172)</u>
<u>12,644,287</u>	<u>3,221,050</u>	<u>15,865,337</u>
<u>\$ 12,521,927</u>	<u>\$ 4,627,820</u>	<u>\$ 17,149,747</u>

BALANCE SHEET
GOVERNMENTAL FUNDS

Town of Golden Meadow, Louisiana

December 31, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 4,509,149	\$ 378	\$ 4,509,527
Investments	540,000	-	540,000
Receivables (net, where applicable of allowances for uncollectibles):			
Taxes	152,359	-	152,359
Accounts	17,598	-	17,598
Due from other funds	189,408	44,103	233,511
Due from other governmental units	94,370	-	94,370
	<u>5,502,884</u>	<u>44,481</u>	<u>5,547,365</u>
Total assets	<u>\$ 5,502,884</u>	<u>\$ 44,481</u>	<u>\$ 5,547,365</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 64,857		\$ 64,857
Contracts payable	3,023		3,023
	<u>67,880</u>		<u>67,880</u>
Total liabilities	<u>67,880</u>		<u>67,880</u>
Deferred Inflows of Resources			
Unavailable revenue- property taxes	<u>191,548</u>		<u>191,548</u>
	<u>259,428</u>		<u>259,428</u>
Total liabilities and deferred inflows of resources	<u>259,428</u>		<u>- 259,428</u>
Fund Balances			
Restricted			
Levee maintenance	143,677		143,677
Drainage maintenance	85,322		85,322
Streets	243,294		243,294
Capital Projects	-	\$ 44,481	44,481
Unassigned	<u>4,771,163</u>	<u>-</u>	<u>4,771,163</u>
Total fund balances	<u>5,243,456</u>	<u>44,481</u>	<u>5,287,937</u>
Total liabilities and fund balances	<u>\$ 5,502,884</u>	<u>\$ 44,481</u>	<u>\$ 5,547,365</u>

See notes to financial statements.

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

Town of Golden Meadow, Louisiana

December 31, 2018

Fund Balances - Governmental Funds		\$ 5,287,937
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 13,886,262	
Accumulated depreciation	<u>(5,247,274)</u>	8,638,988
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Prepaid insurance		31,814
Deferred outflows of resources		353,576
Non-current obligations are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences	\$ (7,620)	
Other postemployment benefits	(394,489)	
Capitalized lease obligations	(36,225)	
Net pension liability	<u>(1,277,301)</u>	(1,715,635)
Deferred inflows of resources		<u>(74,753)</u>
Changes in Net Position of Governmental Activities		<u>\$ 12,521,927</u>

See notes to financial statements.

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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 913,069		\$ 913,069
Fines and forfeitures	925,526		925,526
Intergovernmental	119,916		119,916
Licenses and permits	92,998		92,998
Franchise fees	66,047		66,047
Charges for services	47,004		47,004
Investment income	56,513		56,513
Miscellaneous	34,987		34,987
	<u>2,256,060</u>		<u>2,256,060</u>
Expenditures			
Current:			
General government	425,646		425,646
Public safety	715,293		715,293
Streets and highways	251,508		251,508
Sanitation	16,412		16,412
Drainage and levee	134,654	\$ 14,234	148,888
Culture and recreation	135,663	-	135,663
Debt service:			
Principal retirement	23,442	-	23,442
Interest and fiscal charges	1,170	-	1,170
Capital outlay	102,894	-	102,894
	<u>1,806,682</u>	<u>14,234</u>	<u>1,820,916</u>
Total expenditures			
Excess of revenues over (under) expenditures	449,378	(14,234)	435,144
Other Financing Sources (Uses)			
Operating transfers in	11,635	-	11,635
Operating transfers out	(189,315)	-	(189,315)
	<u>(177,680)</u>	<u>-</u>	<u>(177,680)</u>
Total other financial uses			
Net Change in Fund Balances	271,698	(14,234)	257,464
Fund Balances			
Beginning of year	<u>4,971,758</u>	<u>58,715</u>	<u>5,030,473</u>
End of year	<u>\$ 5,243,456</u>	<u>\$ 44,481</u>	<u>\$ 5,287,937</u>

See notes to financial statements.

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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

Net Change in Fund Balance - Total Governmental Funds		\$ 257,464
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 102,894	
Depreciation expense	<u>(366,723)</u>	(263,829)
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to increase (decrease) net assets		
		7,945
Some expenditures are reported in the governmental funds which do not effect net position		
Decrease in prepaid insurance		(2,046)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets.		
Principal payments on capital leases	\$ 23,442	
Other postemployment benefits	(9,071)	
Net pension liability	(95,190)	
Compensated absences	<u>7,822</u>	(72,997)
The net effect of various miscellaneous transactions involving long-term debt, such as transfers from enterprise funds		
		<u>(48,897)</u>
Change in Net Position of Governmental Activities		<u>\$ (122,360)</u>

See notes to financial statements.

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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Ad Valorem	\$ 199,800	\$ 192,927	\$ 191,935	\$ (992)
Sales	650,000	697,672	721,134	23,462
Fines and forfeitures	693,010	938,515	925,526	(12,989)
Intergovernmental:				
State of Louisiana:				
Video poker	7,500	4,794	4,731	(63)
Beer taxes	2,500	2,135	2,082	(53)
Appropriations from State	-	35,244	35,256	12
State supplemental pay	30,000	26,267	28,250	1,983
Parish Transportation Fund Maintenance Agreement	21,000	20,495	21,055	560
	7,000	7,000	3,500	(3,500)
Lafourche Parish Council:				
Off track betting	1,100	779	740	(39)
Maintenance Agreement	8,700	-	-	-
Lafourche Housing Authority	8,000	7,231	7,231	-
Lafourche Parish Drainage District No. 1	34,855	15,000	17,071	2,071
Licenses and permits - occupational licenses	135,000	92,258	92,998	740
Franchise fees	64,000	64,225	66,047	1,822
Charges for services	72,901	59,733	47,004	(12,729)
Investment income	21,860	54,119	56,513	2,394
Miscellaneous:				
Donations	1,750	1,625	2,009	384
Mineral royalties	8,000	8,349	9,512	1,163
Other	9,000	18,449	23,466	5,017
Total revenues	<u>1,975,976</u>	<u>2,246,817</u>	<u>2,256,060</u>	<u>9,243</u>
Expenditures				
Current:				
General government	370,021	429,727	425,646	4,081
Public safety	657,100	714,357	715,293	(936)
Streets and highways	247,474	243,567	251,508	(7,941)
Sanitation	16,618	17,808	16,412	1,396
Drainage and levee	191,876	129,625	134,654	(5,029)
Culture and recreation	221,978	127,898	135,663	(7,765)
Debt Service:				
Principal retirement	-	-	23,442	(23,442)
Interest and fiscal charges	-	-	1,170	(1,170)
Capital outlay	132,122	121,681	102,894	18,787
Total expenditures	<u>1,837,189</u>	<u>1,784,663</u>	<u>1,806,682</u>	<u>(22,019)</u>
Excess of revenues over expenditures	138,787	462,154	449,378	(12,776)
Other Financing Uses				
Operating transfers out	-	(111,995)	(177,680)	(65,685)
Net Change in Fund Balance	<u>\$ 138,787</u>	<u>\$ 350,159</u>	<u>\$ 271,698</u>	<u>\$ (78,461)</u>

See notes to financial statements.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

Town of Golden Meadow, Louisiana

December 31, 2018

	Enterprise Funds		
	Gas Distribution System Fund	Sewerage Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current			
Cash and cash equivalents	\$ -	\$ 159,353	\$ 159,353
Receivables:			
Accounts (net, where applicable of allowances for uncollectibles)	-	8,523	8,523
Due from other governmental units	-	185,057	185,057
Total current assets	-	352,933	352,933
Capital Assets			
Non-depreciable	-	2,454,615	2,454,615
Depreciable, net	-	2,311,065	2,311,065
Total capital assets	-	4,765,680	4,765,680
Total assets	-	5,118,613	5,118,613
Deferred Outflows of Resources- Pensions			
Other post employment benefits	-	(197)	(197)
Net pension liability	-	26,178	26,178
Total deferred outflows of resources	-	25,981	25,981
Total assets and deferred outflows of resources	-	5,144,594	5,144,594
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current			
Payable from current assets:			
Accounts payable and accrued expenses	-	10,210	10,210
Contracts payable	-	151,592	151,592
Due to other funds	-	233,511	233,511
Total current liabilities	-	395,313	395,313
Non-current			
Other post employment benefits	-	18,923	18,923
Net pension liability	-	96,903	96,903
Total non-current liabilities	-	115,826	115,826
Total liabilities	-	511,139	511,139
Deferred Inflows of Resources- Pensions			
Other post employment benefits		2,190	2,190
Pensions	-	3,445	3,445
Total deferred inflows of resources	-	5,635	5,635
Total liabilities and deferred inflows of resources	-	516,774	516,774
NET POSITION (DEFICIT)			
Net investment in capital assets	-	4,765,680	4,765,680
Unrestricted	-	(137,860)	(137,860)
Total net position	\$ -	\$ 4,627,820	\$ 4,627,820

See notes to financial statements.

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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

	Enterprise Funds		
	Gas Distribution System Fund	Sewerage Fund	Total
Operating Revenues			
Sales and service charges	\$ 2,109	\$ 97,156	\$ 99,265
Operating Expenses			
Salaries	13,963	43,451	57,414
Payroll taxes	1,280	3,324	4,604
Retirement	(3,049)	40,351	37,302
Hospitalization insurance	1,754	11,601	13,355
Utilities and telephone	17	16,277	16,294
Repairs and maintenance	424	100,727	101,151
Truck	360	4,283	4,643
Other insurance	102	5,757	5,859
Office	722	-	722
Postage and freight	267	-	267
Legal and auditing	13,570	-	13,570
Travel	-	292	292
Gas purchases	4,528	-	4,528
Depreciation	12,135	72,611	84,746
Miscellaneous	9,344	515	9,859
Total operating expenses	55,417	299,189	354,606
Operating loss	(53,308)	(202,033)	(255,341)
Non-operating Revenues (Expenses)			
Investment income	49	24	73
Miscellaneous income	2,507	-	2,507
Intergovernmental grants	-	1,606,122	1,606,122
Abandonment loss	(124,271)	-	(124,271)
Total non-operating revenues (expenses)	(121,715)	1,606,146	1,484,431
Other Financing Uses			
Transfers in	5,341	189,315	194,656
Transfers out	(11,635)	(5,341)	(16,976)
Total other financing sources (uses)	(6,294)	183,974	177,680
Change in Net Position	(181,317)	1,588,087	1,406,770
Net Position			
Beginning of year, as previously stated	181,317	3,042,773	3,224,090
Implementation of GASBS No. 75	-	(3,040)	(3,040)
Beginning of year, as restated	181,317	3,039,733	3,221,050
End of year	\$ -	\$ 4,627,820	\$ 4,627,820

See notes to financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

	Enterprise Funds		
	Gas Distribution System Fund	Sewerage Fund	Total
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 6,016	\$ 95,732	\$ 101,748
Cash payments to suppliers	(30,668)	(149,138)	(179,806)
Cash payments to employees for services and benefits	(24,264)	(62,810)	(87,074)
Net cash used in operating activities	(48,916)	(116,216)	(165,132)
Cash Flows from Noncapital Financing Activities			
Interfund lending	(3,875)	88,380	84,505
Cash Flows from Capital and Financing Activities			
Acquisition and construction of capital assets	-	(1,771,549)	(1,771,549)
Transfers from other funds	-	189,315	189,315
Proceeds from intergovernmental capital grants	2,507	1,741,147	1,743,654
Net cash provided by capital and financing activities	2,507	158,913	161,420
Cash Flows from Investing Activities			
Investment income	49	24	73
Net Decrease in Cash and Cash Equivalents	(50,235)	131,101	80,866
Cash and Cash Equivalents			
Beginning of year	50,235	28,252	78,487
End of year	\$ -	\$ 159,353	\$ 159,353
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (53,308)	\$ (202,033)	\$ (255,341)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	12,135	72,611	84,746
Other postemployment benefits	-	4,899	4,899
Pensions	(7,190)	31,253	24,063
Compensated absences	(3,126)	-	(3,126)
(Increase) decrease in assets:			
Receivables	9,953	(1,424)	8,529
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(1,334)	(21,522)	(22,856)
Customer deposits	(6,046)	-	(6,046)
Total adjustments	4,392	85,817	90,209
Net cash used in operating activities	\$ (48,916)	\$ (116,216)	\$ (165,132)

See notes to financial statements.

CONTENTS OF NOTES TO FINANCIAL STATEMENTS

Town of Golden Meadow, Louisiana

December 31, 2018

	<u>Page Number</u>
Note 1 - Summary of Significant Accounting Policies:	
a) Financial Reporting Entity	26 - 27
b) Basis of Presentation	27 - 30
c) Basis of Accounting and Measurement Focus	30 - 31
d) Assets, Liabilities and Equity	32 - 37
e) Restatement of Net Position	38
f) New GASB Statements	38 - 42
Note 2 - Stewardship, Compliance and Accountability	42 - 43
Note 3 - Property Taxes	43 - 44
Note 4 - Deposits and Investments	44 - 47
Note 5 - Receivables	47 - 48
Note 6 - Due From Other Governmental Units	48
Note 7 - Reconciliation of Due From (To) Other Funds	48
Note 8 - Change in Capital Assets	49 - 51
Note 9 - Accounts Payable and Other Current Liabilities	52
Note 10 - Non-Current Liabilities	52 - 53
Note 11 - Reconciliation of Operating Transfers	53
Note 12 - Risk Management	54
Note 13 - Postemployment Hospitalization Benefits	54 - 57
Note 14 - Pension Plans	57 - 66
Note 15 - On-Behalf Payments for Supplemental Pay	66
Note 16 - Abandonment of Gas Distribution System	67
Note 17 - Supplemental Cashflow Disclosures	68
Note 18 - Contingencies	68
Note 19 - Subsequent Events	68

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

December 31, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Financial Reporting Entity

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Reporting Entity (Continued)

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Town and the potential component unit.
4. Imposition of will by the Town on the potential component unit.
5. Financial benefit/burden relationship between the Town and the potential component unit.

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

b) Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and programs.

Program revenue include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as a restricted property tax.

Fund Financial Statements

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

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

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

Proprietary Funds:

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

Gas Distribution System Fund - To account for and report the distribution of natural gas services to residents of the Town. All activities necessary to provide such services are accounted for and reported in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection. The gas distribution system was fully abandoned during the year following an agreement with a natural gas provider to provide natural gas service to the Town, accordingly remaining assets and liabilities of the Gas Distribution System Fund were transferred to the Sewerage and General Funds.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

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

c) Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting and Measurement Focus (Continued)

Nonexchange transactions, in which the Town receives value without directly giving value in return, include sales tax, property tax, grants and donations. Ad valorem taxes are recognized as revenue of the period for which levied. The current year property taxes are being levied to finance the subsequent year's budgeted expenditures by Town ordinance and legally are not available for funding current year expenditures, accordingly property taxes levied in 2018 shall be recognized as revenue in 2019. The 2018 tax levy is recorded as the deferred inflows of resources: unavailable revenue in the Town's 2018 fund financial statements. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include purpose and timing requirements, which specify the use and period when the resources can be used.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity

Cash, Cash Equivalents and Investments

Cash includes amounts in regular and money market accounts.

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

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

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

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

Accounts Receivable

All tax and trade receivables are shown net of an allowance for uncollectibles. The allowance for uncollectibles is based on aging and specific identification. As of December 31, 2018, management considered all receivables to be fully collectible.

Interfund Transactions

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, equipment and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual cost of more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets with an estimated cost amounted to \$253,576 or 1.83% of the cost of capital assets used in governmental activities.

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

Major outlays for capital assets and improvements are capitalized as projects at completion of construction. At this point the project costs are moved out of construction-in-progress and capitalized. Interest incurred during the construction phase of capital assets of business activities is expensed as incurred. During the year ended December 31, 2018, the Town did not incur interest expense on capital construction projects in the business activities.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position reports separate financial statement elements for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town's deferred outflows of resources relate to other postemployment benefits and pensions. Deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Town has three items that qualify for reporting as deferred inflows of resources: property taxes, other postemployment benefits and pensions.

Non-Current Liabilities

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

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

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

Compensated Absences

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

In the government-wide financial statements and the proprietary fund types statements, the total compensated absences liability for earned compensatory time is recorded as an expense, allocated on a functional basis, and a long-term obligation. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, no compensated absence liabilities are recorded as of December 31, 2018 in the governmental fund-type fund financial statements.

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

Other Postemployment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement. The Town has recorded liabilities for postemployment health care benefits as of December 31, 2018.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

Pensions

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

Equity

Government-wide Statements:

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

- a) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b) Restricted net position - Consists of assets and deferred outflows of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or other enabling legislation.
- c) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Assets, Liabilities, and Equity (Continued)

Fund Financial Statements:

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

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

For the classification of governmental fund balances, the Town considers an expenditure to be made from the most restrictive first when more than one classification is available. The Town's fund balance was classified as restricted and unassigned as of December 31, 2018.

Accounting Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Restatement of Net Position

Effective for the year ended December 31, 2018, the Town implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Implementation of the new accounting standard required restatement of beginning net position for the net OPEB liability.

The restatement had the following impact on previously reported balances.

Statement of Activities	Governmental Activities	Business Activities	Total
Net position, January 1, 2018, as previously reported	\$ 12,938,419	\$ 3,224,090	\$ 16,162,509
Restatement for implementation of GASB Statement No. 75, See Note 1f)	<u>(294,132)</u>	<u>(3,040)</u>	<u>(297,172)</u>
Net position, January 1, 2018, restated	<u>\$ 12,644,287</u>	<u>\$ 3,221,050</u>	<u>\$ 15,865,337</u>

f) New GASB Statements

During the year ending December 31, 2018, the Town implemented the following GASB Statements:

Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. Implementation of this Statement required the restatement of net position as of January 1, 2018 for the cumulative unfunded actuarial liability as described in Note 1e.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) New GASB Statements (Continued)

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

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

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

Statement No. 89, *"Accounting for Interest Cost Incurred Before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) New GASB Statements (Continued)

cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement did not affect the Town's financial statements.

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) New GASB Statements (Continued)

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 30, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, "*Majority Equity Interest*" improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) New GASB Statements (Continued)

endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should only include transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

Note 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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

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

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Town at percentages of actual value as specified by Louisiana Law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2018 levy was based, was \$9,056,370.

Note 3 - PROPERTY TAXES (Continued)

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

The Town has levied property taxes for maintenance of levees, drainage and streets and for general corporate purposes. The various tax rates for the year ended December 31, 2018 were as follows:

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

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

Note 4 - DEPOSITS AND INVESTMENTS

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

Bank Deposits:

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

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$ 2,088,137	\$ 2,103,138
Certificates of deposit	540,000	540,000
Total	\$ 2,628,137	\$ 2,643,138

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a written policy for custodial credit risk, which reflects state law. As of December 31, 2018, \$1,997,698 of the Town's bank balance of \$2,628,137 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the Town's name by state statutes.

As of December 31, 2018, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Town. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

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

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

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. Because LAMP as of December 31, 2018, had a weighted average maturity of 51 days, it was presented as an investment with a maturity of less than one year. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2018 amounted to \$2,565,042 and are reported as cash equivalents.

Note 4 - DEPOSITS AND INVESTMENTS (Continued)

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

Cash on hand	\$	700
Reported amount of cash deposits		2,103,138
Reported amount of investments - certificates of deposit		540,000
Reported amount of investments - LAMP		<u>2,565,042</u>
Total	\$	<u>5,208,880</u>
Cash and cash equivalents	\$	4,668,880
Investments		<u>540,000</u>
Total	\$	<u>5,208,880</u>

Note 5 - RECEIVABLES

Receivables and the applicable allowances for doubtful accounts as of December 31, 2018 were as follows:

	<u>Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Governmental Activities:			
General Fund:			
Sales taxes	\$ 57,192		\$ 57,192
Property taxes	95,167		95,167
Franchise fees	17,024		17,024
Mineral royalties	<u>574</u>		<u>574</u>
Total governmental activities	<u>\$ 169,957</u>	<u>\$ -</u>	<u>\$ 169,957</u>
Business-type Activities:			
Sewerage Fund:			
Accounts	<u>\$ 8,523</u>	<u>\$ -</u>	<u>\$ 8,523</u>

Note 5 - RECEIVABLES (Continued)

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

Note 6 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2018 consisted of the following:

	State	Lafourche Parish School Board	Lafourche Parish Government	Total
Governmental Activities:				
General Fund	\$ 7,821	\$ 64,451	\$ 22,098	\$ 94,370
Business-type Activities:				
Sewerage Fund	\$ 185,057			\$ 185,057

Note 7 - RECONCILIATION OF DUE FROM (TO) OTHER FUNDS

A reconciliation of due from (to) other funds as of December 31, 2018 is as follows:

Note 8 - CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 01/01/18	Addition	Deletions	Balance 12/31/18
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 98,028	\$ 2,500	\$ -	\$ 100,528
Construction in progress	123,465	41,617	(161,629)	3,453
Total capital assets not being depreciated	221,493	44,117	(161,629)	103,981
Capital assets being depreciated:				
Buildings and improvements	2,448,756	11,085	-	2,459,841
Seawall	4,675,063	-	-	4,675,063
Christmas fixtures	16,904	-	-	16,904
Protection levee	164,195	-	-	164,195
Swimming pool	526,176	5,500	-	531,676
Autos and trucks	234,920	59,493	-	294,413
Sidewalks, streets and drainage	3,460,278	161,629	-	3,621,907
Oakridge Park	1,441,577	6,876	-	1,448,453
Office furniture and fixtures	85,060	-	-	85,060
Equipment:				
Street department	337,773	-	-	337,773
Sanitation department	11,400	-	-	11,400
Police department	129,084	6,512	-	135,596
Total capital assets being depreciated	13,531,186	251,095	-	13,782,281
Less accumulated depreciation for:				
Buildings and improvements	(431,236)	(66,265)	-	(497,501)
Seawall	(306,751)	(93,501)	-	(400,252)
Christmas fixtures	(16,904)	-	-	(16,904)
Protection levee	(164,195)	-	-	(164,195)
Swimming pool	(285,379)	(19,511)	-	(304,890)
Autos and trucks	(159,298)	(49,353)	-	(208,651)
Sidewalks, streets and drainage	(2,467,944)	(80,488)	-	(2,548,432)
Oakridge Park	(652,345)	(47,479)	-	(699,824)
Office furniture and fixtures	(77,751)	(3,097)	-	(80,848)
Equipment:				
Street department	(178,743)	(20,368)	-	(199,111)
Sanitation department	(11,400)	-	-	(11,400)
Police department	(105,861)	(9,405)	-	(115,266)
Total accumulated depreciation	(4,857,807)	(389,467)	-	(5,247,274)
Total capital assets being depreciated, net	8,673,379	(138,372)	-	8,535,007
Total governmental activities capital assets, net	\$ 8,894,872	\$ (94,255)	\$ (161,629)	\$ 8,638,988

Note 8 - CHANGE IN CAPITAL ASSETS (Continued)

Additions to capital assets used in governmental activities include assets transferred from the Gas Distribution System Fund with a net book value of \$7,945 (\$30,689 costs and \$22,744 accumulated depreciation).

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,500		\$ (2,500)	\$ -
Construction in progress	770,910	\$ 1,683,705	-	2,454,615
	<u>773,410</u>	<u>1,683,705</u>	<u>(2,500)</u>	<u>2,454,615</u>
Total capital assets not being depreciated				
	773,410	1,683,705	(2,500)	2,454,615
Capital assets being depreciated:				
Sewer system phase I	862,391	-	-	862,391
Sewer system phase II	1,083,020	-	-	1,083,020
Sewer system phase III	984,834	-	-	984,834
Buildings - sewer system	464,442	-	-	464,442
Gas distribution system	432,842	-	(432,842)	-
Autos and trucks	46,410	-	(46,410)	-
Furniture and fixtures	91,583	-	(86,737)	4,846
Equipment and machinery	82,309	-	(26,303)	56,006
	<u>4,047,831</u>	<u>-</u>	<u>(592,292)</u>	<u>3,455,539</u>
Total capital assets being depreciated				
	4,047,831	-	(592,292)	3,455,539
Less accumulated depreciation for:				
Sewer system phase I	(443,960)	(16,496)	-	(460,456)
Sewer system phase II	(435,692)	(19,731)	-	(455,423)
Sewer system phase III	(85,269)	(19,697)	-	(104,966)
Buildings-sewer system	(87,082)	(11,611)	-	(98,693)
Gas distribution system	(263,067)	(4,545)	267,612	-
Autos and trucks	(34,745)	(6,224)	40,969	-
Furniture and fixtures	(91,583)	-	86,737	(4,846)
Equipment and machinery	(39,953)	(6,442)	26,305	(20,090)
	<u>(1,481,351)</u>	<u>(84,746)</u>	<u>421,623</u>	<u>(1,144,474)</u>
Total accumulated depreciation				
	(1,481,351)	(84,746)	421,623	(1,144,474)
Total capital assets being depreciated, net				
	<u>2,566,480</u>	<u>(84,746)</u>	<u>(170,669)</u>	<u>2,311,065</u>
Total business-type activities capital assets, net				
	<u>\$ 3,339,890</u>	<u>\$ 1,598,959</u>	<u>\$ (173,169)</u>	<u>\$ 4,765,680</u>

Note 8 - CHANGE IN CAPITAL ASSETS (Continued)

As of December 31, 2018, construction in progress in governmental activities consisted of the cost of the waterline on Doucet St. Construction in progress of business activities as of December 31, 2018 consisted of planning, design, engineering, right of ways, and other professional services for the Town's Sewer System Phase IV, Phase V, and Phase VI projects.

The Town has active construction projects as of December 31, 2018. At year end the Town's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Business-Type Activities:		
Sewer Phase IV	\$ 999,507	\$ 782,993
Sewer Phase V	805,745	60,120
Total business-type activities	\$ 1,805,252	\$ 843,113

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

Governmental Activities:	
General government	\$ 44,127
Public safety	45,611
Culture and recreation	79,392
Streets and highways	52,291
Drainage and levee	142,399
Sanitation	2,903
Total depreciation expense - governmental activities	\$ 366,723
Business-Type Activities:	
Gas distribution	\$ 12,135
Sewerage	72,611
Total depreciation expense - business-type activities	\$ 84,746

Note 9 - ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities of December 31, 2018 consisted of the following:

	<u>Vendors</u>	<u>Payroll and Related Costs</u>	<u>Court Bonds Posted</u>	<u>Liability for Work Completed on Contracts</u>	<u>Totals</u>
Governmental Activities:					
General Fund	<u>\$ 32,558</u>	<u>\$ 12,293</u>	<u>\$ 20,006</u>	<u>\$ 3,023</u>	<u>\$ 67,880</u>
Business-type Activities:					
Sewerage Fund	<u>\$ 9,975</u>	<u>\$ 235</u>		<u>\$ 151,592</u>	<u>\$ 161,802</u>

Note 10 - NON-CURRENT LIABILITIES

The Town is in a lease agreement for financing the acquisition of a tractor. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The asset acquired through the capital lease has an aggregate cost of \$115,881 and accumulated depreciation of \$27,663 as of December 31, 2018. During the year ended December 31, 2018, the Town made lease payments of \$24,612 including \$1,170 of interest. The capital lease outstanding as of December 31, 2018 is being liquidated by the General Fund.

The following is a summary of the non-current liabilities for the year ended December 31, 2018:

	<u>Payable January 1, 2018</u>	<u>Obligations Retired</u>	<u>New Issues</u>	<u>Payable December 31, 2018</u>	<u>Within One Year Totals</u>
Governmental Activities:					
Lease obligations	\$ 59,667	\$ 23,442	\$ -	\$ 36,225	\$ 24,008
Compensated absences payable	15,442	19,034	11,212	7,620	-
Net pension liability	1,254,724	-	22,577	1,277,301	-
Other postemployment benefits	<u>372,557</u>	<u>2,895</u>	<u>24,827</u>	<u>394,489</u>	<u>-</u>
Total governmental activities	<u>\$ 1,702,390</u>	<u>\$ 45,371</u>	<u>\$ 58,616</u>	<u>\$ 1,715,635</u>	<u>\$ 24,008</u>
Business-type Activities:					
Compensated absences payable	\$ 3,126	\$ 3,126	\$ -	\$ -	\$ -
Net pension liability	104,713	44,830	37,020	96,903	-
Other postemployment benefits	<u>41,238</u>	<u>24,827</u>	<u>2,512</u>	<u>18,923</u>	<u>-</u>
Total business-type activities	<u>\$ 149,077</u>	<u>\$ 72,783</u>	<u>\$ 39,532</u>	<u>\$ 115,826</u>	<u>\$ -</u>

Note 10 - NON-CURRENT LIABILITIES (Continued)

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

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 24,008	\$ 604
2020	<u>12,217</u>	<u>87</u>
	<u>\$ 36,225</u>	<u>\$ 691</u>

Note 11 - RECONCILIATION OF OPERATING TRANSFERS

A reconciliation of operating transfers for the year ended December 31, 2018 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Gas Distribution Fund	\$ 11,635	
Sewer Fund		\$ 189,315
Gas Distribution Fund:		
General Fund		11,635
Sewer Fund	5,341	
Sewer Fund:		
Gas Distribution Fund		5,341
General Fund	<u>189,315</u>	
	<u>\$ 206,291</u>	<u>\$ 206,291</u>

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

Note 12 - RISK MANAGEMENT

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

Note 13 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Town provides certain continuing health care for its retired employees. The Town's OPEB Plan (the "Plan") is a single-employer defined benefit OPEB plan administered by the Town. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Town. No assets are accumulated in a trust that meets the criteria in GASB Codification Section P52 *Postemployment Benefits Other Than Pensions-Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

Medical benefits are provided through a comprehensive medical plan and are made available upon actual retirement. The employees are covered by a retirement system and eligibility requirement to receive retiree medical benefits is age 60 and 10 years of service; or, any age and 25 years of service.

Life insurance is not provided by the Plan.

Employees Covered by Benefit Terms

Inactive employees currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	<u>18</u>
Total	<u><u>20</u></u>

The Town's total OPEB liability of \$413,412 (\$394,489 governmental activities and \$18,923 business activities) was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Note 13 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of December 31, 2018 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	December 31, 2018
Actuarial valuation date	January 1, 2018
Inflation	2.50%
Salary increases, including inflation	3.00%
Discount rate	4.10%
Healthcare cost trend rates	5.50%

The discount rate was based on the average of the Bond Buyers' 20 Year General Municipal Bond Index as of December 31, 2018.

Mortality rates were based on the SOA RP-2000 Combined Mortality Table.

Changes in the Total OPEB Liability

	Total OPEB Liability	Activities	
		Governmental	Business
Balance as of December 31, 2017, as previously stated	\$ 116,623	\$ 78,425	\$ 38,198
Implementation of GASB No. 75	297,172	294,132	3,040
Balance as of December 31, 2017, restated	413,795	372,557	41,238
Changes for the year:			
Transfer of Gas Distribution activities	-	24,827	(24,827)
Service cost	19,705	15,333	4,372
Interest	14,574	13,934	640
Difference between expected and actual experience	10,064	10,270	(206)
Changes in assumptions	(25,278)	(22,984)	(2,294)
Benefit payments	(19,448)	(19,448)	-
Net changes	(383)	21,932	(22,315)
Balance as of December 31, 2018	\$ 413,412	\$ 394,489	\$ 18,923

Note 13 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

Sensitivity to the total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate.

	<u>1.00% Decrease (3.10%)</u>	<u>Current Discount Rate (4.10%)</u>	<u>1.00% Increase (5.10%)</u>
Total OPEB Liability	<u>\$ 447,566</u>	<u>\$ 413,412</u>	<u>\$ 376,634</u>

Sensitivity to the total OPEB Liability to Changes in the Health Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than healthcare cost trend rates.

	<u>1.00% Decrease (4.50%)</u>	<u>Current Discount Rate (5.50%)</u>	<u>1.00% Increase (6.50%)</u>
Total OPEB Liability	<u>\$ 375,331</u>	<u>\$ 413,412</u>	<u>\$ 458,962</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Town recognized OPEB expense of \$33,418. As of December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	<u>\$ 9,469</u>	
Change in assumptions		<u>\$ (23,822)</u>

Note 13 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2019	\$ (862)
2020	(862)
2021	(862)
2022	(862)
2023	(862)
Thereafter	<u>(10,043)</u>
Total	<u>\$ (14,353)</u>

Note 14 - PENSION PLANS

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

a) Municipal Employees' Retirement System

Plan Description. The Town contributes to the Municipal Employees Retirement System of Louisiana - Plan A (MERS), a cost-sharing, multiple-employer defined benefit pension plan that is administered by a Board of Trustees. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS provides benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of MERS. Effective June 30, 1970, the State Legislature provided an optional method for municipalities to cancel Social Security and come under the supplementary benefits in the MERS "Supplementary Plan". Effective October 1, 1978, the "Regular" and "Supplementary" Plans were replaced and are now

Note 14 - PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

known as Plans "A" and "B". Plan A combines the original and supplementary plan for those municipalities participating in both plans, while Plan B participates in only the original plan. MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

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

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

Note 14 - PENSION PLANS (Continued)

a) Municipal Employees' Retirement System (Continued)

Contributions. According to state statute, contribution requirements for all employers are actuarially determined each year. The actual employer contribution rate is determined July 1st each year and was 24.75% for the six months ended June 30, 2018; and 26.00% for the six months ended December 31, 2018.

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

Contributions to MERS from the Town were \$114,762 for the year ended December 31, 2018.

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.275%, net of investment expense
Inflation Rate	2.600%
Projected Salary Increases	5.000%
Mortality Rates	
Annuitant and Beneficiary	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.
Disabled Lives	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 for females.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by MERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 14 - PENSION PLAN (Continued)

a) Municipal Employees' Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended June 30, 2018. Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2018 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	2.20%
Public Fixed Income	35.00%	1.50%
Alternatives	15.00%	0.60%
Total	100.00%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

Discount Rate. The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Public Retirement System Actuarial Committee taking into consideration the recommendation of System's actuary. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the collective net pension liability using the discount rate of 7.275%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.275%) or one percentage-point higher (8.275%) than the current rate:

Note 14 - PENSION PLAN (Continued)

a) Municipal Employees' Retirement System (Continued)

	1.00% Decrease (6.275%)	Current Discount Rate (7.275%)	1.00% Increase (8.275%)
Town's proportionate share of the net pension liability	\$1,373,460	\$1,069,181	\$809,468

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

b) Municipal Police Employees' Retirement System

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

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

Benefits Provided. MPERS provides retirement, deferred retirement, disability and death benefits. Members hired before January 1, 2013 can retire providing the member meets one of the following criteria: any age with twenty-five years of creditable service, age fifty with a minimum of twenty years of creditable service, or twelve years of creditable service at age fifty-five. Upon the death of an active member, or disability retiree, MPERS benefits to the surviving spouse range from 40% to 60% of the member's average final compensation. Each surviving child under the age of eighteen receives benefits equal to the greater of ten percent of the member's average final compensation or \$200 per month. Retirement benefits are generally equal to 3.33% of the member's monthly average final compensation (average monthly earnings during the highest 36 consecutive months or joined months) multiplied by the

Note 14 - PENSION PLAN (Continued)

b) Municipal Police Employees' Retirement System (Continued)

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

Contributions. According to state statute, contribution requirements for all employers are actuarially determined each year. The actual employer contribution rate is determined July 1st each year and was 30.75% for members hired before January 1, 2013 and Hazardous Duty members during the year ended June 30, 2018 and 32.75% for the six months ended year ended December 31, 2018. The actual employer contribution rate was 33.75% for Non Hazardous Duty members during the year ended June 30, 2018 and 32.75% for the six months ended December 31, 2018.

Note 14 - PENSION PLAN (Continued)

b) Municipal Police Employees' Retirement System (Continued)

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

Contributions to MPERS from the Town were \$31,990 for the year ended December 31, 2018.

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.20%, net of investment expense
Inflation Rate	2.600%
Projected Salary Increases	9.75% 1-2 years of service 4.75% 3-23 years of service 4.25% over 23 years of service
Mortality Rates	
Annuitant and Beneficiary	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.
Employee	RP-2000 Employee Table set back 4 years for males and set back 3 years for females for active members.
Disabled Lives	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 14 - PENSION PLAN (Continued)

b) Municipal Police Employees' Retirement System (Continued)

Estimates of arithmetic nominal rates of return for each major asset class based included in MPERS' target allocation as of June 30, 2018 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternatives	20.00%	1.07%
Other	6.00%	0.17%
Total	100.00%	5.28%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.03%

Discount Rate. The discount rate used to measure the collective pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Public Employee Retirement System Administration Town taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, MPERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the collective net pension liability using the discount rate of 7.20%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.20%) or one percentage-point higher (8.20%) than the current rate:

Note 14 - PENSION PLAN (Continued)

b) Municipal Police Employees' Retirement System (Continued)

	1.00% Decrease (6.20%)	Current Discount Rate (7.20%)	1.00% Increase (8.20%)
Town's proportionate share of the net pension liability	\$428,641	\$305,023	\$201,311

Pension Plan Fiduciary Net Position. The Municipal Employees Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2018. Access to the report can be found at the Louisiana Legislative Auditor's website, www.lia.state.la.us.

c) Combined

Pension Liabilities. As of December 31, 2018, the Town reported a liability of \$1,388,636 (\$1,291,734 in governmental activities and \$96,902 in business-type activities) for its proportionate share of the net pension liabilities. The net pension liability was measured as of June 30, 2018 for the MERS and MPERS plans, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was .258214% of MERS, which was an increase of .00962% from its proportion measured as of June 30, 2017. At June 30, 2018, the Town's proportion was .036080% of MPERS, which was a decrease of .00051% from its proportion measured as of June 30, 2017.

Pension Expense. For the year ended December 31, 2018, the Town recognized pension expense of \$271,430, (\$227,430 governmental activities and \$43,923 business type activities.)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 14 - PENSION PLAN (Continued)

b) Combined (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,375	\$ (53,601)
Net difference between projected and actual earnings on pension plan investments	178,467	-
Changes in proportion	66,046	(2,965)
Changes in assumptions	52,118	-
Town contributions subsequent to the measurement date	<u>72,082</u>	<u>-</u>
	<u>\$ 370,088</u>	<u>\$ (56,566)</u>

The Town reported \$72,082 as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 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:

<u>Year Ending December 31,</u>	<u>Principal</u>
2019	\$ 155,664
2020	75,403
2021	5,158
2022	<u>5,215</u>
Total	<u>\$ 241,440</u>

Note 15 - ON-BEHALF PAYMENTS FOR SUPPLEMENTAL PAY

The Town recognizes as revenues and expenditures salary supplements, which includes the police, which the State of Louisiana has paid directly to the Town's employees. As of December 31, 2018, the total on-behalf payments made amounted to \$28,250.

Note 16 - ABANDONMENT OF GAS DISTRIBUTION SYSTEM

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

During the year ended December 31, 2018, the Company completed construction of the 6th and final geographic segment. The Company provided notice to the Town that the final customer meters and regulators were connected to service lines. The Town has stopped the flow of gas and ceased to sell and supply gas. The Company is using its system to sell and supply gas to the customers within the territory. Also, all customer meters and regulators are property of the Company. In addition, the Town has fully transferred the following assets on to the Company:

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

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

In consideration for the exclusive franchise granted to the Company and the transfer of certain assets, the Town received \$25,000 over the construction period of the Company's system. As of December 31, 2018, all segments have been connected to the Company's system. While the Town does not anticipate any further obligations or liabilities in connection with the sale and abandonment of its gas distribution system, it did recognize abandonment losses of \$124,271 in the Gas Distribution System Fund and \$165,223 in business activities.

Note 17 - SUPPLEMENTAL CASHFLOW DISCLOSURES

During the year ended December 31, 2018, the enterprise fund types of the Town did not pay interest. In addition, the Town's Gas Distribution System Fund participated in the following capital and noncapital transfers with the General Fund and Sewerage Fund.

Fund	Capital	Noncapital	Total
General Fund	\$ -	\$ 11,635	\$ 11,635
Sewerage Fund	8,319	(13,660)	(5,341)
Total noncash transfers	\$ 8,319	\$ (2,025)	\$ 6,294

Note 18 - CONTINGENCIES

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

As of December 31, 2018, the Town was defendant to a lawsuit. In the opinion of Town management, the ultimate outcome of these legal matters will not have a material adverse effect on the Town's financial position.

Note 19 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 13, 2019 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE TOWN'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 19,705
Interest	14,574
Changes in benefit terms	-
Changes in assumptions or other inputs	(25,278)
Difference between expected and actual experience	10,064
Benefit payments	(19,448)
Net change in total OPEB liability	(383)
Total OPEB liability, beginning of year	413,795
Total OPEB liability, end of year	\$ 413,412
Covered employee payroll	\$ 766,367
Total OPEB liability, as a percentage of covered employee payroll	53.94%
Notes to schedule	
Changes in benefit terms:	None
Changes of assumptions and other inputs reflected the effects of changes in the discount rate each period	0.66%

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

Town of Golden Meadow, Louisiana

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.258214%</u>	<u>0.248596%</u>	<u>0.234037%</u>	<u>0.227073%</u>
Town's proportionate share of the net pension liability	<u>\$1,069,181</u>	<u>\$1,039,982</u>	<u>\$959,250</u>	<u>\$811,140</u>
Town's covered-employee payroll	<u>\$471,429</u>	<u>\$453,547</u>	<u>\$418,071</u>	<u>\$387,559</u>
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>226.796%</u>	<u>229.300%</u>	<u>229.447%</u>	<u>209.295%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>65.60%</u>	<u>62.49%</u>	<u>62.11%</u>	<u>66.18%</u>

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

Town of Golden Meadow, Louisiana

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.036080%</u>	<u>0.036591%</u>	<u>0.033803%</u>	<u>0.023926%</u>
Town's proportionate share of the net pension liability	<u>\$305,023</u>	<u>\$319,455</u>	<u>\$316,829</u>	<u>\$187,435</u>
Town's covered-employee payroll	<u>\$106,477</u>	<u>\$109,235</u>	<u>\$94,689</u>	<u>\$63,998</u>
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>286.468%</u>	<u>292.447%</u>	<u>334.600%</u>	<u>292.876%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71.89%</u>	<u>70.08%</u>	<u>66.04%</u>	<u>70.73%</u>

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

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 114,762	\$ 109,177	\$ 93,354	\$ 78,300
Contributions in relation to the contractually required contribution	<u>114,762</u>	<u>109,177</u>	<u>93,354</u>	<u>78,300</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 452,851</u>	<u>\$ 459,410</u>	<u>\$ 438,340</u>	<u>\$ 396,455</u>
Contributions as a percentage of covered employee payroll	<u>25.34%</u>	<u>23.76%</u>	<u>21.30%</u>	<u>19.75%</u>

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

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 31,990	\$ 34,533	\$ 32,971	\$ 22,378
Contributions in relation to the contractually required contribution	<u>31,990</u>	<u>34,533</u>	<u>32,971</u>	<u>22,378</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 101,566</u>	<u>\$ 110,512</u>	<u>\$ 107,632</u>	<u>\$ 73,663</u>
Contributions as a percentage of covered employee payroll	<u>31.50%</u>	<u>31.25%</u>	<u>30.63%</u>	<u>30.38%</u>

SUPPLEMENTARY INFORMATION

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

For the year ended December 31, 2018

<u>2018</u>			
<u>Name</u>	<u>Office</u>	<u>Compensation</u>	<u>Per Diem*</u>
Joey Bouziga	Mayor	\$ 55,664	
Ashton Cheramie	Councilman	-	\$ 6,612
Willis Toups	Councilman	-	6,612
Lindberg Lorraine	Councilman	-	6,612
Jody Cheramie	Councilman	-	4,959
Laci Latiolais	Councilwoman	-	6,612
Totals		<u>\$ 55,664</u>	<u>\$ 31,407</u>

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

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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

Agency Head Name: Mayor Joey Bouziga

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

STATISTICAL INFORMATION SECTION
(UNAUDITED)

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

Last Ten Years

(Unaudited)

Year	General Government	Public Safety Police	Streets and Highways	Sanitation	Drainage and Levee	Culture and Recreation	Debt Service	Total
2009	\$ 328,691	\$ 495,408	\$ 236,153	\$ 25,347	\$ 152,882	\$ 153,649	\$ 26,757	\$ 1,418,887
2010	513,738	565,486	216,896	16,162	157,377	172,639	37,930	1,680,228
2011	307,029	578,796	231,686	20,270	155,908	164,602	60,815	1,519,106
2012	374,422	593,862	195,676	21,154	146,089	158,468	65,290	1,554,961
2013	297,280	623,850	233,328	9,259	164,129	152,073	52,124	1,532,043
2014	357,176	590,497	256,058	14,290	157,039	133,899	31,714	1,540,673
2015	361,372	616,383	211,608	13,475	191,114	147,890	271,706	1,813,548
2016	388,930	640,895	244,840	16,654	175,335	153,087	24,816	1,644,557
2017	384,995	666,613	243,600	12,550	179,739	152,002	24,612	1,664,111
2018	425,646	715,293	251,508	16,412	148,888	135,663	24,612	1,718,022

Note:

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

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

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Taxes</u>	<u>Fines and Forfeitures</u>	<u>Intergovernmental Revenues</u>	<u>License, Permits, and Franchises</u>	<u>Charges for Services</u>	<u>Investment Income</u>	<u>Miscellaneous Revenues</u>	<u>Total</u>
2009	\$ 690,700	\$ 750,791	\$ 467,486	\$ 181,560	\$ 41,896	\$ 11,278	\$ 38,337	\$ 2,182,048
2010	729,974	605,826	1,052,476	183,682	59,077	9,178	123,602	2,763,815
2011	760,773	585,627	188,949	174,574	43,658	6,141	46,418	1,806,140
2012	942,948	636,782	172,392	167,472	47,143	6,429	616,060	2,589,226
2013	1,185,760	598,663	1,371,251	186,690	52,605	4,914	56,014	3,455,897
2014	1,253,213	516,041	828,899	197,099	66,227	3,374	38,985	2,903,838
2015	1,100,132	902,182	703,371	223,042	53,440	5,634	71,550	3,059,351
2016	986,562	603,041	1,593,350	182,833	49,325	12,796	30,078	3,457,985
2017	816,086	770,925	688,454	164,595	57,589	24,783	57,041	2,579,473
2018	913,069	925,526	119,916	159,045	47,004	56,513	34,987	2,256,060

Note:

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

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

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2009	\$ 181,835	\$ 168,608	92.7%	\$ 4,165	\$ 172,773	95.0%	\$ 9,062	5.0%
2010	194,029	181,698	93.6%	3,338	185,036	95.4%	8,993	4.6%
2011	186,174	171,924	92.3%	2,714	174,638	93.8%	11,536	6.2%
2012	186,466	166,189	89.1%	6,785	172,974	92.8%	13,492	7.2%
2013	201,673	149,030	73.9%	10,658	159,688	79.2%	41,985	20.8%
2014	195,138	144,060	73.8%	44,766	188,826	96.8%	6,312	3.2%
2015	213,815	172,037	80.5%	36,947	208,984	97.7%	4,831	2.3%
2016	200,884	120,911	60.2%	78,562	199,473	99.3%	1,411	0.7%
2017	193,202	146,154	75.6%	44,211	190,365	98.5%	2,837	1.5%
2018	192,901	98,222	50.9%	-	98,222	50.9%	94,679	49.1%

PRINCIPAL TAXPAYERS**Town of Golden Meadow, Louisiana**

December 31, 2018

(Unaudited)

Taxpayer	Type of Business	2018 Assessed Valuation	Percentage of Total Assessed Valuation
Texas Petroleum Investments	Oil & Gas	\$ 995,290	10.99%
Lafourche Telephone Co.	Telephone	582,600	6.43%
State Bank & Trust Co.	Bank	562,140	6.21%
Leboeuf Properties	Supermarket	279,300	3.08%
United Community Bank	Bank	221,320	2.44%
Frank's Supermarket	Supermarket	191,750	2.12%
LA Shrimp and Processing	Equipment	186,520	2.06%
MB Unlimited	Convenience Store	180,650	1.99%
Arrowhead Gulf Coast Holding	Oil & Gas	136,520	1.51%
The Vindez Corporation (Dollar General)	Retail	115,250	1.27%
Totals		\$ 3,451,340	38.10%

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

Town of Golden Meadow, Louisiana

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capital</u>
2009		\$ 8,597,390	\$ 25,000				
2010	2,385	9,173,900	256,348	\$ 344	\$ 256,004	2.79%	\$ 117.27
2011	2,183	8,802,570	253,777	14,400	239,377	2.72%	109.16
2012	2,193	8,816,370	251,085	14,400	236,685	2.68%	112.65
2013	2,101	9,535,360	248,259	14,400	233,859	2.45%	112.92
2014	2,071	9,226,370	245,305	14,400	230,905	2.50%	111.23
2015	2,076	10,109,430	-	-	-	0.00%	-
2016	2,060	9,497,770	-	-	-	0.00%	-
2017	2,038	9,134,570	-	-	-	0.00%	-
2018	2,000	9,056,370	-	-	-	0.00%	-

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

Town of Golden Meadow, Louisiana

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2009				\$ 1,418,887	0.0%
2010	\$ 1,652	\$ 9,188	\$ 10,840	1,680,228	0.6%
2011	2,571	11,485	14,056	1,519,106	0.9%
2012	2,692	11,364	14,056	1,554,961	0.9%
2013	2,826	11,230	14,056	1,532,043	0.9%
2014	2,954	11,102	14,056	1,540,673	0.9%
2015	245,305	3,933	249,238	1,813,548	13.7%
2016	-	-	-	1,644,557	0.0%
2017	-	-	-	1,664,111	0.0%
2018				1,718,022	0.0%

Note:

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

MISCELLANEOUS STATISTICS**Town of Golden Meadow, Louisiana**

December 31, 2018

(Unaudited)

Date of incorporation	July 17, 1950
Form of government	Mayor - Council
Area	4 square miles
Miles of street	11.5
Number of street lights	419
Fire protection: (volunteer firemen)	
Number of stations	2
Number of firemen	30
Police protection:	
Number of stations	1
Number of policemen and officers	4
Municipal sewer department	
Number of consumers - December 31, 2017	340
Recreation and culture:	
Number of parks	1 with 40 acres
Number of libraries	1
Employees:	
Excluding policemen and summer pool workers	8

Table 8

INSURANCE IN FORCE**Town of Golden Meadow, Louisiana**

December 31, 2018

(Unaudited)

Name of Insurer	Policy Period		Details of Coverage	Amount
	From	To		
Lloyd's of London	7/21/2018 - 7/21/2019		Commercial property Multi-Purpose Building and Emergency Center Tenant improvements and betterments Wind/Hail Named Storm	\$ 1,900,000 50,000 25,000 3% or 57,000
Continental Insurance Company	12/21/2016 - 12/21/2019		Public Employee's Blanket Bond	10,000
Travelers Casualty and Surty	1/1/2017 - 1/1/2021		Public Official's Bond - Chief of Police	5,000
CNA Surety	12/1/2018 - 12/1/2019		Official Bond and Oath-Town Clerk	10,000
Western Surety Company	10/1/2016 - 10/1/2019		Public Official's Bond - Mayor and Town Council Members	10,000
Louisiana Municipal Risk Management Agency	1/1/2018 - 1/1/2019		Workmen's Compensation	LA Statutes
Lloyd's/Lane & Associates	3/6/2018 - 3/6/2019		Automobile Collision/Comprehension - Various Autos Total (actual CV for cost of repair/replacement, whichever is less) Deductible - specified perils Deductible - collision	312,762 250 250
Scottsdale Insurance Company	2/11/2018 - 2/11/2019		Commercial Inland Marine Coverage - Equipment Total Physical damage Deductible	168,211 250
Lloyd's of London	11/20/2018 - 11/20/2019		DMV Building 80% Replacement Cost Deductible DMV Building - Contents 80% Replacement Cost Deductible Wind and Hail - 5% deductible	151,700 2,500 52,000 2,500
Wright National Flood	12/19/2018 - 12/19/2019		Flood Insurance DMV Building Contents Deductible	200,000 100,000 1,250
Wright National Flood	8/20/2018 - 8/20/2019		Flood Insurance Town Hall-Building Town Hall-Contents Deductible	500,000 100,000 2,000

**Table 8
(Continued)**

INSURANCE IN FORCE
(continued)

Name of Insurer	Policy Period		Details of Coverage	Amount
	From	To		
Wright National Flood	8/26/2018	8/26/2019	Flood Insurance Senior Citizen-Building Senior Citizen-Contents Deductible	\$ 100,000 50,000 2,000
St. Paul Travelers P&C	1/7/2018	1/7/2019	Water Pumping Station - Dursette Street Limit per accident Spoilage Deductible	2,500,000 25,000 2,500
Louisiana Citizens Property	8/25/2018	8/25/2019	Commercial Fire, Wind and Hail - 80% Deductible 80% Co-Insurance Wind and Hail - 5% deductible Swimming Pool Bathhouse Town Maintenance Building Pumping Station Park - Dressing/Restrooms Senior Citizens Building Senior Citizens Ceramic Shop Pavilion	2,500 75,000 45,000 15,000 40,000 90,000 15,000 60,000
Louisiana Municipal Risk Management Agency Liability Pool	5/1/2018	5/1/2019	Comprehensive Liability Coverage under the LMA Plan: 1 Comprehensive General Liability Medical Payments: Deductible - per person Deductible - per accident Deductible - per occurrence 2 Automobile Liability Deductible 3 Law Enforcement Officers' Comprehensive Liability Deductible 4 Public Official's Errors and Omissions Liability Deductible	500,000 1,000 10,000 50,000 500,000 - 500,000 1,000 500,000 1,000
Burns and Wilcox, Limited	5/5/2018	5/5/2019	Electronic Data Processing Equipment All Risks Covered Deductible	14,600 500
Southern Cross Underwriters	11/12/2018	11/12/2019	Commercial Property Maintenance Building Cover Over Fuel Tank Deductible 80% Co-Insurance Wind and Hail - 5% deductible	100,000 30,000 2,500

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Golden Meadow, Louisiana (the Town) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 13, 2019.

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

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

Compliance

We have audited the compliance of the Town of Golden Meadow, Louisiana (the Town) with the types of compliance requirements described in the *U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Bourgeois Bennett, L.L.C.
Certified Public Accountants.

Houma, Louisiana,
May 13, 2019.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Pass-Through Entity Number</u>	<u>Provided To Subreceiptants</u>	<u>Federal Federal</u>
U.S. Department of Commerce:				
Economic Development Administration Economic Adjustment Assistance 2008 Disaster Supplement #2	11.307	08-79-05120		<u>\$ 58,000</u>
U.S. Department of Housing and Urban Development:				
Pass-through: State of Louisiana Division of Administration Office of Community Development CDBG State's Program and Non-Entitlement Grants in Hawaii	14.228	2000150828		430,640
CDBG Disaster Recovery Municipalities Infra- structure Program	14.269	29 MIPC 2301		<u>1,013,000</u>
Total U.S. Department of Housing and Urban Development				<u>1,443,640</u>
U.S. Environmental Protection Agency:				
Congressionally Mandated Projects	66.202	XP-00F72601		<u>124,453</u>
Total			<u>\$ -</u>	<u>\$ 1,626,093</u>

See notes to schedule of expenditures of federal awards.

**NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2018. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the SEFA presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3 - FINDINGS OF NONCOMPLIANCE

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2018.

Note 4 - NONCASH ASSISTANCE

No Federal awards were expended in the form of noncash assistance during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes no

b) Federal Awards

Internal control over major programs:

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

Section I Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.269	Community Development Block Grants/Disaster Recovery Municipalities Infrastructure Program

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

\$750,000

Auditee qualified as low-risk auditee?

X yes no

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2018.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit for the year ended December 31, 2018.

REPORTS BY MANAGEMENT

**SCHEDULE OF PRIOR YEAR
FINDINGS AND QUESTIONED COSTS**

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

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

Internal Control

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

Compliance and Other Matters

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

Section II Internal Control and Compliance Material to Federal Awards

No internal control or compliance findings material to Federal Awards were noted during the audit for the year ending December 31, 2017.

Section III Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

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

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2018.
No significant deficiencies were reported during the audit for year ended December 31, 2018.

Compliance and Other Matters

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2018.

Section II Internal Control and Compliance Material to Federal Awards

No material weaknesses or significant deficiencies in internal control over compliance with requirements with federal programs were noted during our audit for the year ended December 31, 2018.

No compliance findings required to be reported in the *Uniform Guidance* were noted during our audit for the year ended December 31, 2018.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2018.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES

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

We have performed the procedures described in Schedule 1, which were agreed to by the Town of Golden Meadow, State of Louisiana (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The Town's management is responsible for those C/C areas identified in the SAUPs.

This SAUPs engagement was conducted in accordance with the attestation standards established by the Association of International Certified Professional Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 1.

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

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
May 13, 2019.

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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2018

The required procedures and our findings are as follows:

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

1. Obtain the Town's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Town does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

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

Performance: Obtained and read the written policy for receipts, and found it to address all the functions listed above, except as noted below.

Exceptions: Management's policy of receipts/collections does not include management's actions to determine the completeness of each type of revenue or agency fund additions.

Management's response: Management will consider adding actions to determine the completeness of each type of revenue or agency fund additions.

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

Performance: Obtained and read the written policy for payroll and personnel, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for contracting, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for credit cards, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained and read the written policy for ethics, and found it to address all functions listed above, except as noted below.

Exceptions: Management's policy on ethics does not include the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Management's response: Management will consider adding the necessary requirement listed above.

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

Performance: Inquired to management regarding their debt service policy. Currently the Town does not have debt issuances outstanding and no debt service policy.

Exceptions: The Town should adopt a debt service policy that meets the above requirements to ensure future debt issuances are in accordance with state law.

Management's response: Management will consider issuing a debt service policy.

Procedures performed on the Town's council:

2. Obtain and inspect the council/committee minutes for the fiscal period, as well as the council's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

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

Performance: Obtained and read the written minutes of the council meetings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Obtained and read the written minutes of the council meetings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- c) Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Performance: Obtained the prior year's audit report and observed the unrestricted fund balance in the general fund.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's bank reconciliations:

3. Obtain a listing of the Town's bank accounts from management and management's representation that the listing is complete. Management will identify the main operating account. Select the Town's main operating account and select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter. Selected December 2018 from the fiscal period, and obtained the corresponding bank statement and reconciliation for the Town's main operating account and 4 additional accounts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Observed that bank reconciliations were prepared within 2 months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management or a council member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Observed that a member of management or a council member reviewed each bank reconciliation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- c) If Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Inspected documents for items outstanding for more than 12 months. In our observation, we noted a bank account with 1 check that was outstanding for longer than 12 months.

Exceptions: Management confirmed that the amount of the outstanding check was deemed insignificant and was not researched.

Management's response: Management will write off the long outstanding check in the next fiscal year.

Procedures performed on the Town's collections:

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select 5 deposit sites (or all deposit sites if less than 5).

Performance: Obtained the listing of deposit sites from management, and received management's representation in a separate letter. The Town has one deposit site.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e. 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:

Performance: Obtained the listing of collection locations from management, and received management's representation in a separate letter. The Town has one deposit site with one collection location.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and observed employees do not share cash drawers/registers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash are not responsible for making deposits.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected policy manuals and inquired of management and employees performing reconciliations do not collect cash.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

7. Select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Procedures performed on the Town's bank reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the 10 selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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).

Performance: Observed that the deposit was made within one business day of receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases):

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

Performance: Obtained the listing of location that process payments, and received management's representation in a separate letter. The Town only has one location that processes payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. For each location selected under #8 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 Town has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payments functions, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

- 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.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained the Town's general ledger for the fiscal period, and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained the disbursement and observed that the disbursement and the related original invoice/billing statement were in agreement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #9 above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

11. 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.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

12. Using the listing prepared by management, select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, 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 Lawson Act municipality); these instances should not be reported.]]

Performance: Obtained February 2018 statement along with supporting documentation and observed for proper approval. The Town only has one credit card.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained February 2018 statement and observed for finance charges and/or late fees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, 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).

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

1) An original itemized receipt that identifies precisely what was purchased.

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

2) Written documentation of the business/public purpose.

Performance: Observed supporting documentation for evidence of business/public purpose.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

3) Documentation of the individuals participating in meals (for meal charges only).

Performance: For meal charges, observed supporting documentation for evidence of the individuals participating in meals.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained a list of all travel and travel related expense reimbursement, and received management's representation in a separate letter. The Town had 2 travel related reimbursements, otherwise the Town's credit card was used for travel .

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Inquired about reimbursements made using a per diem. There were no one reimbursed using a per diem.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Obtained the supporting documentation for the selected reimbursements.

Observed that the reimbursement was supported by original itemized receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Performance: Obtained the supporting documentation for the selected reimbursements.

Observed that each reimbursement has evidence of documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Obtained the supporting documentation for the prior selected reimbursements. Observed that each reimbursement was reviewed and approved by someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Town's contracts

15. Obtain a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Select 5 contracts (or all contracts if less than 5) from the listing, and:

Performance: Prior year testing resulted in no exceptions related to the Organization's ethics. Therefore testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: Prior year testing resulted in no exceptions related to the Organization's ethics. Therefore testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

- b) Observe that the contract was approved by the governing body/Town, if required by policy or law (e.g. Lawson Act, Home Rule Charter).

Performance: Prior year testing resulted in no exceptions related to the Organization's ethics. Therefore testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Performance: Prior year testing resulted in no exceptions related to the Organization's ethics. Therefore testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Prior year testing resulted in no exceptions related to the Organization's ethics. Therefore testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the Town's payroll and personnel:

16. Obtain a listing of employees (and elected officials, if applicable) during the fiscal period and management's representation that the listing is complete. Select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Obtained the listing of employees with their related salaries from management, and received management's representation in a separate letter. Selected 5 employees and agreed paid salaries and to authorized salaries/pay rates per the personnel files

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

17. Select one pay period during the fiscal period. For the 5 employees/officials selected under #16 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.)

Performance: Inspected daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected attendance and leave records for proper approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained cumulative leave records and observed that any leave accrued or taken during selected pay period is included.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. 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.

Performance: Obtained a listing of employees that terminated during the period from management and management's representation in a separate letter. Selected 2 employees and obtained their personnel file. Traced hours and pay rates used in management's termination calculation to cumulative leave records and pay rates per the personnel file.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

19. 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.

Performance: Obtained management's representation that payroll related taxes and benefits have been paid and forms filed by the required deadline in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedure performed on the Town's ethics:

20. Using the 5 selected employees/officials from procedure #16 under "Procedures performed on the Town's payroll and personnel" above, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: Prior year testing resulted in no exceptions related to the Organization's ethics. Therefore testing was not required in the current year.

Exceptions: There were no exceptions noted

Management's response: Not applicable.

Procedure performed on the Town's ethics: (Continued)

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

Performance: Prior year testing resulted in no exceptions related to the Organization's ethics. Therefore testing was not required in the current year.

Exceptions: Not applicable.

Management's response: Not applicable.

Procedures performed on the Town's debt service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtain for each bond/note issued.

Performance: Inquired about bonds/notes issued during the fiscal period. There were no bonds/notes issued.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Performance: Inquired about bonds/notes issued during the fiscal period. There were no bonds/notes issued.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Other procedures performed on the Town:

23. Obtain a listing of misappropriations of public funds or assets during the fiscal period, and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Town reported the misappropriation(s) to the legislative auditor and the Town attorney of the parish in which the Town is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Other procedures performed on the Town: (Continued)

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

Performance: Inquired and observed such notice posted in the premises.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.