

TOWN OF MARINGOUIN, LOUISIANA

FINANCIAL STATEMENTS

September 30, 2018

TOWN OF MARINGOUIN, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Maringouin, Louisiana, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability and schedule of pension contributions on pages 3 through 12 and 52 through 57 be presented to supplement the basic financial statements. Such information; although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019, on our consideration of the Town of Maringouin, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Maringouin, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Maringouin, Louisiana's internal control over financial reporting and compliance.



March 22, 2019
Gonzales, Louisiana

TOWN OF MARINGOUIN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Town of Maringouin's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the Town's financial statements, which begin on page 14. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

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

FINANCIAL HIGHLIGHTS

In 2018, the Town of Maringouin experienced a decrease in total revenues relative to prior year. The decrease was primarily due to a decrease of capital grants and contributions and sales tax revenue in governmental activities of \$189,000 and \$166,000, respectively, compared to 2017; charges for services in business-type activities increased by \$122,000.

The major financial highlights for 2018 are as follows.

- Assets of the Town's primary government exceeded its liabilities at the close of the year by approximately \$8 million (net position). Of this amount, approximately \$935,000 (unrestricted net position) may be used without restrictions to meet the Town's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by approximately \$222,000 during 2018.
- Governmental activities net position increased by approximately \$92,000.
- Business-type activities net position increased by approximately \$130,000.
- As of the end of the year, the primary government's governmental funds reported combined fund balances of approximately \$3.1 million. Approximately 12% of the fund balances, or \$369,000, is restricted for fire protection activities. Additionally, \$35,000 is restricted for debt service related the construction of the new town governmental complex.

Significant aspects of the Town's financial well-being as of and for the year ended September 30, 2018, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

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

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

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

Reporting on the Town as a Whole

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

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

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

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

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

At September 30, 2018, the Town's net position was \$8 million, of which \$935,000 was unrestricted. Restricted net positions are reported separately to show legal constraints from debt covenants and enabling legislation that limits the Town's ability to use those net positions for day-to-day operations.

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

Town of Maringouin, Louisiana
Statement of Net Position
September 30, 2018 and 2017
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 3,145	\$ 2,994	\$ 489	\$ 402	\$ 3,634	\$ 3,396
Deferred outflows of resources	105	97	126	148	231	245
Capital assets	3,018	3,199	5,899	6,234	8,917	9,433
Total assets and deferred outflows of resources	<u>\$ 6,268</u>	<u>\$ 6,290</u>	<u>\$ 6,514</u>	<u>\$ 6,784</u>	<u>\$12,782</u>	<u>\$13,074</u>
Current and other liabilities	64	126	1,245	1,547	1,309	1,673
Deferred inflows of resources	32	23	30	23	62	46
Long-term liabilities	1,291	1,352	2,119	2,224	3,410	3,576
Total liabilities and deferred inflows of resources	<u>1,387</u>	<u>1,501</u>	<u>3,394</u>	<u>3,794</u>	<u>4,781</u>	<u>5,295</u>
Net position:						
Net investment in capital assets	2,151	2,238	4,329	4,580	6,480	6,818
Restricted	404	350	182	174	586	524
Unrestricted (deficit)	<u>2,326</u>	<u>2,201</u>	<u>(1,391)</u>	<u>(1,764)</u>	<u>935</u>	<u>437</u>
Total net position	<u>\$ 4,881</u>	<u>\$ 4,789</u>	<u>\$ 3,120</u>	<u>\$ 2,990</u>	<u>\$ 8,001</u>	<u>\$ 7,779</u>

The net position of the Town's governmental activities increased by \$92,000 during 2018. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The \$2.3 million in unrestricted net position of governmental activities represents the accumulated results of operations, or the residual that would remain after the Town paid off all its the debt. The changes in net position are discussed later in this analysis.

The net position of the Town's business-type activities increased by approximately 4.3%, or \$130,000 during 2018. This operational improvement is due to increase in utility rates charged, an increase of \$122,000, when compared to 2017 charges for services when expenditures exceeded revenues by \$108,000. The Town operates natural gas, water distribution, and wastewater treatment systems. The primary focus of this activity is to operate on a profitable basis.

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

Town of Maringouin, Louisiana
Changes in Net Position
September 30, 2018 and 2017
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 93	\$ 94	\$ 1,190	\$ 1,068	\$ 1,283	\$ 1,162
Operating grants and contributions	9	2	-	-	9	2
Capital grants and contributions	-	189	7	-	7	189
General revenues:						
Sales taxes	1,431	1,597	-	-	1,431	1,597
Ad valorem taxes	17	18	-	-	17	18
Other general revenues	95	57	2	1	97	58
Total revenues	<u>1,645</u>	<u>1,957</u>	<u>1,199</u>	<u>1,069</u>	<u>2,844</u>	<u>3,026</u>
Functions/Program expenses:						
General government	561	625	-	-	561	625
Public safety	412	382	-	-	412	382
Roads and streets	555	519	-	-	555	519
Utility operations	-	-	1,008	1,112	1,008	1,112
Interest on long-term debt	25	29	61	65	86	94
Total expenses	<u>1,553</u>	<u>1,555</u>	<u>1,069</u>	<u>1,177</u>	<u>2,622</u>	<u>2,732</u>
Increase (decrease) in net position	92	402	130	(108)	222	294
Beginning net position	<u>4,789</u>	<u>4,387</u>	<u>2,990</u>	<u>3,098</u>	<u>7,779</u>	<u>7,485</u>
Ending net position	<u>\$ 4,881</u>	<u>\$ 4,789</u>	<u>\$ 3,120</u>	<u>\$ 2,990</u>	<u>\$ 8,001</u>	<u>\$ 7,779</u>

The increase in the primary government net position between 2018 and 2017 largely relates to an increase in utility charges for services, other general revenues and reductions in utility operational expenses.

Fund Financial Statements

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

Reporting the Town's Most Significant Funds

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

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

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

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

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

Financial Analysis of the Government's Funds

The general government operations of the Town are accounted for in the General Fund and Special Revenue Fund entitled the Fire Protection Fund. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. The following is a summary of general governmental operations for 2018 and 2017 by fund type:

	(in thousands)			
	2018			2017
	General Fund	Special Revenue Fund	Total	Total
Revenues and other financing sources	\$ 1,460	\$ 176	\$ 1,636	\$ 1,953
Expenditures	1,303	121	1,424	2,221
Net change in fund balance	157	55	212	(268)
Beginning of year	2,562	315	2,877	3,146
Ending of year	\$ 2,719	\$ 370	\$ 3,089	\$ 2,877

The Town's governmental funds experienced an increase in fund balance of \$212,000 during 2018, primarily due a decrease in general government and capital outlay expenditures while also experiencing a decrease in tax revenues. At year end, fund balances were approximately \$3.1 million. Approximately \$369,000 has been restricted for funding fire protection activities and \$35,000 for debt service. Of the remaining fund balance, \$2.7 million is unassigned and available for utilization at the Town's discretion. The unassigned fund balance is accounted for in the Town's General Fund.

The General Fund is the chief operating fund of the Town. At the end of the 2018 fiscal year the General Fund's total assets were approximately \$2.8 million, of which approximately \$1,412,500 are cash, cash equivalents and investments, which includes restricted cash of \$35,000. During 2018, the fund balance of the General Fund increased by approximately \$157,000.

The Town's other major fund is the Fire Protection Fund, which is a special revenue fund. This fund balance increased by approximately \$54,000 during 2018, primarily due to an decrease in sales tax revenue.

(continued)

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

<u>Revenue by source</u>	(in thousands)			
	2018		2017	
	Amount	Percent	Amount	Percent
Taxes	\$ 1,480	91.6	\$ 1,649	86.4
Charges for services	72	4.5	64	3.3
Fines	22	1.4	29	1.5
Intergovernmental	9	0.6	192	9.8
Other	33	1.9	17	1.0
Total	<u>\$ 1,616</u>	<u>100.0</u>	<u>\$ 1,951</u>	<u>100.0</u>

Revenues of the primary government for general governmental fund types decreased by approximately \$335,000 in 2018, due to a decrease in sales tax revenue and grant revenue, which was related to reimbursement for various capital outlay projects.

Expenditures of the governmental funds decreased by approximately \$797,000 in 2018. Expenditures, by each major function, are summarized in the following table.

<u>Expenditures by function</u>	(in thousands)			
	2018		2017	
	Amount	Percent	Amount	Percent
General government	\$ 459	32.2	\$ 542	24.4
Public safety	342	24.0	337	15.2
Roads and streets	407	28.6	383	17.2
Debt services	120	8.4	120	5.4
Capital outlay	96	6.8	839	37.9
	<u>\$ 1,424</u>	<u>100.0</u>	<u>\$ 2,221</u>	<u>100.0</u>

The decrease in expenditures was largely due to a decrease in capital outlay compared to 2017 as various projects were completed during the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Town’s General Fund budget was amended. The amendment of the operating and capital budgets is a customary practice of the Town and is reflective of the financial changes that occur throughout the fiscal year. The most significant reasons for these budget amendments during 2018 were as follows:

- To reflect a decrease in sales and use tax by \$125,000,
- An increase intergovernmental revenue by \$60,000,
- An increase in general government expenditures by \$41,300,
- A decrease in capital outlay by \$125,000.

With these adjustments, the actual charges to appropriations (expenditures) were \$89,500 less than the related final budget appropriations of \$1,392,200. Actual revenues were \$5,800 less than related final budget of \$1,434,700.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018 the Town had \$8.9 million invested in a broad range of capital assets, including vehicles, fire equipment, computer equipment, office furniture, land, buildings, roads, and utility systems. This amount represents a net decrease of approximately \$517,000, or approximately 3%, over last year and is related primarily to equipment purchases and capital projects net of current year depreciation. The Town's capital assets, net of depreciation, at September 30, 2018 were as follows:

	(in thousands)		
	Governmental Activities	Business-type Activities	Totals
Land	\$ 623	\$ 9	\$ 632
Buildings	1,383	1	1,384
Equipment and vehicles	326	30	356
Utility plant	-	5,853	5,853
Infrastrure	667	-	667
Construction in progress	19	7	26
Total assets, net of depreciation	\$ 3,018	\$ 5,899	\$ 8,917

The Town’s final 2018 capital outlay budget provided for expenditures of \$95,000, primarily for recreation infrastructure, a patrol unit for the police department and improvements to the Town’s walking trail. More detailed information about the Town’s capital assets is presented in Note 6 to the financial statements.

Debt

At year-end the Town had approximately \$3.4 million in long-term debt outstanding, comparable to the previous year, as shown below:

	<u>Balance at</u> <u>9/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>9/30/2018</u>
Revenue bonds	\$ 2,506,297	\$ -	\$ 117,725	\$2,388,572
General debt obligations				
Capital leases	109,483	-	60,540	48,943
Claim payable	60,184	-	-	60,184
Net pension liability	900,483	11,797	-	912,280
Total governmental	<u>\$ 3,576,447</u>	<u>\$ 11,797</u>	<u>\$ 178,265</u>	<u>\$3,409,979</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

A second important factor affecting the budget is the Town's sales tax collections, which are approximately 51% of total budgeted revenues. The Town believes that sales tax revenues may increase in 2019 by as much as 2% compared to actual collections in 2018. Intergovernmental grant revenues are expected to incline by \$95,000 as various grant funded project are completed. Total primary government expenditures for 2019 are projected to increase approximately \$501,000 million compared to actual 2018 expenditures due to increase in capital outlay spending related to a road project and purchases of various equipment.

Contacting the Town's Financial Management

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

BASIC FINANCIAL STATEMENTS

TOWN OF MARINGOUIN, LOUISIANA

Exhibit A

STATEMENT OF NET POSITION

September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,630,356	\$ 35,673	\$ 1,666,029
Investments	101,323	-	101,323
Due from other government	253,689	-	253,689
Accounts receivable, net	12,082	137,061	149,143
Grants receivable	12,292	6,600	18,892
Prepaid expenses	-	773	773
Internal balances	1,100,000	(1,100,000)	-
Restricted assets	34,897	309,158	344,055
Capital assets:			
Non-depreciable	642,455	15,452	657,907
Depreciable, net	2,375,596	5,883,601	8,259,197
Total assets	6,162,690	5,288,318	11,451,008
DEFERRED OUTFLOWS OF RESOURCES			
Pension liability	104,812	125,431	230,243
Total assets and deferred outflows of resources	\$ 6,267,502	\$ 5,413,749	\$ 11,681,251
LIABILITIES			
Accounts payable	\$ 19,402	\$ 10,795	\$ 30,197
Accrued expenses	35,887	7,810	43,697
Customer deposits	-	126,628	126,628
Due to other government	7,965	-	7,965
Noncurrent liabilities:			
Due within one year	130,299	86,613	216,912
Due in more than one year	1,160,981	2,032,086	3,193,067
Total liabilities	1,354,534	2,263,932	3,618,466
DEFERRED INFLOWS OF RESOURCES			
Pension liability	32,120	30,005	62,125
Total liabilities and deferred inflows of resources	1,386,654	2,293,937	3,680,591
NET POSITION (DEFICIT)			
Net investment in capital assets	2,150,963	4,328,626	6,479,589
Restricted for:			
Debt service	34,897	182,530	217,427
Fire protection	369,248	-	369,248
Unrestricted	2,325,740	(1,391,344)	934,396
Total net position	4,880,848	3,119,812	8,000,660
Total liabilities and net position	\$ 6,267,502	\$ 5,413,749	\$ 11,681,251

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

TOWN OF MARINGOUIN, LOUISIANA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 560,907	\$ 68,811	\$ -	\$ -	\$ (492,096)	\$ -	\$ (492,096)
Public safety:							
Police	306,372	21,601	-	-	(284,771)	-	(284,771)
Fire	105,506	-	8,731	-	(96,775)	-	(96,775)
Roads and streets	554,851	2,850	-	-	(552,001)	-	(552,001)
Interest on long-term debt	25,183	-	-	-	(25,183)	-	(25,183)
Total governmental activities	<u>1,552,819</u>	<u>93,262</u>	<u>8,731</u>	<u>-</u>	<u>(1,450,826)</u>	<u>-</u>	<u>(1,450,826)</u>
Business-type activities:							
Utility operations	<u>1,069,366</u>	<u>1,190,622</u>	<u>-</u>	<u>6,600</u>	<u>-</u>	<u>127,856</u>	<u>127,856</u>
Total primary government	<u>\$ 2,622,185</u>	<u>\$ 1,283,884</u>	<u>\$ 8,731</u>	<u>\$ 6,600</u>	<u>(1,450,826)</u>	<u>127,856</u>	<u>(1,322,970)</u>
General revenues:							
Taxes:							
Sales and use					1,431,137	-	1,431,137
Insurance premium					29,742	-	29,742
Ad valorem					17,404	-	17,404
Other					1,359	-	1,359
Grants and contributions not restricted to specific programs					30,926	-	30,926
Insurance proceeds					19,500	-	19,500
Investment earnings					11,846	1,781	13,627
Gain on sale of capital assets					315	-	315
Total general revenues					<u>1,542,229</u>	<u>1,781</u>	<u>1,544,010</u>
Change in net position					91,403	129,637	221,040
NET POSITION							
Beginning of year					<u>4,789,445</u>	<u>2,990,175</u>	<u>7,779,620</u>
Ending of year					<u>\$ 4,880,848</u>	<u>\$ 3,119,812</u>	<u>\$ 8,000,660</u>

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

TOWN OF MARINGOUIN, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2018

	General Fund	Fire Protection Fund	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,276,309	\$ 354,047	\$ 1,630,356
Investments	101,323	-	101,323
Due from other government	238,488	15,201	253,689
Accounts receivable, net	12,082	-	12,082
Grants receivable	12,292	-	12,292
Restricted assets	34,897	-	34,897
Due from other funds	1,100,000	-	1,100,000
	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>
Total assets	<u>\$ 2,775,391</u>	<u>\$ 369,248</u>	<u>\$ 3,144,639</u>
LIABILITIES			
Accounts payable	\$ 19,402	\$ -	\$ 19,402
Accrued expenses	28,290	-	28,290
Due to other government	7,965	-	7,965
	<u>7,965</u>	<u>-</u>	<u>7,965</u>
Total liabilities	<u>55,657</u>	<u>-</u>	<u>55,657</u>
FUND BALANCE			
Restricted for debt service	34,897	-	34,897
Restricted for fire protection	-	369,248	369,248
Unassigned	2,684,837	-	2,684,837
	<u>2,684,837</u>	<u>-</u>	<u>2,684,837</u>
Total fund balance	<u>2,719,734</u>	<u>369,248</u>	<u>3,088,982</u>
	<u>2,719,734</u>	<u>369,248</u>	<u>3,088,982</u>
Total liabilities and fund balance	<u>\$ 2,775,391</u>	<u>\$ 369,248</u>	<u>\$ 3,144,639</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

September 30, 2018

Total fund balances - governmental funds (Exhibit A-2)		\$ 3,088,982
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		3,018,051
Pension liabilities, deferred inflows and deferred outflows of resources		
Deferred outflows related to pension liability	104,812	
Deferred inflows related to pension liability	(32,120)	
Net pension liability	<u>(364,008)</u>	(291,316)
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases payable	(22,088)	
Claims payable	(60,184)	
Accrued interest	(7,597)	
Bonds payable	<u>(845,000)</u>	<u>(934,869)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 4,880,848</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

For the year ended September 30, 2018

	General Fund	Fire Protection Fund	Total Governmental
REVENUES			
Taxes:			
Sales and use	\$ 1,270,028	\$ 161,109	\$ 1,431,137
Insurance premium	29,742	-	29,742
Ad valorem	17,404	-	17,404
Other	1,359	-	1,359
Charges for services:			
Licenses and permits	56,661	-	56,661
Lease income	12,150	-	12,150
Other	2,850	-	2,850
Fines	21,601	-	21,601
Intergovernmental	-	8,731	8,731
Investment earnings	11,846	-	11,846
Miscellaneous	16,815	5,358	22,173
Total revenues	<u>1,440,456</u>	<u>175,198</u>	<u>1,615,654</u>
EXPENDITURES			
Current function:			
General government	459,012	-	459,012
Public safety:			
Police	254,824	-	254,824
Fire	-	87,356	87,356
Roads and streets	406,303	-	406,303
Debt service	98,145	22,052	120,197
Capital outlay	84,412	11,860	96,272
Total expenditures	<u>1,302,696</u>	<u>121,268</u>	<u>1,423,964</u>
Excess of revenues over expenditures	137,760	53,930	191,690
OTHER FINANCING SOURCES			
Proceeds from insurance claims	19,500	-	19,500
Proceeds from sale of capital assets	-	315	315
Total other financing sources	<u>19,500</u>	<u>315</u>	<u>19,815</u>
Net change in fund balance	157,260	54,245	211,505
FUND BALANCE			
Beginning of year	<u>2,562,474</u>	<u>315,003</u>	<u>2,877,477</u>
End of year	<u>\$ 2,719,734</u>	<u>\$ 369,248</u>	<u>\$ 3,088,982</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

For the year ended September 30, 2018

Net change in fund balance - total governmental fund (Exhibit A-4)		\$ 211,505
The change in net position reported for governmental activities in the statement of activities is different because:		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.</p>		
Capital outlay	\$ 96,272	
Depreciation and amortization expense	<u>(277,582)</u>	(181,310)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Principal payments on debt		94,129
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest expense		885
Changes in net pension obligations are reported only in the Statement of Activities		<u>(33,806)</u>
Change in net position of governmental activities (Exhibit A-1)		<u>\$ 91,403</u>

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

Exhibit A-6

STATEMENT OF NET POSITION

September 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 35,673
Accounts receivable, net	137,061
Prepays expenses	773
Grants receivable	6,600
Restricted assets	<u>309,158</u>
Total current assets	<u>489,265</u>

Noncurrent assets:

Capital assets:

Non-depreciable	15,452
Depreciable, net	<u>5,883,601</u>
Total noncurrent assets	<u>5,899,053</u>
Total assets	6,388,318

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension liability	<u>125,431</u>
Total assets and deferred inflows of resources	<u>\$ 6,513,749</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 10,795
Accrued expenses	7,810
Customer deposits	126,628
Due to other funds	1,100,000
Current portion of long-term debt	<u>86,613</u>
Total current liabilities	<u>1,331,846</u>

Noncurrent liabilities:

Long-term debt	1,483,814
Net pension liability	<u>548,272</u>
Total noncurrent liabilities	<u>2,032,086</u>
Total liabilities	3,363,932

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension liability	<u>30,005</u>
Total liabilities and deferred inflows of resources	<u>3,393,937</u>

NET POSITION (DEFICIT)

Net investment in capital assets	4,328,626
Restricted for debt service	182,530
Unrestricted	<u>(1,391,344)</u>
Total net position	<u>3,119,812</u>
Total liabilities and net position	<u>\$ 6,513,749</u>

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

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

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

For the year ended September 30, 2018

OPERATING REVENUES

Charges for services:

Gas sales	\$ 439,620
Water sales	480,447
Sewer user fees	227,316
Other	<u>43,239</u>

Total operating revenues	<u>1,190,622</u>
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OPERATING EXPENSES

Personnel	275,044
Depreciation and amortization	346,354
Repairs and maintenance	150,483
Gas purchases	79,381
Professional services	55,213
Utilities	40,287
Insurance	30,543
Billing supplies	14,634
Other	<u>16,147</u>

Total operating expenses	<u>1,008,086</u>
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Operating income	182,536
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NONOPERATING

Interest income	1,781
Interest expense	<u>(61,280)</u>

Total nonoperating, net	<u>(59,499)</u>
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Income before capital grants and contributions	123,037
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CAPITAL GRANTS AND CONTRIBUTIONS

Net income	<u>129,637</u>
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NET POSITION

Beginning of year	<u>2,990,175</u>
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End of year	<u>\$ 3,119,812</u>
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Notes on Exhibit A-9 are an integral part of this statement.

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

STATEMENT OF CASH FLOWS

For the year ended September 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,127,684
Payments to employees	(273,914)
Payments to suppliers	<u>(381,961)</u>
Net cash provided by operating activities	<u>471,809</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Changes in customer meter deposits and restricted assets	(9,652)
Decrease in due to other funds	<u>(300,000)</u>
Net cash used by noncapital financing activities	<u>(309,652)</u>

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

Capital asset additions	(10,961)
Principal paid on long-term debt	(84,136)
Interest paid on long-term debt	<u>(61,280)</u>
Net cash used by capital and related financing activities	<u>(156,377)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>1,781</u>
Net cash provided by investing activities	<u>1,781</u>
Net increase in cash	7,561

CASH AND CASH EQUIVALENTS

Beginning of period	<u>28,112</u>
End of period	<u>\$ 35,673</u>

RECONCILIATION OF OPERATING LOSS TO

NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 182,536
Adjustments to operating income:	
Decrease to allowance for doubtful accounts	(191,926)
Depreciation and amortization	346,354
Change in operating assets and liabilities:	
Accounts receivable	128,090
Prepaid assets	652
Accounts payable and accrued liabilities	(2,227)
Net pension liability and related deferred inflows and outflows	<u>8,330</u>
Net cash provided by operating activities	<u>\$ 471,809</u>

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

TOWN OF MARINGOUIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

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

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

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

Reporting Entity

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

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

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

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

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government (the Town) and the fund financial statements (individual major funds and combined non-major funds). In 2018, there were no non-major funds. The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (continued)

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

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

Fund Financial Statements

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

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

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

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

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

Accounts Receivable

In the government-wide statements receivables consist of all revenues earned at year-end and not yet received. For governmental activities uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. In business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$18,801 was recorded at September 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Prepaid Expenses

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

Interfund Receivables and Payables

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

Capital Assets

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

Government-wide Statements

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

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

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

Fund Financial Statements

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

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

Capitalized Interest

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

Long-term Debt

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

Government-wide and Proprietary Fund Net Position

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

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

Governmental Fund Balances

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Resources

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

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

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

Interfund Transfers

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts. No interfund transfers have been made by the Town during 2018.

Deferred Outflows and Inflows of Resources

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

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

Budget Policies and Budgetary Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policies and Budgetary Accounting (Continued)

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

Estimates

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

Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through March 22, 2019, the date the financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS

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

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2018, the was not exposed to custodial credit risk.

As of September 30, 2018, the Town had a balance of \$691,924 invested in Louisiana Asset Management Pool (LAMP).

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

LAMP is an investment pool with the following characteristics:

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

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

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

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name. Investments, which consist of nonnegotiable certificates of deposits, are not subject to fair value measures.

Restricted Cash and Investments

Certain cash and investment deposit balances are restricted in that they comprise reserves that are required to be maintained under various bond indentures. See also Note 7. The following is a schedule of restricted cash and investment balances at September 30, 2018:

<u>Primary Government</u>	<u>Amount</u>
Debt service	217,427
Customer deposits	126,628
	<u>\$ 344,055</u>

NOTE 3 - DUE FROM OTHER GOVERNMENTS AND GRANTS RECEIVABLE

Due from other governments at September 30, 2018, consists of amounts due from the Parish of Iberville for sales tax of \$253,689. Grants receivable consist of \$12,292 from the State of Louisiana's Division of Administration for recreation capital project and \$6,600 from the State of Louisiana's Department of Environmental Quality for a utility construction project.

NOTE 4 - AD VALOREM TAXES

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

(Continued)

NOTE 4 - AD VALOREM TAXES (CONTINUED)

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

The property tax calendar is as follows:

Millage rates adopted	July 21, 2017
Levy date	July 21, 2017
Due date	December 31, 2017
Lien date	January 1, 2018
Collection dates	December 1, 2017 to February 28, 2018

For the year ended September 30, 2018, taxes of 4.22 mills were levied for general government and public purposes on property with assessed valuations totaling \$4,150,660. Total taxes levied and collected were \$17,517 and \$17,404, respectively. Property tax millage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year and become delinquent thereafter.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS

As of September 30, 2018, the Public Utility Fund owed the General Fund \$1,100,000. There were no operating transfers between funds in the 2018 fiscal year.

(Continued)

NOTE 6 - CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 623,015	\$ -	\$ -	\$ 623,015
Construction in progress	128,909	19,440	(128,909)	19,440
Total capital assets not being depreciated	751,924	19,440	(128,909)	642,455
Capital assets being depreciated:				
Buildings and improvements	2,052,760	11,245	(338,448)	1,725,557
Equipment and vehicles	2,517,910	64,887	(92,168)	2,490,629
Infrastructure	1,717,957	129,609	-	1,847,566
Total capital assets being depreciated	6,288,627	205,741	(430,616)	6,063,752
Less accumulated depreciation for:				
Buildings and improvements	577,195	41,297	(338,448)	280,044
Equipment and vehicles	2,162,373	157,283	(92,168)	2,227,488
Infrastructures	1,101,622	79,002	-	1,180,624
Total accumulated depreciation	3,841,190	277,582	(430,616)	3,688,156
Total capital assets, being depreciated, net	2,447,437	(71,841)	-	2,375,596
Governmental activities capital assets, net	\$ 3,199,361	\$ (52,401)	\$ (128,909)	\$ 3,018,051
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,852	\$ -	\$ -	\$ 8,852
Construction in progress	-	6,600	-	6,600
Total capital assets not being depreciated	8,852	6,600	-	15,452
Capital assets being depreciated:				
Utility plant	10,504,537	4,361	-	10,508,898
Buildings	26,800	-	-	26,800
Equipment and vehicles	497,413	-	-	497,413
Total capital assets being depreciated	11,028,750	4,361	-	11,033,111
Less accumulated depreciation for:				
Utility plant	4,366,207	328,224	-	4,694,431
Buildings	25,578	187	-	25,765
Equipment and vehicles	411,371	17,943	-	429,314
Total accumulated depreciation	4,803,156	346,354	-	5,149,510
Total capital assets, being depreciated, net	6,225,594	(341,993)	-	5,883,601
Business-type activities capital assets, net	\$ 6,234,446	\$ (335,393)	\$ -	\$ 5,899,053

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

General government	\$ 99,665
Police	25,284
Fire	18,150
Roads and streets	134,483
Total depreciation expense - governmental activities	\$ 277,582

Capital Leases

The Town has acquired various equipment under capital lease obligations. The lease payments relating to the equipment have been capitalized and included in equipment on the accompanying government-wide financial statements. The leased equipment has a cost of \$293,418 and \$136,057, which has been recorded in the governmental activities and business-type activities, respectively. Accumulated depreciation recognized on the leases as of September 30, 2018, was \$292,964 and \$136,057 in the governmental activities and business-type activities, respectively.

NOTE 7 - LONG-TERM DEBT

Debt Outstanding

The following is a summary of debt transactions of the Town for the year ended September 30, 2018:

	Balance 9/30/2017	Additions	Reductions	Balance 9/30/2018	Due within One Year
Governmental activities:					
Claims payable	\$ 60,184	\$ -	\$ -	\$ 60,184	\$ 60,184
2014 Sales Tax Revenue Bond	899,000	-	54,000	845,000	56,000
Net pension liability	330,953	33,055	-	364,008	-
Capital leases	62,217	-	40,129	22,088	14,115
Total governmental	1,352,354	\$ 33,055	94,129	1,291,280	130,299
Business-type activities:					
2000 Sewer System Revenue Bond	\$ 421,817	\$ -	\$ 10,822	\$ 410,995	11,319
2005 Sewer Revenue Bond	446,480	-	8,903	437,577	9,277
2013 Water Revenue Refunding Bond	739,000	-	44,000	695,000	45,000
Net pension liability	569,530	-	21,258	548,272	-
Capital leases	47,266	-	20,411	26,855	21,017
Total business-type	2,224,093	-	105,394	2,118,699	86,613
Total long-term debt	\$ 3,576,447	\$ 33,055	\$ 199,523	\$ 3,409,979	216,912

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Debt Outstanding (Continued)

Long-term debt obligations for the primary government at September 30, 2018, are comprised of the following:

Government Activities

Claims payable-FEMA (see Note 10)	\$ 60,184
Capital lease payable in monthly payments of \$1,150, matures on April 2020, bearing interest of 2.93%, collateralized by equipment.	21,330
Capital lease payable in monthly payments of \$512, matures on October 2018, bearing interest of 4.91%, collateralized by equipment.	758
\$1,000,000 Sales Tax Bond secured by a pledge and dedication of sales tax revenue, due in annual installments of various amounts through November 1, 2019; interest at 2.69%.	845,000
Net pension liability	364,008
Total long-term debt from governmental activities	\$ 1,291,280

Enterprise Fund

Revenue Bonds:

\$900,000 Water Revenue Bonds secured by a pledge and dedication of sewer revenues, due in annual installments of various amounts through January 1, 2031; interest at 3.38%	\$ 695,000
\$543,000 Sewer Revenue Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,465 through April 23, 2040; interest at 4.50%	410,995
\$525,000 Bond Anticipation Note secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,263 through April 23, 2045; interest at 4.12%	437,577

Capital Leases:

Capital lease payable in monthly payments of \$938, matures on December 2019, bearing interest of 2.93%, collateralized by equipment.	13,802
Capital lease payable in monthly payments of \$685, matures on December 2019, bearing interest of 2.93%, collateralized by equipment.	9,428
Capital lease payable in monthly payments of \$169, matures on July 2019, bearing interest of 2.93%, collateralized by equipment.	3,625
Net pension liability	548,272
Total long-term debt from business-type activities	\$ 2,118,699

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions

2000 Sewer Revenue Bond

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

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sewer Revenue Bond and Interest Sinking Funds require monthly transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Sewer Revenue Bond Reserve Fund requires monthly transfers of \$237. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$50,882.
4. The Sewer Contingency Fund requires monthly transfers of \$237. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund or Sewer Revenue Bond Reserve Fund. The current balance of the fund is \$33,596.

2013 Water Revenue Refunding Bond

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

1. The Water Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Water Revenue Bond and Interest Sinking Funds require monthly transfers from the Water Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$44,497.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions (continued)

2013 Water Revenue Refunding Bond (continued)

3. The Water Reserve Fund required a deposit equal to the highest combined principal and interest falling due in any year. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$34,699.
4. The Water Depreciation and Contingency Fund require monthly transfers of \$315. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Water Revenue Bond Fund or Water Revenue Bond Reserve Fund. The current balance of the fund is \$18,856.

2014 Sales Tax Revenue Refunding Bond

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

1. The Sales Tax Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sales Tax Revenue Bond and Interest Sinking Funds require monthly transfers from the Sales Tax Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$34,897.

The annual requirements to amortize outstanding debt principal and interest as of September 30, 2018, are as follows:

Year ending 9/30/2018	Governmental Activities					
	Capital Leases		Sales Tax Bond		Total Governmental Long-term debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 14,115	\$ 450	\$ 56,000	\$ 21,977	\$ 70,115	\$ 22,427
2020	7,973	79	59,000	20,431	66,973	20,510
2021	-	-	61,000	18,817	61,000	18,817
2022	-	-	63,000	17,149	63,000	17,149
2023	-	-	66,000	15,414	66,000	15,414
2024-2028	-	-	370,000	48,553	370,000	48,553
2029-2030	-	-	170,000	4,626	170,000	4,626
	<u>\$ 22,088</u>	<u>\$ 529</u>	<u>\$ 845,000</u>	<u>\$ 146,967</u>	<u>\$ 867,088</u>	<u>\$ 147,496</u>

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions (continued)

2014 Sales Tax Revenue Refunding Bond (continued)

Year ending 9/30/2018	Business-type Activities					
	Capital Leases		Sewer and Water Revenue Bond		Total Business-type Long- term debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 21,016	\$ 507	\$ 65,597	\$ 58,874	\$ 86,613	\$ 59,381
2020	5,840	41	67,507	56,426	73,347	56,467
2021	-	-	70,457	53,887	70,457	53,887
2022	-	-	72,449	51,255	72,449	51,255
2023	-	-	75,485	48,528	75,485	48,528
2024-2028	-	-	421,651	197,847	421,651	197,847
2029-2033	-	-	347,379	118,650	347,379	118,650
2034-2038	-	-	215,270	68,408	215,270	68,408
2039-2043	-	-	167,337	21,107	167,337	21,107
2044-2045	-	-	40,440	1,376	40,440	1,376
	<u>\$ 26,856</u>	<u>\$ 548</u>	<u>\$ 1,543,572</u>	<u>\$ 676,359</u>	<u>\$ 1,570,428</u>	<u>\$ 676,907</u>

NOTE 8 - PENSION AND RETIREMENT PLANS

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

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

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

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

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended September 30, 2018, there were 86 contributing municipalities in Plan A and 69 in Plan B. The Town is a participant in Plan A only.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Municipal Police Employees' Retirement System (MPERS)

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

Funding Policy

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2018, for the Town and covered employees were as follows:

	<u>Town</u>	<u>Employees</u>
Municipal Employees' Retirement System (Plan A)	24.75%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	30.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	30.75%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	33.25%	7.50%

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

<u>Plan</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
MERS (Plan A)	\$ 89,232	\$ 87,992	\$ 75,363
MPERS	<u>10,222</u>	<u>4,400</u>	<u>3,738</u>
Total	<u>\$ 99,454</u>	<u>\$ 92,392</u>	<u>\$ 79,101</u>

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

The following schedule lists the Town's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2018 measurement date. The Town uses this measurement date to record its Net Pension Liability and associated amounts as of September 30, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2018	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS	\$ 822,016	0.1985%	0.2070%	-0.0085%
MPERS	90,264	0.1068%	0.0037%	0.1031%
Total	\$ 912,280			

The following schedule list each pension plan's recognized net pension expense of the Town for the year ended September 30, 2018:

	Total
Municipal Employees' Retirement Fund	\$ 30,362
Municipal Police Employees' Retirement Fund	26,264
Total	\$ 56,626

The Town proportionate share of nonemployer contributions were \$12,383 and \$2,107 for MERS and MPERS, respectively, for the year ended September 30, 2018.

(Continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 407	\$ 33,839
Changes of assumptions	30,643	-
Net difference between projected and actual earnings on pension plan investments	130,296	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	42,965	27,864
Differences between allocated and actual contributions	405	422
Employer contributions subsequent to the measurement date	25,527	-
	\$ 230,243	\$ 62,125

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' System (Plan A)	\$ 175,695	\$ 49,896
Municipal Police Employees' Retirement Fund	54,548	12,229
	\$ 230,243	\$ 62,125

The Town reported a total of \$25,527 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in net pension liability in the year ended September 30, 2019. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' System (Plan A)	\$ 22,600
Municipal Police Employees' Retirement Fund	2,927
	\$ 25,527

(Continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

Year	MERS	MPERS	Total
2019	\$ 60,487	\$ 15,372	\$ 75,859
2020	28,204	12,682	40,886
2021	11,110	10,976	22,086
2022	3,600	160	3,760
	\$ 103,401	\$ 39,190	\$ 142,591

Actuarial Assumptions

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

	Valuation Date	Expected Remaining Service Lives	Investment Rate of Return, net
MERS	June 30, 2018	3 years	7.275%
MPERS	June 30, 2018	4 years	7.200%

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

Mortality:

MERS

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

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

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

MPERS

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

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

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Mortality (continued):

MPERS (continued)

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

Salary Increases:

MERS

5.0% (Including inflation and merit increases).

MPERS

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

Cost of Living Adjustments:

MERS

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

MPERS

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

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

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

MERS

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

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.03% for the year ended June 30, 2018.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2018:

Asset Class	Target Allocation		Long - Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Equity	50%	52%	2.20%	3.58%
Fixed Income	35%	22%	1.50%	0.46%
Alternatives	15%	20%	0.60%	1.07%
Other	-	6%	0.00%	0.17%
Total	100%	100%	4.30%	5.28%
Inflation			2.70%	2.75%
Expected Arithmetic Nominal Return			7.00%	8.03%

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 7.275% and 7.200%, respectively for the year ended June 30, 2018.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Discount Rates	6.275%	7.275%	8.275%
Shares of Net Pension Liability	\$ 1,055,954	\$ 822,016	\$ 622,341
MPERS			
Discount Rates	6.200%	7.200%	8.200%
Shares of Net Pension Liability	\$ 126,846	\$ 90,264	\$ 59,573

The Town owed contributions to the plan in the amount of \$8,869 as of September 30, 2018.

NOTE 9 - COMPENSATION TO GOVERNING BODY

The following is a schedule of payments to the council members for the fiscal year ended September 30, 2018:

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Suits and Claims

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

Risk Management

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

Grants

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

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF MARINGOUIN, LOUISIANA
GENERAL FUND**

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

For the year ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
Sales and use	\$ 1,350,000	\$ 1,225,000	\$ 1,270,028	\$ 45,028
Insurance premium	35,000	30,000	29,742	(258)
Ad valorem	17,500	17,000	17,404	404
Other	2,000	2,500	1,359	(1,141)
Charges for services:				
Licenses and permits	55,700	54,700	56,661	1,961
Lease income	-	10,000	12,150	2,150
Other	-	-	2,850	2,850
Fines	30,000	25,000	21,601	(3,399)
Intergovernmental	-	60,000	-	(60,000)
Investment earnings	3,000	7,500	11,846	4,346
Miscellaneous	3,000	3,000	16,815	13,815
Total revenues	<u>1,496,200</u>	<u>1,434,700</u>	<u>1,440,456</u>	<u>5,756</u>
EXPENDITURES				
Current function:				
General government	462,600	503,900	459,012	44,888
Public safety - police	332,800	328,000	254,824	73,176
Roads and streets	359,100	367,800	406,303	(38,503)
Debt service	95,000	97,500	98,145	(645)
Capital outlay	<u>220,000</u>	<u>95,000</u>	<u>84,412</u>	<u>10,588</u>
Total expenditures	<u>1,469,500</u>	<u>1,392,200</u>	<u>1,302,696</u>	<u>89,504</u>
Excess of revenues over expenditures	26,700	42,500	137,760	95,260
OTHER FINANCING SOURCES				
Proceeds from insurance claims	-	19,500	19,500	-
Net change in fund balance	26,700	62,000	157,260	<u>\$ 95,260</u>
FUND BALANCE				
Beginning of year	<u>2,912,464</u>	<u>2,912,464</u>	<u>2,562,474</u>	
End of year	<u>\$ 2,939,164</u>	<u>\$ 2,974,464</u>	<u>\$ 2,719,734</u>	

TOWN OF MARINGOUIN, LOUISIANA
FIRE PROTECTION FUND

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

For the year ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Sales and use tax	\$ 171,000	\$ 155,000	\$ 161,109	\$ 6,109
Intergovernmental	4,000	4,000	8,731	4,731
Miscellaneous	<u>6,000</u>	<u>500</u>	<u>5,358</u>	<u>4,858</u>
Total revenues	<u>181,000</u>	<u>159,500</u>	<u>175,198</u>	<u>15,698</u>
EXPENDITURES				
Current function:				
Public safety - fire	133,900	122,800	87,356	35,444
Debt service	22,100	22,100	22,052	48
Capital outlay	<u>-</u>	<u>-</u>	<u>11,860</u>	<u>(11,860)</u>
Total expenditures	<u>156,000</u>	<u>144,900</u>	<u>121,268</u>	<u>23,632</u>
Excess of revenues over expenditures	25,000	14,600	53,930	39,330
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>315</u>	<u>(315)</u>
Net change in fund balance	25,000	14,600	54,245	<u>\$ 39,015</u>
FUND BALANCE				
Beginning of year	<u>381,455</u>	<u>406,455</u>	<u>315,003</u>	
End of year	<u>\$ 406,455</u>	<u>\$ 421,055</u>	<u>\$ 369,248</u>	

TOWN OF MARINGOUIN, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2018

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

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

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

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

Basis of Accounting

All of the Town's budgets are prepared on the modified accrual basis of accounting as described in Note 1 to the Town's financial statements for the year ended September 30, 2018.

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

As of the fiscal year ended (2):

	2018	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.1985%	0.1068%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 822,016	\$ 90,264
Employer's Covered-Employee Payroll	\$ 359,047	\$ 31,510
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	228.9%	286.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.9400%	71.8871%

As of the fiscal year ended (2):

	2017	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.2070%	0.0037%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 867,901	\$ 32,582
Employer's Covered-Employee Payroll	\$ 347,705	\$ 11,512
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	249.61%	283.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.4940%	70.0081%

As of the fiscal year ended (2):

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

(Continued)

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

As of the fiscal year ended (2):	2015	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.2131%	0.0056%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 761,241	\$ 43,698
Employer's Covered-Employee Payroll	\$ 367,534	\$ 14,933
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	207.12%	292.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.1792%	70.7303%

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

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

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

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

	2018	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 90,102	\$ 9,699
Contributions in Relation to Contractually Required Contribution	<u>89,705</u>	<u>10,457</u>
Contribution Deficiency (Excess)	<u>\$ 397</u>	<u>\$ (758)</u>
Employer's Covered Employee Payroll	\$ 346,546	\$ 31,541
Contributions as a % of Covered Employee Payroll	26.0000%	30.7500%
	2017	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 86,057	\$ 3,540
Contributions in Relation to Contractually Required Contribution	<u>85,742</u>	<u>4,327</u>
Contribution Deficiency (Excess)	<u>\$ 315</u>	<u>\$ (787)</u>
Employer's Covered Employee Payroll	\$ 347,705	\$ 11,512
Contributions as a % of Covered Employee Payroll	24.7500%	30.7500%
	2016	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 73,329	\$ 4,735
Contributions in Relation to Contractually Required Contribution	<u>72,812</u>	<u>4,810</u>
Contribution Deficiency (Excess)	<u>\$ 517</u>	<u>\$ (75)</u>
Employer's Covered Employee Payroll	\$ 371,286	\$ 14,913
Contributions as a % of Covered Employee Payroll	19.7500%	31.7500%

(Continued)

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

	2015	
	MERS	
	(Plan A)	MPERS
Contractually Required Contribution	\$ 72,588	\$ 4,704
Contributions in Relation to Contractually Required Contribution	72,081	4,700
Contribution Deficiency (Excess)	\$ 507	\$ 4
Employer's Covered Employee Payroll	\$ 367,534	\$ 14,933
Contributions as a % of Covered Employee Payroll	19.7500%	31.5000%

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

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

MERS (Plan A): Municipal Employees' Retirement System

MPERS: Municipal Police Employees' Retirement System

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

For the year ended September 30, 2018

NOTE 1 - NET PENSION LIABILITY

Changes of Benefit Terms

Municipal Employees' Retirement System (Plan A):

No Changes.

Municipal Police Employees' Retirement System:

No Changes.

Changes of Assumptions

Municipal Employees' Retirement System (Plan A):

The inflation rate increased from 2.60% to 2.70%. Investment rate of return decreased from 7.400% to 7.275%. Long-term expected real rate of return decreased from 7.20% to 7.00%.

Municipal Police Employees' Retirement System:

The inflation rate has remain constant at 2.75%. Investment rate of return decreased from 7.325% to 7.200%. Long-term expected real rate of return decreased from 8.19% to 8.03%.

TOWN OF MARINGOUIN, LOUISIANA

WATER AND SEWER SYSTEM SCHEDULE

September 30, 2018
(Without Audit)

Records maintained by the Town of Maringouin indicated the number of residential and commercial users for both water and sewer systems at September 30, 2018 were as follows:

	Water	Sewer
Residential	1,087	450
Commercial	65	35
Governmental	13	-
Total	1,165	485

At September 30, 2018, the Town was charging the following rates for usage of their water and sewer systems:

Schedule of Water Rates

Residential - inside municipality:
\$15.32 – (minimum)
Plus usage = \$0.204 per 100 gallons

Residential - outside municipality:
\$17.36 – (minimum)
Plus usage = \$0.220 per 100 gallons

Commercial:
\$25.53 – (minimum)
Plus usage = \$0.194 per 100 gallons

Multi-unit structure with master meter (Ridgewood):
\$50.00 – (minimum)
Plus usage = \$0.210 per 100 gallons

Schedule of Sewer Rates

Residential:
\$22.98 base rate
Plus usage = \$0.204 per 100 gallons

Commercial:
\$30.64 base rate
Plus usage = \$0.199 per 100 gallons

TOWN OF MARINGOUIN, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE

September 30, 2018
(Without Audit)

Issuer	Kind of Insurance	Insurance	Expiration Date
LA Municipal Risk Management Agency	Automobile Liability	\$500,000 CSL Bodily Injury and Property Damage	5/1/2019
	Commercial General Liability	\$500,0000 CSL Bodily Injury and Property Damage	5/1/2019
	Errors and Omissions	\$500,0000 CSL Errors and Omissions	5/1/2019
	Law Enforcement Officer	\$500,0000 CSL Personal Injury and Property Damage	5/1/2019
Rod Prejean	Automobile Liability	\$235,828 CSL Automobile Damage	3/7/2019
L. Bouanchaud	Commercial General Liability	\$1,415,000 CSL Property Damage	10/31/2019
	Commercial General Liability	\$105,000 CSL Business Personal Property Damage	10/31/2019

TOWN OF MARINGOUIN, LOUISIANA

SCHEDULE MAYOR AND TOWN COUNCIL

September 30, 2018
(Without Audit)

The Town's Mayor and Town Council at September 30, 2018 are as follows:

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

Town Council:

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

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

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

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

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

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

September 30, 2018

Agency Head: Demi Vorise, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 15,800
Reimbursements	186
	<u>\$ 15,986</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Maringouin, Louisiana as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Maringouin, Louisiana's basic financial statements and have issued our report thereon dated March 22, 2019.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Town of Maringouin, Louisiana's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2018-002 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2018-001 to be a significant deficiency.

Compliance and Other matters

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

Town of Maringouin, Louisiana's Response to Findings

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

Purpose of this Report

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

Dier, Dupuy & Ruiz

Gonzales, Louisiana
March 22, 2019

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2018

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2018-002 Sewer and Gas Utility Billing

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

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

Effect: The Town underbilled commercial sewer customers for the period January 1, 2018 through September 30, 2018 and all gas customers for the month of August 2018.

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

Recommendation: The Town of Maringouin should consider developing policies and procedures that document the determination and application of monthly gas rates performed by the Town's third-party consultant. The documentation should be reviewed, approved and retained to verify that rates charged to customers are in accordance with formulas set by ordinance and agree to amounts billed to customers. Policies and procedures should also include review, approval and verification of water and sewer usage charges, including annual increases set by ordinance.

Views of responsible officials and planned corrective action: Management has reviewed this matter and determined that the Town properly increased water and sewer billing rates to reflect the Consumer Price Index (CPI) increase for all users January 1, 2018 with the exception of commercial sewer rates. Management has also determined that the Town billed gas users properly for the year ended September 30, 2018 with the exception of gas billings for the month of August 2018. Management believes that the two instances were inadvertent oversights of the Town and agrees with the recommendation to develop and/or strengthen current policies and procedures to ensure review, approval and verification of user rates are appropriately applied to bill customers.

C. FINDINGS – COMPLIANCE WITH STATE LAWS AND REGULATIONS

None

TOWN OF MARINGOUIN, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2018

FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 Legislative Audit Advisory Services Report

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

- Utility Customer Accounts

Utility Customer Accounts

Reconciliation of the Master Water Meter

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

Current Year Status: Similar finding reported in current year.

FINDINGS – NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

2017-002 Public Bid Law

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

Current Year Status: No similar finding reported in current year.

2017-003 Budget Law

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

Current Year Status: No similar finding reported in current year.



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

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

We have performed the procedures enumerated below, which were agreed to by the Town of Maringouin (the "Town") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

The Town does not have a contracting policy.

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

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

The Town does not have a credit card policy.

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

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

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

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

The Town does not have an ethics policy.

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

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

The Town does not have a debt service policy.

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

Board or Finance Committee

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- b) For those entities reporting on the governmental accounting model, 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- c) For governmental entities, 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly 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 selected each account, and observe that:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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);

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Collections

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

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

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

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

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

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

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

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

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

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

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

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

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

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

No exceptions noted.

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

One of four employees responsible for collecting cash is not covered by a bond or insurance policy for theft.

Management's Response: The Town will cover employee by bond or add to insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

Sequentially prenumbered receipts were used for community center user fee collections, lease receipts and customer meter deposits. Receipts for collections such as utility user charges are supported by billing statements issued by the Town. Receipts are not issued for Sales Taxes collected from Parish.

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

No exceptions noted for nineteen of twenty-one deposits selected. DDR found that one of twenty-one deposits was for collections related to a Town event and collection documentation was not maintained for each of the transactions received and one of twenty-one deposits was for a donation made to the Town and noted that there was no other related collection documentation was provided with check.

Management's Response: Management will review procedures for such collections to ensure that related collection documentation is obtained and maintained by the Town to support collections.

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

No exceptions noted.

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

No exceptions noted for sixteen of twenty-one deposits selected. For five of the deposits selected, four of eleven receipts were not deposited in the bank within one business day and documentation for two of eleven receipts was not retained by the Town, therefore, DDR was unable to determine the number of days from the receipt date to depositing in the bank.

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

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

No exception noted.

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

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

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

- 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 agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

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

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

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

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

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

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

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

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

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

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

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

No exceptions noted.

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

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

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

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

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.

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

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the

authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

No exceptions noted.

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

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

(1) – Eight of nine transactions charged on one of the two credit card statements selected were supported by original itemized receipt that identifies precisely what was purchased. No exceptions noted on the other credit card statement.

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

(3) – No exceptions noted.

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

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly 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:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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 (procedure #1h).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Contracts

- 15. Obtain from management 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Payroll and Personnel

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

No exceptions noted.

- 17. Randomly 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.)

No exceptions noted.

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

No exceptions noted for four of the five employees selected. One of the five employee's time sheets was not approved by a supervisor.

Management's response: The employee's time sheet not approved was for a general administrative employee. General administrative employee's time sheets are prepared and provided to Mayor for review and approval at the time payroll checks are authorized and signed. The Town will review this exception and consider providing time sheets to Mayor for approval prior to payroll checks being processed.

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

No exceptions noted.

- 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. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The Town does not make termination payments.

- 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.

Management represented 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.

Ethics

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

No exceptions noted.

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

The Town does not have an ethics policy; therefore, documentation was not obtained to demonstrate each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Management's Response: The Town intends to prepare an ethics policy that will include the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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 State Bond Commission approval was obtained for each bond/note issued.

Management represented that no bonds/notes were issued during the fiscal period that require State Bond Commission approval.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly 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.

Listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete was obtained from management. No exceptions noted.

Other

23. Obtain a listing of misappropriations of public funds and 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 entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

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

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

Dier, Dupuy & Ruiz

Gonzales, Louisiana
March 22, 2019